2021
Annual Report

DESUN 德商产投服务

创 造 美 好 福 流 生 活

德 商 產 投 服 務 集 團 有 限 公 司

DESUN REAL ESTATE INVESTMENT SERVICES GROUP CO., LTD.

(incorporated in the Cayman Islands with limited liability)

Stock Code : 2270

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DEFINITIONS

In this annual report, unless the context otherwise requires, the following terms have the following meanings. These terms and their definitions may not correspond to any industry standard definition, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as the Company.

"Articles of Association" or "Articles"	articles of association of our Company adopted on 22 November 2021 with effect from the Listing Date, and as amended, supplemented or otherwise modified from time to time
"Audit Committee"	the audit committee of the Board
"Board"	the board of directors of the Company
"CEO" or "Chief Executive Officer"	chief executive officer of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chengdu Desun"	Chengdu Desun Real Estate Investment Property Service Co., Ltd (成都德商產投物業服務有限公司), formerly known as Chengdu Desun Investment Management Co., Ltd. (成都德商投資管理有限公司) at the time of establishment, a company incorporated in the PRC on 12 March 2010 and an indirect wholly owned subsidiary of our Company
"Chief Financial Officer"	chief financial officer of the Company
"China" or "PRC"	People's Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires otherwise, references in this annual report to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"Company" or "Our Company"	Desun Real Estate Investment Services Group Co., Ltd. (德商產投服務集團有限公司) (formerly known as Desun Real Estate Investment Services Limited), an exempted company incorporated in the Cayman Islands with limited liability on 10 December 2020
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and, unless the context requires otherwise, refers to Mr. Zou Kang, Ms. Zou Jian, Sky Donna and Pengna Holding

"Deed of Non-competition"	the deed of non-competition dated 22 November 2021 and given by our Controlling Shareholders in favour of our Company (for itself and as trustee for its subsidiaries), as described in the paragraph headed "Report of Directors — Deed of Non-competition" in this annual report
"Desun Property Group"	Chengdu Desun Property Co., Ltd (成都德商置業有限公司) (a company controlled by Mr. Zou Kang) and its subsidiaries, joint ventures and associated companies.
"Desun Group"	Companies in which Mr. Zou Kang has control or joint control, and has significant influence
"Director(s)"	the directors of the Company
"GFA"	gross floor area
"GFA under management"	contracted GFA of properties that have been delivered, or are ready to be delivered, for which we have started to provide property management services
"Global Offering"	the Hong Kong public offering and the international offering of the Shares
"Group", "our Group", "our", "we" or "us"	the Company, its subsidiaries and consolidated affiliated entities from time to time or, where the context so requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries and consolidated affiliated entities, such subsidiaries and consolidated affiliated entities as if they were subsidiaries and consolidated affiliated entities of our Company at the relevant time
"Listing"	the listing of the shares on the Main Board of the Stock Exchange
"Listing Date"	17 December 2021, being the date of listing of the shares of the Company on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Memorandum of Association"	the amended and restated memorandum of association of the Company adopted on 22 November 2021 and effective on 17 December 2021, and as amended, supplemented or otherwise modified from time to time

DEFINITIONS

"Nomination Committee"	the nomination committee of the Board
"Pengna Holding"	Pengna Holding Limited, a company incorporated in the BVI on 4 December 2020 with limited liability, which is wholly owned by Ms. Zou Jian
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme effective as of 27 April 2021
"Prospectus"	the prospectus of the Company dated 30 November 2021
"Relevant Period"	from the Listing Date to the date of this annual report
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the year ended 31 December 2021
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary shares in the share capital of our Company with a nominal value of US$0.0001 each
"Shareholder(s)"	holder(s) of our Share(s)
"Sky Donna"	Sky Donna Holding Limited, a company incorporated in the BVI on 4 December 2020 with limited liability, which is wholly owned by Mr. Zou Kang and is one of the Controlling Shareholders
"sq.m."	square meters
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"value-added services for property owners"	include value-added services provided to property owners and tenants

"Zhongneng"	Chengdu Zhongneng Property Management Company Limited (成都中能物業管理有限責任公司), a company incorporated with limited liability in the PRC on 16 May 2006 and an indirect wholly owned subsidiary of our Company
"Zhongneng Group"	Zhongneng and its subsidiary

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-executive Director

Mr. Zou Kang

Executive Directors

Mr. Zhang Zhicheng
(Chairman and Chief Executive Officer)
Mr. Zhang Qiang
Ms. Xiong Jianqiu
Ms. Wan Hong
Mr. Wu Da

Independent Non-executive Directors

Mr. Fang Liqiang
Mr. Chen Di
Mr. Yan Hong

AUDIT COMMITTEE

Mr. Yan Hong *(Chairman)*
Mr. Chen Di
Mr. Fang Liqiang

REMUNERATION COMMITTEE

Mr. Fang Liqiang *(Chairman)*
Mr. Yan Hong
Ms. Wan Hong

NOMINATION COMMITTEE

Mr. Zhang Zhicheng *(Chairman)*
Mr. Fang Liqiang
Mr. Chen Di

AUTHORISED REPRESENTATIVES

Ms. Wan Hong
Ms. Ng Ka Man

REGISTERED OFFICE

190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 1803, Block A
Desun International
No. 1480 North Section of
Tianfu Avenue High-tech Industrial Development Zone
Chengdu
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F., Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong
Investor Services Limited
Shops 1712–1716
17th Floor Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

JOINT COMPANY SECRETARIES

Ms. Wan Hong
Ms. Ng Ka Man *(ACG, HKACG)*

LEGAL ADVISERS

As to Hong Kong law:
Jingtian & Gongcheng LLP
Suites 3203–3207, 32/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

PRINCIPAL BANKERS

China CITIC Bank, Chengdu Branch
China Construction Bank, Chengdu Third Branch
Industrial and Commercial Bank of China, Chengdu Branch

COMPANY WEBSITE

www.desunhui.com

STOCK CODE

2270

DATE OF LISTING

17 December 2021

COMPLIANCE ADVISER

Shenwan Hongyuan Capital (H.K.) Limited
Level 19, 28 Hennessy Road
Wan Chai, Hong Kong

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of Desun Real Estate Investment Services Group Co., Ltd. (the "Company"), I am pleased to present the annual results of the Company for the twelve months ended 31 December 2021.

2021 is the first year of the Group's listing on the Main Board of the Hong Kong Stock Exchange. The Company has developed in a stable manner with improving revenue structure and rapidly-growing scale and performance. As at 31 December 2021, the revenue of the Company increased by 98% from last year to RMB253.3 million. Gross profit increased by 65% from last year to approximately RMB103.4 million, with comprehensive gross profit margin of 40.8%. Adjusted profit after income tax for the year (excluding listing expenses and equity-settled share option expenses) increased by 25.0% to approximately RMB60.2 million from approximately RMB48.1 million for the year ended 31 December 2020.

RAPID GROWTH IN MANAGEMENT SCALE

In the past year, we adhered to stable and high-quality sustainable development. Under the background of the growing property management industry and relying on the synergy effect with Desun Property Group and the differentiated competitive edge of the Sichuan-Chongqing Region, we made further efforts to diversify services and expand business, realizing continuous increase in management scale. As at 31 December 2021, the number of contracted property management projects of Desun Real Estate Investment Services increased to 66, with a contracted GFA of 9.53 million sq.m., increasing by 40.61% compared to the year ended 31 December 2020; and the number of projects under management increased to 37 from 27 in 2020, with the GFA under management of approximately 4.87 million sq.m., increasing by 26.94% compared to the year ended 31 December 2020.

HIGHLY EFFECTIVE BUSINESS DIVERSIFICATION AND FULLY-OPTIMIZED BUSINESS STRUCTURE

While maintaining the rapid growth of mid- to high-end residential property service business, the Company focuses on the expansion of non-residential business to, inter alia, commercial office buildings, commercial properties, industrial parks, schools and hospitals. As at 31 December 2021, the non-residential GFA under management was 2.41 million sq.m., accounting for 49.6% of the total GFA under management; and the non-residential contracted GFA was 3.27 million sq.m., accounting for 34.3% of the total contracted GFA.

With precisely-targeted groups of customers, customized product configuration and professional service teams, we have been committed to providing diversified services catering to the different needs of customers of various property types, such as residential properties, commercial properties and other non-residential properties. For example, we provide comprehensive property management and value-added services, covering market research, tenant sourcing, management of sales offices, quality assurance and maintenance, and commercial operation services focusing on the needs of customers in the real estate industry chain, to realize the asset value of properties. Depending on different needs of commercial customers and residential customers arising from different scenarios of mid- to high-end residential properties, street communities and other commercial properties, we provide real estate agent services, public space advertising and promotion, decoration and furnishing, group bulk purchases and other value-added services to residential property customers; brand planning, tenant sourcing, store improvement and display, marketing and promotion and asset sale services, etc. to commercial property customers; and leasing agency service, plants and decorations rental, conference and reception and other logistics support services to industrial park and office building customers.

Currently, value-added services based on customer needs in the property service industry are still in the early stage of development, for which various property companies are making constant innovative efforts and expect to introduce more innovative businesses. The Group keeps improving its research and insights of customer needs and expect to have more value-added business growth to further enhance the growth and stability of the Group's overall business.

TECHNOLOGY-EMPOWERED MANAGEMENT AND SERVICES

We focus on information technology in respect of property service platform and work flow to innovate industrial models, improve product structure and transform and upgrade traditional property services. Driven by "property services", "commercial asset services" and "technology services", we strive to develop a new business model with internet platform features. Now we have grown into a professional intelligent property service provider. The Company expands in an ecological form in order to develop a whole-chain internet ecosystem and forms a unique management and development model in terms of system, intelligence and scale. Besides, relying on the core digital capabilities and strong digital technologies, the concept and capabilities of service of Desun Real Estate Investment Services are also improving and changing.

MAKING FURTHER EXPANSION AND BOOSTING URBAN DEVELOPMENT

In the next three years, the Group will continue to focus on the development in the Chengdu-Chongqing economic circle and the western region and identify opportunities to expand into other markets throughout the country. It will continue to be engaged principally in the mid- to high-end residential property services and the whole-process service operations of commercial street and community business, while developing the operational services of business offices, schools, hospitals and public properties to enhance the breadth and depth of our business.

In 2021, the Group received various awards in the industry, such as ranking 54th in the "Top 100 Property Services Companies in China" (中國物業服務百強企業), being one of the "China's Leading Enterprises for High-end Property Services" (中國高端物業服務領先企業) and the "Leading Enterprise of the Property Service Market in the Western Region in 2021" (2021西部區域物業服務市場地位領先企業) selected by China Index Academy. With our high-quality blessed living (福流生活) service system, we will continue to focus on enhancing the mid- to high-end residential and commercial property service value to empower high-quality life. We will maintain our brand advantage and business model, make further expansions, promote organic growth and identify appropriate business opportunities to diversify our service products, expand geographic distribution, market share and property portfolio, thus achieving economies of scale. In addition, with a wide range of services, efficient resource allocation, innovative service solutions and diversified value-added services, we will continue to meet customers' growing demand for better life services and achieve outstanding customer satisfaction.

In the long run, the continuous expansion of the existing businesses, coupled with the accelerated development of commercial operational services, will allow us, as one of the few listed property service companies in the western region, to gain wider market access and more competitive edge, and enter a new cycle of rapid development. After going through various market testing, we believe that we will gain more opportunities in the market as we revise and adjust the business lines and business model of the Company from time to time.

We will continue to shoulder the corporate mission of "creating value for customers, pursuing happiness for those who strive, and proactively taking the responsibility of improving the industry standard" (為客戶創造價值、為奮鬥者謀幸福, 為行業進步勇於擔當), stay true to our original aspiration and seize the historical growth opportunity to create desirable and blessed living for our customers, achieve high-quality sustainable development and deliver better investment return for our Shareholders.

Zhang Zhicheng
Chairman, Chief Executive Officer and Executive Director

Chengdu, 29 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF PERFORMANCE

Revenue of our Group increased by approximately 98.0% to approximately RMB253.3 million for the year ended 31 December 2021 from approximately RMB127.9 million for the year ended 31 December 2020.

Gross profit of our Group increased by approximately 65.0% to approximately RMB103.4 million for the year ended 31 December 2021 from approximately RMB62.7 million for the year ended 31 December 2020. Gross profit margin decreased to approximately 40.8% for the year ended 31 December 2021 from 49.0% compared to the year ended 31 December 2020.

Profit after income tax for the year ended 31 December 2021 amounted to approximately RMB32.9 million compared to approximately RMB42.9 million for the year ended 31 December 2020. The adjusted profit after income tax (excluding listing expenses and equity-settled share option expenses) increased by approximately 25.0% to approximately RMB60.2 million for the year ended 31 December 2021 from approximately RMB48.1 million for the year ended 31 December 2020.

Basic earnings per share attributable to equity holders of the Company amounted to RMB7.33 cents for the year ended 31 December 2021 (2020: RMB9.54 cents). Diluted earnings per share attributable to equity holders of the Company amounted to RMB7.29 cents for the year ended 31 December 2021 (2020: RMB9.54 cents).

	Year ended 31 December			
	2021	2020	Change	
	RMB'000	RMB'000	RMB'000	%
Revenue	253,296	127,922	125,347	98.0
Gross profit	103,430	62,670	40,760	65.0
Gross Profit Margin (%)	40.8%	49.0%		
Net Profit	32,943	42,913	(9,970)	(23.2)%
Net Profit Margin (%)	13.0%	33.5%		
Adjusted Net Profit (excluding listing expenses and equity-settled share option expenses)	60,202	48,146	12,056	25.0%
Adjusted Net Profit Margin (%)	23.8%	37.6%		
Profit and Total Comprehensive Income Attributable to Shareholders	32,943	42,913	(9,970)	(23.2)%
Earnings Per Share				
Basic	RMB7.33 cents	RMB9.54 cents		
Diluted	RMB7.29 cents	RMB9.54 cents		

INDUSTRY REVIEW

In 2021, the COVID-19 pandemic had continued to cause havoc and turmoil in the global economy. To contain the COVID-19 pandemic, the PRC Government has imposed strict measures across the PRC since late January 2020, including lock-down measures across various cities in the PRC, the extended shutdown of business operations, and mandatory quarantine requirements on infected individuals and anyone deemed potentially infected.

As a collective effort to prevent and control the epidemic, we had played our part and adopted and continuously implemented a wide range of hygiene and precautionary measures across the properties under our management since the outbreak of the COVID-19 epidemic, including, among others, entrance management, visitor management, courier services management, returning resident management and routine disinfection of properties under our Group's management.

In the long term, however, the COVID-19 pandemic is expected to bring about positive changes to the property management industry. During the fight against the COVID-19 pandemic, property management companies played a significant role, serving as a bridge among the government, community workers and residents. Our Directors believe that collective efforts of our Group and its peers to control the outbreak has earned the overall property management industry and local property management companies trust and reliance from property owners and residents at properties under relevant management. The lockdown measures imposed in many regions have also led to residents' increasing reliance on community value-added services to address their daily living needs, which is believed to present significant opportunities to local property management companies to expand their related service offerings. In this connection, it is believed that the COVID-19 pandemic would accelerate the development of the property management industry.

BUSINESS REVIEW

Our Group is an integrated property management services and commercial operational services provider in the PRC, offering a wide array of services to cater for different needs of customers of various types of properties, including residential properties, shopping street and other commercial properties, industrial parks and office buildings since 2010. Focusing on the needs of customers in the real estate industry chain, we provide comprehensive property management and value-added services covering market research, tenant sourcing, management of sales offices, quality assurance and maintenance, and commercial operational services to realise properties' asset value. We ranked 54th among the "Top 100 Property Services Companies in China" (中國物業服務百強企業) in 2021 and we were named as one of the "China's Leading Enterprises for High-end Property Services" (中國高端物業服務領先企業) by China Index Academy in the same year. We were further named as the "Leading Enterprise of the Property Service Market in the Western Region in 2021" (2021西部區域物業服務市場地位領先企業) by China Index Academy in November 2021. As at 31 December 2021, we managed 37 properties with an aggregate GFA under management of approximately 4.9 million sq.m.

We have invested and plan to continue to invest significant resources in systemic work-flows and technology to support our growth strategy, improve our productivity and bring better experiences for our customers. We have built a scalable platform that is well positioned to execute our growth strategy focused on: (i) meeting the growing properties service needs of residents pursuing higher quality lifestyles, (ii) creating asset value for shopping street and other commercial properties owners; and (iii) improving operation environment for enterprises in industrial parks and office buildings. Our proven track record of operational performance well-positioned us to capitalise on the attractive and growing real estate services industry in the Sichuan Province.

PROPERTY MANAGEMENT SERVICES AND VALUE-ADDED SERVICES

Our Group serves our customers through management and operation of their properties across four sectors — (i) residential property management services; (ii) non-residential property management services; (iii) value-added services for non-property owners; and (iv) value-added services for property owners.

Property Management Services

Our Group provides management services, including security, cleaning, greening and gardening services, as well as repair and maintenance services to (i) property developers for properties prior to their delivery, and (ii) property owners, property owners' associations or residents for properties sold and delivered. As at 31 December 2021, our Group managed 37 properties with an aggregate GFA under management of approximately 4.9 million sq.m., with the majority of the properties located in Chengdu.

We managed a portfolio of properties comprising residential properties and non-residential properties. Non-residential properties mainly comprise office buildings, shopping malls and streets, and industrial parks. During the year, we generated the majority of its property management service revenue from managing non-residential properties, which will continue to account for a significant portion of our revenue stream in the near future.

The following table sets forth the number of properties and GFA under our management, as well as the number of properties we were contracted to manage and the corresponding contracted GFA as at the dates indicated.

	As at 31 December	
	2021	2020
Number of properties we were contracted to manage[1]	**66**	50
Contracted GFA (sq.m. in thousands)	**9,532.0**	6,778.9
Number of properties under management[2]	**37**	27
GFA under management (sq.m. in thousands)	**4,867.8**	3,834.6

Notes:

(1) Refers to all properties which we have entered into the relevant operating property management service agreements, which may, in addition to properties under management, also include properties that have not been delivered to us for property management purposes.

(2) Refers to properties that have been delivered to us for property management purposes.

The following table illustrates the revenue from property management services and GFA under management by type of properties for the periods indicated:

	Year ended 31 December 2021				Year ended 31 December 2020			
	Revenue RMB'000	% of revenue %	GFA under management sq.m.'000	% of GFA under management %	Revenue RMB'000	% of revenue %	GFA under management sq.m.'000	% of GFA under management %
Residential properties	44,588	38.3	2,454.7	50.4	27,794	45.2	1,638.6	42.7
Non-residential properties	71,921	61.7	2,413.2	49.6	33,641	54.8	2,196.0	57.3
Office buildings	36,134	31.0	321.8	6.6	23,854	38.8	283.8	7.4
Shopping malls and streets	23,472	20.1	1,432.8	29.3	6,602	10.7	1,344.5	35.1
Industrial parks	12,315	10.6	658.5	13.5	3,185	5.2	567.7	14.8
Total	116,509	100.0	4,867.8	100	61,435	100.0	3,834.6	100

Value-Added Services

Our Group provides value-added services to property owners and non-property owners. The value-added services to property owners primarily consist of (i) owners' asset-related services, including real estate agent services and asset management services; (ii) commercial operational services provided to property owners; (iii) property resources management services, including advertisements in residential communities, commercial properties and industrial parks; (iv) home refurbishment services; and (v) integrated community related services, including community group bulk purchases and travel agency services.

On the other hand, we also offer a range of value-added services to non-property owners, which primarily include property developers and tenants of shopping street and other commercial properties. These services include (i) pre-delivery and sales assistance services; (ii) assets management services; and (iii) commercial operational services.

FINANCIAL REVIEW

Revenue

We derived our revenue from: (i) residential property management services; (ii) non-residential property management services; (iii) value-added services for non-property owners; and (iv) value-added services for property owners.

The table below sets forth the revenue by business line for the periods indicated.

	For the year ended 31 December 2021		For the year ended 31 December 2020		Change	
	RMB'000	%	RMB'000	%	RMB'000	%
Property management services	116,509	46.0	61,435	48.0	55,074	89.6
– Residential property management services	44,588	17.6	27,794	21.7	16,794	60.4
– Non-residential property management services	71,921	28.4	33,641	26.3	38,280	113.8
Value-added services	136,787	54.0	66,487	52.0	70,300	105.7
– for non-property owners	115,749	45.7	55,766	43.6	59,983	107.6
– for property owners	21,038	8.3	10,721	8.4	10,317	96.2
Total	253,296	100.0%	127,922	100.0%	125,374	98.0

Overall revenue increased by approximately RMB125.4 million, or 98.0% from RMB127.9 million for the year ended 31 December 2020 to RMB253.3 million for the year ended 31 December 2021, such growth was primarily driven by (i) the increase in the total GFA under property management as a result of our business expansion; and (ii) the new projects launched by Desun Group in 2021, which as a result increased the revenue from pre-delivery and sales assistance services.

Property management services

Property management services primarily include property management service fees for (i) providing security, cleaning, greening and gardening, repair and maintenance services to residential properties; and (ii) providing security, cleaning, greening and gardening and parking management services, retail and maintenance services to non-residential properties, such as shopping malls and shopping streets, industrial parks and office buildings.

- **Revenue from residential property management services.** Revenue from residential property management services increased by approximately 60.4% to RMB44.6 million for the year ended 31 December 2021 from RMB27.8 million for the year ended 31 December 2020, primarily attributable to the increase in the total GFA under property management of residential properties to approximately 2.5 million sq.m. as at 31 December 2021 from approximately 1.6 million sq.m. as at 31 December 2020, which were contributed by the acquisition of Zhongneng Group in August 2020 and by our organic growth.

- **Revenue from non-residential property management services.** Revenue from non-residential property management services increased by approximately 113.8% to RMB71.9 million for the year ended 31 December 2021 from RMB33.6 million for the year ended 31 December 2020, primarily attributable to the increase in the total GFA under property management of non-residential properties to approximately 2.4 million sq.m. as at 31 December 2021 from approximately 2.2 million sq.m. as at 31 December 2020, which were contributed by the acquisition of Zhongneng Group in August 2020 and by our organic growth.

Value-added services

Revenue from value-added services are generated from two categories, including (i) value-added services provided to non-property owners and (ii) value-added services provided to property owners and tenants, which amounted to approximately RMB115.7 million and RMB21.0 million, respectively for the year ended 31 December 2021.

- **Revenue from value-added services for non-property owners.** Revenue from value-added services for non-property owners increased by approximately 107.6% to RMB115.7 million for the year ended 31 December 2021 from approximately RMB55.8 million for the year ended 31 December 2020, primarily due to new projects launched by Desun Group in 2021, and the resulting increase in revenue from pre-delivery and sales assistance services of approximately RMB45.7 million.

- **Revenue from value-added services for property owners.** Revenue from value-added services for property owners increased by 96.2% to approximately RMB21.0 million for the year ended 31 December 2021 from approximately RMB10.7 million for the year ended 31 December 2020 primarily due to the increase of GFA under management.

Cost of Sales

Cost of sales of our Group primarily comprises (i) staff costs, (ii) subcontracting costs, (iii) utility costs, (iv) depreciation and amortisation, (v) canteen costs, (vi) maintenance costs, (vii) rental and (viii) others, which primarily includes insurance premium expenses and consultancy fees.

Our cost of sales increased by 129.7% to approximately RMB149.9 million for the year ended 31 December 2021 from approximately RMB65.3 million for the year ended 31 December 2020, primarily due to the increase of total GFA under management and the provision of new value-added service offerings. Our staff costs increased from approximately RMB37.5 million for the year ended 31 December 2020 to approximately RMB72.7 million for the year ended 31 December 2021 mainly due to (i) an increase in the number of employees as a result of the increase in our GFA under management resulted from our business expansion; and (ii) an increase in the average salary. Our subcontracting cost increased from approximately RMB12.1 million for the year ended 31 December 2020 to approximately RMB41.5 million for the year ended 31 December 2021 primarily because of improvement of service quality and that we dedicate more resources to management and other value-added services. Our other costs increased from approximately RMB2.0 million for the year ended 31 December 2020 to approximately RMB14.9 million for the year ended 31 December 2021 primarily due to (i) the material procurement costs incurred for our furnishing service which was a new value-added service we offered in 2021; and (ii) the overall increase of our material costs along with the increase of number of our projects undertaken.

Gross Profit and Gross Profit Margin

The table below sets forth the Group's gross profit and gross profit margin by business line for the years indicated.

	For the year ended 31 December 2021		For the year ended 31 December 2020		Change	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	
	RMB'000	%	RMB'000	%	RMB'000	%
Property management services	33,797	29.0	24,195	39.4	9,602	39.7
– Residential property management services	15,048	33.7	9,995	36.0	5,053	50.6
– Non-residential property management services	18,749	26.1	14,200	42.2	4,549	32.0
Value-added services	69,633	50.9	38,475	57.9	31,158	81.0
– for non-property owners	64,558	55.8	32,424	58.1	32,134	99.1
– for property owners	5,074	24.1	6,051	56.4	(977)	-16.2
Total	103,430	40.8	62,670	49.0	40,760	65.0

Our overall gross profit increased by approximately RMB40.8 million, or 65.0% from approximately RMB62.7 million for the year ended 31 December 2020 to approximately RMB103.4 million for the year ended 31 December 2021, whereas our gross profit margin decreased from approximately 49.0% for the year ended 31 December 2020 to approximately 40.8% for the year ended 31 December 2021.

Property management services

Gross profit for our property management services increased by approximately RMB9.6 million, or 39.7% from approximately RMB24.2 million for the year ended 31 December 2020 to approximately RMB33.8 million for the year ended 31 December 2021, whereas the gross profit margin decreased from approximately 39.4% for the year ended 31 December 2020 to 29.0% for the year ended 31 December 2021.

- **Residential property management services.** Our gross profit margin for residential property management services decreased to 33.7% for the year ended 31 December 2021 from 36.0% for the year ended 31 December 2020 primarily because (i) the COVID-19 related preferential policies reduced the staff costs for the year ended 31 December 2020 and (ii) the gross profit margins for Zhongneng Group's residential projects acquired in August 2020 are lower than that of the other residential projects we managed, the effect of which was fully reflected for the year ended 31 December 2021.

- **Non-residential property management services.** Our gross profit margin for non-residential property management services decreased to 26.1% for the year ended 31 December 2021 from 42.2% for the year ended 31 December 2020 primarily due to (i) the gross profit margins for Zhongneng Group's non-residential projects acquired in August 2020 are lower than that of the other office projects we managed in 2020, the effect of which was fully reflected in 2021; (ii) the COVID-19 related preferential policies reduced the staff costs in 2020; and (iii) the lower gross profit margin of a new industrial park project delivered in 2021.

Value-added services

Gross profit for our value-added services increased by approximately RMB31.2 million, or 81.0% from approximately RMB38.5 million for the year ended 31 December 2020 to approximately RMB69.6 million for the year ended 31 December 2021, whereas the gross profit margin decreased from approximately 57.9% for the year ended 31 December 2020 to 50.9% for the year ended 31 December 2021.

- **Value-added services for non-property owners.** Our gross profit margin for value-added services for non-property owners decreased to 55.8% for the year ended 31 December 2021 from 58.1% for the year ended 31 December 2020 primarily due to the gross profit margin of properties we managed from Zhongneng Group since our acquisition in August 2020 is lower than that of the projects developed by Desun Group, the effect of which was fully reflected in 2021.

- **Value-added services for property owners.** Our gross profit margin for value-added services for property owners decreased to 24.1% for the year ended 31 December 2021 from 56.4% in 2020 primarily because (i) there was no COVID-19 related social insurance reduction policy during the period which increased staff costs; and (ii) increased in food costs for our canteen services.

Other Income and gains

Our other income and gains mainly consist of government grants, interest income, and fair value gains on financial assets at fair value through profit or loss. The slight decrease of other income and gains by RMB0.5 million, or 6.8% from approximately RMB6.7 million for the year ended 31 December 2020 compared to approximately RMB6.2 million for the year ended 31 December 2021 was primarily attributable to the absence of any interest income from loans to independent party for the year ended 31 December 2021. In 2020, the Group recorded approximately RMB2.6 million of interest income from a loan to an independent third party, which was repaid during the year. As the Group did not provide any loan to third party in 2021, the Group did not record any interest income arising thereof. The aforesaid decrease was partially offset by the increase in bank interest income.

Administrative Expenses

Our administrative expenses mainly consist of labour costs, business entertainment expenses, office expenses, staff dormitory and office occupancy expenses, promotion expenses, transportation expenses, tax expenses, special service expenses, depreciation and amortisation, lease expenses and others. Administrative expenses of our Group increased by approximately RMB44.9 million, or 240.5% from approximately RMB18.7 million for the year ended 31 December 2020 to approximately RMB63.5 million for the year ended 31 December 2021, primarily due to (i) increase in the number of management employees; (ii) more frequent business trip for business development; and (iii) listing expenses of approximately RMB17.9 million incurred in 2021.

Other expenses

Our other expenses increased to RMB1.8 million for the year ended 31 December 2021 from RMB255,000 for the year ended 31 December 2020 primarily due to (i) the early termination penalties incurred by the Group from the early termination of the leases of a sale office and a display unit in an aggregate amount of approximately RMB0.6 million; and (ii) the depreciation expenses incurred in the amount of approximately RMB0.3 million.

Finance costs

We incurred finance costs of RMB24,000 and RMB109,000 for the year ended 31 December 2020 and 2021, respectively.

Profit before income tax

The profit before income tax for the year of our Group decreased by approximately RMB10.5 million, or 20.7% from approximately RMB50.8 million for the year ended 31 December 2020 to approximately RMB40.3 million for the year ended 31 December 2021, primarily due to the aforementioned reasons for the changes of revenue recorded and expenses incurred during the respective years.

Income tax expenses

Our income tax expenses deceased by approximately 7.0% to RMB7.4 million for the year ended 31 December 2021 from RMB7.9 million for the year ended 31 December 2020, because of the decreased taxable income.

Profit for the year

As a result of the changes discussed above, our net profit for the period decreased by 23.2% to RMB32.9 million for the year ended 31 December 2021 from RMB42.9 million for the year ended 31 December 2020, and our net profit margin for the period decreased to 13.01% for the year ended 31 December 2021 from 33.5% for the year ended 31 December 2020.

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted profit as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe that such non-IFRS measure facilitates comparisons of our operating performance from period to period by eliminating the potential financial impacts derived from items that our management do not consider to be relating to our ordinary course of business and indicative of our operating performance. We believe that this measure provides useful information to investors and others in understanding and evaluating our results of operations. The use of this non-IFRS measure has limitations as an analytical tool, and investors should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

The following table reconciles our adjusted profit and total comprehensive income for the periods indicated presented to the most directly comparable financial measure calculated and presented in accordance with IFRS:

	For the year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit and total comprehensive income for the year	**32,943**	42,913
Add:		
Listing expenses[(1)]	**17,934**	5,233
Equity-settled share option expenses[(2)]	**9,325**	—
Adjusted profit and total comprehensive income for the year	**60,202**	48,146

Notes:

(1) Represents expenses in relation to the Global Offering, This item was not directly related to the performance of our operation and one-off in nature.

(2) Represents the employee benefit expenses incurred in connection with our Pre-IPO Share Option Scheme. This item was not directly related to the performance of our operation.

Property and Equipment

Property and equipment mainly consist of electric devices and leasehold improvements, which decreased from RMB204,000 as at 31 December 2020 to RMB144,000 as at 31 December 2021 mainly attributable to the increased depreciation expense of approximately RMB68,000.

Investment Properties

Investment properties consist of one residential and one commercial property in the PRC held for sale and were not leased out. Investment property decreased from RMB1,427,000 as at 31 December 2020 to RMB1,330,000 as at 31 December 2021 mainly attributable to the depreciation charge provision in the year ended 31 December 2021.

Right-of-Use Assets

Right-of-use assets primarily represent offices which our Group leased for its office use. Right-of-use assets decreased from RMB0.4 million as at 31 December 2020 to RMB0.2 million as at 31 December 2021 was attributable to the depreciation provided during the year and early termination of two leases due to strategic reasons.

Other Intangible assets

We recognised other intangible assets of RMB7.6 million in 2020 upon completion of the acquisition of Zhongneng Group which mainly include customer relationship of RMB7.6 million.

Goodwill

Goodwill arised out of our acquisitions of Zhongneng Group in 2020, which resulted in the recognition of goodwill of RMB9.2 million.

Trade Receivables

Trade receivables mainly arise from property management services and certain value-added services. Trade receivables of our Group increased from approximately RMB35.7 million as at 31 December 2020 to approximately RMB89.7 million as at 31 December 2021, primarily due to (i) the substantial increase in value-added services for non-property owners provided to Desun Group, in particularly the increase in pre-delivery and sales assistance services rendered during the year, which were generally settled at year end; and (ii) the increase of GFA delivered which increased the trade receivables from property owners.

Prepayments, Deposits and Other Receivables

Prepayments, deposits and other receivables mainly comprises of deposits paid for performance and project tendering deposits, advances to staff and payment on behalf of residents relating to utilities. Our Group's prepayments, deposits and other receivables increased from RMB8.2 million as at 31 December 2020 to RMB11.5 million as at 31 December 2021, which was primarily due to (i) increased deposits and payments on behalf of residents due to increase of total GFA under management; (ii) deferred listing expenses incurred in the year ended 31 December 2021; and (iii) increased of other receivables.

Trade Payables

Trade payables primarily represent our obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. The trade payables primarily consist of cleaning fees, material fees, maintenance fees, subcontracting fees and construction fees. Trade payables of the Group increased from RMB10.6 million as at 31 December 2020 to RMB17.7 million as at 31 December 2021, primarily due to the subcontracting of the securities services (as part of our property management services) to independent security service providers, instead of being rendered by our own staff, in order to better control our cost of services which as a result increased the subcontracting fees payable in 2021.

Other Payables and Accruals

The other payables and accruals of our Group primarily consist of payables for payroll, utilities and other taxes, receipt of advances on behalf from residents, consideration payables as well as deposits received. The other payables and accruals increased from RMB58.3 million as at 31 December 2020 to RMB70.1 million as at 31 December 2021 primarily due to (i) increase in receipt of advances on behalf of residents resulting from increased number of projects; (ii) increase in payroll payables resulting from increase in the number of staff and the issue of bonuses; (iii) the increase in payables for social insurance contributions due to the absence of COVID-19 related social insurance reduction policy in 2021; and (iv) increase in payable of listing expenses in 2021 as compared to 2020.

Contract Liabilities

The contract liabilities of our Group arise from the advance payments received from customers of our Group's property management services while the underlying services are yet to be provided by our Group. The contract liabilities of our Group increased from RMB13.0 million as at 31 December 2020 to RMB25.2 million as at 31 December 2021 primarily due to increase of GFA under management and increased fee received from decoration services.

Tax Payables

Tax payables of our Group primarily consist of PRC corporate income tax payable. Our tax payables increased from RMB9.1 million as at 31 December 2020 to RMB9.5 million as at 31 December 2021 notwithstanding the lower gross profit before income tax in 2021, primarily due to the expenses incurred from the granting of pre-IPO share options to certain management of Zhongneng Group which were not tax deductible.

Lease Liabilities

The current lease liabilities of our Group decreased from RMB236,000 to RMB122,000 as at 31 December 2021, primarily due to early termination of a lease in 2021.

The non-current lease liabilities decreased from RMB122,000 as at 31 December 2020 to nil as at 31 December 2021 primarily due to early termination of a lease in 2021.

Liquidity and Capital Resources

As at 31 December 2021, our cash and bank balances increased by approximately RMB141.6 million from approximately RMB109.5 million as at 31 December 2020 to approximately RMB251.1 million, primarily due to (i) collection of trade receivables through collection of outstanding property management fees from property owners, and (ii) proceeds from the listing. As at 31 December 2021, our net current assets increased from approximately RMB63.5 million as at 31 December 2020 to approximately RMB230.9 million as at 31 December 2021. Our current ratio was approximately 2.89 times (31 December 2020: approximately 1.7 times). As at 31 December 2021, we did not have any borrowings.

Proceeds from the Listing

Our Company was listed on the Main Board of the Stock Exchange on 17 December 2021 and the over-allotment option was partially exercised on 6 January 2022. After deducting underwriting fees and commissions and relevant expenses, net proceeds from the listing amounted to approximately HK$176.2 million.

As at the date of this annual report, our Company has not utilized any of the net proceeds raised from the Global Offering. Our Company intends to use the net proceeds in the same matter and proportion as set out in the Prospectus:

1. approximately 60% will be used for making strategic investments and acquisitions to expand our property management and commercial operational businesses;

2. approximately 20% will be used for investing in information technology systems and human resources to support technology systems;

3. approximately 10% will be used for recruiting and cultivating talents, including management and professionals for our principal business; and

4. approximately 10% will be used as working capital and for general corporate uses.

Pledge of Assets

As at 31 December 2021, none of the assets of our Group were pledged (31 December 2020: Nil).

Material Acquisitions and Disposals of Assets

Our Group did not have any material acquisitions or disposals of assets during the year ended 31 December 2021.

Significant Investment Held and Future Plans for Material Investment and Capital Assets

During the year ended 31 December 2021, our Group did not have any significant investment, and there was no plan for other material investments or additions of capital assets as at the date of this annual report.

Gearing Ratio

The gearing ratio (sum of lease liabilities divided by total equity) as at 31 December 2021 was approximately 0.05% (31 December 2020: approximately 0.4%).

Contingent Liabilities

As at 31 December 2021, our Group did not have any outstanding guarantees or other material contingent liabilities (31 December 2020: Nil).

Treasury Policies

We consistently comply with our treasury policy during the procedures managing the relevant departments, as well as in conducting business, accounting and filing. We are committed to safeguarding overall financial security and maintaining a strong cash position and a healthy debt profile with strong repayment ability. To maintain a strong financial position, we have established a long-term, medium-term and short-term fund management system. By adopting a full, reasonable and professional assessment mechanism, preparing annual and monthly funding plans, we have established disciplined fund management principal, which allows us to efficiently manage market risks. If new funding needs arise due to factors such as strategic expansion, external financing will be arranged in time to make up for it.

Foreign Exchange Risk

Our Group conducts substantially all of its business in the PRC and in RMB. Bank and cash balances denominated in Hong Kong dollars were equivalent to approximately RMB131.9 million as at 31 December 2021 and thus was subject to foreign exchange risk. Our Group currently does not hedge its foreign exchange risk, but is continuously monitoring the foreign exchange exposure and the management will consider hedging the foreign exchange exposure where there is a material impact on the Group.

Employees and Benefits Policies

As at 31 December 2021, our Group had approximately 958 employees (31 December 2020: approximately 953 employees). Employee's remuneration is determined based on the employee's performance, skills, knowledge, experience and market trends. Our Group regularly reviews compensation policies and programs, and will make necessary adjustment in order to be in line with the remuneration levels in the industry. Our Group also provides various systematic and extensive training programmes to its employees. Our Group's employee training programmes primarily cover key areas in the Group's business operations, which provide continuous training to our Group's existing employees at different levels to specialise and strengthen their skill sets.

Major Risks and Uncertainties

The Group believes that the risk management practices are important and use its best effort to ensure it is sufficient to mitigate the risks present in our operations and financial position as efficiently and effectively as possible. The followings are the major risks and uncertainties of our business:

(i) a significant portion of our revenue was generated from Desun Group or the properties developed by Desun Group. Desun Group is the connected person of our Group which our Group does not have control over;

(ii) any financial difficulties faced by Desun Group may have material adverse impact on our Group's business, financial condition, results of operation and prospects;

(iii) our Group is susceptible to changes in the regulatory landscape of the PRC property management industry;

(iv) if our Group is unable to perform its contracts with customers, the results of operations and financial condition may be adversely affected; and

(v) as an increasing number of our Group's competitors listed on the Stock Exchange are looking for high-quality property management companies in the PRC as their acquisition targets, the Group faces intense competition, and there is no guarantee that our Group will be able to acquire or invest in the targets that it desires as planned.

Future Outlook

It is our goal to be a leading property service provider for (i) mid- to high-end residential properties and (ii) shopping street and other commercial properties in western China.

Going forward, we will strive to continue to grow organically and through suitable acquisitions. We plan to selectively acquire, invest in or establish joint ventures with, property management and commercial property operational service providers with complementary strengths or with targeted operation scale and profitability. We believe such strategic investments and acquisitions can help us (i) diversify our service offerings; (ii) enhance our geographic distribution, market shares and property portfolio; and (iii) realise economies of scale. We will mainly consider property management service providers for mid- to high-end residential properties and shopping street and other commercial properties operator, and evaluate them with reference to their GFA under management and financial performance.

Furthermore, we will continue to leverage our breath of services, efficient resources allocation, creative service solutions, and various value-added services to achieve superior customer satisfaction. To this end, we intends to continue to (i) optimise our value-added services for our customers in residential properties and (ii) offer renovation services to property developers, including decoration of sales offices. We believe these initiatives will enrich our customer's experiences and enhance their loyalty to our company. We also intend to promote value-added services for non-residential properties through providing solutions to meet their business needs and promoting value added services for industrial parks and offices.

We also aim to improve customer experience and increase operational efficiency through deploying information technologies.

Last but not least, we will continue to invest in our human capital to attract and retain high quality employees at all levels.

Impact of COVID-19 pandemic on the Company

In response to the COVID-19 pandemic and to comply with the corresponding government measures, some of our services had experienced certain short-term impacts, such as assignment of additional staff and procurement of additional medical material, short term suspension of operation of sales offices and display units which we managed, and short term suspension of certain shops of the shopping street and other commercial properties that we manage and operate.

However, in general, we have not experienced any material difficulties in collecting property management fees, or any material delay in our provision of property management services and value-added services to non-property owners arising from delays in the development and delivery of properties developed by Desun Group. We have also not experience any significant decrease in the demand of our commercial operational services.

Through strict compliance with all applicable COVID-19 related regulations and the Group's internal hygiene policy, there were not any confirmed and suspected cases of COVID-19 among our staff members during the year ended 31 December 2021. We have also not encountered any material disruption to the services provided by our subcontractors and utilities service providers and the supply of materials from our suppliers.

In response to the COVID-19 pandemic, we had implemented stringent hygiene and precautionary measures across the properties under our management throughout the Reporting Period and up to the date of this annual report, including entrance management, visitor management, management of courier services ordered by residents, returning resident management and disinfection of common areas of properties.

As discussed under the paragraph headed "Industry Review" above, it is expected that the COVID-19 pandemic is expected to bring about positive changes to the property management industry. It is expected that the stringent measures adopted by us and the effective results would build up the trusts from property owners and residents on our services, as well as increasing their reliance on our services. In the long term, we do not expect the COVID-19 pandemic to have a significant adverse impact on our business operation and financial position.

Event after the Reporting Period

In addition to the event detailed elsewhere in this annual report, the Group had the following event after the Reporting Period:

On 6 January 2022, the Company further issued 13,328,000 ordinary shares of USD0.0001 each at a subscription price of HK$1.11 per share pursuant to the exercise of over-allotment options, resulting in a share premium of approximately RMB12,084,000, representing the difference between the subscription price and the nominal value of the Company's ordinary shares before netting off the share issue cost.

Save as disclosed above, as at the date of this annual report, there are no material events affecting the Company or any of its subsidiaries after 31 December 2021 and up to the date of this annual report.

NON-EXECUTIVE DIRECTOR

Mr. Zou Kang (鄒康), aged 52, is one of the founders of the Group, the non-executive Director and one of the Controlling Shareholders. He was appointed as the non-executive Director on 18 March 2021. Mr. Zou Kang is responsible for providing guidance and advice on corporate strategy to our Group.

Mr. Zou Kang has more than 10 years of experience in real estate development and property management. Mr. Zou Kang is one of the founders of Chengdu Desun and was appointed as its supervisor at the time of its incorporation. He was subsequently appointed as the executive director and chairman of the board of Chengdu Desun in February 2016. Mr. Zou Kang temporarily retired from his directorship in Chengdu Desun when his term as executive director and chairman of the board as aforementioned expired in February 2019, before joining the Group back again in November 2020 as the non-executive Director.

From August 1998 to December 2015, he served as an executive director of Chengdu Huacheng Information Industry Co., Ltd. (成都華誠信息產業有限公司). Mr. Zou Kang also has a range of other investments in the PRC, including the Desun Property Group which carried on property development and property construction business in the PRC.

Mr. Zou Kang obtained his postgraduate degree of corporate management from Sichuan University in the PRC in August 1999. Mr. Zou Kang completed the Tsinghua PBC Financial CEO Training Programme from Tsinghua PBC School of Finance on 10 November 2019.

EXECUTIVE DIRECTORS

Mr. Zhang Zhicheng (張志成), aged 51, is the chairman of the Board, the Chief Executive Officer and an executive Director. He was appointed as a Director on 10 December 2020 and was re-designated as executive Director on 18 March 2021. He was also appointed as the chairman of the Board on the same day. Mr. Zhang Zhicheng was appointed as the Chief Executive Officer on 2 March 2022. Mr. Zhang Zhicheng is responsible for providing strategic and directional guidance and advising on corporate governance to the Group and the Board.

Mr. Zhang Zhicheng joined the Group in September 2020 as a director and chairman of the board of Chengdu Desun.

Mr. Zhang Zhicheng has more than 20 years of experience in real estate and property management industry. Prior to joining the Group, Mr. Zhang Zhicheng worked at the Housing Management Bureau of Qingbaijiang District from July 1999 to July 2002. From July 2002 to August 2010, Mr. Zhang Zhicheng served as a department head, vice president, president and chairman of the board of directors of Chengdu Jiabao Management Consulting Co., Ltd* (成都市嘉寶管理顧問有限公司), a company engaged in real estate management and consultancy business, where he was responsible for managing the operation of the company. From August 2010 to June 2014, Mr. Zhang Zhicheng served as a vice chairman of the board and president of Sichuan Languang Industrial Group Co., Ltd* (四川藍光實業集團有限公司) (subsequently known as Languang Investment Holding Group Limited Co., Ltd (藍光投資控股集團有限公司)), a company engaged in corporate investment services, where he was responsible for managing the operation of the company. From June 2014 to April 2015, Mr. Zhang Zhicheng served as vice chairman of the board and president of Sichuan Languang Hejin Industrial Co., Ltd* (四川藍光和駿實業股份有限公司), a company engaged in real estate investment, where he was responsible for managing the operation of the company. From April 2015 to May 2017, Mr. Zhang Zhicheng served as the vice chairman and the president of Sichuan Languang Development Co., Ltd. (四川藍光發展股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600466.SH) and engaged in real estate development business, where he was mainly responsible for managing the business operation of the company. From August 2017 to October 2019, Mr. Zhang Zhicheng served as the president of Chengdu Chengming Construction Project Management Co., Ltd (成都城銘建設項目管理有限公司), a company engaging in construction consultation, but Mr. Zhang Zhicheng was not involved in the daily operation. From November 2019 to September 2020, Mr. Zhang Zhicheng served as the president of Tongxin Real Estate Group Co., Ltd., a company whose scope of business include real estate development and operation, where he was responsible for formulating and implementing business development strategies of the company.

Mr. Zhang Zhicheng obtained his bachelor's degree in economics management from Southwest Mingzu University (西南民族大學) in the PRC in July 2004. He subsequently obtained a master's degree in business administration management from the Peking University in January 2018.

Mr. Zhang Qiang (張強), aged 48, is an executive Director. He was appointed as an executive Director on 18 March 2021. Mr. Zhang Qiang is responsible for formulating and implementing the overall corporate strategies of our Group, overseeing our Group's budget cost, monitoring the quality of service provided by our Group, and handling the daily operation of our Group.

Mr. Zhang Qiang has more than 15 years of experience in corporate and business management. Mr. Zhang Qiang joined our Group in December 2011 as a manager of Chengdu Desun, and was subsequently appointed as an executive director and manager of Chengdu Desun in February 2016. As at the date of this annual report, Mr. Zhang Qiang also held directorships in our subsidiaries and joint venture, being Chengdu Dexin Shangyu Property Management Co., Ltd., Chengdu Fulang Property Service Co., Ltd., Chengdu Yujingge Hotel Management Co., Ltd. and Chengdu Dezheng Property Service Co., Ltd..

Prior to joining our Group, Mr. Zhang Qiang served as the financial officer and accountant of Chengdu Urban Passenger Transport Administration Office (成都市城市客運管理處) (subsequently known as Chengdu Taxi Management Administration Office) from July 1994 to October 2004. From October 2004 to March 2005, Mr. Zhang Qiang served as an accountant of Chengdu Zhongxin Property Management Co., Ltd. (成都忠信物業管理有限公司), a company whose scope of business includes property management, where Mr. Zhang Qiang was responsible for reviewing the contracts, formulating the monthly budgeting and handling other financial affairs. From March 2005 to December 2009, Mr. Zhang Qiang served as the deputy general manager of Chengdu Digital Entertainment Software Park Investment Management Co., Ltd. (成都數字娛樂軟件園管理投資有限公司), a company whose scope of business include internet technology support, where he was responsible for, inter alia, assisting in formulating plans for the company's core technology, business operation management, and industry research. From January 2010 to December 2011, Mr. Zhang Qiang served as the deputy general manager of Sichuan Huacheng Communications Information Technology Co., Ltd (四川華誠訊通信息技術有限公司), a company whose scope of business included computer service and software, where he was responsible for assisting in managing the daily operation of the company.

Mr. Zhang Qiang obtained a diploma from Chengdu University (成都大學) in the PRC majoring in accounting and statistics in July 1994.

Ms. Xiong Jianqiu (熊建秋), aged 50, is an executive Director and the chief financial officer. She was appointed as an executive Director on 18 March 2021. Ms. Xiong Jianqiu is involved in formulating the development strategies, supervising the financial management and internal control of the Group, and handling the daily operation of the Group.

Ms. Xiong Jianqiu has extensive experience in financial support and management. Ms. Xiong Jianqiu joined the Group in January 2016 as the chief financial officer of Chengdu Desun and was subsequently appointed as executive director of Chengdu Desun in February 2016. As at the date of this annual report, Ms. Xiong Jianqiu also served as a director of the Group's subsidiaries, Chongqing Funiu Property Service Co., Ltd. and Hunan Desun Houcheng Technology Service Co., Ltd..

Prior to joining the Group, Ms. Xiong Jianqiu served as an accountant at the financial department of Sichuan Academy of Agricultural Sciences from August 1992 to February 1993. From March 2001 to September 2005, Ms. Xiong Jianqiu served as the chief financial officer at the financial department of Sichuan Xindu Technology Co., Ltd. (四川信都科技有限責任公司). From October 2005 to December 2012, Ms. Xiong Jianqiu served as the financial manager at the financial department of Chengdu Huacheng Information Industry Co., Ltd. (成都華誠信息產業有限公司). Between January 2013 and January 2016, Ms. Xiong Jianqiu served as the financial manager in Chengdu Desun Property Co., Ltd. (成都德商置業有限公司), a company in the Desun Property Group whose scope of business includes real estate development.

Ms. Xiong Jianqiu obtained a diploma from Sichuan Radio and Television University (四川廣播電視大學) in the PRC majoring in financial accounting in July 1993.

Ms. Wan Hong (萬虹), aged 35, is an executive Director and one of the joint company secretaries of the Company. She was appointed as an executive Director and one of the joint company secretaries on 18 March 2021. Ms. Wan Hong is responsible for overseeing the overall administrative affairs of the Group, operation management of the Group and supervising the Group's investor relations, financing and securities affairs, and listing compliance management.

Ms. Wan Hong has over 11 years of experience in human resources and administrative management. Prior to joining the Group in March 2012, Ms. Wan Hong was the human resources supervisor of Chengdu Chuanghe Property Services Co., Ltd. (成都市創和物業服務有限公司) between February 2009 and March 2012, a company whose scope of business includes property management, where she was responsible for staff recruitment, training and welfare. Ms. Wan Hong then joined the Group and served as the human resources supervisor of Chengdu Desun between March 2012 and May 2013, and then served Chengdu Deshangtai Property Co., Ltd. (成都德商泰置業有限公司), a company in the Desun Property Group, as the human resources supervisor until January 2016. Afterwards, she was appointed as the secretary to the board and executive director of Chengdu Desun in February 2016 and February 2019 respectively.

Ms. Wan Hong obtained her bachelor's degree in human resources management from Sichuan University (四川大學) in the PRC in June 2012.

Mr. Wu Da (吳達), aged 52, is an executive Director and deputy general manager of Chengdu Desun. He was appointed as an executive Director on 18 March 2021. Mr. Wu Da is responsible for formulating the business development strategies of the Group, overseeing the implementation of the business plans of the Group, formulating internal control policies of the Group, and handling the daily operation of the Group.

Mr. Wu Da has extensive experience in business management. Mr. Wu Da joined the Group in April 2014 as the project manager of Chengdu Desun, and was subsequently appointed as the deputy general manager in February 2016. As at the date of this annual report, Mr. Wu Da also held senior management positions in the Group's subsidiaries and joint venture, including Chengdu Dexin Shangyu Property Management Co., Ltd., Chengdu Fulang Property Service Co., Ltd. and Chengdu Dezheng Property Service Co., Ltd..

Prior to joining the Group, Mr. Wu Da was responsible for service management works at Sichuan Jinjiang Hotel (四川錦江賓館) from January 1987 to April 2008. From April 2008 to April 2014, Mr. Wu Da served as a manager of Chengdu Ruidi Corporate Management Co., Ltd. (成都瑞地企業管理有限公司), a company whose scope of business includes property management, where Mr. Wu Da was responsible for leading his team to follow the company policies and achieve the targets of operation.

Mr. Wu Da obtained a diploma from Central Radio and Television University (中央廣播電視大學) in the PRC majoring in commercial English in July 2007. He subsequently graduated from Sichuan University (四川大學) in the PRC with a bachelor's degree of business administration management through online learning in June 2015.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fang Liqiang (方利強), aged 54, is an independent non-executive Director. He was appointed as an independent non-executive Director on 22 November 2021. Mr. Fang Liqiang is responsible for providing independent advice and judgement to the Board.

Mr. Fang Liqiang has more than 20 years of experience in corporate and business management. From April 1996 to September 2012, Mr. Fang Liqiang served as the chairman and general manager of Zhejiang Orient Municipal Landscape Engineering Co. Ltd. (浙江東方市政園林工程有限公司), currently known as Chengbang Ecological Environment Co., Ltd (誠邦生態環境股份有限公司), a company whose scope of business includes landscape engineering construction, where he was responsible for the daily operations of the company. From September 2012 to February 2019, Mr. Fang Liqiang served as the chairman and general manager of Chengbang Ecological Environment Co., Ltd (誠邦生態環境股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603316.SH). Since February 2019, Mr. Fang Liqiang has been serving as the chairman of the board of Chengbang Ecological Environment Co., Ltd (誠邦生態環境股份有限公司) (stock code: 603316.SH).

Mr. Fang Liqiang obtained a diploma from Zhejiang School of Finance and Economics (浙江財經學院) (currently known as Zhejiang University of Finance and Economics (浙江財經大學)) in the PRC majoring in accounting in July 1990. He subsequently obtained a master's degree in business administration from Peking University in the PRC in July 2016. Mr. Fang Liqiang was accredited by Zhejiang Province Personnel Department (浙江省人事廳) (currently known as Zhejiang Province Human Resources and Social Security Department (浙江省人力資源和社會保障廳)) as (i) a senior economist in December 2007, and (ii) a senior engineer in the field of landscape engineering in December 2008.

Mr. Chen Di (陳滌), aged 45, is an independent non-executive Director. He was appointed as an independent non-executive Director on 22 November 2021. Mr. Chen Di is responsible for providing independent advice and judgement to the Board.

Mr. Chen Di has over 20 years of extensive experience in the finance industry and 15 years of which were spent in senior management teams. Since May 2020, Mr. Chen Di has been serving as a non-executive director of China Shandong Hi-Speed Financial Group Limited, a company listed on the Stock Exchange (stock code: 00412.HK).

Mr. Chen Di joined Harvest Global Capital Investments Limited (嘉實國際投資有限公司) since May 2005, and had over the years served as the general manager of the Guangzhou office between May 2005 and September 2008; the South China regional head and director of wealth management operation between September 2008 and December 2010; the director of channel development and director of wealth management operation between January 2011 and May 2014; and the chief marketing officer between May 2014 and January 2016. Since February 2016, Mr. Chen Di has served as the chief executive officer of Harvest Global Capital Investments Limited.

Mr. Chen Di received his bachelor's degree in finance from Jinan University (暨南大學) in the PRC in June 1998 and subsequently obtained an executive master of business administration (EMBA) degree from PBCSF Tsinghua University (清華五道口金融學院) in the PRC in July 2019.

Mr. Yan Hong (嚴洪), aged 48, is an independent non-executive Director. He was appointed as an independent non-executive Director on 22 November 2021. Mr. Yan Hong is responsible for providing independent advice and judgement to the Board.

Mr. Yan Hong has extensive finance and accounting experience. For instance, from August 2001 to September 2010, Mr. Yan Hong had during the period served various positions in Huaxia Bank (Chengdu Branch) (華夏銀行成都分行), including the head of finance division of the finance office of the Chengdu Branch, the vice president of Chengdu Jinniu Sub-branch (成都金牛支行), the deputy general manager and subsequently the general manager of the finance department, member of the party committee and vice president of the Chengdu Branch, and member of party committee and vice president of the Nanning Branch. From June 2014 to April 2020, he served as the Sichuan regional senior managing director of Ping An Trust Co., Ltd. (平安信託有限責任公司).

Mr. Yan Hong had also served as an independent non-executive director in a number of listed companies in the PRC in the past. From May 2016 to June 2019, he served as an independent non-executive director of Chengdu Hongqi Chain Co., Ltd. (成都紅旗連鎖股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002697.SZ). From July 2016 to June 2019, he served as an independent non-executive director of D&O Home Collection Co., Ltd. (帝歐家居股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002798.SZ).

In addition, Mr. Yan Hong is currently an independent non-executive director in a number of listed companies in the PRC. Since July 2016, he has been serving as an independent director of Pangang Group Vanadium & Titanium Resources Co., Ltd. (攀鋼集團釩鈦資源股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000629.SZ), where he was also the chairman of the audit committee. Since September 2017, he has been serving as an independent non-executive director of Chengdu Fusen Noble-House Industrial Co., Ltd. (成都富森美家居股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002818.SZ). Since November 2017, he has been serving as an independent non-executive director of Chengdu Gas Group Corporation Ltd. (成都燃氣集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603053.SH), where he was also the convener of the audit committee. Since March 2021, Mr. Yan Hong has been serving as an independent non-executive director of Tibet Mineral Development Co. Ltd (西藏礦業發展股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000762.SZ).

Mr. Yan Hong received his bachelor's degree in economics and his master's degree in applied economics from the School of Accounting of Southwestern University of Finance and Economics in the PRC in June 1997 and December 2002 respectively, and subsequently obtained his doctorate degree in financial management from the School of Accounting of Southwestern University of Finance and Economics in the PRC in June 2011.

SENIOR MANAGEMENT

Mr. Zhou Hongbo (周洪波), aged 49, is the vice president of Chengdu Desun and one of the Shareholders. He was appointed as the chairman of the supervisory committee of Chengdu Desun in February 2016, and he was further appointed as the vice president of Chengdu Desun in April 2020. Mr. Zhou Hongbo is responsible for overseeing the overall administrative management and information technology development of our Group, including formulating recruitment and staff training strategies, employee welfare policies, and managing the development and application of information technology of the Group.

Prior to joining the Group, Mr. Zhou Hongbo served as a manager of Chengdu Huacheng Information Industry Co., Ltd. (成都華誠信息產業有限公司) from February 1999 to September 2010. He later served as the manager at the president's office of Chengdu Desun Property Co., Ltd. (成都德商置業有限公司) from October 2010 to April 2015. From May 2015 to October 2020, Mr. Zhou Hongbo served as the vice president of Sichuan Desun Wealth Investment Management Group Co. Ltd (四川德商財富投資管理集團有限公司).

Mr. Zhou Hongbo obtained a diploma from Sichuan Union University (四川聯合大學) (currently known as Sichuan University (四川大學) in the PRC majoring in computer application in 1995. He subsequently obtained a postgraduate degree in business administrative management from the Sichuan University (四川大學) in the PRC in 2003.

Ms. Zhang Shujuan (張書娟), aged 38, has been the director of sales office of Chengdu Desun since August 2018. Ms. Zhang Shunjuan is responsible for managing the property sales offices management services of the Group.

Prior to joining the Group, Ms. Zhang Shunjuan served as the sales secretary of Chengdu Desun Property Co., Ltd (成都德商置業有限公司) from February 2009 to August 2015. From August 2015 to August 2016, Ms. Zhang Shunjuan served as the customer service manager of Chengdu Desunda Property Co., Ltd. (成都德商達置業有限公司).

Ms. Zhang Shunjuan obtained a diploma from Sichuan Neijiang Normal University in the PRC majoring in Chinese language and literature education in 2005.

JOINT COMPANY SECRETARIES

Ms. Wan Hong (萬虹) is one of the joint company secretaries. For biographical details of Ms. Wan Hong, please refer to the paragraph headed "Executive Directors" above.

Ms. Ng Ka Man (吳嘉雯) is a manager of TMF Hong Kong Limited, a global corporate services provider. She has over 15 years of working experience in the corporate secretarial field. Ms. Ng obtained a master's degree in corporate governance from The Open University of Hong Kong in 2011, and was qualified as an associate member of the Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the United Kingdom in 2012.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company's corporate governance practices are based on the principles as set out in the CG Code.

Since the shares of the Company were listed on the Main Board of The Stock Exchange on 17 December 2021, the Company has adopted the principles and code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules and complied with the applicable code provisions throughout the Relevant Period.

Subsequent to the Reporting Period and following the resignation of Mr. Zhou Youbo as the Chief Executive Officer of the Company on 2 March 2022, Mr. Zhang Zhicheng was appointed as the Chief Executive Officer of the Company on the same date. As a result, Mr. Zhang Zhicheng serves as both the chairman of the Board and the CEO, and such practice deviates from the code provision C.2.1 (the former code provision A.2.1) of the CG Code which states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Nevertheless, the Board believes that Mr. Zhang's extensive experience and knowledge in the real estate and property management industry, who has guided the Group to complete the initial public offering in December 2021, together with the support of the management, will provide solid and consistent leadership for the Group. Therefore, the Board considers that the deviation from the code provision C.2.1 (the former code provision A.2.1) of the CG Code is appropriate under such circumstances.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its codes of conduct regarding securities transactions by its Directors and employees (the "Securities Dealing Code").

The Company has made specific enquiry of all Directors whether the Directors have complied with the required standard as set out in the Model Code for the period from the Listing Date to 31 December 2021 and all Directors confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the said period.

BOARD OF DIRECTORS

The Directors are accountable to all Shareholders for their leadership and supervision over the Group's operation and are committed to achieving the goal of increasing Shareholders' value.

As at 31 December 2021, the Board comprised nine Directors, comprising five executive Directors, one non-executive Director and three independent non-executive Directors.

During the period from the Listing Date to 31 December 2021, the Board comprised the following Directors:

Non-executive Director

Mr. Zou Kang

Executive Directors

Mr. Zhang Zhicheng *(Chairman and Chief Executive Officer)* (Note)
Mr. Zhang Qiang
Ms. Xiong Jianqiu
Ms. Wan Hong
Mr. Wu Da

Independent Non-executive Directors

Mr. Fang Liqiang
Mr. Chen Di
Mr. Yan Hong

Note: Mr. Zhang Zhicheng was appointed as the Chief Executive Officer on 2 March 2022.

Biographical details of the Directors and the senior management of the Company are disclosed in the section headed "Biography of Directors and Senior Management" of this annual report. Save as disclosed in such section, to the best knowledge of the Company, there are no other relationships (including financial, business, family or other material relationships) among the Directors and senior management of the Company.

The Company has also met Rule 3.10A of the Listing Rules regarding the appointment of independent non-executive Directors representing at least one-third of the Board.

For the year ended 31 December 2021, each of the joint company secretaries of the Company confirmed that she had received not less than 15 hours of relevant professional training to update her knowledge and skills.

During the period from the Listing Date to 31 December 2021, the Board had met the requirements of Rules 3.10 (1) and 3.10 (2) of the Listing Rules regarding the appointment of at least three independent non-executive Directors (among which, at least one independent non-executive Director shall possess appropriate professional qualifications or accounting or related financial management expertise).

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent in accordance with the guidelines set out of in the Listing Rules.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service agreement with the Company for a term of three years commencing from the Listing Date, which are subject to termination in accordance with their respective terms.

Each of the non-executive Director and independent non-executive Directors were engaged on a letter of appointment for a terms of three years commencing from the Listing Date and shall be subject to retirement by rotation once every three years.

All Directors will hold office subject to provision of retirement and rotation of directors under the Articles of Association. Pursuant to the Articles of Association, at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation and be eligible for re-election, provided that every Director (including those appointed for a specific term) is subject to retirement by rotation at least once every three years. Any person appointed by the Board to fill a temporary vacancy on or as an addition to the Board shall hold office only until the next general meeting of the Company, and shall then be eligible for re-election.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs, including overseeing the Group's strategic decisions and monitoring business and performance of the Group.

To oversee particular aspects of the Company's affairs, the Board has established three Board committees, including the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively, the "Board Committees"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board reserves for its decisions on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal action taken against them arising out of corporate activities. The insurance coverage would be reviewed on an annual basis. No legal actions were made against any of the Directors in relation to their duties performed for the Company during the year.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses.

During the year ended 31 December 2021, the Company organized training sessions conducted by the legal advisers for all Directors. The training sessions covered a wide range of relevant topics including directors' duties and responsibilities, continuing connected transaction, disclosure of interests and regulatory updates. In addition, relevant reading materials including compliance manual/legal and regulatory updates/seminar handouts have been provided to the Directors for their reference and studying.

The training records of the Directors for the year ended 31 December 2021 are summarized as follows:

Directors	**Type of trainings** (Notes)
Mr. Zou Kang	A/B
Mr. Zhang Zhicheng *(Chairman and Chief Executive Officer)*	A/B
Mr. Zhang Qiang	A/B
Ms. Xiong Jianqiu	A/B
Ms. Wan Hong	A/B
Mr. Wu Da	A/B
Mr. Fang Liqiang	A/B
Mr. Chen Di	A/B
Mr. Yan Hong	A/B

Notes:

A: attending seminars and/or conferences relevant to the directors' duties and responsibilities or corporate governance.

B: reading materials relating to directors' duties and responsibilities or corporate governance or regulatory updates.

DIRECTORS AND SENIOR MANAGEMENT'S REMUNERATION

Details of the emoluments of the Directors and five highest paid individuals for the year ended 31 December 2021 are set out in note 8 and note 9 to the consolidated financial statements.

The emoluments paid to senior management (who are not Directors or chief executives) during the year under review were within the following bands:

Band of remuneration	Year ended 31 December 2021 (Number of senior management)	Year ended 31 December 2020 (Number of senior management)
HK$0 to HK$1,000,000	2	2

BOARD COMMITTEES

The Board has established three committees namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, each of which has been delegated responsibilities and reports back to the Board. The roles and functions of these committees are set out in their respective terms of reference. The terms of reference of each of these committees will be revised from time to time to ensure that they continue to meet the needs of the Company and to ensure compliance with the CG Code where applicable. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

The Audit Committee comprises three members, including three independent non-executive Directors, namely Mr. Yan Hong, Mr. Chen Di and Mr. Fang Liqiang. Mr. Yan Hong is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are, among others, to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, provide advice and comments to the Board and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The written terms of reference of the Audit Committee are available for inspection on the websites of the Stock Exchange and the Company.

As the Company was listed on the Stock Exchange on 17 December 2021, the Audit Committee did not have any matter to discuss or convene any meetings during the year ended 31 December 2021. During the Relevant Period, the Audit Committee held one meeting to review, among others, the draft audited annual consolidated financial statements and significant issues on the financial reporting, the draft annual results announcement, the draft annual report, the effectiveness and sufficiency of the risk management and internal control systems and internal audit function, and appointment of auditor.

The Audit Committee considers that the annual financial results for the year ended 31 December 2021 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The Audit Committee also met the external auditors once without the presence of the executive Directors.

Remuneration Committee

The Remuneration Committee comprises three members, including two independent non-executive Directors, namely Mr. Fang Liqiang and Mr. Yan Hong and one executive Director, namely Ms. Wan Hong. Mr. Fang Liqiang is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include, among others, making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, making recommendations to the Board on the Company's remuneration policy and structure for all Directors and senior management; and establishing a formal and transparent procedure for developing remuneration policy to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration. The Remuneration Committee has adopted the approach under code provision E.1.2(c)(ii) of the CG Code to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

The written terms of reference of the Remuneration Committee are available for inspection on the websites of the Stock Exchange and the Company.

As the Company's shares were only listed on the Stock Exchange on 17 December 2021, the Remuneration Committee did not hold any meetings during the year ended 31 December 2021. During the Relevant Period, the Remuneration Committee held one meeting, during which the committee discussed the Company's remuneration policy, the Directors' and the senior management's remuneration structure and made recommendations to the Board on such matters.

Nomination Committee

The Nomination Committee comprises three members, including one executive Director, namely Mr. Zhang Zhicheng and two independent non-executive Directors, namely, Mr. Fang Liqiang and Mr. Chen Di. Mr. Zhang Zhicheng is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include, among others, reviewing the structure, size and diversity required of the Board annually and making recommendations on any proposed change to the Board to complement the Company's corporate strategy; monitoring the implementation of diversity policy for board members, and assessing the independence of independent non-executive Directors.

The written terms of reference of the Nomination Committee are available for inspection on the websites of the Stock Exchange and the Company.

As the Company's shares were only listed on the Stock Exchange on 17 December 2021, the Nomination Committee did not hold any meetings during the year ended 31 December 2021. During the Relevant Period, the Nomination Committee held one meeting to review the structure, size and composition of the Board, the Board Diversity Policy and the Directors subject to re-election and retirement by rotation.

In accordance with the Articles of Association, Directors shall be elected by the general meeting with a term of three years and may serve consecutive terms if re-elected. Any person appointed by the Board to fill a temporary vacancy or as an addition to the Board shall hold office only until the next general meeting of the Company, and shall then be eligible for re-election.

At the expiry of a Director's term, the Director may stand for re-election and reappointment for further term. Subject to the compliance of the provisions of the relevant laws and administrative regulations, the general meeting of the Shareholders may dismiss by ordinary resolution any Directors of whom the term of office has not expired (the claim for compensation under any contracts shall however be not affected).

The procedures for the appointment, re-election and removal of directors are set out in the Articles of Association. The Nomination Committee will identify individuals suitably qualified to become directors and make recommendations to the Board on the selection of individuals. The Nomination Committee will determine the composition of board members based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee will also make recommendations to the Board of Directors on the appointment or re-appointment of directors and succession planning for directors, taking into account the Company's corporate strategy and mix of skills, knowledge, experience and diversity needed in the future.

BOARD DIVERSITY POLICY AND NOMINATION POLICY

The Board has adopted the Board Diversity Policy which sets out the basic principles to be followed to ensure that the board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance.

Selection of board candidates shall be based on amongst others, character and integrity, qualifications, willingness to devote adequate time and a range of diversity perspectives with reference to the Company's business model and specific needs.

Selection and recommendation of candidates will be based on the nomination procedures and the process and criteria adopted by the Nomination Committee and a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services, personal integrity and time commitments of the proposed candidates. The Company should also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee shall review the Board Diversity Policy and the policy on nomination and the measurable objectives periodically, and as appropriate, to ensure the continued effectiveness of the Board.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 (the former code provision D.3.1) of the CG Code.

During the period from the Listing Date to the date of this annual report, the Board had reviewed the Company's policies and practices on compliance with legal and regulatory requirements, training and continuous professional development of Directors and senior management, the corporate governance policies and practices, the compliance of the Model Code, and the Company's compliance with the CG Code and the disclosure in this Corporate Governance Report.

BOARD MEETINGS AND DIRECTORS' ATTENDANCE RECORDS

As the Company was only listed on the Stock Exchange on 17 December 2021, only 2 Board meetings were held during the period from the Listing Date to the date of this annual report. However, the Company in accordance with code provision C.5.1 (the former code provision A.1.1) of the CG Code, expects to convene Board meetings regularly with at least four times a year, and at approximately quarterly intervals with active participation of majority of the Directors, either in person or through electronic means of communication.

The attendance records of each Director at the Board and Board committee meetings of the Company held during the period from the Listing Date to the date of this annual report are set out below:

	Attendance/Number of Meeting(s)				
Name of Directors	**Board meeting(s)**	**Audit Committee meeting(s)**	**Remuneration Committee meeting(s)**	**Nomination Committee meeting(s)**	**General meeting(s)**
Non-executive Director					
Mr. Zou Kang	2/2	–	–	–	N/A
Executive Directors					
Mr. Zhang Zhicheng	2/2	–	–	1/1	N/A
Mr. Zhang Qiang	2/2	–	–	–	N/A
Ms. Xiong Jianqiu	2/2	–	–	–	N/A
Ms. Wan Hong	2/2	–	1/1	–	N/A
Mr. Wu Da	2/2	–	–	–	N/A
Independent non-executive Directors					
Mr. Fang Liqiang	1/2	1/1	1/1	1/1	N/A
Mr. Chen Di	2/2	1/1	–	1/1	N/A
Mr. Yan Hong	1/2	1/1	1/1	–	N/A

Note: The Company was listed on 17 December 2021, and hence no AGM was held in 2021.

Notices of not less than 14 days will be given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board and Board committee meetings, reasonable notice will be generally given.

For other Board and Board Committees meetings, reasonable notices will be given. The agenda and accompanying Board papers are dispatched to the Directors or Board Committees members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When any Directors or Board Committees members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings are kept by the company secretary with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committees meetings are recorded in sufficient detail including the matters considered by the Board and the Board Committees and the decisions reached, and any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committees meeting are sent to the Directors for consideration within a reasonable time after the date on which the meeting was held. The minutes of the Board meetings are open for inspection by Directors.

The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have potential or actual conflicts of interests.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

Risk Management

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Group has implemented various risk management policies and measures to identify, assess and manage risks arising from our operations. Details on risk categories identified by our management, internal and external reporting mechanism, remedial measures and contingency management have been codified in our policies. The Board, together with the Audit Committee, should collect the information from the management system, including discussions of risk and oversight of the management of those risks into the agenda of Board meetings and continuously improve the risk management and internal control systems.

Internal Audit Function

The Group has adopted various measures and procedures regarding each aspect of its operations, such as financial reporting and information disclosure, anti-corruption and relevant whistleblower procedures, property services management and occupational health and safety. Further, the Group has established comprehensive cash management policy and treasury policy, to safeguard the overall financial security and maintaining a strong cash position and financial health of the Group. The Group provides periodic training on these measures and procedures for employees as part of the employee-training program.

The Audit Committee is responsible for (i) making recommendations to the Directors on the appointment and removal of external auditors; (ii) reviewing the financial statements and render advice in respect of financial reporting; (iii) overseeing the risk management and internal control procedures of our Group, make recommendations for rectification, and continuously improve the internal control system, to ensure the system has been duly and effectively established and maintained, including adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function; and (iv) considering major investigations findings on risk management and internal control matters.

During the year ended 31 December 2021, the Company has an audit department which is responsible for reviewing the adequacy and effectiveness of the risk management and internal control systems over our major business processes, and reports its findings regularly to the Board and the Audit Committee.

The Company has engaged a compliance adviser to provide advice to the Directors and management team regarding matters relating to the Listing Rules. The compliance adviser is expected to provide support and advice regarding the requirements of relevant regulatory authorities, including those relating to corporate governance, on a timely basis. The Company has also engaged a PRC legal advisor to advise it on, and keep it abreast with, PRC laws and regulations. The Company will continue to arrange various training to be provided by external legal advisors.

The Board, as supported by the Audit Committee and the internal audit findings, has reviewed the effectiveness of the Company's risk management and internal control systems, including resource adequacy, as well as the qualifications, experience of and the training plans and budgets for the Group's accounting and financial reporting staff, at least annually, for the year ended 31 December 2021. The Directors consider that the Group's current risk management and internal control systems are operating effectively and sufficiently.

Inside Information

The Company is aware of the requirements under the applicable Listing Rules and SFO and the overriding principle that inside information should be announced as soon as reasonably practicable after such information comes to our attention unless it falls within any of the Safe Harbours provisions under the SFO. The Company has developed its disclosure policy for compliance with the inside information disclosure requirements under the regulatory regime, which provides a general guide to the Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. The Directors shall be jointly liable for the information disclosure of our Company, while our joint company secretaries shall also be liable for the information disclosure and be responsible for liaising and arranging relevant such information disclosure where appropriate. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2021.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, announcements relating to disclosure of insider information and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report of this annual report.

AUDITOR'S REMUNERATION

The total fee paid/payable to the external auditors of the Company, Ernst & Young, in respect of audit services and non-audit services for the year ended 31 December 2021 is set out below:

Category of services	Fee paid/ payable RMB'000
Audit services	1,300
Non-audit services	—
Total	1,300

JOINT COMPANY SECRETARIES

Ms. Wan Hong and Ms. Ng Ka Man have been appointed as the joint company secretaries of the Company. Their biographical details are set out under the section headed "Biography of Directors and Senior Management".

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Ms. Wan Hong, who is also an executive Director, is the primary corporate contact person of the Group.

The joint company secretaries have complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of the relevant professional training during the year.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions.

The annual general meeting of the Company provides an opportunity for Shareholders to communicate directly with the Directors. The Chairman and Directors of the Company will attend the annual general meeting to answer Shareholders' questions. The auditor of the Company will also attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a Shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and its Shareholders and maintains a website at www.desunhui.com and enquiry channels for investors (telephone: +86 028–80983333; email: ir@desunhui.com), where updates on the Company's business operations and development, corporate governance practices and other information are available for public access. Shareholders may make enquires about the Company to the Board through the channels above.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Procedures for Shareholders to Convene Extraordinary General Meeting

According to the Articles of Association, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for shareholders to propose a person for election as a director

For proposal of a person for election as Director, pursuant to the Articles of Association, no person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

Base on this, if a Shareholder wishes to propose a person (the "Candidate") for election as a Director at a general meeting, he/she shall deposit a written notice at the Company's principal place of business in Hong Kong at 31/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay. The notice must state (i) the intention of the Shareholder to propose the Candidate for election as a Director; and (ii) the biographical details of such Candidate as required under Rule 13.51(2) of the Listing Rules for publication by the Company and be signed by the Shareholder concerned and the Candidate indicating his/her willingness to be elected and consent of the publication of his/her personal information.

Putting Forward Proposals at General Meetings

There are no provisions in the Articles of Association or in the Companies Law of the Cayman Islands for putting forward proposals of new resolutions by Shareholders at general meetings. Shareholders who wish to move forward a resolution may request the Company to convene a general meeting in accordance with the procedures mentioned above. For proposing a person for election as a Director, please refer to the procedures set out in the preceding paragraph.

Putting Forward Enquiries to the Board

For putting forward any enquiry to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	18th floor, Block A, Deshang International, No.1480, Tianfu Avenue North, Wuhou District, Chengdu
Email:	ir@desunhui.com

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Change in Constitutional Documents

The Company adopted amended and restated Articles of Association on 22 November 2021, which has been effective from the Listing Date. During the period from the Listing Date to the date of this annual report, no other changes have been made to the said Articles of Association. The Articles of Association is available on the websites of the Company and the Stock Exchange.

Dividend Policy

The Company has adopted a policy on payment of dividends pursuant to code provision F.1.1 (the former code provision E.1.5) of the CG Code taking into consideration of various elements including but not limited to, among other things, the earnings, cash flow, financial conditions, capital requirements, and any other conditions which the Board may deem relevant. The policy sets out the factors in consideration, procedures and methods of the payment of dividends with an objective to provide the Shareholders with continuing, stable and reasonable returns on investment while maintaining the Company's business operation and achieving its long-term development goal. The distribution of dividends will be formulated by our Board, and will be subject to Shareholders' approval.

ABOUT US

Desun Real Estate Investment Services Group Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group" or "we") have been dedicated to providing property management services along the real estate development chain and providing value-added services to cater to the different needs of customers which resides in various types of properties, including residential properties, shopping street and other commercial properties, industrial parks and office buildings. The Group's services cover market research, tenant sourcing, management of sales offices, quality assurance and maintenance, and commercial operational services to realise properties' asset value. Headquartered in the Cheng-Yu city cluster, the economic development driver of China southwest region, we mainly manage and operate three types of properties — (i) residential properties, (ii) shopping street and other commercial properties, and (iii) industrial parks and office buildings. We are committed to delivering quality services and have accumulated extensive experience in mid- to high-end residential property management services and shopping streets management services locally and regionally.

ABOUT THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is committed to social responsibilities, and consider environmental, social and governance ("ESG") essential to our continuous development. This Environmental, Social and Governance Report (the "ESG Report") summarises the Group's overall performance, risks, strategies, initiatives and commitments in the five areas, namely corporate governance, environmental protection, employment practice, operating practice and community investment.

Reporting Period

The ESG Report covers the activities, challenges and measures with respect to ESG aspects of the Group for the year ended 31 December 2021 (the "Reporting Period" or "2021").

Reporting Scope

The reporting scope is consistent with the annual report and is determined based on the materiality of the business segments under the Group's direct operational control, which includes the Group's headquarters and the common areas of our managed properties and properties that the management was terminated in the mainland China during the Reporting Period. The Group has expanded the scope of disclosure for the Reporting Period to include environmental data of the staff canteens operated by the Group. The environmental data of some of the managed properties are not available as the property owners are responsible for the use of resources and waste discharge of these properties. We will continue to expand the scope of disclosure in the future when the data collection system of the Group is more refined and the sustainable development work is enhanced.

Reporting Framework

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Information relating to the Group's corporate governance practices can be found in the Corporate Governance Report from page 36 to 48 of the annual report.

During the preparation for this ESG Report, the Group has applied the reporting principles in the ESG Reporting Guide as follow:

Materiality:	Materiality assessment was conducted to identify material issues during the Reporting Period, thereby adopting the confirmed material issues as the focus for the preparation of the ESG Report. The materiality of issues was reviewed and confirmed by the Board of Directors (the "Board") and ESG Task Force ("Task Force"). For further details, please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment".
Quantitative:	The standards, methodologies and applicable assumptions used in the calculation of key performance indicators ("KPIs") data were supplemented by explanatory notes.
Consistency:	This ESG Report will use consistent disclosure methodologies to allow for meaningful comparisons of ESG data in the future. If there are any changes in the scope of disclosure and calculation methods that may affect comparisons with previous reports, the Group will provide explanations for the corresponding data.
Balance:	This ESG Report aims to provide a balanced representation of the Group's performance in five aspects: corporate governance, environmental protection, employment practice, operating practice and community investment. It avoids selections, omissions, or presentation formats that may be inappropriately influence a decision or judgment by the report reader.

CHAIRMAN'S STATEMENT

Dear Valued Stakeholders,

On behalf of the Board, I am pleased to present the ESG Report of the Group, which demonstrates our growing commitment to improving our ESG performance in five aspects, including corporate governance, environmental protection, employment practice, operating practice and community investment.

In 2021, the Group entered into the international capital market by formally listing on the Main Board of the Stock Exchange. This year marked an important milestone in our sail as well as a new starting point for further voyage. The new starting point brings us new obligations and missions. In face of new journey, we will continue to adhere to our long-term principles, namely Three Advantages and Three Natures (good products, good services and good arrangement; with quality, taste and brand), as well as maintain steady, high-quality sustainable development. The Group will be dedicated to fulfill its industry's mission, constantly broaden its scope of services, fully become customer-oriented, and further expand its concept for quality of life.

The Group believes that sustainable development is vital to the earth and contributes to the long-term prosperity and development of the Group's business. Therefore, the Group also strives to formulate a sound governance structure to effectively manage ESG matters related to the Group. The Board must assess the potential impact of ESG issues on the overall strategy of the Group, set out ESG management approach and strategy, and supervise the Group's ESG issues. Information about the Group's ESG governance structure is stated in the section headed "ESG Governance Structure".

To identify and prioritise major ESG issues that have a significant impact on our operations and stakeholders, we continuously communicate with internal and external stakeholders. The Board has delegated the Task Force and hired independent third parties to conduct materiality assessments. Information about the stakeholder engagement channels and the materiality assessment conducted by the Group is stated in the sections headed "Stakeholder Engagement" and "Materiality Assessment" respectively. In order to have a deeper understanding of stakeholders' expectations of the Group's sustainable development, the Group will further strengthen its communication with stakeholders and formulate relevant policies and measures based on their opinions to improve the Group's ESG performance.

As an enterprise that upholds corporate social responsibility, the Group acknowledges the importance of reducing its impact on the environment. To fulfil the Group's commitment to corporate social responsibility and allow the Group's stakeholders to better understand the Group's progress in improving ESG performance, the Group has decided to set quantifiable environmental targets to align with the national vision of carbon neutrality and enhance corporate reputation. To achieve these targets, the Group actively implements the principles of sustainable development and adopts relevant measures at operational levels. The Board has delegated the Task Force to collect relevant ESG data, track and review our performance, and evaluate the Group's progress towards the targets.

With a vision to "create desirable and blessed living" and with a mission to "create value for customers, pursue happiness for those who strive, and proactively take the responsibility of improving the industry standard", the Group strives to enhance its service quality. Our operation and management system has been recognised by authoritative organisations and passed the ISO9001:2015 international quality management system certification in 2019. In 2021, we also ranked 54th among the "Top 100 Property Services Companies in China" and we were named as "China's Leading Enterprises for High-end Property Services" by China Index Academy. We will strive to establish our brand to become one of the well-known brands in the industry in western China and will continue to provide quality property management services to our customers.

In closing, on behalf of the Board and the management team of the Group, I would like to express my sincere gratitude to our valued stakeholders for the persistent support, while also expressing my appreciation to our employees for their valuable contribution to the development of the Group. Looking forward, the Group will continue to deepen the integration of ESG concepts into its business strategy and management system, and operate its business in a more responsible and sustainable manner in order to create sustainable value for shareholders and pursue a sustainable future.

Zhang Zhicheng
Chairman, Chief Executive Officer and Executive Director

ESG GOVERNANCE STRUCTURE

The Group has developed an ESG governance structure to ensure ESG governance aligns with its business strategy and to integrate ESG management into its business operations and decision-making process.

The Board is principally responsible for setting up the Group's overall ESG vision, targets, direction and strategy, monitoring and reviewing our ESG performances, and reviewing performance and progress against ESG-related targets. The Board is also responsible for determining ESG-related risks and ensuring the effective implementation of risk management and internal control systems. Furthermore, the Board closely follows and monitors the latest ESG-related laws and regulations, keeping the Board informed of any changes in such laws and regulations and updating own ESG measures to make sure that we comply with the latest regulatory updates. To ensure the compliance with the ESG requirements of the Stock Exchange, the Board will oversee the compilation of our ESG reports, and review the content and quality of the ESG reports.

To systematically manage ESG issues under the Board's delegations, the Group has established the Task Force. The Task Force is composed of core members from various departments, which facilitates the Board's oversight of ESG issues. The Task Force shall arrange regular meetings and report to the Board periodically, with the aim of improving the Group's ESG performance. The Task Force is responsible for the following:

- Assisting in conducting materiality assessment;
- Ensuring compliance with ESG-related laws and regulation;
- Assisting in the assessment and identification of the Group's ESG risks and opportunities;
- Keeping track of and reviewing the progress made against the Group's ESG-related targets, evaluating the effectiveness of current policies and procedures, and formulating appropriate solutions;
- Collecting and analysing ESG data, monitoring and evaluating the Group's ESG performance and preparing ESG reports; and
- Assisting in ensuring the implementation and effectiveness of risk management and internal control systems.

STAKEHOLDER ENGAGEMENT

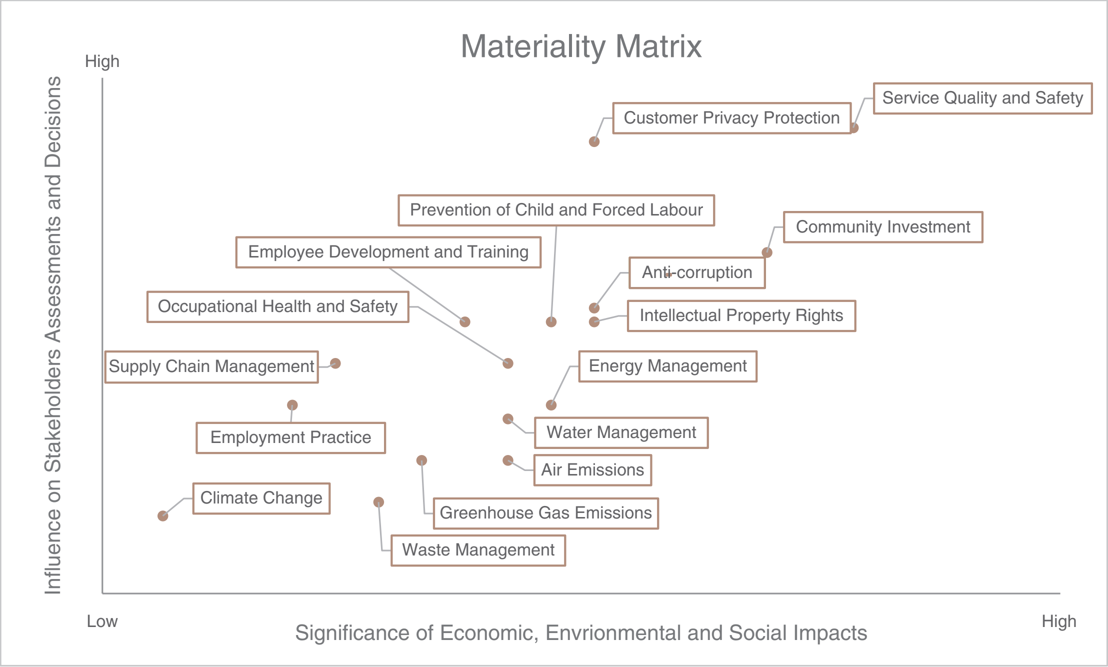
As a responsible enterprise, the Group attaches great importance to communication with stakeholders and their feedback regarding our business operation and ESG affairs, while proactively developing our business and improving profitability, to balance the interests of all parties and foster sustainable development. To fully understand, respond, and address the core concerns of various stakeholders, we have been maintaining regular and close communication with key stakeholders, including but not limited to shareholders and investors, customers, suppliers, employees, government authorities and regulatory bodies and the community, non-governmental organisations ("NGOs") and media.

By using the diversified cooperation methods and communication channels shown in the table below, we bring the expectation of our stakeholders into our operation and ESG strategies.

Stakeholders	Communication channels	Expectations
Shareholders and investors	• Financial reports, announcements, circulars and other public information • Annual general meeting and other general meeting of shareholders • Telephone and email inquiries • Group website and email	• Investment returns • Information disclosure and transparency • Protection of shareholders' interests • Timely and accurate disclosure of relevant information • Improve corporate governance • Act in accordance with laws and regulations • Anti-corruption
Customers	• Customer hotline and email • Satisfaction survey	• Product and services quality • Customer privacy protection • Business integrity and ethics
Suppliers	• Review and assessment • Site visit • Supplier audit	• Regulatory compliance • Environmental standards and requirements • Respectful and fair procurement
Employees	• Employee performance appraisal • Employee training, seminars and briefings • Cultural activities such as team building	• Remuneration and benefits • Work environment • Health and safety • Career development and opportunities
Government authorities and regulatory bodies	• Site visit	• Compliant operation • Information disclosure and transparency • Tax payment
The community, NGOs and media	• Community activities • ESG reports • Media	• Contribute to society • Environmental protection • Compliant operation

MATERIALITY ASSESSMENT

In hope of understanding the views and expectations of stakeholders on the Group's ESG performance effectively, we adopt a systematic approach in conducting the annual materiality assessment. With reference to its business development strategy and industry practices, the Group identified and determined a list of material ESG issues, which covers five major areas: corporate governance, environmental protection, employment practice, operating practice and community investment. The Group prepared a questionnaire based on the list and invited relevant stakeholder representatives to rate the potential material issues according to the importance of the ESG issues and their impacts on the economy, environment and society. The results of the survey were analysed and a materiality matrix was developed. The materiality matrix and the identified material topics were reviewed and confirmed by the Board and the Task Force and disclosed in the ESG Report. During the Reporting Period, the Group's materiality matrix is shown below:



CONTACT US

The Group welcomes opinions and suggestions from stakeholders. You can provide your valuable advice on the ESG Report or the Group's performance on sustainable development via:

Address: Room 1803, Block A, Desun International, No. 1480 North Section of Tianfu Avenue,
High-tech Industrial Development Zone, Chengdu, China
Email: dsct@desunhui.com

A. ENVIRONMENTAL

A1. Emissions

We consider environmental protection to be important and have implemented measures in the operation of our businesses to ensure compliance with all applicable requirements. The Group has actively implemented the "Project Energy Management Requirements", "Water Conservation Management System" and "Waste Management System" to regulate air and greenhouse gases ("GHG") emissions, wastewater and wastes generated in our operations to enhance environmental management in our business processes, with the aim of minimising pollution and environmental damage arising from our daily business operations.

Given the nature of our operations, we believe we are not subject to material environmental liability risk or compliance costs. During the Reporting Period, we had not been subject to any material administrative penalties due to violation of environmental laws in China relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. The Group strictly abides by the regulations including the "Environmental Protection Law of the People's Republic of China", "Water Pollution Prevention and Control Law of the People's Republic of China" and "Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste" in China.

Air Emissions

Due to our business nature, we do not involve any industrial production or possess any factory facilities and vehicles. Therefore, the Group does not generate a significant amount of air emissions during our operation and hence no relevant targets were set.

GHG Emissions

The Group has expanded the scope for disclosure to cover Scope 1 direct emissions, which include GHG emissions from the use of natural gas in staff canteen operated by the Group as well as the minimal use of diesel by the backup power generators. Scope 2 energy indirect emissions include GHG emissions from the use of purchased electricity.

In line with the national GHG emissions reduction and the sustainable development goals, the Group will reduce the total GHG emissions intensity by 3% over the next five years, using 2021 as the base year. With respect to the emission sources mentioned above, we actively adopt environmental protection and energy-saving measures, which is explained in the section headed "Energy Management" in Aspect A2.

As a result of the increase in the area of the Group's managed properties and the undertook of electricity consumption in some of the managed properties from 2021 onwards, the Group's total energy indirect GHG emissions has increased during the Reporting Period from 7,001.60 tCO_2e in the year ended 31 December 2020 ("2020") to 8,350.45 tCO_2e in 2021, representing an increase of approximately 19%.

The Group's performance of GHG emissions is summarised below:

Indicators[1]	Unit	2021
Scope 1 (Direct emissions)	tCO_2e	312.80
• Natural gas	tCO_2e	297.44
• Diesel	tCO_2e	15.36
Scope 2 (Energy indirect emissions)[2]	tCO_2e	8,350.45
• Purchased electricity	tCO_2e	8,350.45
Total GHG emissions	tCO_2e	8,663.25
Total GHG emissions intensity	tCO_2e/'000 sq.m. of gross floor area ("GFA")	1.43

Notes:

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, 2019 baseline emission factors for regional power grids in China for emission reduction project issued by the Ministry of Ecology and Environment of the People's Republic of China, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), "How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

2. During the Reporting Period, the total GFA of the Group within the reporting scope was 6,063.55 thousand sq.m. which has included the GFA of the properties that the management was terminated during the Reporting Period (approximately 117.46 thousand sq.m.). This data will also be used to calculate other intensity data.

Sewage Discharge

Given the nature of the Group's business, it does not generate any industrial wastewater in the course of operation, but only domestic sewage. The Group attaches great importance to the effective management of sewage and pipelines, and is committed to reducing waste and pollution. Since the sewage discharged by the Group will be sent to the sewage treatment plant through the sewage pipe network, the amount of water consumption of the Group represents the wastewater discharge volume. Water consumption data and related water targets and measures will be described in the section headed "Water Management" in Aspect A2.

Waste Management

Hazardous wastes

Due to its business nature, the Group does not generate any significant amount of hazardous wastes during daily operation, and therefore no relevant targets have been set. Nevertheless, we are devoted to waste reduction. If any hazardous waste is generated, the Group must appoint a qualified hazardous waste collector to handle such waste and to comply with relevant environmental laws and regulations. The Group maintains a high standard in reducing wastes, educates employees the importance of sustainable development and provides them with relevant supports to improve their skills and knowledge in sustainable development.

Non-hazardous wastes

The non-hazardous waste generated in the course of the Group's operations is general waste and paper. To reduce the non-hazardous wastes generation, the Group will reduce the total non-hazardous wastes intensity by 3% over the next five years, using 2021 as the base year. The Group has responded to the government's call to implement the four basic principles of waste reduction, including reduce, reuse, recycle and replace, and to monitor, control and handle wastes as required before discharge or disposal. We will also promote a green office culture to raise awareness of waste reduction among our employees. During the Reporting Period, the Group has organised environmental parent-child community activities and promotion related to waste recycling at its managed properties, striving to promote the concept of waste recycling in its operations.

The Group's non-hazardous wastes generation is summarised below:

Type of wastes	**Unit**	**2021**
Total non-hazardous wastes	tonnes	8,023.91
• General waste	tonnes	8,018.23
• Paper	tonnes	5.68
Total non-hazardous wastes intensity	tonnes/'000 sq.m. of GFA	1.32

A2. Use of Resources

As described in Aspect A1, the Group has established policies and procedures related to environmental management to manage the use of resources such as water, electricity, natural gas and diesel, with a view to achieving energy-saving and reducing consumption as well as to minimising the negative impact on the environment in our business operations. We review the business operation process regularly and carry out improvement measures to better utilise resources, with the aim of achieving greater energy efficiency and reducing unnecessary consumption of resources.

Energy Management

The Group has expanded the scope of disclosure for the Reporting Period. In addition to the electricity consumption for its daily operation, the Group's energy consumption also includes the use of natural gas for the staff canteen as well as the small amount of diesel used by the backup power generator. To uphold the Group's commitment to energy conservation, the Group will reduce the total energy consumption intensity by 3% over the next five years, using 2021 as the base year. The Group has also made efforts to reduce energy consumption, with specific measures as follows:

- Establishing the operation schedule of facilities and equipment to regulate and reasonably control the operation period;
- Regularly monitoring and inspecting the energy usage of common facilities and equipment to ensure that they are maintained in the optimum condition;
- Establishing energy consumption control plan for each managed property to reasonably control energy consumption and monitor equipment operation and lighting turn-on, etc.; and
- Posting energy-saving signs at all switches in the common areas of its managed properties.

As a result of the increase in the area of the Group's managed properties and the undertook of electricity consumption in some of the managed properties from 2021 onwards, the Group's indirect energy consumption has increased during the Reporting Period from 11,476.10 MWh in 2020 to 13,687.03 MWh in 2021, representing an increase of approximately 19%.

The Group's performance of energy consumption is summarised below:

Types of energy	Unit	2021
Direct energy consumption[3]	MWh	1,531.22
• Natural gas	MWh	1,468.40
• Diesel	MWh	62.82
Indirect energy consumption	MWh	13,687.03
• Purchased electricity	MWh	13,687.03
Total energy consumption	MWh	15,218.25
Total energy consumption intensity	MWh/'000 sq.m. of GFA	2.51

Note:

3. The unit conversion method of energy consumption data is based on the *Energy Statistics Manual* issued by the International Energy Agency.

Water Management

The Group's water is mainly used for cleaning greenery, water features and toilets of the common area. Due to the geographical location of the Group's operations, the Group does not have any issue in sourcing water that is fit for purpose.

In order to reduce water consumption, the Group will reduce the total water consumption intensity by 2.5% over the next five years, using 2021 as the base year. To achieve the target, the Group has actively implemented the following measures:

- Formulating standard operating frequencies for cleaning and greening in accordance with the characteristics of each project to eliminate waste of resources;
- Establishing standards for inspection of various water pipes and installing automatic monitoring and alarming equipment to detect water leakage in a timely manner;
- Installing automatic water conservation equipment at suitable water points to improve water efficiency;
- Recycling landscape water for cleaning or greening; and
- Posting water-saving signs at water points such as staff canteen.

As a result of the increase in the area of the Group's managed properties and the undertook of water consumption in some of the managed properties from 2021 onwards, the Group's total water consumption has increased during the Reporting Period from 132,209.60 cubic meters in 2020 to 202,432.00 cubic meters in 2021, representing an increase of approximately 53%.

The Group's performance of water consumption is summarised below:

Water consumption	Unit	2021
Total water consumption	cubic meters	202,432.00
Total water consumption intensity	cubic meters/'000 sq.m. of GFA	33.39

Use of Packaging Materials

Due to business nature, the Group does not sell any physical product, and therefore, the Group's business does not involve the use of packaging materials.

A3. The Environment and Natural Resources

Despite that the Group's major operations do not have a significant impact on the environment and natural resources, we, as a responsible corporation, are committed to mitigating the potential environmental impact of our operations. The Group has implemented the related environmental policies mentioned in the previous sections and is committed to reducing the consumption of natural resources and implementing effective environmental management, in pursuit of best industry practices and to ensure its strict compliance with all relevant laws and regulations.

Transition to Green Building

The Group will introduce sustainable elements to its managed properties in order to implement green building principles. In addition to saving energy by selecting more energy-efficient equipment, the Group is also actively developing intelligent operation systems. By leveraging our property management expertise, we plan to utilise the Internet of Things to create an online services platform to provide a wide array of services, such as home refurbishment, butler, lease and merchant management services. We also plan to launch a property management system that utilises information technology to centralise access control, parking lot management, security monitoring and office building management. This system is scalable and can effectively integrate services into the properties we manage, which in turn improves the efficiency of our services and resource usage.

Raising Environmental Awareness

We are convinced that in addition to strictly requiring employees to implement the environmental protection measures formulated by the Group, we need to proactively promote environmental awareness among our employees to effectively enhance our environmental protection standards. Therefore, the Group reviews its internal policies, issues environmental guidelines and notices to its employees and shares relevant environmental information such as green office from time to time. We will also consider participating in more feasible and appropriate activities to help our employees increase their awareness of the environment and natural resources.

A4. Climate Change

Climate change poses escalating risks and challenges to the global economy, and such risks may negatively impact the Group's business. As a result, the Group is aware of the importance of identifying and mitigating any major impacts caused by climate change. We have implemented the "Climate Change Policy" to set out the Group's management approach to climate mitigation, adaptation and resilience.

Pursuant to the International Recommendations from Task Force on Climate-Related Financial Disclosures established by the Financial Stability Board, the management of the Group has evaluated and fully recognised the impact of climate-related risks on the Group's business and corresponding opportunities. We will continuously monitor climate change in the regions in which we operate and take timely steps to mitigate the risks in our day-to-day business operations. The climate-related risks we identified can be classified into fall into two major categories:

Physical Risks

The Group operates mainly in the Cheng-Yu city cluster, which is likely to be subject to increasingly severe and frequent extreme weather events, such as flooding, extreme heat and cold, drought, etc. These events could increase the risk of power shortages, disrupt the supply chain and damage the Group's properties, disrupting the Group's operations and resulting in reduced revenues, as well as higher operation and maintenance costs and increased investments in insurance. These events could also disrupt the work of employees and even put the health and safety of employees and occupants at risk. As a countermeasure, the Group has closely monitored the latest weather news and advice from the local government and put in place emergency plans against extreme weather conditions, including flood prevention, high temperature prevention and extreme cold weather prevention. We will also conduct regular evacuation drills to ensure that all personnel are well prepared for such extreme weather conditions. We regularly perform maintenance of our facilities and equipment to minimise or avoid property damage and ensure the health and safety of our employees in the event of extreme weather affecting our premises.

Transition Risks

Due to climate change and climate-related issues, consumers may shift their preferences to a sustainable lifestyle, while regulators may require increasing disclosure on emission and climate change. To comply with these requirements, we may need to change our operating practices and move towards a sustainable business model, resulting in increased operating costs. For example, we may need to switch to energy-efficient lighting or increase greenery areas on our operational premises. With regard to increasing responsibilities on emission disclosure, we may be impacted by increased cost to execute more stringent monitoring measures on emissions and resource consumption. Failure to meet climate change compliance requirements may expose the Group to the risk of claims and litigation, which may result in a decline in corporate reputation. Therefore, the Group will regularly monitor existing and emerging trends, policies and regulations related to climate change to avoid reputational risk due to delayed response. We are willing to consult professional entities to improve its compliance and quality on emission and climate change disclosures, and regularly communicates with different stakeholders on their views on climate-related issues.

B. SOCIAL

B1. Employment

We believe that the expertise, experience and professional development of our employees contribute to the growth of the Group's business. For our sustainable and stable development, we strive to improve the human capital development and management system to regulate the management details of compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination and other benefits and welfare, to protect the vital interests of employees and build a harmonious labour relationship.

The Group is committed to complying with all laws and regulations related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, including but not limited to the "Labour Law of the People's Republic of China" and the "Labour Contract Law of the People's Republic of China". Apart from the compliance matters disclosed in the Prospectus, the Group was not aware of any other material violations of relevant local employment laws and regulations during the Reporting Period.

As at 31 December 2021, the Group had 958 employees within the reporting scope, all of whom were located in the mainland China, which are classified as follows:

	Number of employees	Percentage
By gender		
Male	572	60%
Female	386	40%
By employment type		
Full-time	935	98%
Temporary/Part-time	23	2%
By age group		
＜30	520	54%
30–50	360	38%
＞50	78	8%
By geographical region		
Sichuan province, China	907	95%
Other provinces in China	51	5%
By employee category[4]		
Senior management	24	2%
Middle management	124	13%
General staff	810	85%

Note:

4. The classification of employee category is as follows: Senior management includes deputy director level or above; middle management includes key management and managerial level; and general staff include operational level.

Recruitment, Promotion, Remuneration and Dismissal

The Group has established "Recruitment Management System", "Internal Competitive Recruitment Management System", "Compensation Management System" and "Promotion and Demotion Management System" and endeavours to recruit talented employees by offering competitive wages and benefits and promotion opportunities.

Our recruiting processes primarily comprise the following stages:

- *Confirming recruitment requests:* Our human resource department receives recruitment requests from relevant business department and confirms such requests are in compliance with the annual recruitment plan of our Group typically established by the beginning of each financial year.
- *Screening and selection:* Our screening and selection processes primarily include (i) review and screening of resumes by the human resources department and the relevant recruiting department, (ii) video interviews or face-to-face interviews by the human resources department and the relevant recruiting department, and (iii) we may also arrange additional tests or interview, such as leadership assessment, personality test and case study, according to our internal policies.
- *Recruitment decision*: We evaluate and select outstanding candidates based on a variety of factors, including technical knowledge, industry experience, professional skills, soft skills, work ethics and personalities. We aim to find the best fit for each position and typically will do a background search of potential candidates before sending offers.

We have developed a fair, equitable, reasonable and competitive compensation system and career development programmes to motivate our people to develop their specialty, meet the Group's and employees' personal development needs, and thereby enhancing operational performance. We will determine salaries and benefits for our employees and provide them with suitable promotion opportunities and clear career paths according to their job scope, qualifications, employee appraisal performance and market conditions. We also set up "management" and "professional" career promotion channels. Employees can choose different promotion channels according to their own conditions. The promotion channels create a career development platform for employees with dreams and goals. In addition, the Group complies with the relevant employment regulations and guidance. If employees need to be dismissed, we will follow the procedures and provide reasonable compensation to the dismissed employees. The relevant provisions on termination of the employment relationship have been set out in the employment contract of every staff.

Apart from basic remuneration and bonus, the Group also provides comprehensive employee benefits to its employees. The Group protects the legitimate rights and interests of its employees in accordance with the requirements of the “Labour Contract Law of the People’s Republic of China” and other laws and regulations, and has formulated the “Attendance Management System” to standardise attendance and rest management and maintain normal working order to protect the working hours of employees and their rights to various types of rest time and holidays. The leave entitlements of employees include sick leave, personal leave, paid annual leave, statutory leave, wedding leave, funeral leave etc.

During the Reporting Period, the Group’s total employee turnover rate[5] within the reporting scope was approximately 50%, with the breakdown as follows:

	Employee turnover rate[6]
By gender	
Male	53%
Female	45%
By age group	
＜31	54%
30–50	45%
＞50	42%
By geographical region	
Sichuan province, China	49%
Other provinces in China	69%

Notes:

5. The overall employee turnover rate is calculated by dividing the total number of employees leaving employment during the Reporting Period by the average number of employees at the beginning and the end of the Reporting Period.

6. The employee turnover rate for each category is calculated by dividing the number of employees leaving employment in the specified category during the Reporting Period by the average number of employees in the specified category at the beginning and end of the Reporting Period.

Equal Opportunity, Diversity and Anti-discrimination

We understand the value of a diverse and professional team of talents. We are dedicated to developing and maintaining an inclusive and cooperate workplace culture where all staff can thrive. The Group is devoted to providing equal opportunities for all employees and to ensuring that employees are free from any discrimination, physical or verbal harassment in the workplace on the basis of gender, race, religion, age, marital and family status, disability or any other grounds. To ensure a fair and equal protection for all employees, the Group does not tolerate any form of sexual harassment or bullying in the workplace.

B2. Health and Safety

Due to the Group's business nature, the working environment within the Group does not expose employees to significant safety hazards, however, we acknowledge the importance of occupational health and safety, and endeavour to provide our employees a safe and pleasant working environment. We have formulated a series of health and safety management measures at our workplace with reference to relevant laws and regulations to safeguard the health and safety of our employees.

During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations related to health and safety that had a significant impact on the Group. Relevant laws and regulations include but not limited to the "Labour Law of the People's Republic of China" and the "Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases". In the past three years (including the Reporting Period), the Group did not record any work-related fatalities. During the Reporting Period, the Group had a total of 6 employees injured due to work-related injuries and recorded a total of 273 days of work days lost due to work-related injuries.

Occupational Health and Safety

With an aim to ensuring the safety of working environment, we have established a system for occupational safety and health, and periodically provide workplace safety trainings to employees to increase their awareness of work safety issues. In respect of fire safety, the Group formulated the "Management Procedures for a Civilised Office" to prohibit employees from smoking in the office area, or bring flammable, explosive and other items into the office area. The Group also regularly organised fire drills to ensure normal operation of fire prevention facilities and operation system and prevent the emergence of fire incident. In addition, the Group also formulated the "Management Procedures for Canteen" for its staff canteen to stringently standardise canteen's food quality, cleanliness of dining utensils and dishes, as well as work hygienic requirements for practitioners, so as to safeguard the health and safety of our employees.

Response to the COVID-19 Pandemic

To cope with the COVID-19 pandemic, we have formulated the "Operational Guidelines for Pandemic Prevention and Control" during the outbreak with reference to the guidelines and announcement on pandemic prevention given by the Chinese government. We have also set up a steering group for pandemic prevention to implement emergency plan, adopted enhanced health and anti-pandemic measures in our workplace and managed properties to minimise disruption brought by the pandemic to our operation. To secure employees' health and safety and control the risks arising from the pandemic, the Group has stringently monitored the health and safety inspections at entrances and exits, routinely disinfected and maintained the cleanliness of common areas of our managed properties, equipped adequate pandemic prevention items and equipment, and reminded our employees of personal hygiene and social distance, etc.

B3. Development and Training

The Group believes that the investment into our talent helps to foster a strong organisational culture, leading to employee satisfaction and strengthening their commitment to the Group. In order to give impetus to the growth of operating results, continuous innovation and core competitiveness, the Group places importance to the establishment of corporate internal management training and development mechanism. In order to strengthen training management, the Group has implemented the "Training Management Operational Procedures" to regulate the processes of training planning, preparation and execution, evaluation and feedback to enhance the efficiency and effectiveness of training management. The Group has also established the "Training Discipline Management Implementation Rules" to motivate employees to actively participate in training to enhance their professionalism, expertise and capability.

Training Plan

We provide various systematic and extensive training programmes to our employees. Our employee training programmes primarily cover key areas in our business operations, which provide continuous training to our existing employees at different levels to specialise and strengthen their skill sets. Our employee training programmes are primarily classified into the following categories:

- *New Employees Orientation Programmes:* We have established various internal guidelines, including "Guidance Procedures for New Employees" to standardise the orientation programmes in order to help the new employees to quickly adapt to our working environment. We provide orientation programmes for our new employees, typically within two months when the new employee is on board. Our new employees orientation programmes typically include, among others, corporate culture trainings, internal policies trainings, professional skills trainings and mentorship programmes.

- *On-going Training Programmes:* We regularly provide training opportunities for our employees to learn. We have established internal guidelines including "Training Management System" to organise structured training for our employees in various levels and job functions.

- *External training:* We make arrangement for our employees to participate in training programmes, visits or exchange activities organised by external parties according to the Group's business needs. We have formulated the "Implementation Rules for External Training Management" to regulate the process of relevant training programmes as to fully realise the effect of external training.

During the Reporting Period, the percentage of total employees trained[7] by the Group was approximately 68% and the average training hours completed per employee[8] was approximately 6.28 hours. The breakdown of the percentage of employees trained and the average training hours completed per employee by gender and employee category is as follows:

	Percentage of employee trained[9]	Average training hours[10]
By gender		
Male	57%	6.03
Female	43%	6.63
By employee category		
Senior management	4%	9.79
Middle management	8%	4.03
General staff	88%	6.51

Notes:

7. The percentage of total employee trained is calculated by dividing the total number of employees who took part in training during the Reporting Period by the total number of employees at the end of the Reporting Period.

8. The average training hours completed per employee is calculated by dividing the total number of training hours during the Reporting Period by the total number of employees at the end of the Reporting Period.

9. The percentage of employees trained by category is calculated by dividing the number of employees in the specified category who took part in training during the Reporting Period by the total number of employees who took part in training during the Reporting Period.

10. The average training hours completed per employee by category is calculated by dividing the number of training hours for employees in the specified category during the Reporting Period by the number of employees in the specified category at the end of Reporting Period.

B4. Labour Standards

The Group strictly complies with "Regulation on Labor Security Supervision" and "Provisions on the Prohibition of the Use of Child Labour" in China to prevent any employment of child labour and forced labour. During the Reporting Period, the Group was not aware of any material violations of laws and regulations on the prevention of child labour and forced labour.

Prevention of Child and Forced Labour

The Group has set out all recruitment procedures and requirements in detail in the "Recruitment Management System". Before new employees are hired, the Group's integrated management centre and the person in charge of each manpower recruitment will be responsible for conducting stringent background checks on the candidates to eliminate any employment of child labour. When any irregularities are found, the Group will immediately investigate and take disciplinary actions. If necessary, the Group will further improve the labour mechanism against non-compliance.

In addition, all employees of the Group work overtime on a voluntary basis and the relevant working hours and overtime regulations are set out in detail in the "Attendance Management System" in order to avoid any violation of labour standards and to safeguard the rights and interests of employees in a practical manner. The Group prohibits any form of forced labour practices, slavery and trafficking of labour. If any form of forced labour is found, the Group will immediately investigate and immediately stop the forced labour situation, and will communicate and discuss the situation investigated and the opinions collected to the senior management in a timely manner to jointly seek a solution.

B5. Supply Chain Management

The Group has established a series of stringent and standardised supply chain management procedures and has implemented the following practices on supplier engagement for all suppliers. During the Reporting Period, the Group had 172 suppliers, of which 163 were located in mainland China and 9 were located in Hong Kong. They were mainly sub-contractors for our property management services and utility companies.

Procurement Mechanism

The Group has formulated the "Internal Control Management System for Tender and Procurement", "Implementation Rules for Tender and Bidding Management", "Implementation Rules for Quotation and Procurement Management", which clearly state the Group's tender and procurement management principles and control requirements, and regulate the procurement process and criteria. The Group would ensure that the tender and procurement are carried out based on the principles of openness, fairness and impartiality to raise efficiency, secure quality, lower risks concerning tender and procurement and seek premium resources suitable for the enterprise. Potential suppliers or newly introduced suppliers are shortlisted as qualified suppliers provided that they must have passed the Group's evaluation in relation to quality, environment and other aspects. The Group's Financial Management Centre has overall supervision of the procurement process and will regularly carry out supervision and evaluation work, and implement rectification against disciplinary offences and violations identified in the course of supervision and evaluation.

The Group endeavours to support local economies and prioritises the procurement from local and regional suppliers to lower the carbon footprint during transportation. The Group has also formulated "Implementation Rules for Green Procurement Standards" and gives priority to suppliers that use environmentally preferable products and services in the selection process. Additionally, the Group concerns about the integrity of suppliers, and only selects suppliers and partners with a good business track records and without any material violations of laws or business ethics in the past. The Group would not tolerate any behaviours regarding bribery and corruption, and strictly forbid suppliers from obtaining procurement contracts or partnerships through any forms of transfer of benefits or gifts. If any material violations of laws and regulations are found, the Group will terminate the contract with such suppliers.

Supply Chain Environmental and Social Risk Management

The Group has formulated the "Implementation Rules for Supplier Management", which clearly classifies suppliers with business intercourse with the Group and the obligations of various departments to manage potential environmental and social risks within the supply chain. We will be keen on monitoring and assessing the ability of suppliers in fulfilling our requirements. To ensure the overall quality of suppliers, we would formulate the criteria for supplier management and organise training, and maintain an approved list of suppliers based on a series of assessment criteria. Subsequent to preliminary assessment, we would also review suppliers' performance periodically, and set ratings for suppliers. Based on opinions for quarterly evaluation and the situation of cooperation, the Group would liaise and communicate with suppliers' senior management personnel, express opinions and requirements for rectification, and urge them to rectify within a time frame, striving to minimise potential environmental and social risks in the supply chain.

B6. Product Responsibility

The Group aims to build and enhance our own brand and to become a leading integrated property management service provider of mid- to high-end residential properties and commercial property operation in western China. As a quality property management service provider, the Group believes that quality control is critical to our success. We strictly comply with all relevant laws and regulations relating to product responsibilities, including but not limited to "Law of the People's Republic of China on the Protection of Consumer Rights and Interests", "Advertising Law of the People's Republic of China", "Interim Measures for the Administration of Internet Advertising", "Product Quality Law of the People's Republic of China" of mainland China. During the Reporting Period, the Group was not aware of any material non-compliance with any laws and regulations in relation to product and service quality, and no material complaints were received in relation to products and services. Customer satisfaction has reached our expected level. Due to the nature of the Group's business, no recall of products due to health and safety reasons is required.

As part of the development strategy, the Group continuously integrates premium resources, focuses on nurturing professional talents, pursues ongoing service enhancement in substance, revamps service methods, and improves service quality to constantly cater to the diversified needs of property owners, customers and partners. In 2021, the Group endeavoured to provide heart-warming services, by organising a total of 428 themed events and receiving 218 pennants, dedicated to bringing pleasant life experience to property owners. Our operation and management system has also been recognised by authoritative organisations and passed the ISO9001:2015 international quality management system certification in 2019. We also ranked 54th among the "Top 100 Property Services Companies in China" in 2021 and we were named as one of the "China's Leading Enterprises for High-end Property Services" by China Index Academy at the same time.

"Top 100 Property Services Companies in China" Certification

"China's Leading Enterprises for High-end Property Services" Certification

Service Quality and Safety

The Group believes that attention to detail is an integral part of serving our customers and building our brand. We strive to build strong relationships with our customers by exploring and catering to their needs to enhance and improve the quality and technology of our services. To maintain high service standards and quality, we have established a comprehensive service quality monitoring system, which includes a series of standardised procedures, such as "Service Measurement and Monitoring Procedures" and "Non-conforming Product/Service Control Procedures". We require our employees and subcontractors to complete inspection checklists after each round of scheduled inspections, to record their observations and to update as to the property's conditions. We also provide written protocol to our staff on janitorial services and operation of different facilities such as elevator systems and fire-extinguishing equipment. In addition, the Group conducts regular fire safety inspections, equipment maintenance, and orderly inspections to maintain and repair equipment or improve quality in a timely manner to ensure community safety at all times.

We adhere to our operation principle to focus on our customers when planning and delivering our services. In order to improve customer experiences and increase customer loyalty and satisfaction, we efficiently allocate our resources across our multiple service lines and create various value-added services. We have deployed information technologies to our property services platforms and workflow processes to improve customer engagement and operational efficiency, including information management, smart community management and intelligent customer services.

In order to ensure consumer satisfaction, we engage third-party surveyors to conduct property management service quality reviews at our managed properties on an annual basis. In addition, we also conduct internal reviews on consumer satisfaction at all our managed properties on a monthly basis. We keep track of our customers' feedbacks on our service quality and set up "400 National Customer Service Supervision Hotline" and arrange customer service staff to ensure that we can tackle with customers' concerns and complaints in a timely and effective manner. Furthermore, we have also adopted "Customer Complaint Handling Standard" to manage customers' complaints. Our customer service personnel are required to respond to the customer's complaints in a timely manner, discuss the problem with the customer to understand the relevant background of the issue and propose a preliminary solution to the extent possible. On an as-needed basis, the personnel may also contact other departments, such as repair and maintenance, to arrange assistance to resolve the issue. During the Reporting Period, the Group handled a total of 21,715 incident reports, 27,523 work orders and 2,125 feedback enquiries, striving to resolve and respond to the requests from the property owners.

In response to the COVID-19 outbreak, the Group has fully cooperated with the government's prevention and control arrangements by setting up the steering group for pandemic prevention and deploying the pandemic prevention work plan in a timely manner, setting up sampling points for nucleic acid testing and arranging community registration for nucleic acid testing. We have taken hygiene and pandemic prevention measures in the our managed properties to ensure the safety of the owners and residents of our managed properties. These measures include entrance, exits and visitor management, returning resident management, disinfection of common areas and increase of pandemic prevention supplies and temperature testing equipment to build up the first line of defense. To avoid stranding of owners' parcels, the Group also provides parcels disinfection and door-to-door services. The Group believes that our efforts to control the outbreak has earned us higher degrees of trust and reliance from property owners and residents at our managed properties.

Customer Privacy Protection

Due to its business nature, the Group handles a large amount of customer personal or corporate information. The Group places great importance on protecting the rights and privacy of our customers and is committed to safeguarding and protecting personal data privacy through the implementation of high security and confidentiality standards and ensuring strict compliance with regulatory requirements on data privacy. We have established the "Consumer Information Security Management Standard", which require our employees to handle customers' personal data with care, in order to raise staff awareness of the need to protect customer privacy.

Intellectual Property Rights

We consider our intellectual property rights crucial to our success. We primarily rely on laws and regulations on trademarks and trade secrets and our employees' and third parties' contractual commitments to confidentiality and non-competition to protect our intellectual property rights. As at 31 December 2021, we had 10 trademarks, 17 software copyrights of our management system and 1 domain name registered in the PRC and 1 trademark registered in Hong Kong. During the Reporting Period, we were not aware of any infringement which could have a material adverse effect on our business operations by our Group against any intellectual property rights of any third party or by any third party against any intellectual property rights of our Group, or any disputes with third parties with respect to intellectual property rights. The Group will continue to monitor to ensure that its intellectual property rights are not being infringed upon.

Advertising and Labelling

Our sales and marketing team is mainly responsible for the planning and formulation of overall marketing strategies, conducting market research and coordinating sales and marketing activities for promotion and propaganda of products and services. We would implement stringent regulation and examination on the propaganda of all products and services to ensure the relevant task is in compliance with applicable laws and regulations regarding propaganda and labelling. Such promotion and propaganda must accurately reflect the service quality, efficacy and service content of the Group, without containing any misleading, fake propagandas.

B7. Anti-corruption

The Group believes that a clean corporate culture is the key to our continued success. Therefore, we stress on anti-corruption efforts and policy formulation, and strictly prohibit any corruption activities. The Group strictly complies with "Company Law of the People's Republic of China", "Anti-money Laundering Law of the People's Republic of China" and other laws and regulations. During the Reporting Period, the Group did not identify any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering nor any concluded legal cases regarding corrupt practices.

Anti-corruption and Integrity

The Group adopts a "zero tolerance" attitude towards anti-corruption and fraud and has authorised our audit department to assume responsibility for daily execution of our anti-corruption and anti-fraud measures, including handling complaints, ensuring protection for the whistle-blower and conducting internal investigations. We have established the "Operational Guidelines for Monitoring Management" to eliminate any corruption within the Group and prevent improper interests, and are committed to creating a working environment with integrity and building a clean, open and transparent corporate culture. We will undertake rectification measures with respect to any identified corrupt or fraudulent activities, evaluating the identified corrupt or fraudulent activities and proposing and establishing preventative measures to avoid future non-compliance.

In addition to including relevant policies and express prohibitions against non-compliance in staff handbooks, the Group provides anti-corruption compliance training periodically to directors and employees to familiarise them with their corresponding roles and responsibilities in anti-corruption and business ethics and to ensure compliance with applicable laws and regulations. During the Reporting Period, the Group's directors and employees has received a total of approximately 54 hours and 3,768 hours of anti-corruption training on crime prevention and integrity culture respectively.

Whistle-blowing Mechanism

The Group attaches great importance to the integrity and honesty of its employees. The Group has formulated the "Management Procedures of Complaints and Whistle-blowing (Rewards)" to regulate the operational procedures of complaints and whistle-blowing, to combat all kinds of corruption and violation of rules and regulations, and to encourage employees to actively report all kinds of corruption problems. When a report is received, we will conduct immediate investigation and take appropriate action as necessary. We also undertake to protect the identity of the whistle-blower so as to eliminate any conflict of interest or conduct that may be detrimental to the interests of the Group and relevant stakeholders. The Board will also review the effectiveness of this reporting system on a regular basis.

B8. Community Investment

In pursuit of business development, the Group is also committed to serving the community and has formulated the "Social Welfare Management System" to regulate its social events and donations, so as to indicate its identity as a corporate citizen. The Group will continue to make contributions to the community, pay attention to the society as well as the difficulties and needs of the underprivileged parties at all times, and actively reward to the society, with an aim to facilitating social harmony.

Corporate Social Responsibility

Other than encouraging our employees to participate in volunteer work during their off hours, we also dedicate our effort to making positive contributions to the society during its course of business, so as to fulfill the Group's corporate social responsibility. During the Reporting Period, the Group's community investments focus on environmental protection, care for the elderly, nurturing community culture and preserving community environment. We organised the following activities:

- *Encourage waste recycling:* The Group organised a total of 2.5 hours of waste recycling parent-child community activity "Little Guards for the Environment" and waste recycling promotional activity "Recycling Starts From Me" at our managed properties.

- *Care for Elderly Homeowners:* The Group carried out 641 visits, providing day-to-day care and support services for the elderly.

- *Organise Various Community Cultural Activities:* The Group organised a "National School Commencement Ceremony" for pupils, aiming to enable younger generations understand history, carry on our cultural lineage, and bring out the virtues of the Chinese tradition.

- *Renewal of Old Community Hardware:* The Group sets aside a "Desun Customer Loyalty Fund" every year, which is used for continuous revamp input, upgrades pinpointing at old communal spaces, revamp of public facilities, and enhance green landscape etc., which will in turn improve the quality of life within the community, and cater to homeowners' needs towards quality housing and living, enabling them to enjoy a better living experience.

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE

Mandatory Disclosure Requirements	Section/Declaration
Governance Structure	ESG Governance Structure
Reporting Principles	About The Environmental, Social and Governance Report — Reporting Framework
Reporting Boundary	About The Environmental, Social and Governance Report — Reporting Scope

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Not applicable — explained
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Emissions — GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable — explained
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions — Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions — GHG Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions — Waste Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources — Energy Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources — Water Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Use of Resources — Energy Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources — Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable — explained
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources — Transition to Green Building, Raising Environmental Awareness
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change — Physical Risks, Transition Risks

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment — Recruitment, Promotion, Remuneration and Dismissal
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety — Occupational Health and Safety, Response to the COVID-19 Pandemic
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training — Training Plan
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training — Training Plan

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards — Prevention of Child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards — Prevention of Child and Forced Labour
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Supply Chain Management — Procurement Mechanism
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management — Supply Chain Environmental and Social Risk Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management — Procurement Mechanism

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable — explained
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility — Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility — Service Quality and Safety
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility — Customer Privacy Protection
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption — Whistle-blowing Mechanism
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption — Anti-corruption and Integrity

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment — Corporate Social Responsibility
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment — Corporate Social Responsibility

REPORT OF THE DIRECTORS

The Board is pleased to present the annual report of the Company together with the audited consolidated financial statements for the year ended 31 December 2021.

GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on 10 December 2020 as an exempted company with limited liability under the laws of the Cayman Islands. The Shares were listed on the Main Board of The Stock Exchange on 17 December 2021. Pursuant to the Global Offering (as defined in the Prospectus), the Company issued 150,000,000 new ordinary shares of the Company on 17 December 2021 with a nominal value of US$0.0001 each at a price of HK$1.11 per ordinary share and received net proceeds of approximately HK$161.76 million from the initial public offering, after deducting underwriting fees and commissions and estimated expenses payable by the Company in connection with the Global Offering.

On 6 January 2022, the over-allotment option described in the Prospectus has been fully exercised by the sole global coordinator, on behalf of the international underwriters, in respect of an aggregate of 13,328,000 shares to cover over allocations in the international offering. The over-allotment shares were issued and allotted by the Company at HK$1.11 per share, being the offer price per offer share under the Global Offering. And the Company received additional net proceeds of approximately HK$14.4 million for the issue of the Over-allotment Shares, after deducting the underwriting fees and commissions and other estimated expenses payable by the Company in connection with partial exercise of the Over-allotment Option.

PRINCIPAL BUSINESS

The Group is an integrated property management services and commercial operational services provider, ranking the fifth in terms of revenue generated in Chengdu among all companies which provide both property management services and commercial operational services in Chengdu in 2021 with a market share of 0.5%. The Group strives to provide property management services and commercial operational services for mid- to high-end residential properties and commercial properties. The Group's commercial operational services include providing market research services, tenant sourcing services, and shopping streets management services to developers and tenants.

RESULTS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated financial statements on pages 107 to 112 of this annual report.

DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 December 2021.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Friday, 17 June 2022. The notice of the AGM will be published and dispatched to the Shareholders in due course in the manner as required by the Rules Governing the Listing of Securities on the Shock Exchange (the "Listing Rules").

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 14 June 2022 to Friday, 17 June 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to be qualified to attend and vote at the AGM, all completed transfers forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 13 June 2022.

BUSINESS REVIEW

A fair review of the business and a discussion and analysis of the Group's performance during the year, using financial key performance indicators and the material factors underlying its results and financial position as well as the outlook of the Group's business are provided in the "Management Discussion and Analysis" on pages 12 to 27 of this annual report. Description of the principal risks and uncertainties faced the Group can be found in the "Management Discussion and Analysis" on pages 25 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

It is the Group's corporate and social responsibility to promote a sustainable and ecofriendly environment. In this respect, the Group strives to minimize the Group's environmental impact by reducing its carbon footprint and to build our corporation in a sustainable way.

During the year ended 31 December 2021, the Group is subject to various environmental protection laws and regulations. For more details, please refer to "Environmental, Social and Governance Report" of this annual report for the Group's work in respect of environmental protection, social and governance during year ended 31 December 2021.

LEGAL PROCEEDINGS AND COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group may from time to time become a party to various legal proceedings arising in the ordinary course of business. The Directors confirm that, during the year ended 31 December 2021 and up to the date of this annual report, the Group had not involved in any litigation, arbitration or administrative proceeding against it or any of the Directors that could have a material and adverse effect on the Group's business, financial conditions or results of operations. Furthermore, to the knowledge of the Directors, there is no pending or foreseeable litigation, arbitration or administrative proceeding against the Group or any of the Directors that could cause a material and adverse effect on the Group's business, financial conditions or results of operations.

During the year ended 31 December 2021 and up to the date of this annual report, the Group had complied with the laws in all material respects, including the requirements under the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Listing Rules, SFO and the CG Code contained in Appendix 14 to the Listing Rules) for, among other things, the disclosure of information and corporate governance.

FINANCIAL SUMMARY

A summary of the Company's results, assets and liabilities for the last four financial years are set out on pages 183 to 184 of this annual report. This summary does not form part of the audited consolidated financial statements.

RELATIONSHIP WITH STAKEHOLDERS

Employees

The Group had approximately 958 employees as at 31 December 2021, as compared to 953 employees as at 31 December 2020. Substantially all of the Group's employees are based in the PRC.

The Group believes that the Directors, senior management and employees of the Group are instrumental to the success of the Group and that their industry knowledge and understanding of the market will enable the Group to maintain the competitiveness in the market. The Group provides various systematic and extensive training programmes to its employees. The employee training programmes of the Group primarily cover key areas in the Group's business operations, which provide continuous training to the Group's existing employees at different levels to specialise and strengthen their skill sets.

As required by PRC laws and regulations, the Group participates in various government statutory employee benefit plans, including social insurance funds, namely a pension contribution plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan, a maternity insurance plan, and a housing provident fund. The Group is required under PRC law to contribute to employee benefit plans at specified percentages of the payroll of the employees.

The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits and liabilities for breaches and grounds for termination.

Customers

The Group's customers are mainly property owners, property developers and tenants. For the year ended 31 December 2021, the Group's largest customer, Desun Group accounted for approximately 44.4% of the Group's total revenue. The Group's five largest customers accounted for approximately 57.4% of the Group's total revenue.

So far as the Directors are aware, save for Desun Group, none of the Directors or executive officers of the Company or its subsidiaries, their respective associates or any Shareholders of the Company holding more than 5% of the issued share capital of the Company immediately following the completion of the Global Offering, had any interests in any of the five largest customers of the Group during the year ended 31 December 2021 and up to the date of this annual report.

Suppliers

The Group's suppliers are mainly sub-contractors for the Group's property management services and utilities companies. For the year ended 31 December 2021, the Group's largest supplier accounted for approximately 10.8% of the Group's total cost of services. The Group's five largest suppliers accounted for approximately 21.1% of the Group's total cost of services.

So far as the Directors are aware, none of the Directors or executive officers of the Company or its subsidiaries, their respective associates or any Shareholders of the Company holding more than 5% of the issued share capital of the Company immediately following the completion of the Global Offering, had any interests in any of the five largest suppliers of the Group during the year ended 31 December 2021 and up to the date of this annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2021 are set out in note 25 to the consolidated financial statements.

As at 31 December 2021, the issued share capital of the Company was 600,000,000 shares. Subsequent to the Reporting Period, on 6 January 2022, the Company further issued 13,328,000 Share at the offer price of HK$1.11 per share pursuant to the partial exercise of the over-allotment options by the sole global coordinator (on behalf of the international underwriters) in connection with the Global Offering. For further details, please refer to the announcement of the Company dated 6 January 2022. Immediately thereafter and up to the date of this annual report, the issued share capital of the Company was 613,328,000 Shares.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2021 are set out on page 110 in the consolidated statement of changes in equity in this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company's reserve available for distribution to shareholders amounted to approximately RMB248.6 million.

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group during the year ended 31 December 2021 are set out in note 13 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report and based on the information publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the minimum public float of 25% as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

DIRECTORS AND SENIOR MANAGEMENT

The Directors and senior management of the Company during the year ended 31 December 2021and up to the date of this annual report are set out below:

Name	Position in the Company
Directors	
Mr. Zou Kang	Non-executive Director
Mr. Zhang Zhicheng	Chairman, executive Director and chief executive officer of the Company (Note 1)
Mr. Zhang Qiang	Executive Director
Ms. Xiong Jianqiu	Executive Director and chief financial Officer of the Company
Ms. Wan Hong	Executive Director and joint company secretary
Mr. Wu Da	Executive Director and deputy general manager of Chengdu Desun
Mr. Fang Liqiang	Independent non-executive Director
Mr. Chen Di	Independent non-executive Director
Mr. Yan Hong	Independent non-executive Director
Senior management	
Mr. Zhou Youbo	Chief executive officer of the Company and president of Chengdu Desun (Note 2)
Mr. Zhou Hongbo	Vice president of Chengdu Desun
Ms. Zhang Shujuan	Director of sales office of Chengdu Desun

Notes:

1. Mr. Zhang Zhicheng was appointed as the chief executive officer of the Company with effect from 2 March 2022, following the resignation of Mr. Zhou Youbo on the same date.

2. Mr. Zhou Youbo resigned as the chief executive officer of the Company with effect from 2 March 2022 to focus on his other personal business development.

To the best of the Directors' knowledge, information and belief, save as disclosed in this annual report, the Directors and senior management do not have any relationship amongst them.

In accordance with articles 108 and 111 of the Articles of Association, Mr. Zou Kang, Mr. Zhang Zhicheng, Mr. Zhang Qiang, Ms. Xiong Jianqiu, Ms. Wan Hong, Mr. Wu Da, Mr. Fang Liqiang, Mr. Chen Di and Mr. Yan Hong will retire by rotation, and being eligible, have offered themselves for re-election as Directors at the AGM.

None of the retiring Directors has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than under normal statutory obligations.

Biographical details of the Directors and senior management are set out on pages 28 to 35 of this annual report.

SERVICE AGREEMENTS OF DIRECTORS

Each of the executive Directors has entered into a service agreement with the Company for a term of three years commencing from the Listing Date, which may be terminated by not less than one month's notice in writing served by either the executive Director or the Company.

Each of the non-executive Director and independent non-executive Directors were engaged on a letter of appointment for a terms of three years commencing from the Listing Date, which may be terminated by not less than one month's notice in writing served by either the executive Director or the Company.

The appointment of Directors is subject to the provisions of retirement and rotation of Directors under the Articles of Association.

None of the Directors has or is proposed to have a service agreement which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation (other than statutory compensation).

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent and remain so as of the date of this annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Interests in Shares and underlying Shares of the Company

As at 31 December 2021, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Capacity/Nature of Interest	Total number of Shares/ underlying Shares held (1)	Approximate percentage of shareholding interest in the Company (%) (1)
Mr. Zou Kang	Interest in controlled corporation; interest held jointly with another person (2) & (3)	389,673,000 (L)	64.95%
	Interest in controlled Corporation (4)	22,500,000 (S)	3.75%
Mr. Zhang Zhicheng	Interest in controlled Corporation (5)	22,500,000 (L)	3.75%
Mr. Zhou Youbo	Beneficial owner (6)	7,701,000 (L)	1.28%
Ms. Xiong Jianqiu	Beneficial owner (7)	1,765,000 (L)	0.29%
Ms. Wan Hong	Beneficial owner (8)	1,765,000 (L)	0.29%

Notes:

(1) As at 31 December 2021, the Company had issued 600,000,000 Shares in total. The letter "L" denotes the person's long position in the Shares. The letter "S" denotes the person's short position in the Shares.

(2) On 11 May 2021, Mr. Zou Kang and Ms. Zou Jian entered into a concert parties confirmatory deed (the "Concert Parties Confirmatory Deed"), pursuant to which they reaffirmed that they had been acting in concert as shareholders of our Group before the date of the Concert Parties Confirmatory Deed, and shall continue the same thereafter. For further details, please refer to the paragraph headed "History, Reorganisation and Corporate Structure — Acting-in-concert arrangement" in the Prospectus. As such, pursuant to the parties-acting-in-concert arrangement, as at 31 December 2021, each of the Controlling Shareholders, i.e. Sky Donna (being wholly owned by Mr. Zou Kang), Mr. Zou Kang, Pengna Holding (being wholly owned by Ms. Zou Jian) and Ms. Zou Jian, is deemed to be interested in 64.95% of the issued share capital of the Company.

(3) These 389,673,000 Shares in which Mr. Zou Kang is interested consist of (i) 372,393,000 Shares held by Sky Donna Holding Limited, a company wholly-owned by Mr. Zou Kang, in which Mr. Zou Kang is deemed to be interested under the SFO; and (ii) 17,280,000 Shares in which Mr. Zou Kang is deemed to be interested as a result of being a party acting-in-concert with Ms. Zou Jian pursuant to the Concert Parties Confirmatory Deed.

(4) Pursuant to a stock borrowing agreement dated 9 December 2021, Sky Donna Holding Limited lent 22,500,000 Shares to Shenwan Hongyuan Securities (H.K.) Limited for the purpose of facilitating settlement of over-allocations in the International Offering under the Global Offering.

(5) These 22,500,000 Shares are held by Zhiyu Holding Limited, the issued shares of which are wholly owned by Mr. Zhang Zhicheng. Under the SFO, Mr. Zhang Zhicheng will be taken to be interested in the Shares held by Zhiyu Holding Limited.

(6) Mr. Zhou Youbo was interested in 7,701,000 Shares which shall be allotted and issued to him upon full exercise of all Pre-IPO Share Options granted to him, subject to the terms of grant of the Pre-IPO Share Options. Subsequent to the Reporting Period, Mr. Zhou Youbo resigned as the chief executive officer of the Company with effect from 2 March 2022, and as a result all the Pre-IPO Share Options granted to him had lapsed, and he ceased to be interested in the 7,701,000 underlying Shares.

(7) Ms. Xiong Jianqiu is interested in 1,765,000 Shares which may be allotted and issued to her upon full exercise of all Pre-IPO Share Options granted to her, subject to the terms of grant of the Pre-IPO Share Options.

(8) Ms. Wan Hong is interested in 1,765,000 Shares which may be allotted and issued to her upon full exercise of all Pre-IPO Share Options granted to her, subject to the terms of grant of the Pre-IPO Share Options.

Save as disclosed above, as at 31 December 2021, none of the Directors of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2021, to the best knowledge of the Directors or chief executives of the Company, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests in Shares and underlying Shares of the Company

Name of Director	Capacity/Nature of Interest	Total number of Shares/ underlying Shares held (1)	Approximate percentage of shareholding interest in the Company (%) (1)
Sky Donna Holding Limited	Beneficial owners; interest held jointly with another person (2) & (3)	389,673,000 (L)	64.95%
	Beneficial owner (4)	22,500,000 (S)	3.75%
Ms. Zou Jian	Interest of corporation controlled by you; interest held jointly with another person (5)	389,673,000 (L)	64.95%
	Interest held jointly with another person (5)	22,500,000 (S)	3.75%
Pengna Holding Limited	Beneficial owner; interest held jointly with another person (5)	389,673,000 (L)	64.95%
	Interest held jointly with another person	22,500,000 (S)	3.75%
Central Huijin Investment Ltd. ("Central Huijin Investment")	Interest in controlled corporation (6)	50,992,000 (L)	8.50%
	Interest in controlled corporation (6)	22,500,000 (S)	3.75%
Shenwan Hongyuan Group Co., Ltd. ("SWHY Group")	Interest in controlled corporation (6)	50,992,000 (L)	8.50%
	Interest in controlled corporation (6)	22,500,000 (S)	3.75%
Shenwan Hongyuan Securities Co., Ltd. ("SWHY Securities")	Interest in controlled corporation (6)	50,992,000 (L)	8.50%
	Interest in controlled corporation (6)	22,500,000 (S)	3.75%
Shenwan Hongyuan (International) Holdings Limited ("SWHY (International)")	Beneficial owner (6)	21,816,000 (L)	3.64%
	Interest in controlled corporation (6)	29,176,000 (L)	4.86%
	Interest in controlled corporation (6)	22,500,000 (S)	3.75%
Shenwan Hongyuan (H.K.) Limited ("SWHY (H.K.)")	Interest in controlled corporation (6)	30,270,000 (L)	5.04%
	Interest in controlled corporation (6)	22,500,000 (S)	3.75%
Shenwan Hongyuan Securities (H.K.) Limited ("SWHY Securities (H.K.)")	Interest in controlled corporation (6)	30,270,000 (L)	5.04%
	Interest in controlled corporation (6)	22,500,000 (S)	3.75%

Notes:

(1) As at 31 December 2021, the Company had issued 600,000,000 Shares in total. The letter "L" denotes the person's long position in the Shares. The letter "S" denotes the person's short position in the Shares.

(2) On 11 May 2021, Mr. Zou Kang and Ms. Zou Jian entered into the Concert Parties Confirmatory Deed, pursuant to which they reaffirmed that they had been acting in concert as shareholders of our Group before the date of the Concert Parties Confirmatory Deed, and shall continue the same thereafter. For further details, please refer to the paragraph headed "History, Reorganisation and Corporate Structure — Acting-in-concert arrangement" in the Prospectus. As such, pursuant to the parties-acting-in-concert arrangement, as at 31 December 2021, each of the Controlling Shareholders, i.e. Sky Donna (being wholly owned by Mr. Zou Kang), Mr. Zou Kang, Pengna Holding Limited (being wholly owned by Ms. Zou Jian) and Ms. Zou Jian, is deemed to be interested in 64.95% of the issued share capital of the Company.

(3) These 389,673,000 Shares in which Sky Donna Holding Limited (a company wholly-owned by Mr. Zou Kang) is interested consist of (i) 372,393,000 Shares held by Sky Donna Holding Limited; and (ii) 17,280,000 Shares in which Sky Donna Holding Limited is deemed to be interested as a result of the Concert Parties Confirmatory Deed entered into between Mr. Zou Kang and Mr. Zou Jian.

(4) Pursuant to a stock borrowing agreement dated 9 December 2021, Sky Donna Holding Limited lent 22,500,000 Shares to SWHY Securities (H.K.) for the purpose of facilitating settlement of over-allocations in the international offering under the Global Offering.

(5) These 389,673,000 Shares in which Ms. Zou Jian is interested consist of (i) 17,280,000 Shares held by Pengna Holding Limited, a company wholly-owned by Ms. Zou Jian, in which Ms. Zou Jian is deemed to be interested under the SFO; and (ii) 372,393,000 Shares in long position and 22,500,000 Shares in short position of Sky Donna Holding Limited in which Ms. Zou Jian is deemed to be interested as a result of being a party acting-in-concert with Mr. Zou Kang pursuant to the Concert Parties Confirmatory Deed.

(6) SWHY Securities (H.K.) was wholly-owned by SWHY (H.K.), which is in turn in aggregate wholly-owned by SWHY (International). SWHY (International) is wholly-owned by SWHY Securities, which was in turn wholly-owned by SWHY Group. SWHY Group was in aggregate majority owned by Central Huijin Investment. As a result, under the SFO, (i) SWHY (H.K.), SWHY (International), SWHY Securities, SWHY Group and Central Huijin Investment are deemed to be interested in the Shares held by SWHY Securities (H.K.); and (ii) SWHY Securities, SWHY Group and Central Huijin Investment are deemed to be interested in the Shares directly held by SWHY (International). These long position interests and short positions were disclosed based on the disclosure of interest filings made by (i) SWHY Securities (H.K.) and SWHY (H.K.) on 21 December 2021; and (ii) SWHY (International), SWHY Securities, SWHY Group and Central Huijin Investment on 17 December 2021.

Save as disclosed above, as at 31 December 2021, the Company had not been notified by any other persons (other than the Directors of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the year, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

ISSUANCE OF DEBENTURES

During the year ended 31 December 2021, no issuance of debentures was made by the Company.

DEED OF NON-COMPETITION

The Controlling Shareholders, being Mr. Zou Kang, Sky Donna, Ms. Zou Jian and Pengna Holding, entered into the Deed of Non-Competition in favour of the Company, pursuant to which they have irrevocably and unconditionally given certain non-competition undertakings to the Company. Details of the Deed of Non-Competition are set out in the section headed “Relationship with Controlling Shareholders” in the Prospectus.

The Company and the independent non-executive Directors had received an annual written confirmation from each of the controlling Shareholders that they have not breached the terms of the Deed of Non-competition during the period from the Listing Date to 31 December 2021. The independent non-executive Directors had also carried out an annual review on the compliance of the Deed of Non-competition and were satisfied that the controlling Shareholders had duly complied with the Deed of Non-competition during the period from the Listing Date to 31 December 2021.

DIRECTORS’ AND CONTROLLING SHAREHOLDERS INTERESTS IN COMPETING BUSINESSES

To the knowledge of the Board, none of the Directors, their associates or the controlling shareholders had any interests in any business which competes or is likely to compete, directly or indirectly, with the businesses of the Group for the year ended 31 December 2021.

CHANGES TO INFORMATION ON DIRECTORS AND SENIOR MANAGEMENT

According to Rule 13.51B(1) of the Listing Rules, changes in information about Directors and senior management are as follows:

Mr. Zhou Youbo has resigned as the Chief Executive Officer of the Company with effect from 2 March 2022. Follow Mr. Zhou’s resignation, Mr. Zhang Zhicheng was appointed as the Chief Executive Officer of the Company with effect from the same date.

After making specific enquiries by the Company and confirmed by the Directors and senior management, save as disclosed as above, no other changes in the information of any Directors and Supervisors that are required to be disclosed pursuant to paragraphs (a) to (e) and paragraph (g) of Rule13.51(2) of the Listing Rules have to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONTINUING CONNECTED TRANSACTION

For the year ended 31 December 2021, the Group has the following non-exempt continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

Property Services Framework Agreement

On 15 November 2021, the Company entered into a property services framework agreement (the “Property Services Framework Agreement”) with Mr. Zou Kang and Ms. Zou Jian (the Controlling Shareholders, with Mr. Zou Kang also being the non-executive Director), pursuant to which the Company agreed to provide a range of property management services and other related services to companies in which Mr. Zou Kang and/or Ms. Zou Jian can exercise or control the exercise of 30% or more of the voting power at their general meetings and their subsidiaries (“Ultimate Controlling Shareholders’ Associated Companies”) for the term of three years, commencing from the Listing Date (i.e. 17 December 2021) and up to 31 December 2023. The services the Group may provide to Ultimate Controlling Shareholders’ Associated Companies includes but not limited to (i) property management services; (ii) pre-delivery and sales assistance services; (iii) commercial operational services and assets management services; and (iv) other value-added services (the “Property Services”). The parties and their respective subsidiaries and associates will enter into separate subsidiary agreements setting out the specific terms and conditions (including the fees of the products and/or services and payment methods) in respect of the relevant services based on the principles under the Property Services Framework Agreement.

The proposed annual caps of the transactions contemplated under the Property Services Framework Agreement for the three years ending 31 December 2023 are RMB115.0 million, RMB147.5 million and RMB192.5 million, respectively.

Mr. Zou Kang and Ms. Zou Jian are the controlling shareholders of the Group (with Mr. Zou Kang also being an executive Director) and are therefore connected persons of the Company for the purpose of the Listing Rules. Accordingly, the transactions under the Property Services Framework Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules from the Listing Date.

For the year ended 31 December 2021, the total amount of service fee payable to the Group in relation to the Property Services amounted to RMB112.7 million which did not exceed the annual cap of RMB115.0 million.

Further details of the above Property Services Framework Agreement have been set out in the section "Connected Transactions" in the Prospectus.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions carried out during the year and confirm the transactions thereunder had been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Board engaged the auditor of the Company to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company confirmed to the Board that:

(i) nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Board.

(ii) nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the pricing policies of the Group and the relevant agreement governing such transactions.

(iii) with respect to the aggregate amount of the continuing connected transactions, nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

A copy of the auditor's letter on the continuing connected transactions of the Group for the year ended 31 December 2021 has been provided by the Company to the Hong Kong Stock Exchange.

The Company confirmed that it had complied with the disclosure requirements under Chapter 14A of the Listing Rules since the Listing Date and up to 31 December 2021.

RELATED PARTY TRANSACTION

Details of the related party transactions of the Group for the year ended 31 December 2021 are set out in note 30 to the consolidated financial statements in this annual report.

The transactions with related parties recorded during the year ended 31 December 2020 do not constitute connected transaction nor continuing connected transaction as defined under the Listing Rules as the shares of the Company were only listed on the Stock Exchange on 17 December 2021.

The related party transactions of rendering of property management services and value-added services recorded during the year ended 31 December 2021 constitutes continuing connected transaction of the Company, the details of which are disclosed in the paragraph headed "Continuing Connected Transaction" above. As disclosed in the Prospectus, the Company has applied for, and the Stock Exchange has granted to the Group, a waiver from strict compliance with the announcement and independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules for such continuing connected transactions.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save for the continuing connected transactions as described in the paragraph headed "Continuing Connected Transactions" above, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent company was a party and in which any Director or any entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year under review.

CONTRACT OF SIGNIFICANCE

Save for the continuing connected transactions as described in the paragraph headed "Continuing Connected Transactions" above, no contract of significance (whether for the provision of services to the Group or not) in relation to the Group's business to which the Company or any of its subsidiaries was a party and the controlling Shareholder or any of its subsidiaries was the other party subsisted at the end of the financial year or at any time during the financial year under review.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2021 between the Company and a person other than a Director or any person engaged in the full-time employment of the Company.

DIRECTORS' PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions arising out of corporate activities against the Directors and officers of the Company and its associated companies during the year ended 31 December 2021.

Except for such insurances, at no time during the year and up to the date of this annual report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company or associated companies.

STAFF, EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

The Company offers competitive remuneration packages to the Directors. The remuneration of Directors is determined with reference to their experience, qualifications, responsibilities involved in the Company and the prevailing market conditions.

The remuneration payable to our employees includes salaries and employee benefit plans contributions. The salaries of our employees are generally determined by the employees' respective position, qualification, experience and performance.

As required by PRC laws and regulations, the Group contributes on a monthly basis to various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in Mainland China. The Group is required to contribute a certain proportion stipulated by the government of its payroll costs to the plan as stipulated by the governments. Contributions to the defined contribution plan by the Group for its employees are fully and immediately vested when the contributions are made and may not be reduced by contributions forfeited by employees who leave the schemes prior to vesting fully in the contributions. Accordingly, during the year ended 31 December 2021, there were no forfeited contributions under the aforementioned defined contribution retirement benefit plans which may be used by the Group to reduce the contribution payable.

The Group provides various systematic and extensive training programmes to its employees. The Group's employee training programmes primarily cover key areas in the Group's business operations, which provide continuous training to the Group's existing employees at different levels to specialise and strengthen their skill sets.

The Remuneration Committee was set up for reviewing the Group's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

Details of the emoluments of the Directors and five highest paid individuals for the year ended 31 December 2021 are set out in note 8 and note 9 to the consolidated financial statements.

During the year ended 31 December 2021, no directors waived their remuneration.

PRE-IPO SHARE OPTION SCHEME

The Company adopted the Pre-IPO Share Option Scheme on 27 April 2021.The terms of the Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Share Option Scheme will not involve the grant of options by the Company to subscribe for Shares after the Listing. For details of the terms of the Pre-IPO Share Option Scheme, please refer to Appendix V in the Prospectus.

(a) **Purpose**

The purpose of the Pre-IPO Share Option Scheme is to further improve the corporate governance structure of the Company, promote the establishment and improvement of the incentive and constraints mechanism, fully mobilize the initiative, responsibility and sense of mission of the staff of the Company, effectively align the interests of Shareholders, the Company and the management staff, and attract common attention and joint efforts to the long-term development of the Company.

(b) **Who may join**

Mr. Zhou You Bo, Mr. Liu Jun, Mr. Shao Jiazhen, Ms. Xiong Jianqiu and Ms. Wan Hong (the "Eligible Persons"), being the directors and/or senior management of the members of the Group, shall be eligible to take part in the Pre-IPO Share Option Scheme.

(c) **Maximum number of Shares**

The overall limit on the number of Shares which may be issued upon exercise of all outstanding pre-IPO share options (the "Pre-IPO Share Options") granted and yet to be exercised under the Pre-IPO Share Option Scheme at any time shall not exceed 19,253,000 Shares, representing approximately 3.21% of the total issued Shares immediately following the Capitalisation Issue and completion of the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or the Pre-IPO Share Options granted under the Pre-IPO Share Option Scheme) (the "Scheme Limit") and approximately 3.14% of the total issued Shares as at the date of this annual report.

Options to subscribe for an aggregate of 19,253,000 Shares were conditionally granted to 5 participants (the "Grantees") on 27 April 2021. No further options could be granted under the Pre-IPO Share Option Scheme. On 2 March 2022, immediately following the resignation of Mr. Zhou Youbo (being one of the Grantees) as the chief executive officer of the Company, all the Pre-IPO Share Option (equivalent to 7,701,000 underlying Shares) granted to him have lapsed. As at the date of this annual report, none of the Pre-IPO Share Options have been exercised yet, and a total of 11,552,000 Pre-IPO Share Options (after taking into account the 7,701,000 Pre-IPO Share Options granted to Mr. Zhou Youbo that have lapsed) were remaining outstanding, representing approximately 1.88% of the total issued Shares as at the date of this annual report.

Under the Pre-IPO Share Option Scheme, there is no specific limit on the maximum number of options which may be granted to a single Eligible Person.

(d) **Vesting Period**

Subject to the provisions for early termination contained in the Pre-IPO Share Option Scheme and conditional upon the fulfillment of certain performance targets by the Eligible Persons, the Pre-IPO Share Option(s) granted to the Grantee (being the Eligible Person who accepts the offer of Pre-IPO Share Options) under the Pre-IPO Share Option Scheme shall become exercisable in accordance with the time as indicated below:

Vesting date	**Maximum percentage of the underlying Shares in respect of the Pre-IPO Share Options may be vested (the "Exercise Limit")**
On or after the Listing Date	30%
On or after the first anniversary date of the Listing Date	30%
On or after the second anniversary date of the Listing Date	20%
On or after the third anniversary date of the Listing Date	10%
On or after the fourth anniversary date of the Listing Date	10%

The actual number of Pre-IPO Share Options that each grantee can exercise is however linked to the performance evaluation results of the grantee in the previous year. The limit of the actual number of Pre-IPO Share Option for exercise in the current year = the Percentage of exercise by the relevant Grantee (as detailed below) x the Exercise Limited of the relevant grantee in the current year, as detailed below:

Assessment result (S)	**S ≥ 80**	**80 ＞ S ≥ 65**	**S＜60**
Individual year-end Performance	Excellent (A)	Good (B)	Moderate (C)
Excellent (A) Good (B) Moderate (C) Percentage of exercise by individual grantee	1.0	0.8	0

The performance is assessed based on the criteria set out in the "Implementation of the assessment and management of the Pre-IPO Share Option Scheme" (公開發售前購股權計劃實施考核管理辦法) adopted by the Company.

Such part of the Pre-IPO Share Options that are not exercised in a given year would be cancelled by the Company.

All the Pre-IPO Share Options granted to the Grantees under the Pre-IPO Share Option Scheme that are entitled to be exercised by the Grantee but not exercised prior to the sixth anniversary date of the Listing Date shall lapse and be deemed as cancelled and void.

(e) **Subscription price for options**

A nominal consideration of HK$1.00 is payable by a Grantee upon acceptance of the grant of the Pre-IPO Share Options.

(f) **Exercise of option**

A Pre-IPO Share Option may be exercised in accordance with the terms of the Pre-IPO Share Option Scheme and the relevant offer letter at any time during a period to be determined and notified by our Directors to each Grantee, which period may be made in accordance with the vesting period above subject to the provisions for early termination under the Pre-IPO Share Option Scheme. The exercise price for each of the Pre-IPO Share Options is HK$0.42 per Share.

(g) **Cancellation of options granted**

The Board may cancel an Option granted but not exercised with the approval of the Grantee of such Pre-IPO Share Option. No Options may be granted to an Eligible Person in place of his cancelled Options unless there are available unissued Options (excluding the cancelled Options) within the limit as mentioned in sub-paragraph (c) above.

(h) **Lapse of an option**

The right to exercise a Pre-IPO Share Option (to the extent not already exercised) shall terminate immediately upon the earliest of:

(i) the expiry of the vesting period as set out in sub-paragraphs (d) above;

(ii) the expiry of the periods or dates referred to in sub-paragraphs (j), (k) or (l);

(iii) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in sub-paragraph (m);

(iv) subject to the compromise or arrangement referred to in sub-paragraphs (n);

(v) the date on which the Grantee ceases to be a director and/or employee of the Group by reason of resignation, summary dismissal for misconduct or other breach of the terms of his employment or other contract, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his creditors generally or on which he has been convicted of any criminal offence involving his integrity or honesty;

(vi) the date of the commencement of the winding-up of our Company;

(vii) the date on which the Grantee commits a breach of the exercise of option in accordance with the Pre-IPO Share Option Scheme; or

(viii) the date on which the Pre-IPO Share Option is cancelled by the Board.

(i) **Term of the Pre-IPO Share Option Scheme**

No further Pre-IPO Share Options will be granted after the latest practicable date (i.e. 22 November 2021) but in all other respects the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Pre-IPO Share Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Pre-IPO Share Option Scheme, and Pre-IPO Share Options which are granted on or before the latest practicable date (i.e. 22 November 2021) may continue to be exercisable in accordance with their terms of issue.

(j) **Rights on ceasing employment**

Where the Grantee of an outstanding Pre-IPO Share Option ceases to be a director or an employee of our Company or any Subsidiary for any reason, the Pre-IPO Share Option may be exercised within twelve months (or such other dates as stipulated) after the date of such cessation.

(k) **Rights on death or permanently disabled**

Where the Grantee of an outstanding Pre-IPO Share Option dies or becomes permanently disabled before exercising the Pre-IPO Share Option in full or at all, the Pre-IPO Share Option may be exercised up to the entitlement of such Grantee or, if appropriate, an election made by his personal representatives within twelve months after the date of his death or permanent disability or such longer period as the Board may determine.

(l) **Rights by way of a take-over**

If a general offer by way of takeover is made to our Shareholders and such offer becomes or is declared unconditional, the Grantee may by notice in writing to our Company within 21 days after such offer becoming or being declared unconditional exercise the Pre-IPO Share Option to its full extent or to the extent specified in such notice.

(m) **Rights by way of scheme of arrangement**

If a general offer for Shares by way of scheme of arrangement is made to all our Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, the Grantee (or his personal representatives) may thereafter (but before such time as shall be notified by our Company) by notice in writing to our Company exercise the Pre-IPO Share Option to its full extent or to the extent specified in such notice.

(n) **Rights by way of compromise or arrangement**

In the event of a compromise or arrangement, other than a general offer or a scheme of arrangement, between our Company and our Shareholders and/or creditors being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of the jurisdiction in which our Company was incorporated, our Company shall give notice thereof to all Grantees on the same day or soon after it dispatches the notice to each member or creditor of our Company summoning the meeting to consider such a compromise or arrangement, and thereupon the Grantee may forthwith and until the expiry of the period commencing with such date and ending with the earlier of 2 months thereafter and the date on which such compromise or arrangement is sanctioned by the court of competent jurisdiction, exercise any of his Pre-IPO Share Options whether in full or in part, but the exercise of an Pre-IPO Share Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court of competent jurisdiction and becoming effective.

(o) **Rights on winding up**

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all grantees (together with a notice of the existence of the provisions of this sub-paragraph) and thereupon, each grantee (or his personal representatives) shall be entitled to exercise all or any of his Pre-IPO Share Options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(p) **Effects of alterations in the capital structure of our Company**

If our Company has issuance such as capitalisation issue, bonus issue, share subdivision, share consolidation, rights issue or additional issue of our Company prior to any exercise of the Pre-IPO Share Options, the number of Pre-IPO Share Options that have not been exercised shall be adjusted accordingly. The adjustment methods are as follows:

(i) In case of capitalisation issue, bonus issue, share subdivision:

$Q = Q_0 \times (1 + n)$

Where: Q0 is the number of Pre-IPO Share Options before adjustment; n is the ratio of increase per Share resulting from capitalisation issue, bonus issue or share subdivision (i.e. the number of increased Share(s) per Share upon capitalisation issue, bonus issue or share subdivision); Q is the number of Pre-IPO Share Options after adjustment.

(ii) In case of rights issue:

$Q = Q_0 \times P1 \times (1 + n)/(P_1 + P_2 \times n)$

Where: Q0 is the number of Pre-IPO Share Options before adjustment; P1 is the closing price of the Pre-IPO Share Options on the registration date; P2 is the subscription price of rights issue; n is the proportion of rights issue (i.e. the number of Shares to be issued under the rights issue in proportion to the total share capital of our Company prior to the rights issue); Q is the number of Pre-IPO Share Options after adjustment.

(iii) In case of share consolidation:

$Q = Q_0 \times n$

Where: Q0 is the number of Pre-IPO Share Options before adjustment; n is the ratio of consolidation of Shares (i.e. one Share of our Company be consolidated into n shares); Q is the number of Pre-IPO Share Options after adjustment.

In the event of any adjustment as set out above, the auditors or a financial adviser engaged by our Company for such purpose shall, at the request of our Company, certify in writing, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable, provided always that any such adjustments should give each Grantee the same proportion of the equity capital of our Company as that to which that Grantee was previously entitled prior to such adjustments, and no adjustments shall be made which will enable a Share to be issued at less than its nominal value. The capacity of the auditors or financial adviser (as the case may be) in this sub-paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the Grantees.

The Shares to be allotted and issued upon the exercise of a Pre-IPO Share Option shall be subject to all the provisions of the Memorandum and Articles of Association of our Company for the time being in force and will rank pari passu with the other fully paid Shares in issue of our Company as at the date of allotment and will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the date of allotment.

(q) Others

The exercise of the Pre-IPO Share Options is conditional on (i) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any Pre-IPO Share Option granted under the Pre-IPO Share Option Scheme; (ii) the commencement of dealings in the Shares on the Stock Exchange; and (iii) the fulfilment of the conditions set out in sub-paragraph (d) above. Application has been made to the Listing Committee for the listing of and permission to deal in the Shares to be issued pursuant to the exercise of any Pre-IPO Share Options.

The rights of the Grantee of a Pre-IPO Share Option referred to in sub-paragraphs (j) to (o) above are subject to the terms and conditions upon the Pre-IPO Share Option was granted.

Any alterations to the terms and conditions of the Pre-IPO Share Option Scheme which are of a material nature or any change to the terms of the Pre-IPO Share Option granted (except changes made to the terms and conditions of Pre-IPO Share Options granted at the request of the Stock Exchange and/or other regulatory authorities) must be approved by our Shareholders in a general meeting and the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Pre-IPO Share Option Scheme.

Any change to the authority of our Directors or the scheme administrators in relation to any alteration to the terms of the Pre-IPO Share Option Scheme shall be approved by our Shareholders in a general meeting.

For more information on the Pre-IPO Share Option Scheme, please refer to the paragraph headed “Appendix IV — Statutory and General Information — D. Pre-IPO Share Option Scheme” in the Prospectus.

Details of the movement of the Pre-IPO Share Option Scheme for the year ended 31 December 2021 are as follows:

Grantee	Date of grant	Number of Shares under the Pre-IPO Share Options granted (Note 1)	Vesting date (Note 1)	Exercisable period	Exercise Price (RMB)	Number of options at 1 January 2021	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Number of options at 2021/12/31
Mr. Zhou Youbo (Chief executive officer of the Company) (Note 2)	27/04/2021	2,310,300	17/12/2021	17/12/2021–17/12/2027	0.420	–	2,310,300	–	–	2,310,300
		2,310,300	17/12/2022	17/12/2022–17/12/2027	0.420	–	2,310,300	–	–	2,310,300
		1,540,200	17/12/2023	17/12/2023–17/12/2027	0.420	–	1,540,200	–	–	1,540,200
		770,100	17/12/2024	17/12/2024–17/12/2027	0.420	–	770,100	–	–	770,100
		770,100	17/12/2025	17/12/2025–17/12/2027	0.420	–	770,100	–	–	770,100
Mr. Liu Jun (Director of Zhongneng)	27/04/2021	1,203,300	17/12/2021	17/12/2021–17/12/2027	0.420	–	1,203,300	–	–	1,203,300
		1,203,300	17/12/2022	17/12/2022–17/12/2027	0.420	–	1,203,300	–	–	1,203,300
		802,200	17/12/2023	17/12/2023–17/12/2027	0.420	–	802,200	–	–	802,200
		401,100	17/12/2024	17/12/2024–17/12/2027	0.420	–	401,100	–	–	401,100
		401,100	17/12/2025	17/12/2025–17/12/2027	0.420	–	401,100	–	–	401,100
Mr. Shao Jiajun (Manager of Chengdu Jinjie)	27/04/2021	1,203,300	17/12/2021	17/12/2021–17/12/2027	0.420	–	1,203,300	–	–	1,203,300
		1,203,300	17/12/2022	17/12/2022–17/12/2027	0.420	–	1,203,300	–	–	1,203,300
		802,200	17/12/2023	17/12/2023–17/12/2027	0.420	–	802,200	–	–	802,200
		401,100	17/12/2024	17/12/2024–17/12/2027	0.420	–	401,100	–	–	401,100
		401,100	17/12/2025	17/12/2025–17/12/2027	0.420	–	401,100	–	–	401,100
Ms. Xiong Jianqiu (Executive Director and chief financial officer of the Company)	27/04/2021	529,500	17/12/2021	17/12/2021–17/12/2027	0.420	–	529,500	–	–	529,500
		529,500	17/12/2022	17/12/2022–17/12/2027	0.420	–	529,500	–	–	529,500
		353,000	17/12/2023	17/12/2023–17/12/2027	0.420	–	353,000	–	–	353,000
		176,500	17/12/2024	17/12/2024–17/12/2027	0.420	–	176,500	–	–	176,500
		176,500	17/12/2025	17/12/2025–17/12/2027	0.420	–	176,500	–	–	176,500
Ms. Wan Hong (Executive Director and joint company secretary of the Company)	27/04/2021	529,500	17/12/2021	17/12/2021–17/12/2027	0.420	–	529,500	–	–	529,500
		529,500	17/12/2022	17/12/2022–17/12/2027	0.420	–	529,500	–	–	529,500
		353,000	17/12/2023	17/12/2023–17/12/2027	0.420	–	353,000	–	–	353,000
		176,500	17/12/2024	17/12/2024–17/12/2027	0.420	–	176,500	–	–	176,500
		176,500	17/12/2025	17/12/2025–17/12/2027	0.420	–	176,500	–	–	176,500

Note:

1. The Pre-IPO Share Options are vested to each grantee in 5 trances: (i) 30% on or after the Listing Date; (ii) 30% on or after the first anniversary date of the Listing Date; (iii) 20% on or after the second anniversary date of the Listing Date; (iv) 10% on or after the first anniversary date of the Listing Date; and; (v) 10% on or after the first anniversary date of the Listing Date. The actual number of Pre-IPO Share Options that each grantee can exercise is however linked to the performance evaluation results of the grantee in the previous year, based on the criteria set out in the "Implementation of the assessment and management of the Pre-IPO Share adopted by the Company.

2. Mr. Zhou Youbo resigned as the Chief Executive Officer of the Company with effect from 2 March 2022. Pursuant to the terms of the Pre-IPO Share Option Schemes, all the unexercised Pre-IPO Share Options (equivalent to 7,701,000 underlying Shares) lapsed upon his resignation.

The values of Pre-IPO Share Options calculated using the binomial model (the "Model") are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself. The value of a Pre-IPO Share Option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of a Pre-IPO Share Option.

The following table lists the inputs to the Model used:

Measurement Date	30 April 2021
Expected dividend yield	0.00
Expected volatility (%)	50.47
Expected life	6 years
Risk-free rate (%)	0.93
Forfeiture rate (%)	0.00

EQUITY-LINKED AGREEMENTS

During the Reporting Period, save for the Pre-IPO Share Option Scheme, the Company has not entered into any equity-linked agreement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period from the Listing Date to 31 December 2021, neither the Company nor any of its subsidiaries or consolidated affiliated entities has purchased, sold or redeemed any of the Company's listed securities.

USE OF NET PROCEEDS FROM LISTING

The Shares of the Company were listed on the Main Board of the Stock Exchange on 17 December 2021 by way of global offering, raised total net proceeds of approximately HK$176.2 million (the "Net Proceeds") from the global offering (including the partial exercise of the over-allotment option) after deducting professional fees, underwriting commissions and other related listing expenses.

As stated in the Prospectus, the intended uses of the IPO proceeds are set out below:

Intended use of Net Proceeds	Allocation of Net Proceeds	Percentage of Total Net proceeds	Amount of Net Proceeds utilized up to 31 December 2021	Balance of Net Proceeds unutilized as at 31 December 2021	Intended timetable for use of the unutilized Net Proceeds
(i) Strategic investments and acquisitions to expand the Group's property management and commercial operational businesses	HK$105.7 million	60%	–	HK$105.7 million	Within approximately two years after Listing
(ii) Investing in information technology systems and human resources to support information technology systems	HK$35.2 million	20%	–	HK$35.2 million	
• upgrading and developing the Group's internal information technology system					
o Upgrade financial operation center	HK$1.8 million	1%	–	HK$1.8 million	December 2022
o Upgrade property management system including management fee payment system, operation system, marketing system and resources management system	HK$3.5 million	2%	–	HK$3.5 million	December 2023
o Upgrade cloud infrastructure	HK$3.5 million	2%	–	HK$3.5 million	December 2023
• upgrading and developing business operating system					
o Upgrading Internet-of-things system including facilities and equipment smart management system, smart car parking system and customer management system	HK$8.8 million	5%	–	HK$8.8 million	September 2024
o Develop BI digital operation center	HK$10.2 million	5.8%	–	HK$10.2 million	September 2023
o Develop artificial intelligence commercial operation service system and hardware	HK$7.4 million	4.2%	–	HK$7.4 million	June 2024
(iii) Recruiting and cultivating talents, including management and professionals for our principal business	HK$17.6 million	10%	–	HK$17.6 million	Within approximately two years after Listing
(iv) Working capital and for general corporate uses	HK$17.6 million	10%	–	HK$17.6 million	Within approximately two years after Listing

The Group will utilise the Net Proceeds of the initial public offering in accordance with the intended purposes as set out in the Prospectus.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high corporate governance standards. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 36 to 48 of this annual report.

AUDIT COMMITTEE

The audit committee of the Company, together with the management and the external auditor, had reviewed the accounting policies and practices adopted by the Group as well as the internal control matters, and had also reviewed the Group's consolidated financial statements for the year ended 31 December 2021.

AUDITOR

The consolidated financial statements of the Group for the ended 31 December 2021 have been audited by Ernst & Young.

Ernst & Young shall retire and being eligible, offer itself for reappointment, and a resolution to this effect shall be proposed at the AGM.

Since the Listing Date, the auditors of the Company have not changed.

On behalf of the Board
Mr. Zhang Zhicheng
Chairman of the Board

PRC, 29 March 2022

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DESUN REAL ESTATE INVESTMENT SERVICES GROUP CO., LTD.
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Desun Real Estate Investment Services Group Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages 107 to 182, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS – *continued*

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses on trade receivables	
As at 31 December 2021, the net carrying amount of the Group's trade receivables was RMB89,686,000 (after netting of the allowance for impairment of RMB3,609,000). We identified the recoverability assessment of trade receivables as a key audit matter due to the significance of the balance to financial statements and the significant judgement exercised by management in estimating the expected credit losses for trade receivables including, the existence of disputes, historical payment records, forward-looking factors and any other available information that may impact the estimated expected credit losses. Relevant disclosures are included in notes 3 and 19 to financial statements.	Our audit procedures to assess the recoverability of trade receivables included: • Obtained an understanding of how management assessed the expected credit losses for trade receivables, and evaluated the design and operating effectiveness of key controls over the accounting process of allowance for impairment and evaluated management's assumptions and judgement by comparing to the historical collection trends; • Assessed the expected credit loss provisioning methodology, examining the key data inputs on a sampling basis and reviewing the key assumptions used to determine the expected credit losses, including both historical and forward-looking information; • Performed analytical review procedures by analysing the fluctuations of significant outstanding balances and trade receivable turnover days; • Checked on a sampling basis, the subsequent settlement of trade receivables to cash receipts and the related supporting documentation; • Tested the ageing analysis of trade receivables as at 31 December 2021 used in the calculation of the allowance for impairment of trade receivables, on a sampling basis, by tracing the data back to the source documents; and • Assessed the adequacy of the Group's disclosures in the consolidated financial statements.

KEY AUDIT MATTERS — *continued*

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill	
As at 31 December 2021, the Group had goodwill of RMB9,179,000 in relation to the Group's acquisition of a business. Goodwill is tested for impairment annually. No impairment charge has been recorded against goodwill in the current year. The goodwill impairment review performed by the Group's management involves a number of significant judgements and estimates including operating profit forecasts, the annual revenue growth rates and discount rate. We focused on this area because of the complex and subjective management estimation made by management on the key assumptions. The accounting estimates and disclosures related to the impairment assessment of goodwill are included in notes 3 and 17 to the financial statements.	In order to evaluate the impairment test carried out by management and assess the value-in-use of the cash generating unit, we performed the following procedures: • Evaluated management's future cash flow forecasts and the process by which they were drawn up; • Analysed the key assumptions adopted by management, such as the growth rate of cash flow and the budgeted revenue during the forecast periods by checking to the historical trend; • Performed sensitivity analyses on the forecasts; • Involved our internal valuation specialists to assist us in evaluating the methodologies and key valuation parameters used by the Group and the discount rate used by comparing to the industry index; and • Evaluated the adequacy of the Group's disclosures regarding goodwill impairment testing.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lai Chee Kong.

Ernst & Young
Certified Public Accountants
Hong Kong

29 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

	Notes	2021 RMB'000	2020 RMB'000
REVENUE	5	253,296	127,922
Cost of sales		(149,866)	(65,252)
Gross profit		103,430	62,670
Other income and gains	5	6,237	6,690
Administrative expenses		(63,536)	(18,657)
Reversal of/(provision for) impairment losses on trade receivables, net	7	(2,647)	329
Reversal of/(provision for) impairment losses on other receivables, net	7	(1,260)	76
Other expenses		(1,807)	(255)
Interest expenses	6	(109)	(24)
PROFIT BEFORE TAX	7	40,308	50,829
Income tax expense	10	(7,365)	(7,916)
PROFIT FOR THE YEAR		32,943	42,913
OTHER COMPREHENSIVE INCOME		–	–
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		32,943	42,913
Attributable to:			
Owners of the parent		33,440	42,928
Non-controlling interests		(497)	(15)
		32,943	42,913
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	12	RMB7.33 cents	RMB9.54 cents
Diluted	12	RMB7.29 cents	RMB9.54 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2021

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property and equipment	13	144	204
Investment properties	14	1,330	1,427
Right-of-use assets	15(a)	155	387
Other intangible assets	16	8,427	8,075
Goodwill	17	9,179	9,179
Deferred tax assets	18	674	251
Total non-current assets		19,909	19,523
CURRENT ASSETS			
Inventories		741	–
Trade receivables	19	89,686	35,699
Prepayments, deposits and other receivables	20	11,487	8,167
Financial assets at fair value through profit or loss	21	–	130
Cash and cash equivalents	22	251,063	109,502
Total current assets		352,977	153,498
CURRENT LIABILITIES			
Contract liabilities	5	24,622	11,841
Trade payables	23	17,743	10,564
Other payables and accruals	24	70,130	58,294
Lease liabilities	15(b)	122	236
Tax payable		9,458	9,093
Total current liabilities		122,075	90,028
NET CURRENT ASSETS		230,902	63,470
TOTAL ASSETS LESS CURRENT LIABILITIES		250,811	82,993

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2021

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT LIABILITIES			
Contract liabilities	5	580	1,200
Deferred tax liabilities	18	988	1,102
Lease liabilities	15(b)	–	122
Total non-current liabilities		1,568	2,424
NET ASSETS		249,243	80,569
EQUITY			
Equity attributable to owners of the parent			
Issued capital	25	381	–
Reserves	26	248,625	80,584
		249,006	80,584
Non-controlling interests		237	(15)
Total equity		249,243	80,569

Zhang Zhicheng
Director

Xiong Jianqiu
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

	Attributable to owners of the parent								
	Issued capital RMB'000 (note 25)	Share premium* RMB'000 (note 26)	Capital reserve* RMB'000 (note 26)	Statutory surplus reserve* RMB'000 (note 26)	Share option reserve* RMB'000 (note 32)	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2020	–	–	24,315	5,110	–	8,231	37,656	–	37,656
Profit and total comprehensive income for the year	–	–	–	–	–	42,928	42,928	(15)	42,913
Transfer from retained profits	–	–	–	4,080	–	(4,080)	–	–	–
As at 31 December 2020 and 1 January 2021	–	–	24,315	9,190	–	47,079	80,584	(15)	80,569
Profit and total comprehensive income for the year	–	–	–	–	–	33,440	33,440	(497)	32,943
Issue of shares for the initial public offering ("IPO")	95	135,716	–	–	–	–	135,811	–	135,811
Share issue expenses	–	(10,154)	–	–	–	–	(10,154)	–	(10,154)
Capitalisation issue of shares	286	(286)	–	–	–	–	–	–	–
Equity-settled share option arrangements (note 32)	–	–	–	–	9,325	–	9,325	–	9,325
Allotment of shares to a shareholder under group reorganisation	–	993	(993)	–	–	–	–	–	–
Capital contribution by the non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	749	749
Transfer from retained profits	–	–	–	3,443	–	(3,443)	–	–	–
As at 31 December 2021	381	126,269	23,322	12,633	9,325	77,076	249,006	237	249,243

* These reserve accounts comprise the reserves of RMB248,625,000 and RMB80,584,000 in the consolidated statements of financial position as at 31 December 2021 and 2020, respectively.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Notes	2021 RMB'000	2020 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		40,308	50,829
Adjustments for:			
Depreciation of property and equipment	7	68	322
Depreciation of right-of-use assets	7	722	233
Depreciation of investment properties	7	97	89
Amortisation of other intangible assets	7	921	278
Bank interest income	5	(3,433)	(2,362)
Interest income from an independent third party	5	–	(2,606)
Interest expenses	6	109	24
Gain relating to an early termination of a lease	5	(419)	–
Fair value gains from financial assets at fair value through profit or loss, net	5	–	(8)
Provision for/(reversal of) impairment losses on trade receivables, net	7	2,647	(329)
Provision for/(reversal of) impairment losses on other receivables, net	7	1,260	(76)
Foreign exchange gains, net	5	(312)	–
Equity-settled share option expense	32	9,325	–
		51,293	46,394
Increase in inventories		(741)	–
Increase in trade receivables		(56,634)	(17,685)
Increase in prepayments, deposits and other receivables		(10,864)	(4,685)
Increase/(decrease) in contract liabilities		12,161	(1,044)
Increase in trade payables		7,179	5,379
Increase in other payables and accruals		18,876	13,175
Cash generated from operations		21,270	41,534
Interest received		3,433	2,439
Income tax paid		(7,537)	(4,880)
Net cash flows from operating activities		17,166	39,093

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Notes	2021 RMB'000	2020 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(8)	(108)
Additions to other intangible assets		(1,273)	(753)
Acquisition of subsidiaries	28	(7,040)	18,579
Step acquisition of a subsidiary	29	–	507
Purchase of financial assets at fair value through profit or loss		–	(1,100)
Proceeds from disposal of financial assets at fair value through profit or loss		130	1,178
Interest income received from an independent third party		–	2,606
Loans to an independent third party		–	(512,280)
Loans repaid by an independent third party		–	512,280
Dividend received from a former joint venture		–	146
Net cash flows from/(used in) investing activities		(8,191)	21,055
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		135,811	–
Share issue expenses		(3,870)	–
Repayment to a related party		–	(7,960)
Principal portion of the lease liabilities		(307)	(225)
Interest portion of the lease liabilities	15(b)	(109)	(24)
Capital contribution by non-controlling shareholders of subsidiaries		749	–
Net cash flows from/(used in) financing activities		132,274	(8,209)
NET INCREASE IN CASH AND CASH EQUIVALENTS		141,249	51,939
Cash and cash equivalents at beginning of year		109,502	57,563
Effect of foreign exchange rate changes, net		312	–
CASH AND CASH EQUIVALENTS AT END OF YEAR	22	251,063	109,502

1. CORPORATE AND GROUP INFORMATION

Desun Real Estate Investment Services Group Co., Ltd. (the "Company") is an exempted company incorporated in the Cayman Islands. The registered office address of the Company is 190 Elgin Avenue, George Town, Grand Cayman, KY1-9008, Cayman Islands. The principal place of business in the People's Republic of China ("PRC") is Room 1803, Block A Desun International, No. 1480 North Section of Tianfu Avenue, High-tech Industrial Development Zone, Chengdu, China.

During the year, the Company and its subsidiaries (the "Group") are principally engaged in the provision of property management services, value-added services to non-property owners and value-added services for property owners in PRC.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 17 December 2021 (the "Listing Date").

In the opinion of the directors of the Company, the holding and the ultimate holding company of the Company is Sky Donna Holding Limited, which is incorporated in the British Virgin Islands. Mr. Zou Kang and Ms. Zou Jian are collectively the ultimate controlling shareholders of the Company ("Ultimate Controlling Shareholders").

The Company and its subsidiaries now comprising the Group underwent the reorganization which was completed on 11 May 2021 as set out in the paragraph headed "History, Reorganization and Corporate Structure" in the Company's prospectus dated 30 November 2021.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Entity name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity interests attributable to the Company		Principal activities
			Direct	Indirect	
Desun Services Holding Limited	BVI/ 23 December 2020	USD1	100%	–	Investment holding
WYGL Holding Limited	BVI/ 4 February 2021	USD1	100%	–	Investment holding
XGWY Holding Limited	BVI/ 8 February 2021	USD1	–	100%	Investment holding
Wei Yue Management Limited	Hong Kong/ 1 March 2021	HKD1	–	100%	Investment holding
Desun Property Service Limited	Hong Kong/ 18 January 2021	HKD1	–	100%	Investment holding
成都福悦企業管理諮詢有限公司 Chengdu Fuyue Corporate Management Consultation Co., Ltd. ("Chengdu Fuyue")	PRC/Mainland China/ 12 March 2021	RMB20,000,000	–	100%	Investment holding
成都德商產投物業服務有限公司 Chengdu De Sun Property Service Co.,Ltd ("Chengdu Desun)	PRC/Mainland China/ 12 March 2010	RMB50,000,000	–	100%	Property management
昆明捷博物業服務有限公司 Kunming Jiebo Property Service Co., Ltd.	PRC/Mainland China/ 23 May 2019	RMB500,000	–	100%	Property management
成都德新尚裕物業管理有限公司 Chengdu Dexin Shangyu Property Management Co., Ltd.	PRC/Mainland China/ 5 December 2019	RMB5,000,000	–	100%	Property management

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Entity name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity interests attributable to the Company		Principal activities
			Direct	Indirect	
成都德正物業服務有限公司 Chengdu Dezheng Property Service Co., Ltd.	PRC/Mainland China/ 19 December 2019	RMB500,000	–	100%	Property management
成都中能物業管理有限責任公司 Chengdu Zhongneng Property Management Company Limited ("Zhongneng")	PRC/Mainland China/ 16 May 2006	RMB5,000,000	–	100%	Property management
成都金捷資產管理有限公司 Chengdu Jinjie Asset Management Co., Ltd.("Chengdu Jinjie")	PRC/Mainland China/ 27 March 2013	RMB3,000,000	–	100%	Property management
成都璽悦居室內設計有限公司 Chengdu Xiyueju Interior Design Co., Ltd.	PRC/Mainland China/ 14 December 2020	RMB1,000,000	–	70%	Interior design
成都優貝空間創孵科技服務有限公司 Chengdu Ube Space Chuangfu Technology Service Co., Ltd.	PRC/Mainland China/ 20 October 2015	RMB5,000,000	–	100%	Property management
成都栢悦嘉誠商業管理有限公司 Chengdu Baiyue Jiacheng Business Management Co., Ltd. ("Baiyue Jiacheng")	PRC/Mainland China/ 22 August 2018	RMB5,000,000	–	100%	Investment holding
成都璽福悦室內設計有限公司 Chengdu Xifuyue Interior Design Co., Ltd.	PRC/Mainland China/ 26 September 2021	RMB1,000,000	–	100%	Interior design

* During the year, the Group entered into a supplementary agreement with the remaining shareholder of Chengdu Fulang, pursuant to which the Group is able to exercise control over Chengdu Fulang. Therefore, Chengdu Fulang ceased to be a joint venture and became a subsidiary of the Group. Chengdu Fulang remained dormant since its establishment.

Other than Chengdu Fuyue which is registered as a wholly-owned enterprise under the PRC law, other subsidiaries established in the PRC are registered as domestic enterprises with limited liability under the PRC law.

None of the subsidiaries has material non-controlling interests.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The English names of all subsidiaries established in the PRC represent the best efforts made by the management of the Company to directly translate the Chinese names as they have not registered any official English names.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. All IFRSs effective for the accounting period commencing from 1 January 2021, including IFRS 16 *Leases* together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the financial statements throughout the financial years ended 31 December 2020 and 2021.

These financial statements have been prepared under the historical cost convention, except for certain financial assets which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*[5]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 — Comparative Information*[2]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRS Standards 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023
5 Effective for annual periods beginning on or after 1 April 2021

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. However, the Group has not received Covid-19 related rent concessions, but plans to apply the practical expedient if it becomes applicable within the allowed period of application.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

Annual Improvements to IFRS Standards 2018–2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment in a joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in a joint venture is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of a joint venture is included in profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's investment in the joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of a joint venture is included as part of the Group's investments in a joint venture.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

When the acquisition of an asset or a group of assets that does not constitute a business, the Group shall identify and recognise the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in IAS 38 *Intangible Assets*) and liabilities assumed. The cost of the Group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

Fair value measurement

The Group measures its wealth management products at fair value at the end of each of the reporting periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of year.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each year as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) *the party is a person or a close member of that person's family and that person*

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Devices and equipment	19% to 32%
Leasehold improvements	Over the shorter of the lease terms and 20%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and equipment and depreciation *(continued)*

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in buildings (including the leasehold property held as a right-of-use which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at historical cost less accumulated depreciation and provision for any impairment in value. Depreciation is calculated on the straight-line basis to write off the cost of an investment property to its residual value over its estimated useful life of 34 to 64 years.

Subsequent expenditure is capitalised in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the costs of the item can be measured reliably; otherwise, the expenditures are recognised in profit or loss in the year in which they are incurred.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Software is internally developed by the Group and is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 10 years, which is based on management's expectation on the technological lives of the systems.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets (other than goodwill) *(continued)*

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Customer relationship

Customer relationship acquired in a business combination is recognised at fair value at the acquisition date. The customer relationship has a finite useful life and is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful life of 10 years, taking into account the prior experience of the renewal pattern of property management contracts.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee (continued)

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises	2–3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g. a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) *Short-term leases*

The Group applies the short-term lease recognition exemption to its short-term leases of staff quarters and office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases or sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

(i) significant financial difficulties of the debtor;

(ii) a breach of contract, such as a default or delinquency in interest or principal payments; or

(iii) likelihood that the borrower will enter into bankruptcy or other financial reorganization emerges.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Simplified approach

For trade receivables that do not contain a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include other trade and other payables, lease liabilities and amounts due to related parties.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in interest expenses in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits and assets similar in nature to cash, which are not restricted as to use.

Provision

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in interest expenses in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each year, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each year between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each year and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each year.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property management services

Property management services comprise: (i) residential and non-residential property management services; (ii) value-added services for non-property owners; and (iii) value-added services for property owners.

(i) Residential and non-residential property management services

The Group charges property management fees in respect of the property management services on a lump sum basis and on a commission basis.

On a lump sum basis, the Group is entitled to retain the full amount of received property management fees. From the property management fees, the Group shall bear expenses associated with, among others, staff, cleaning, garbage disposal, gardening and landscaping, security and general overheads covering the common areas. During the term of the contract, if the amount of property management fees the Group collected is not sufficient to cover all the expenses incurred, the Group is not entitled to request the property owners to pay the shortfall.

Accordingly, on a lump sum basis, the Group recognises as revenue the gross amount of property management fees the Group charged to the property owners and property developers.

These services are performed by an indeterminate number of acts over a specified period of time. Accordingly, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other methods better represents the stage of completion, and the cost of services is recognised as incurred in connection with performing such services.

On a commission basis, the Group is entitled to a fixed amount of management fees which the property owners and property developers are obligated to pay over a specific contract period. The remainder of the management fees is used as property management working capital to cover the property management expenses associated with the property management work. In the event of a surplus of working capital after deducting the relevant property management expenses, the surplus is generally repayable to the customer. In the event of a shortfall of working capital to pay for the relevant property management expenses, the Group may need to make up for the shortfall and pay on behalf of the community management offices first, with a right to recover from the residents subsequently.

On a commission basis, the Group essentially acts as an agent of the property owners and property developers and accordingly, the Group charges a pre-determined percentage at 5%–10% of the total property management fees received when the property owners are obligated to pay. Any direct cost under the property management service agreement shall be borne by property owners and property developers.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property management services *(continued)*

(ii) Value-added services for non-property owners

Value-added services for non-property owners mainly include sales assistance services, pre-delivery services, interior design and decorating services and furnishing services, commercial operational services, brokerage services, repair and maintenance services, construction site management services and preliminary planning and preparation services. Revenue from value-added services other than brokerage services, interior design and decorating services and furnishing services and preliminary planning and preparation services is recognised over time, in the amount to which the Group has a right to invoice, because the customer simultaneously receives and consumes the benefits provided by the Group. Revenue from brokerage services, interior design and decorating services and furnishing services and preliminary planning and preparation services is recognised at the point in time when the services are rendered and accepted by the customers.

(iii) Value-added services for property owners

Community value-added services for property owners include housekeeping services, community management services, interior design services and interior decorating and furnishing services, traveling services and the sale of household products. Revenue from community value-added services for property owners is recognised overtime, in the amount to which the Group has a right to invoice, and the customer simultaneously receives and consumes the benefits provided by the Group. Payment of the transaction is due immediately when the community value-added services are rendered to the customer. Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on the acceptance of the goods by the customer.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when the payment is received or the payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial tree model, further details of which are given in note 32 to financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Other employee benefits

Pension scheme

The Group contributes on a monthly basis to various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in Mainland China. The Group is required to contribute a certain proportion stipulated by the government of its payroll costs to the plan as stipulated by the governments. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. The contributions are charged to profit or loss as they become payable in accordance with the rules of the defined contribution retirement benefit plans. Contributions to the defined contribution plan by the Group for its employees are fully and immediately vested when the contributions are made and may not be reduced by contributions forfeited by employees who leave the schemes prior to vesting fully in the contributions.

Housing fund

Contributions to a defined contribution housing fund administered by the Public Accumulation Funds Administration Centre in Mainland China are charged to profit or loss as incurred.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement

Recognition of deferred tax liabilities for withholding taxes

Deferred tax liabilities are recognised for withholding tax levied on dividends declared to foreign investors from the foreign investment enterprise established in Mainland China. Significant management judgement is required to determine the amount of deferred tax liabilities that can be recognised, based upon the likely dividends declared. Further details are contained in note 18 to financial statements.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. As at 31 December 2021, the carrying amount of goodwill was RMB9,179,000 (2020: RMB9,179,000). Further details are given in note 17 to financial statements.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing for groupings of various customer segments that have similar loss patterns (i.e., by service type and customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets, including right-of-use assets, other intangible assets, property and equipment and investment properties at the end of each year. These non-financial long-term assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales or lease transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 18 to financial statements.

Provision for expected credit losses on other receivables

The Group takes into account qualitative and quantitative reasonable and supportable forward-looking information of forecast economic conditions when assessing the provision for expected credit losses on other receivables. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's forecast of economic conditions might not be representative of the actual default in the future. The information about the ECLs on the Group's other receivables is disclosed in note 20 to financial statements.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of property management services and value-added services. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no further operating segment information is presented.

Geographical information

During the year, the Group operated within one geographical location because all of its revenue was generated in the PRC and all of its long-term assets/capital expenditure were located/incurred in the PRC. Accordingly, no further geographical information is presented.

Information about a major customer

During the year, revenue from contracts with customers of approximately RMB112,713,000 (2020: RMB60,511,000) was derived from services provided to companies in which the Ultimate Controlling Shareholders have control or jointly control, and have significant influence (collectively referred to as "Fellow Entities") and contributed 44% (2020: 47%) or more of the total revenue of the Group during the year.

5. REVENUE, OTHER INCOME AND GAINS

Revenue from contracts with customers

Revenue represents income from the property management services and value-added services during the year.

An analysis of revenue from contracts with customers is as follows:

Disaggregated revenue information

	2021 RMB'000	2020 RMB'000
Types of goods or services		
Residential property management services	44,588	27,794
Non-residential property management services	71,921	33,641
	116,509	61,435
Value-added services to:		
Non-property owners	115,749	55,766
Property owners	21,038	10,721
	136,787	66,487
Total revenue from contracts with customers	253,296	127,922
Timing of revenue recognition		
Goods transferred at a point in time	480	491
Services transferred over time	209,069	115,790
Services transferred at a point in time	43,747	11,641
Total revenue from contracts with customers	253,296	127,922

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue from contracts with customers ***(continued)***

Contract liabilities

The Group has the following revenue-related contract liabilities:

	2021 RMB'000	2020 RMB'000
Contract liabilities		
— Related parties	3,376	476
— Third parties	21,826	12,565
	25,202	13,041

Contract liabilities are expected to be recognised as revenue:

	2021 RMB'000	2020 RMB'000
Within one year	24,622	11,841
After one year	580	1,200
	25,202	13,041

Contract liabilities of the Group mainly arise from the advance payments received from customers while the underlying services are yet to be provided. Such liabilities increased as a result of the growth of the Group's business.

Changes in contract liabilities during the years are as follows:

	2021 RMB'000	2020 RMB'000
Carrying amount at 1 January	13,041	6,927
Acquisition of subsidiaries	–	7,158
Revenue recognised that was included in the contract liabilities at 1 January	(11,841)	(6,605)
Revenue recognised that was included in the contract liabilities arising from acquisition of subsidiaries	–	(6,527)
Increase due to cash received, excluding amounts recognised as revenue during the year	24,002	12,088
	25,202	13,041

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue from contracts with customers *(continued)*

Performance obligations

Information about the Group's performance obligations is summarised below:

For property management services and certain value-added services to non-property owners, revenue is recognised when services are rendered to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange of those services. The service fee is received in advance or is due within 180 days of the demand note issue date for related companies or certain property owners. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Value-added services are rendered in a short period of time which is generally less than a year. The payment is received in advance or due immediately when the services are rendered to the customer. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

For the sale of goods, the performance obligation is satisfied upon delivery of goods. The payment is due immediately when the goods are delivered to the customer. There were no remaining performance obligations unsatisfied or partially satisfied as at 31 December 2021.

Other income and gains

An analysis of other income and gains is as follows:

	Notes	2021 RMB'000	2020 RMB'000
Other income			
Government grants	(i)	138	108
Additional input value-added tax deduction		488	257
Bank interest income		3,433	2,362
Interest income from loans to an independent party	(ii)	–	2,606
Fair value gains on financial assets at fair value through profit or loss		–	8
Others		1,447	1,349
		5,506	6,690
Gains			
Gain relating to an early termination of a lease	(iii)	419	–
Gain on exchange differences, net		312	–
		731	–
		6,237	6,690

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

Other income and gains *(continued)*

Notes:

(i) Government grants mainly represent the subsidies compensated for the incurred operating expenses arising from providing property management services in an incubation industrial park.

(ii) During the year ended 31 December 2020, interest income related to loans to an independent party repayable within 6 to 12 months from the date when the loans were granted with a fixed interest rate of 13.75% per annum.

(iii) Gain arising from the early termination of office lease and exhibition hall lease during the year.

6. INTEREST EXPENSES

An analysis of the Group's interest expenses is as follows:

	2021 RMB'000	2020 RMB'000
Interest on lease liabilities	109	24

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2021 RMB'000	2020 RMB'000
Cost of services provided*		149,430	64,864
Cost of goods sold		436	388
Employee benefit expense*: (excluding directors' and chief executive's remuneration (note 8)):			
Wages and salaries		79,095	42,069
Equity-settled share option expense	32	3,885	—
Pension scheme contributions (defined contribution scheme)**		13,707	2,197
		96,687	44,266
Amortisation of other intangible assets***	16	921	278
Depreciation of property and equipment	13	68	322
Depreciation of investment properties	14	97	89
Depreciation of right-of-use assets	15	722	233
Lease payments not included in the measurement of lease liabilities	15(c)	909	721
Provision for/(reversal of) impairment losses on trade receivables, net	19	2,647	(329)
Provision for/(reversal of) impairment losses on prepayments, deposits and other receivables, net	20	1,260	(76)
Equity-settled share option expense (included in directors' and executive's remuneration)	32	5,440	—
Listing expenses		17,934	5,233
Auditors' remuneration		1,300	142

* Employee benefit expenses of RMB72,748,000 were included in "Costs of services provided" in profit or loss during the year ended 31 December 2021 (2020: RMB37,463,000).

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

*** The amortisation of other intangible assets for the year is recorded in "Cost of sales" in profit or loss.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

On 10 December 2020, Mr. Zhang Zhicheng was appointed as a director of the Company and was re-designated as an executive director of the Company and appointed as the chairman of the board of directors on 18 March 2021. On 18 March 2021, Mr. Zhang Qiang, Ms. Xiong Jianqiu, Ms. Wan Hong and Mr. Wu Da were appointed as executive directors of the Company, and Mr. Zou Kang was appointed as a non-executive director of the Company. Mr. Zhou Youbo was appointed as the chief executive officer of the Company on 18 March 2021.

Mr. Zhou Youbo resigned and ceased to perform the duties as the chief executive officer of the Company with effect from 2 March 2022. Following the resignation of Mr. Zhou Youbo, Mr. Zhang Zhicheng who is an executive Director and the chairman of the board of the directors has been appointed as the chief executive officer of the Company with effect from 2 March 2022.

Certain of the directors received remuneration from the group entities now comprising the Group prior to their appointment as the directors and the chief executive officer of the Company. Details of the remuneration received or receivable by the directors and the chief executive officer from the group entities are as follows:

	Note	2021 RMB'000	2020 RMB'000
Fees		–	–
Other emoluments:			
Salaries, allowances and benefits in kind		5,152	3,189
Equity-settled share option expense	32	5,440	–
Pension scheme contributions		400	165
		10,992	3,354

During the year ended 31 December 2021, certain directors were granted share options, in respect of their services to the Group, under the Pre-IPO share option scheme (as defined in note 32 to financial statements) of the Company, further details of which are set out in note 32 to financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the year ended 31 December 2021 is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

On 22 November 2021, Messrs. Fang Liqiang, Chen Di and Yan Hong were appointed as independent non-executive directors of the Company. There was no emolument payable to the independent non-executive directors during the years ended 31 December 2021 and 31 December 2020.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(b) Executive directors, non-executive directors and the chief executive

Year ended 31 December 2021

	Salaries, allowances and benefits in kind RMB'000	Equity-settled share option expense RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Executive directors:				
Mr. Zhang Zhicheng	1,800	–	67	1,867
Mr. Zhang Qiang	720	–	67	787
Ms. Xiong Jianqiu	618	855	67	1,540
Ms. Wan Hong	515	855	66	1,436
Mr. Wu Da	409	–	66	475
	4,062	1,710	333	6,105
Chief executive:				
Mr. Zhou Youbo	1,090	3,730	67	4,887
	5,152	5,440	400	10,992

Year ended 31 December 2020

	Salaries, allowances and benefits in kind RMB'000	Equity-settled share option expense RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Executive directors:				
Mr. Zhang Zhicheng	495	–	10	505
Mr. Zhang Qiang	403	–	34	437
Ms. Xiong Jianqiu	448	–	34	482
Ms. Wan Hong	352	–	21	373
Mr. Wu Da	431	–	35	466
	2,129	–	134	2,263
Chief executive:				
Mr. Zhou Youbo	1,060	–	31	1,091
	3,189	–	165	3,354

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years are as follows:

	2021 RMB'000	2020 RMB'000
Director and chief executive	3	5
Non-director	2	—
	5	5

Details of the remuneration of the highest paid employees who are neither a director nor chief executive of the company are as follows:

	2021 RMB'000	2020 RMB'000
Salaries, allowances and benefits in kind	1,244	—
Performance related bonuses	255	—
Equity-settled share option expense (note 32)	3,885	—
Pension scheme contributions	134	—
	5,518	—

The number of the non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	2021	2020
HKD3,000,001 to HKD3,500,000	2	—

10. INCOME TAX

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax from business carried out in the Cayman Islands.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

Except for certain subsidiaries as described below, PRC corporate income tax has been provided at the statutory tax rate of 25% on the taxable profits of the Group's PRC subsidiaries for the year ended 31 December 2021.

According to the *Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies*, certain subsidiaries of the Group that are located in Sichuan Province and engaged in the encouraged business of property services management were entitled to a preferential CIT rate of 15%. Pursuant to the *Circular of Extending the Period of Western Development Strategies Preferential Tax Rate (Cai Shui Fa [2020] No. 23)*, the tax preferential treatments were extended to 31 December 2030.

In addition, certain subsidiaries in the PRC are qualified as Small Low-profit Enterprises and thus entitled to a preferential income tax rate of 20%.

	2021 RMB'000	2020 RMB'000
Current — Mainland China		
Charge for the year	8,319	7,879
Overprovision in prior years	(417)	—
Deferred tax (note 18)	(537)	37
Total tax charge for the year	7,365	7,916

10. INCOME TAX *(continued)*

A reconciliation of tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective tax rate for each of the years is as follows:

	2021 RMB'000	2020 RMB'000
Profit before tax	40,308	50,829
Less: losses incurred by the Company*	5,505	—
	45,813	50,829
Tax at the statutory rate of 25%	11,453	12,707
Lower tax rates for a specific province or enacted by local authorities	(5,586)	(5,265)
Tax losses where deferred tax assets were not recognised	520	13
Expenses not deductible for tax	1,558	455
Adjustments in respect of current tax of the previous year	(417)	—
Tax loss utilised from previous years	(163)	6
Tax charge at the Group's effective rate	7,365	7,916

* Losses incurred by the Company mainly consist of share option expenses of RMB5,440,000 recorded at the Company. These expenses are not taxable or tax deductible pursuant to the rules and regulations of the Cayman Islands.

11. DIVIDENDS

At the meeting of the board of directors held on 29 March 2022, the board of directors resolved not to pay dividend for the year ended 31 December 2021.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The basic earnings per share is calculated by dividing the profit for the year attributable to owners of the parent by the weighted average number of ordinary shares. Diluted earnings per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. These profit and share data are presented in the tables below:

	2021 RMB'000	2020 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	33,440	42,928
Shares		
Weighted average number of ordinary shares outstanding for the computation of basic earnings per share	456,164,384	450,000,000
Effect of dilution:		
— share options	2,839,393	—
Weighted average number of ordinary shares outstanding for the computation of diluted earnings per share	459,003,777	450,000,000

13. PROPERTY AND EQUIPMENT

	Devices and equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 31 December 2021			
At 1 January 2021:			
Cost	368	6,484	6,852
Accumulated depreciation	(164)	(6,484)	(6,648)
Net carrying amount	204	–	204
At 1 January 2021, net of accumulated depreciation	204	–	204
Additions	8	–	8
Depreciation provided during the year	(68)	–	(68)
At 31 December 2021, net of accumulated depreciation	144	–	144
At 31 December 2021			
Cost	376	–	376
Accumulated depreciation	(232)	–	(232)
Net carrying amount	144	–	144

13. PROPERTY AND EQUIPMENT *(continued)*

	Devices and equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 31 December 2020			
At 1 January 2020:			
Cost	158	6,484	6,642
Accumulated depreciation	(149)	(6,177)	(6,326)
Net carrying amount	9	307	316
At 1 January 2020, net of accumulated depreciation	9	307	316
Additions	108	–	108
Acquisition of subsidiaries (note 28)	102	–	102
Depreciation provided during the year	(15)	(307)	(322)
At 31 December 2020, net of accumulated depreciation	204	–	204
At 31 December 2020			
Cost	368	6,484	6,852
Accumulated depreciation	(164)	(6,484)	(6,648)
Net carrying amount	204	–	204

14. INVESTMENT PROPERTIES

	2021 RMB'000	2020 RMB'000
Cost	1,990	1,990
Accumulated depreciation	(563)	(474)
Carrying amount at 1 January	1,427	1,516
Depreciation provided during the year	(97)	(89)
Carrying amount at 31 December	1,330	1,427

The Group's investment properties consist of one residential and one commercial property in Mainland China. The Company uses the cost model to measure its investment properties.

As at 31 December 2020, the fair values of the investment properties were estimated to be approximately RMB2,502,000. The valuation was performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professionally qualified valuer. Selection criteria of the external valuer include market knowledge, reputation, independence and whether professional standards are maintained.

The valuation of the residential property was determined using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is the price per square metre.

The valuation of the commercial property was determined using the income approach by reference of achievable rental income in the existing market. The most significant input into this valuation approach is the rental income per month.

The fair value measurement hierarchy of the above investment properties requires certain significant unobservable inputs (Level 3).

15. LEASES

The Group as a lessee

The Group has lease contracts for office premises and an exhibition hall used in its operations. Property leases are typically made for fixed periods of 2 to 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the years are as follows:

	2021 RMB'000	2020 RMB'000
Office premises:		
At beginning of year	387	620
Depreciation provided during the year	(722)	(233)
Addition	5,347	—
Early termination of a lease	(4,857)	—
At end of year	155	387

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the years are as follows:

	2021 RMB'000	2020 RMB'000
Carrying amount at beginning of year	358	583
New leases	5,347	—
Accretion of interest recognised during the year	109	24
Payments	(416)	(249)
Early termination of a lease	(5,276)	—
Carrying amount at end of year	122	358
Analyzed into:		
Current portion	122	236
Non-current portion	—	122

15. LEASES *(continued)*

The Group as a lessee *(continued)*

(b) Lease liabilities (continued)

The maturity profile of the Group's lease liabilities as at the end of the years is as follows:

	2021 RMB'000	2020 RMB'000
Minimum lease payments due:		
— more than one month but not later than three months	62	62
— more than three months but not later than one year	62	187
— more than one year but not later than five years	—	124
	124	373
Less: future finance charge	(2)	(15)
Present value of lease liabilities	122	358

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2021 RMB'000	2020 RMB'000
Interest on lease liabilities	109	24
Depreciation charge on right-of-use assets	722	233
Expense relating to short-term leases (included in cost of sales)	909	721
Total amount recognised in profit or loss	1,740	978

(d) The total cash outflow for leases is disclosed in note 31(c) to financial statements.

16. OTHER INTANGIBLE ASSETS

	Development cost RMB'000 (note)	Software RMB'000	Customer relationship RMB'000	Total RMB'000
Cost				
At 1 January 2020	–	–	–	–
Additions	173	580	–	753
Acquisition of subsidiaries (note 28)	–	–	7,600	7,600
At 31 December 2020	173	580	7,600	8,353
At 1 January 2021	173	580	7,600	8,353
Additions	806	467	–	1,273
Transfer	(475)	475	–	–
At 31 December 2021	504	1,522	7,600	9,626
Amortisation				
At 1 January 2020	–	–	–	–
Amortisation provided during the year	–	25	253	278
At 31 December 2020	–	25	253	278
At 1 January 2021	–	25	253	278
Amortisation provided during the year	–	161	760	921
At 31 December 2021	–	186	1,013	1,199
Carrying values				
At 1 January 2020	–	–	–	–
At 31 December 2020 and 1 January 2021	173	555	7,347	8,075
At 31 December 2021	504	1,336	6,587	8,427

Note:

The Group internally developed several separable function modules and software copyrights for an integration service platform. The Group used this platform for the development of new value-added services and as the key supporting tool for staff in carrying out daily functions.

17. GOODWILL

	2021 RMB'000	2020 RMB'000
Cost and carrying amount at 1 January	9,179	–
Acquisition of a subsidiary (note 28)	–	9,179
Cost and carrying amount at 31 December	9,179	9,179

During the year ended 31 December 2020, the Group acquired Zhongneng and its subsidiary ("Zhongneng Group") from independent third parties. Zhongneng Group is engaged in providing property management services in Sichuan, the PRC. Details of the related acquisition are disclosed in note 28 to the financial statements.

Goodwill acquired in business combination is allocated, at acquisition, to the cash-generating unit ("CGU") of Zhongneng Group that are expected to benefit from the business combination. The recoverable amount of the CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period prepared by management. The long-term growth rate used to extrapolate the cash flows during the terminal period is 3%.

Assumptions were used in the value-in-use calculation of the CGU for 31 December 2021 and 2020. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted revenue — The budgeted revenue is based on the existing charge rates and revenue-bearing gross floor area of the properties.

Pre-tax discount rate — The pre-tax discount rate reflects the risk relating to the CGU, and is determined using the capital asset pricing model with reference to the beta coefficient and debt ratio of certain publicly listed companies conducting business in the same industry. The pre-tax discount rate used in the value-in-use calculation for the CGU was 21.09% as at 31 December 2021. This key assumption is consistent with the external information sources.

Management believes that a reasonable possible change in the above key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

18. DEFERRED TAX

Deferred tax assets

	2021 RMB'000	2020 RMB'000
Impairment of financial assets:		
At beginning of year	251	3
Acquisition of subsidiaries (note 28)	–	323
Deferred tax credited/(charged) to profit or loss (note 10)	423	(75)
At end of year	674	251

Deferred tax liabilities

	2021 RMB'000	2020 RMB'000
Fair value adjustments arising from acquisition of a subsidiary:		
At beginning of year	1,102	–
Acquisition of subsidiaries (note 28)	–	1,140
Deferred tax credited to profit or loss (note 10)	(114)	(38)
At end of year	988	1,102

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2021and 2020, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. This is because the Company controls the dividend policy of the Mainland China subsidiaries and the directors of the Company determined that the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so such retained profits are not likely to be distributed in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB79,402,000 as at 31 December 2021 (2020: RMB44,903,000).

As at 31 December 2021, the Group had unused tax losses arising in Mainland China from PRC entities subject to income tax of RMB1,783,000 (2020: RMB904,000), which will expire in four or five years for offsetting against future profits. Deferred tax assets have been not recognised in respect of these tax losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that future taxable profits will be available against which the tax losses can be utilised.

19. TRADE RECEIVABLES

	2021 RMB'000	2020 RMB'000
Trade receivables due from:		
Related parties (note 30(c))	64,252	20,872
Third parties	29,043	15,789
	93,295	36,661
Impairment	(3,609)	(962)
	89,686	35,699

Trade receivables mainly arise from property management fee charged on a lump sum basis and value-added services.

Revenue from property management service on a lump sum basis is received in accordance with the terms of the relevant property service agreements and due for payment upon the rendering of services. Payment is received in advance or due within 5–30 days of the demand note issue date. Value-added services are due for payment upon rendering the services on a monthly, quarterly or half yearly basis depending on the nature of the services rendered and payment is due within 180 days from the demand note date. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management.

All trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the year, based on the demand note issue date and net of provisions for impairment of trade receivables, is as follows:

	2021 RMB'000	2020 RMB'000
Within 1 year	85,484	33,922
1 to 2 years	3,809	1,598
2 to 3 years	303	156
Over 3 years	90	23
	89,686	35,699

19. TRADE RECEIVABLES *(continued)*

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021 RMB'000	2020 RMB'000
At beginning of year	962	23
Acquisition of subsidiaries (note 28)	–	1,268
Provision for/(reversal of) impairment losses, net (note 7)	2,647	(329)
At end of year	3,609	962

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The expected credit loss rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e. by service type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group considered that the expected loss rate for trade receivables due from related parties as at 31 December 2021 was insignificant considering the good financial position and no history of default of the related parties. Therefore, no provision for trade receivables and other receivables from related parties was recognised during the year.

Set out below is the information about the credit risk exposure on the Group's trade receivables due from independent third parties using a provision matrix:

31 December 2021

	Ageing based on demand note issue date				
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	6.0%	27.8%	63.7%	74.1%	12.4%
Gross carrying amount (RMB'000)	22,587	5,274	835	347	29,043
Expected credit losses (RMB'000)	1,355	1,465	532	257	3,609

31 December 2020

	Ageing based on demand note issue date				
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	4.1%	12.6%	50.8%	62.9%	6.1%
Gross carrying amount (RMB'000)	13,815	1,595	317	62	15,789
Expected credit losses (RMB'000)	561	201	161	39	962

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2021 RMB'000	2020 RMB'000
Due from related parties	30(c)	–	614
Deposits	(a)	3,079	2,359
Staff advances		340	729
Property management costs recoverable from residents		1,553	314
Payments on behalf of residents	(b)	1,120	1,378
Cash in transit		1,116	539
Other receivables	(c)	2,923	849
Prepaid expenses		3,469	644
Deferred listing expenses		–	1,594
		13,600	9,020
Impairment allowance		(2,113)	(853)
		11,487	8,167

Notes:

(a) The amounts mainly represented the refundable deposits paid for performance and project tendering deposits. As at 31 December 2021, the credit risk of a deposit amounted to RMB1,000,000 has increased significantly and the loss rate was estimated to be 50% and an impairment of RMB500,000 was provided during the year.

(b) The amounts represented the amounts paid on behalf of residents to the utility service providers for the services provided.

(c) Included in other receivables at 31 December 2020 are interest-free loans amounting to RMB700,000 granted to independent individuals which had been past due for more than 2 years. Loans to individuals were considered credit impaired and a full impairment was provided by the Group.

Included in other receivables at 31 December 2021 are interest-free loans to independent individuals and an independent third party (collectively the "Loans") amounting to RMB700,000 and RMB1,230,000, respectively. Loans to individuals of RMB700,000 were considered credit impaired and a full impairment was provided by the Group. The management has assessed that the credit risk of the Loans to an independent third party increased significantly and impairment of RMB474,000 was provided.

(d) For staff advances, property management costs recoverable from residents and payments on behalf of residents, the expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The average loss rate applied as at 31 December 2021 was 14.6% (31 December 2020: 11.1%).

All the above receivables are interest-free and are not secured with collateral. Except for those disclosed in notes (a) to (d) above, none of the financial assets included in the above balances is past due, with no recent history of default and the loss allowance was assessed to be minimal.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

The movements in the loss allowance for impairment are as follows:

	2021 RMB'000	2020 RMB'000
At beginning of year	853	–
Acquisition of subsidiaries (note 28)	–	929
Provision for/(reversal of) impairment losses, net (note 7)	1,260	(76)
At end of year	2,113	853

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 RMB'000	2020 RMB'000
Wealth management products	–	130

At the end of the year, the wealth management products were issued by licensed banks in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. None of the wealth management products are past due.

All the financial assets at fair value through profit or loss are denominated in RMB.

22. CASH AND CASH EQUIVALENTS

	2021 RMB'000	2020 RMB'000
Cash and bank balances	251,063	109,502

At 31 December 2021, other than the cash and bank balances denominated in HKD amounted to RMB131,876,000 (2020: Nil), the remaining cash and bank balances are denominated in RMB. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

23. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each year, based on the invoice date, is as follows:

	2021 RMB'000	2020 RMB'000
Within 3 months	14,775	8,543
3 to 12 months	1,646	1,677
Over 1 year	1,322	344
	17,743	10,564

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

24. OTHER PAYABLES AND ACCRUALS

	Notes	2021 RMB'000	2020 RMB'000
Due to related parties	30(c)	2,561	3,500
Consideration payables for acquisition of a subsidiary	28	–	7,040
Receipts on behalf from community residents	(a)	12,941	10,025
Payroll and social insurance payables		26,767	22,541
Deposits received		5,952	4,987
Other tax payable		6,038	4,306
Other payables and accrued expenses		15,871	5,895
		70,130	58,294

Note:

(a) The amounts mainly represent advances received on behalf from property owners and tenants for settlement of utility charges.

25. SHARE CAPITAL

	2021	2020
Number of ordinary shares		
Authorised:		
Ordinary shares of USD0.0001	2,000,000,000	500,000,000
Issued:		
Not fully paid ordinary shares of USD0.0001	–	50,000
Fully paid ordinary shares of USD0.0001	600,000,000	–
	600,000,000	50,000

25. SHARE CAPITAL *(continued)*

	2021 RMB	2020 RMB
Amounts		
Issued:		
Not fully paid ordinary shares of USD0.0001	–	33
Fully paid ordinary shares of USD0.0001	381,939	–
	381,939	33
Equivalent to approximately (RMB'000)	381	*

* RMB33

A summary of movements in the Group's issued capital during the year is as follows:

	Notes	Number of shares in issue	Issued capital RMB
At 10 December 2020, 31 December 2020 and 1 January 2021	(a)	50,000	33
Capitalisation issue	(b)	449,950,000	286,430
Global offering	(c)	150,000,000	95,476
As at 31 December 2021		600,000,000	381,939

Notes:

(a) The Company was incorporated on 10 December 2020 with authorised share capital of USD50,000 divided into 500,000,000 shares of USD0.0001 at par value each. Upon its incorporation, one share of the Company was issued and allotted at par to an initial subscriber, an independent third party, and such share was transferred to Sky Donna at a cash consideration of USD0.0001 on the same date. On the same date, 41,376 shares, 2,420 shares, 2,500 shares, 2,300 shares, 483 shares and 920 shares (collectively, 49,999 shares) at the consideration of par value each were issued and allotted to Sky Donna, Pengna Holding Limited, Zhiyu Holding Limited, Binyang Holding Limited, Lvy Holding Limited and Zhirui Holding Limited, respectively.

(b) Pursuant to the written resolution of the shareholders of the Company passed on 28 November 2021, a total of 449,950,000 shares of USD0.0001 each were allotted and issued at par value to the shareholders whose names were on the register of members of the Company immediately prior to the Listing Date and such shares were allotted and issued by way of capitalisation of USD44,995 (approximately RMB286,000) from the Company's share premium account on the Listing Date.

(c) On 17 December 2021, 150,000,000 shares of USD0.0001 each of the Company were issued at HKD1.11 by way of placing and public offering and the Company's shares were listed on the Stock Exchange. The proceeds of HKD117,000 (approximately RMB95,000), representing the par value, have been credited to the Company's share capital, and the remaining proceeds of HKD166,500,000 (approximately RMB135,811,000) have been credited to the share premium account.

26. RESERVES

The amounts of the Group's reserves and the movements therein for the year are presented in the consolidated statement of changes in equity of the financial statements.

Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the constitutional documents and the Companies Law of the Cayman Islands, the share premium is distributable as dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

Capital reserve

The capital reserve of the Group represents the paid-up capital of the companies now comprising the Group prior to the incorporation of the Company and completion of the Reorganization, and contributions from the then equity holders of the Group's subsidiaries, after elimination of investments in subsidiaries.

Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the subsidiaries, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital, provided that the balance after such conversion is not less than 25% of the registered capital of the respective entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in note 2.3 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

27. COMMITMENTS

The Group had the following capital commitments at the end of year:

	2021 RMB'000	2020 RMB'000
Contracted, but not provided for:		
Capital contribution payable to a joint venture (note 30(a)	**–**	510

28. BUSINESS COMBINATION

On 31 August 2020, the Group acquired a 100% equity interest in Zhongneng Group from independent third parties. Zhongneng Group is engaged in the provision of property management services. The purchase consideration was RMB15,000,000, of which RMB7,960,000 was paid in 2020 by a related party on behalf of the Group and the remaining RMB7,040,000 has been paid in February 2021 by the Group. The acquisition was made as part of the Group's strategy to expand its market share of property management operation in Mainland China. The acquisition has been accounted for using the acquisition method.

The fair values of the identifiable assets and liabilities of Zhongneng Group as at the acquisition date were as follows:

	Notes	Fair value recognised on acquisition RMB'000
Property and equipment	13	102
Investment in a joint venture*		646
Deferred tax assets	18	323
Cash and cash equivalents		18,579
Trade receivables		10,195
Prepayments, deposits and other receivables		2,315
Customer relationship	16	7,600
Contract liabilities		(7,158)
Trade payables		(3,397)
Other payables and accruals		(20,578)
Deferred tax liabilities	18	(1,140)
Tax payable		(1,666)
Total identifiable net assets at fair value		5,821
Goodwill on acquisition	17	9,179
Satisfied by		
— Due to a related party		7,960
— Other payable		7,040
		15,000

* Investment in a joint venture represented the 50% equity interest in Baiyue Jiacheng. Baiyue Jiacheng has remained dormant since 2020. On 24 December 2020, the Group acquired the remaining 50% of equity interest in Baiyue Jiacheng from an independent third party. Upon completion of the acquisition, the Group holds a 100% equity interest in Baiyue Jiacheng. Further details of the step acquisition are included in note 29 to financial statements.

Transaction costs of RMB140,000 have been expensed and are included in administrative expenses in profit or loss and are included in cash flows from operating activities.

28. BUSINESS COMBINATION *(continued)*

An analysis of the cash flows in respect of the acquisition of Zhongneng Group is as follows:

	RMB'000
Cash consideration paid in 2020	–
Cash and cash equivalents acquired	18,579
Net inflow of cash and cash equivalents included in cash flows from investing activities	18,579

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB10,195,000 and RMB2,315,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB11,463,000 and RMB3,244,000, respectively, of which trade receivables and other receivables of RMB1,268,000 and RMB929,000, respectively, are expected to be uncollectible.

Since the acquisition, Zhongneng Group contributed RMB21,673,000 to the Group's revenue and RMB2,413,000 to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020.

Had the combination taken place on 1 January 2020, the revenue of the Group and the profit of the Group for the year ended 31 December 2020 would have been RMB164,899,000 and RMB47,158,000, respectively.

29. STEP ACQUISITION OF 50% SHAREHOLDING IN A FORMER JOINT VENTURE

On 26 November 2020, Chengdu Desun, a subsidiary of the Group, entered into a share transfer agreement with an independent third party to acquire the remaining 50% equity interest in Baiyue Jiacheng (note 28). Upon the completion of the share transfer agreement on 24 December 2020, the Group held 100% of the equity interest in Baiyue Jiacheng. The consideration for the acquisition consists cash of RMB500,000 and the fair value of the equity interest in Baiyue Jiacheng previously held by the Group immediately before the acquisition.

The above acquisition has been accounted for as an acquisition of assets as this acquisition had no attribution of a business. As at the acquisition date, the Group remeasured the fair value of the previously held equity interest of Baiyue Jiacheng approximate to its carrying amount at the date of acquisition with no gain or loss recognised in profit or loss.

29. STEP ACQUISITION OF 50% SHAREHOLDING IN A FORMER JOINT VENTURE *(continued)*

The identified assets and liabilities acquired by the Group in the above acquisition were as follows:

	RMB'000
Cash and cash equivalents	1,007
Other receivables	2
Other payables and accruals	(9)
Total identifiable net assets	1,000
Satisfied by cash	500
Fair value of previously held equity interest remeasured at the date of acquisition	500
Total	1,000

An analysis of the cash flows in respect of the above step acquisition is as follows:

Cash consideration	(500)
Cash and cash equivalents acquired	1,007
Net inflow of cash and cash equivalents included in cash flows from investing activities	507

30. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Name and relationship

Chengdu Fulang was a joint venture of the Group, where the Company indirectly held a 51% equity interest. As at 31 December 2020, the Group and other shareholder have yet to complete the capital contribution in Chengdu Fulang. Chengdu Fulang ceased to be a joint venture and became a subsidiary of the Group as at 1 March 2021.

(b) Transactions with related parties

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with the Fellow Entities of the Group:

	Notes	2021 RMB'000	2020 RMB'000
Rendering of property management services and value-added services	(i)	112,713	60,511
Lease payments for office premises	(ii)		85
Consideration paid on behalf of the Group	(iii)	–	7,960
Repayment of entrusted payment	(iii)	–	(7,960)

Notes:

(i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(ii) The directors consider that the rental expenses paid by the Group to the fellow entity as determined under the tenancy agreements were based on the market rates for similar locations.

(iii) During the year ended 31 December 2020, a company controlled by the Ultimate Controlling Shareholders paid the purchase consideration for the acquisition of Zhongneng amounting to RMB7,960,000 on behalf of the Group. The payment made on behalf was unsecured, interest-free and has been fully repaid by the Group in the same year.

30. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(c) Balances with related parties

In addition to the balances detailed elsewhere in the financial statements, the Group had the following balances with related parties as at the end of the year:

Due from related parties

	Notes	2021 RMB'000	2020 RMB'000
Fellow Entities			
— Trade nature	19	64,252	20,872
— Non-trade nature	20	–	597
		64,252	21,486
Chengdu Fulang			
— Non-trade nature	20	–	17

Trade nature amounts due from Fellow Entities represented the outstanding balances receivable in respect of the provision of property management services and property developer related services.

The non-trade amounts due from Fellow Entities and Chengdu Fulang were unsecured and interest-free with no fixed terms of repayment as at 31 December 2020.

Due to related parties

	Note	2021 RMB'000	2020 RMB'000
Fellow Entities			
— Non-trade nature	24	2,561	3,500

The non-trade amounts due to Fellow Entities are unsecured, interest-free and have no fixed terms of repayment.

Lease liabilities due to a related party

	2021 RMB'000	2020 RMB'000
A fellow entity	122	358

30. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(d) Compensation of key management personnel of the Group

	2021 RMB'000	2020 RMB'000
Salaries, allowances and benefits in kind	5,701	3,678
Equity-settled share option expense (note 32)	5,440	—
Pension scheme contributions	517	210
Total compensation paid to key management personnel	11,658	3,888

Further details of directors' and the chief executive's emoluments are included in note 8 to financial statements.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

(i) During the year ended 31 December 2021, the Group had a non-cash reduction to right-of-use assets and lease liabilities of RMB4,857,000 and RMB5,276,000 in respect of the lease termination for office premises and a non-cash addition to right-of-use assets and lease liabilities of RMB5,347,000 and RMB5,347,000 in respect of the new lease for office premises.

(ii) During the year ended 31 December 2020, a company controlled by the Ultimate Controlling Shareholders paid the purchase consideration for the acquisition of Zhongneng Group amounting to RMB7,960,000 on behalf of the Group.

During the year ended 31 December 2020, the Group entered into a netting arrangement with a company controlled by the Ultimate Controlling Shareholders, pursuant to which the counterparties to the netting arrangement unanimously agreed that the Group's trade receivable amounting to RMB3,655,000 is offset with other payables amounting to RMB3,655,000.

(iii) During the year ended 31 December 2021, the Group entered into a netting arrangement with a company controlled by the Ultimate Controlling Shareholders, pursuant to which the counterparties to the netting arrangement unanimously agreed that the Group's trade receivable amounting to RMB5,257,000 is offset with other payables amounting to RMB5,257,000.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) Changes in liabilities arising from financing activities

	Lease liabilities RMB'000
At 1 January 2021	358
Changes from financing cash flows	(416)
New leases	5,347
Early termination of a lease	(5,276)
Interest expense	109
At 31 December 2021	122
At 1 January 2020	583
Changes from financing cash flows	(249)
Interest expense	24
At 31 December 2020	358

(c) Total cash outflow for leases

	2021 RMB'000	2020 RMB'000
Within operating activities	**905**	652
Within financing activities	**416**	249

32. SHARE OPTION SCHEME

On 27 April 2021, the Company adopted a share option scheme (the "Pre-IPO Share Option Scheme") for the purpose of providing incentives to directors, senior management and other employees who contribute to the success of the Group. The Pre-IPO Share Option Scheme became effective on 27 April 2021 and, unless otherwise cancelled or amended, will remain in force until 27 April 2027.

The maximum number of unexercised share options currently permitted to be granted under the Pre-IPO Share Option Scheme is an amount equivalent, upon their exercise, to 3% of the shares of the Company in issue immediately following the Capitalization Issue and completion of Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or the Pre-IPO Share Options granted under the Pre-IPO Share Option Scheme).

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

32. SHARE OPTION SCHEME *(continued)*

On 27 April 2021, the Company granted a total of 19,253,000 equity-settled share options to the five directors and/or senior management ("Eligible Persons") of the Group under the Pre-IPO Share Option Scheme at a nominal consideration of HKD1 in total by each of the grantee. The exercise price of the share options was fixed at HKD0.42 per share.

Subject to the provisions for early termination contained in the Pre-IPO Share Option Scheme and conditional upon the fulfilment of certain performance targets by the Eligible Persons, the share options granted will vest at a rate of 30%, 30%, 20%, 10% and 10% on the Listing Date and subsequently, every annual anniversary from the Listing Date. The actual number of share options becoming vested and exercisable is however conditional upon the fulfilment of certain performance targets and the exercisable number of the share options is linked to the performance evaluation results of the grantees in the previous year as set out in the "Implementation of the assessment and management of the Pre-IPO Share Option Scheme" adopted by the Company.

The exercise period of the share options granted commences on the date when they become vested and ends on a date which is not later than 27 April 2027 or the expiry date of the Pre-IPO Share Option Scheme, if earlier.

The fair value of the share options granted during the year ended 31 December 2021 was RMB18,550,000 (average RMB0.96 each), of which the Group recognised a share option expense of RMB9,325,000 during the year ended 31 December 2021.

The fair value of equity-settled share options granted during the year ended 31 December 2021, was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used:

Expected dividend yield (%)	0.00
Expected volatility (%)	50.47
Expected life	6 years
Risk-free rate (%)	0.93
Forfeiture rate (%)	0.00

Expected volatility was determined by using historical quoted prices of comparable companies in active markets. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

No other feature of the options granted was incorporated into the measurement of fair value.

At 31 December 2021, the Company had 19,253,000 share options outstanding under the Pre-IPO Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 19,253,000 additional ordinary shares of the Company and additional share capital of USD1,925 (before issue expenses).

32. SHARE OPTION SCHEME *(continued)*

At the date of approval of these financial statements, the Company had 11,552,000 share options outstanding under the Pre-IPO Share Option Scheme, which represented approximately 1.88% of the Company's shares in issue as at that date.

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the year are as follows:

Financial assets

	2021 RMB'000	2020 RMB'000
Financial assets at fair value through profit or loss		
Wealth management products	–	130
Financial assets at amortised cost		
Cash and cash equivalents	251,063	109,502
Financial assets included in prepayments, deposits and other receivables	8,018	5,929
Trade receivables	89,686	35,699
	348,767	151,130

Financial liabilities

	2021 RMB'000	2020 RMB'000
Financial liabilities at amortised cost		
Trade payables	17,743	10,564
Financial liabilities included in other payables and accruals	37,325	31,447
	55,068	42,011

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to their fair values, are as follows:

	2021 RMB'000	2020 RMB'000
Financial assets		
Wealth management products	–	130

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables and accruals, and amounts due from/to related parties, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Assets measured at fair value

The fair values of wealth management products are measured using expected return published by licensed banks. The fair value measurement hierarchy of the Group's financial assets at fair value through profit or loss measured at fair value required significant observable inputs (Level 2) as at 31 December 2021.

During the year, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, other receivables, trade payables, other payables and accruals, amounts due from related parties and amounts due to related parties, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks which are summarised below.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from the proceeds from IPO denominated in HKD.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the HKD and RMB exchange rate, with all other variables held constant, of the Group's equity (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in HKD/RMB rate %	Increase/ (decrease) in profit before tax RMB'000
If RMB strengthens against HKD	+10%	(13,188)
If RMB weakens against HKD	−10%	13,188

Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligation. It is the Group's policy that receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The Group's maximum exposure to credit risk is the carrying amounts of cash and cash equivalents, trade and other receivables and amounts due from related parties.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of the year. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2021, all of the bank deposits were deposited with major financial institutions incorporated in Mainland China, which management believes are of high credit quality without significant credit risk. These financial assets were not yet past due and their credit exposure is classified as stage 1.

As at 31 December 2021, the Group expects that the credit risk associated with trade receivables and other receivables due from related parties to be low, since the related parties have strong capacity to meet contractual cash flow obligations in the near term.

As at 31 December 2021, the Group classified financial assets included in prepayments, deposits and other receivables as stage 1 when the credit quality is considered to be "normal" as they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Cash and cash equivalents	251,063	—	—	—	251,063
Financial assets included in prepayments, deposits and other receivables					
— Normal**	7,201	—	—	—	7,201
— Doubtful**	—	2,230	700	—	2,930
Trade receivables*	—	—	—	93,295	93,295
	258,264	2,230	700	93,295	354,489

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Cash and cash equivalents	109,502	—	—	—	109,502
Financial assets included in prepayments, deposits and other receivables					
— Normal**	6,082	—	—	—	6,082
— Doubtful**	—	—	700	—	700
Trade receivables*	—	—	—	36,661	36,661
	115,584	—	700	36,661	152,945

* For trade receivables to which the Group applies the simplified approach for impairment, the information based on the provision matrix is disclosed in note 19 to financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due, there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful" (note 20).

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

All of the trade receivables, other receivables and amounts due from related parties have no collateral. The Group had no concentration of credit risks in respect of trade receivables due from independent third parties, with exposure spread over a number of customers, who are residents in the residential communities and commercial property developers. However, the Group had a concentration of credit risks in respect of trade receivables due from related parties. The Group considered that the credit risk associated with trade receivables due from related parties is low since the related parties have a strong capacity to meet contractual cash flow obligations in the near term.

The Group assesses the credit quality of the counterparties by taking into account their financial position, credit history of failure to make payments on their contractual due date, the existence of forecast changes in market or environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group and other factors. Management also regularly reviews the recoverability of these receivables and follows up disputes or amounts overdue, if any.

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the year. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as of the reporting date with the risk of default as of the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Liquidity risk

The Group's objective is to monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Except for lease liabilities as set out in note 15(b) to financial statements, the Group's financial liabilities are carried at amounts not materially different from their contractual undiscounted cash flows as all the financial liabilities are repayable on demand or less than 3 months at the end of the year.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management *(continued)*

The debt-to-asset ratios as at the end of the year were as follows:

	2021 **RMB'000**	2020 RMB'000
Total liabilities	**123,643**	92,452
Total assets	**372,886**	173,021
Debt-to-asset ratio	**33%**	53%

36. EVENT AFTER THE REPORTING PERIOD

In addition to the event detailed elsewhere in this report, the Group had the following event after the reporting period:

On 6 January 2022, the Company further issued 13,328,000 ordinary shares of USD0.0001 each at a subscription price of HKD1.11 per share pursuant to the exercise of over-allotment options, resulting in a share premium of approximately RMB12,084,000, representing the difference between the subscription price and the nominal value of the Company's ordinary shares before netting off the share issue cost.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the year is as follows:

	2021 RMB	2020 RMB
NON-CURRENT ASSETS		
Investments in subsidiaries	4,878,354	6
Total non-current assets	4,878,354	6
CURRENT ASSETS		
Due from shareholders	27	27
Cash and cash equivalents	131,875,927	–
Total current assets	131,875,954	27
CURRENT LIABILITIES		
Other payable	6,283,847	–
Total current liabilities	6,283,847	–
NET CURRENT ASSETS	125,592,107	27
TOTAL ASSETS LESS CURRENT LIABILITIES	130,470,461	33
NET ASSETS	130,470,461	33
EQUITY		
Issued capital	381,939	33
Reserves (note)	130,088,522	–
Total equity	130,470,461	33

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB	Share option reserve RMB	Accumulated losses RMB	Total RMB
At 1 January 2020, 31 December 2020 and 1 January 2021	–	–	–	–
Total comprehensive loss for the year	–	–	(5,504,619)	(5,504,619)
Allotment of shares to a shareholder under group reorganisation	992,832	–	–	992,832
Issues of shares	135,715,244	–	–	135,715,244
Share issue expenses	(10,153,840)	–	–	(10,153,840)
Capitalisation issue	(286,430)	–	–	(286,430)
Equity-settled share option arrangements (note 32)	–	9,325,335	–	9,325,335
At 31 December 2021	126,267,806	9,325,335	(5,504,619)	130,088,522

38. COMPARATIVE AMOUNTS

Certain comparative amounts in the preceding year's consolidated financial statements have been reclassified to conform with current year's presentation.

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 March 2022.

FOUR-YEAR FINANCIAL SUMMARY

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December			
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE	63,964	69,116	127,922	253,296
Cost of sales	(25,805)	(33,256)	(65,252)	(149,866)
Gross profit	38,159	35,860	62,670	103,430
Other income and gains	3,846	6,578	6,690	6,237
Administrative expenses	(4,108)	(5,336)	(18,657)	(63,536)
Reversal/(provision) of impairment losses on trade receivables, net	–	–	329	(2,647)
Reversal/(provision) of impairment losses on other receivables, net	–	–	76	(1,260)
Other expenses	(247)	(314)	(255)	(1,807)
Interest expenses	(17)	(13)	(24)	(109)
PROFIT BEFORE TAX	37,633	36,775	50,829	40,308
Income tax expense	(6,239)	(5,732)	(7,916)	(7.365)
PROFIT FOR THE YEAR	31,394	31,043	42,913	32,943
OTHER COMPREHENSIVE INCOME	–	–	–	–
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	31,394	31,043	42,913	32,943
Attributable to:				
Owners of the parent	31,394	31,043	42,928	33,440
Non-controlling interests	–	–	(15)	(497)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic	N/A	N/A	RMB9.54cents	RMB7.33 cents
Diluted	N/A	N/A	RMB9.54cents	RMB7.29 cents

FOUR-YEAR FINANCIAL SUMMARY

CONSOLIDATED ASSETS, EQUITY AND LIABILITIES

	As at 31 December			
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Non-current assets	2,403	2,455	19,523	19,909
Current assets	68,883	66,419	153,498	352,977
Total assets	71,286	68,874	173,021	372,886
Equity and Liabilities				
Non-current liabilities	336	680	2,424	1,568
Current liabilities	23,577	30,538	90,028	122,075
Total Liabilities	23,913	31,218	92,452	123,643
Total equity	47,373	37,656	80,569	249,243