东原仁知
DOWELL SERVICE

東 原 仁 知
城市運營服務集團股份有限公司

D O W E L L S E R V I C E G R O U P C O . L I M I T E D*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock code: 2352

ANNUAL REPORT 2023

为安心的每一刻
WE SERVE WITH WELLNESS
中国物业服务16强企业

* For identification purposes only

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CORPORATE INFORMATION

NON-EXECUTIVE DIRECTORS
Ms. Luo Shaoying (羅韶穎) *(Chairlady)*
Ms. Yi Lin (易琳)

EXECUTIVE DIRECTORS
Mr. Zhang Aiming (張愛明)
(Vice-chairman, Employee Director)
Mr. Fan Dong (范東) *(Employee Director)*

INDEPENDENT NON-EXECUTIVE DIRECTORS
Ms. Cai Ying (蔡穎)
Mr. Wang Susheng (王蘇生)
Mr. Song Deliang (宋德亮)

SUPERVISORS
Mr. Wang Jun (王駿)
(retired with effect from 13 December 2023)
Mr. Yang Guang (楊洸)
(appointed with effect from 14 December 2023)
Mr. Mao Dun (毛盾)
Ms. Tan Liang (譚亮)

AUDIT COMMITTEE
Mr. Song Deliang (宋德亮) *(Chairman)*
Ms. Luo Shaoying (羅韶穎)
Mr. Wang Susheng (王蘇生)

REMUNERATION COMMITTEE
Mr. Wang Susheng (王蘇生) *(Chairman)*
Ms. Yi Lin (易琳)
Ms. Cai Ying (蔡穎)

NOMINATION COMMITTEE
Ms. Luo Shaoying (羅韶穎) *(Chairlady)*
Ms. Cai Ying (蔡穎)
Mr. Song Deliang (宋德亮)

AUTHORISED REPRESENTATIVES
Mr. Zhang Aiming (張愛明)
Mr. Wong Wai Chiu (黃偉超)

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RETROSPECTIVE RESTATEMENT OF FINANCIAL INFORMATION OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2022

On 31 January 2023, the Company acquired 99% equity interests in Shanghai Xuanhai Technology Co., Ltd.* (上海眩海科技有限公司) through business combination involving entities under common control, and retrospectively restated the financial data of the Company for the year ended 31 December 2022. Please refer to notes 1, 3 and 33 to the consolidated financial statements in this annual report for details.

As all the applicable percentage ratios in respect of the aforementioned acquisition were less than 5%, and the total consideration was less than HK$3 million, the aforementioned acquisition was fully exempted from the reporting and announcement requirements under Chapters 14 and 14A of the Listing Rules.

FINANCIAL HIGHLIGHTS

1. The Group's revenue was approximately RMB1,483.8 million, representing an increase of approximately 10.0% as compared with approximately RMB1,349.4 million for the year ended 31 December 2022.

2. The Group's revenue generated from its business segments are as follows:

   (a) revenue from City Operations Services was approximately RMB872.8 million, accounting for 58.8% of total revenue, representing an increase of approximately 33.0% as compared with RMB656.2 million for the year ended 31 December 2022;

   (b) revenue from Lifestyle Services was approximately RMB222.0 million, accounting for 14.9% of total revenue, representing a decrease of approximately 14.4% as compared with RMB259.5 million for the year ended 31 December 2022; and

   (c) revenue from FATH and Other Comprehensive Services was approximately RMB389.0 million, accounting for 26.3% of total revenue, representing a decrease of approximately 10.3% as compared with RMB433.7 million for the year ended 31 December 2022.

3. Gross profit was approximately RMB211.8 million, representing a decrease of approximately 24.0% as compared with approximately RMB278.5 million for the year ended 31 December 2022. Gross profit margin was approximately 14.3%, representing a decrease of approximately 6.3 percentage points from approximately 20.6% for the year ended 31 December 2022.

4. Profit for the Reporting Period was approximately RMB21.9 million, representing a decrease of approximately 76.2% as compared with profit of approximately RMB92.0 million for the year ended 31 December 2022. Profit for the Reporting Period attributable to shareholders of the Company was approximately RMB19.0 million, representing a decrease of approximately 78.6% as compared with profit attributable to shareholders of approximately RMB88.5 million for the year ended 31 December 2022.

5. The Board recommended the declaration of a Final Dividend of RMB0.03 per share (tax inclusive) for the year ended 31 December 2023 (for the year ended 31 December 2022: RMB0.14 per share (tax inclusive)).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Summary and review for 2023

In 2023, against the backdrop of (i) the fluctuating macroeconomic environment; (ii) the continuous downturn in the property industry; and (iii) the increasingly fierce market competition, while deeply cultivating the residential market, the Group adhered to the market-oriented transformation, actively expanded its non-residential related business, innovated service models, and established differentiated competitive advantages. The Group focused on "customer satisfaction" as its standard of service, and stepped up efforts to provide services in a more specialised, product-based, refined and intelligent manner. As at 31 December 2023, the Group operated and managed property projects in 76 cities, with 573 projects under management in the PRC, representing a year-on-year increase of approximately 18.9%. The total GFA under management was approximately 60.2 million sq.m., representing a year-on-year increase of approximately 19.0%. During the Reporting Period, the Group entered into 595 property management projects with contracted GFA under management of approximately 68.0 million sq.m. in 78 cities.

The Group adheres to the service concept of "For Every Moment of Peace of Mind", the vision of "becoming a respected urban comprehensive service provider with unique business value", the development strategy of "Big Property • Full Value", and the development characteristics of diversified business services. The Group has established its presence in four major areas, namely "comprehensive residential services, international comprehensive services, comprehensive medical services and comprehensive urban services", forming a comprehensive service advantage of combining residential and non-residential sectors and empowering by the IFM (integrated facility management services) professional chain. In April 2023, the Group was recognised as one of the "2023 Top 100 Property Management Companies in China" by China Index Academy, and the Group's ranking in terms of overall strength in the industry raised by two places to 16th, as compared with 2022.

Business model

The Group is a long-established property management service provider offering comprehensive services for a wide range of property projects in the PRC.

On 18 October 2023, the Board resolved to reclassify the Group's three main business lines to enable the Shareholders to have a better understanding of the Company's business operation status and financial performance going forward. Please refer to the announcement of the Company dated 18 October 2023 in relation to, among others, the reclassification of the Group's three main business lines for details. The Group provides diversified services through three main business lines:

1. City Operations Services;

2. Lifestyle Services, including, among others:

    (a) Community Events Planning Services;

    (b) Management and Agency Services;

    (c) utility maintenance services; and

    (d) other lifestyle related services.

3. FATH and Other Comprehensive Services, including, among others:

   (a) Foreign and Medical Related Services;

   (b) Sales Assistance Services;

   (c) Preliminary Planning Services;

   (d) digital and intelligent technology services;

   (e) maintenance and rectification services; and

   (f) other related comprehensive services.

The Group believes that its City Operations Services business line serves as the basis for the Group to generate revenue, expand its business scale as well as increase its customer base for its Lifestyle Services and FATH and Other Comprehensive Services. The Group continuously enhances its FATH and Other Comprehensive Services to establish a wide range of service capabilities in order to establish and cultivate business relationships with property developers, which enables the Group to have a competitive advantage in securing engagements for City Operations Services. The comprehensive range of the Group's Lifestyle Services business line helps the Group to enhance its relationship with customers and residents in the property projects that it manages, and thus improve their satisfaction and loyalty. The Directors believe that these three business lines complement each other and will continue to enable the Group to gain greater market share and expand its business presence in the PRC.

City Operations Services

Overview

The Group manages residential and non-residential properties sourced from Dima Group and Affiliated Companies. In addition, through proactive tender and bidding, and mergers and acquisitions, the Group has been expanding its business scale by increasing the number of residential properties and non-residential properties sourced from Independent Third Parties (as defined below). During the Reporting Period, the Group's revenue from City Operations Services amounted to approximately RMB872.8 million, representing an increase of approximately 33.0%, as compared to the corresponding period of 2022, which is mainly due to the expansion of GFA under management by approximately 20.2% as compared with the same of last year.

Continuous growth in business scale and expansion in property portfolio

The Group adheres to solidify its market position and expand its property portfolio and business scale through multiple channels, such as organic growth and strategic acquisitions and investment. During the Reporting Period, leveraging the close relationship with Dima Group, one of the Company's controlling Shareholders, the GFA under management of projects sourced from Dima Group reached approximately 16.8 million sq.m., representing an increase by approximately 9.2% as compared to the same as at 31 December 2022. The GFA under management of projects sourced from Independent Third Parties reached approximately 32.0 million sq.m., representing an increase by approximately 26.9% as compared to the same as at 31 December 2022.

By source of property projects:

The table below sets out the Group's total revenue from City Operations Services during the two years ended 31 December 2022 and 2023, and GFA under management and number of projects based on the sources from which the Group obtained the relevant property projects as at 31 December 2022 and 2023:

	Year ended 31 December 2023		As at 31 December 2023		Year ended 31 December 2022		As at 31 December 2022	
	Revenue	(%)	Number of projects	GFA under management[2]	Revenue (restated)	(%)	Number of projects (restated after reclassification of business lines)	GFA under management[2] (restated after reclassification of business lines)
	(RMB'000)			*('000 sq.m.)*	*(RMB'000)*			*('000 sq.m.)*
Property projects sourced from Dima Group[1]	418,390	47.9	99	16,780	371,230	56.6	90	15,371
Property projects sourced from Affiliated Companies[1]	49,563	5.7	20	3,909	41,425	6.3	17	3,243
Property projects sourced from Independent Third Parties[1]	404,820	46.4	228	31,950	243,558	37.1	169	25,175
Total	872,773	100.0	347	52,639	656,213	100.0	276	43,789

Notes:

1. The above breakdown of revenue generated from the provision of City Operations Services is based on the sources from which the Group obtained the relevant property projects instead of the sources which the Group derived revenue from. For example, for a property project sourced from Dima Group, the Group may derive income from Dima Group, property owners and property owners' associations at different stages, depending on factors such as whether residential properties have been delivered to property owners and whether property owners' associations have been established.

2. This includes GFA where the City Operations Services were provided by joint ventures and/or associate companies of the Group. As at 31 December 2023, the total GFA under management of property projects managed by joint ventures and/or associate companies of the Group were approximately 4.0 million sq.m.

The Group manages a diversified portfolio of property projects, consisting of: (i) residential properties; and (ii) non-residential properties, such as office buildings, shopping malls, schools, government facilities, public services facilities and industrial parks.

As at 31 December 2023, the Group's GFA under management of residential properties was approximately 37.1 million sq.m, accounting for approximately 70.5% of the Group's City Operations Services's GFA under management. The share of residential properties in the Group's GFA under management decreased by approximately 2.5% as compared to the same period in 2022.

As at 31 December 2023, the Group's GFA under management of non-residential properties was approximately 15.5 million sq.m, accounting for approximately 29.5% of the Group's City Operations Services's GFA under management. The share of non-residential properties in the Group's GFA under management increased by approximately 2.5% as compared to the same period in 2022.

The table below sets out the Group's total revenue from City Operations Services during the two years ended 31 December 2022 and 2023, and GFA under management and number of projects as at 31 December 2022 and 2023:

	Year ended 31 December 2023		As at 31 December 2023		Year ended 31 December 2022		As at 31 December 2022	
	Revenue	%	Number of projects	GFA under management	Revenue (restated)	%	Number of projects (restated after reclassification of business lines)	GFA under management (restated after reclassification of business lines)
	(RMB'000)			*('000 sq.m.)*	*(RMB'000)*			*('000 sq.m.)*
Residential properties	603,746	69.2	229	37,106	505,139	77.0	193	31,985
Non-residential properties	269,027	30.8	118	15,533	150,984	23.0	83	11,804
Total	872,773	100.0	347	52,639	656,213	100.0	276	43,789

Continuous expansion in geographic presence

By geographic presence:

As at 31 December 2023, the Group operated across China and managed 347 property projects with an aggregated GFA under management of approximately 52.6 million sq.m. in 60 cities in China and were contracted to manage 369 property projects with an aggregated GFA of approximately 60.4 million sq.m. in 62 cities.

The table below sets out the Group's total revenue from City Operations Services during the two years ended 31 December 2022 and 2023, and GFA under management and number of projects as at 31 December 2022 and 2023:

	Year ended 31 December 2023	As at 31 December 2023		Year ended 31 December 2022	As at 31 December 2022	
	Revenue	Number of projects	GFA under management	Revenue (restated)	Number of projects (restated after reclassification of business lines)	GFA under management (restated after reclassification of business lines)
	(RMB'000)		*('000 sq.m.)*	*(RMB'000)*		*('000 sq.m.)*
Chongqing	235,305	83	10,748	194,090	68	8,724
Sichuan Province	166,229	67	10,187	133,702	51	7,495
Hubei Province	129,573	39	7,851	112,292	31	7,447
Shanghai	32,469	11	1,296	34,826	13	1,483
Zhejiang Province	101,782	43	5,818	70,042	42	5,157
Jiangsu Province	31,039	13	1,862	30,411	9	1,497
Hunan Province	91,377	37	8,629	43,564	27	8,914
Others	84,999	54	6,248	37,286	35	3,072
Total	872,773	347	52,639	656,213	276	43,789

Lifestyle Services

The Group provides Lifestyle Services to property owners and residents under management, which mainly comprise, among others, (i) Community Events Planning Services; (ii) Management and Agency Services; (iii) utility maintenance services; and (iv) other lifestyle related services.

During the Reporting Period, revenue derived from Lifestyle Services decreased by approximately 14.4% to approximately RMB222.0 million as compared to approximately RMB259.5 million in the same period last year, mainly due to the unfavourable macroeconomic environment resulting in the Group's customers being less willing to purchase properties in the PRC, resulting in a significant decrease in the Group's revenue derived from the provision of (i) Management and Agency Services; and (ii) Community Events Planning Services.

During the Reporting Period, revenue derived from Lifestyle Services accounted for approximately 14.9% of total revenue representing a decrease of approximately 4.3% as compared with the same period of 2022.

FATH and Other Comprehensive Services

The Group provides FATH and Other Comprehensive Services, which mainly comprise services to foreign-owned enterprises, foreign embassies, international schools, hospitals and medical facilities, as well as other comprehensive services, which mainly includes, among others, (i) Foreign and Medical Related Services; (ii) Sales Assistance Services; (iii) Preliminary Planning Services; (iv) digital and intelligent technology services; (v) maintenance and rectification services; and (vi) other related comprehensive services.

The table below sets out the Group's revenue attributable to FATH and Other Comprehensive Services for the two years ended 31 December 2022 and 2023, including the respective GFA under management and number of projects based on each Foreign and Medical Related Services categories and other categories under FATH and Other Comprehensive Services as at 31 December 2022 and 2023:

	Year ended 31 December 2023		**As at 31 December 2023**		Year ended 31 December 2022		As at 31 December 2022	
	Revenue		**Number of projects**	**GFA under management**	Revenue (restated)		Number of projects (restated after reclassification of business lines)	GFA under management (restated after reclassification of business lines)
	(RMB'000)	***(%)***		***('000 sq.m.)***	*(RMB'000)*	*(%)*		*('000 sq.m.)*
Comprehensive foreign affairs related services	**177,159**	**45.5**	**185**	**5,889**	156,040	36.0	158	4,994
Comprehensive medical related services	**71,596**	**18.4**	**41**	**1,671**	61,784	14.2	48	1,790
Comprehensive digital and intelligent technology services	**23,029**	**5.9**	**-**	**-**	6,953	1.6	–	–
Comprehensive consultation management services	**117,249**	**30.2**	**-**	**-**	208,967	48.2	–	–
Total	**389,033**	**100.0**	**226**	**7,560**	433,744	100.0	206	6,784

As at 31 December 2023, the Group's GFA under management for comprehensive foreign affairs related services was approximately 5.9 million sq.m.. As at 31 December 2023, the Group's GFA under management for comprehensive medical related services was approximately 1.7 million sq.m..

During the Reporting Period, revenue derived from comprehensive foreign affairs related services increased by approximately 13.5% to approximately RMB177.2 million as compared to approximately RMB156.0 million in the same period last year, mainly due to the continuous expansion in the Group's business, including the increase in the number of property projects and GFA under management for such services during the Reporting Period.

During the Reporting Period, revenue derived from comprehensive medical related services increased by approximately 15.9% to approximately RMB71.6 million as compared to approximately RMB61.8 million in the same period last year, mainly due to the expansion of the Group's comprehensive medical related services in hospitals.

During the Reporting Period, revenue derived from comprehensive digital and intelligent technology services increased by approximately 231.2% to approximately RMB23.0 million as compared to approximately RMB7.0 million in the same period last year, mainly due to (i) the Group's active expansion in its business during the Reporting Period; and (ii) the return to normality in the construction rate of projects after the end of the COVID-19 pandemic.

During the Reporting Period, revenue derived from comprehensive consultation management services decreased by approximately 43.9% to approximately RMB117.2 million as compared to approximately RMB209.0 million in the same period last year, mainly due to the decrease in completion of the Group's provision of, among others, Sales Assistance Services, Preliminary Planning Services and maintenance and rectification services during the Reporting Period, resulting in a corresponding decrease in the revenue derived from such services.

During the Reporting Period, revenue derived from FATH and Other Comprehensive Services accounted for approximately 26.3% of total revenue, representing a decrease of approximately 5.9% as compared with the same period of 2022.

RETROSPECTIVE RESTATEMENT OF FINANCIAL INFORMATION OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2022

On 31 January 2023, the Company acquired 99% equity interests in Shanghai Xuanhai Technology Co., Ltd.* (上海眩海科技有限公司) through business combination involving entities under common control, and retrospectively restated the financial data of the Company for the year ended 31 December 2022. Please refer to notes 1, 3 and 33 to the consolidated financial statements in this annual report for details.

As all the applicable percentage ratios in respect of the aforementioned acquisition were less than 5%, and the total consideration was less than HK$3 million, the aforementioned acquisition was fully exempted from the reporting and announcement requirements under Chapters 14 and 14A of the Listing Rules.

FINANCIAL REVIEW

Revenue

The Group's revenue was principally derived from property management services in the PRC. During the Reporting Period, the Group's revenue increased by approximately RMB134.4 million or approximately 10.0% to approximately RMB1,483.8 million from approximately RMB1,349.4 million for the year ended 31 December 2022. The increase in revenue for the Reporting Period was mainly attributable to the Group's expansion in its City Operations Services segment.

The table below sets out a breakdown of the Group's total revenue by business lines during the two years ended 31 December 2022 and 2023:

	Year ended 31 December			
	2023		2022	
	Revenue	**Percentage**	Revenue (restated)	Percentage
	(RMB'000)	***(%)***	*(RMB'000)*	*(%)*
City Operations Services	**872,773**	**58.8**	656,213	48.6
Lifestyle Services	**222,028**	**14.9**	259,455	19.2
FATH and Other Comprehensive Services	**389,033**	**26.3**	433,744	32.2
Total	**1,483,834**	**100.0**	1,349,412	100.0

Cost of sales

During the Reporting Period, the Group's cost of sales increased by approximately RMB201.2 million or approximately 18.8% to approximately RMB1,272.1 million from approximately RMB1,070.9 million for the year ended 31 December 2022. The increase was mainly attributable to (i) the continuous expansion in the Group's property management projects and GFA under management, resulting in an increase in the number of employees and corresponding employee costs; and (ii) the increase in the Group's subcontracting costs as a result of the increased outsourcing of labour intensive services, such as cleaning and security services.

Gross profit

As a result of the aforementioned key factors, the Group's gross profit decreased by approximately 24.0% from approximately RMB278.5 million for the year ended 31 December 2022 to approximately RMB211.8 million for the year ended 31 December 2023.

The Group's gross profit margin by business lines is set forth below:

	Year ended 31 December	
	2023	2022 (restated)
City Operations Services	**12.0%**	18.1%
Lifestyle Services	**21.7%**	22.4%
FATH and Other Comprehensive Services	**15.1%**	23.5%
Overall gross profit margin	**14.3%**	20.6%

During the Reporting Period, the Group's gross profit margin was approximately 14.3%, representing a decrease of approximately 6.3 percentage points from approximately 20.6% for the year ended 31 December 2022. The decrease was mainly attributable to (i) the unfavourable macroeconomic environment, resulting in budget reductions to some of the Group's customers, which affected the gross profit margin of the Group due to the Group's continuous provision of quality services to its customers; (ii) the increase in the scale of operations of the Group resulting in an increase in the number of employees of the Group and the corresponding costs for the purposes of ensuring the provision of quality services to the Group's customers; and (iii) a reduction in the Group's provision of Sales Assistance Services, Preliminary Planning Services and maintenance and rectification services resulting in a corresponding reduction in the revenue and gross profit derived from such services.

The gross profit margin of City Operations Services was approximately 12.0%, representing a decrease of approximately 6.1 percentage points from approximately 18.1% for the year ended 31 December 2022. The decrease was mainly attributable to (i) the increased operating cost for the purposes of ensuring the provision of quality services to the Group's customers; and (ii) the relatively lower gross profit margin for new City Operations Services projects.

The gross profit margin of Lifestyle Services was approximately 21.7%, representing a decrease of approximately 0.7 percentage points from approximately 22.4% for the year ended 31 December 2022. The decrease was mainly attributable to the decrease in the revenue derived from Management and Agency Services, which has higher gross profit margins.

The gross profit margin of FATH and Other Comprehensive Services was approximately 15.1%, representing a decrease of approximately 8.4 percentage points from approximately 23.5% for the year ended 31 December 2022. The decrease was mainly attributable to (i) a reduction in the number of completed and delivered maintenance and rectification services projects during the Reporting Period as compared to the corresponding period in 2022; and (ii) a decrease in the provision of Preliminary Planning Services.

Other income

During the Reporting Period, the Group's other income amounted to approximately RMB7.5 million, representing a decrease of approximately 60.6% from approximately RMB18.9 million for the year ended 31 December 2022. The decrease was primarily due to the receipt of a one-off government subsidy for the year ended 31 December 2022, which was not available to the Group during the Reporting Period.

Other net losses and gains

During the Reporting Period, the Group recorded other net loss of approximately RMB0.9 million, as compared to other net gains of approximately RMB9.3 million for the year ended 31 December 2022. The other net loss of the Group during the Reporting Period arose mainly from the fluctuation in foreign exchange rate derived from Hong Kong dollars held by the Group.

Selling and marketing expenses

The Group's selling and marketing expenses primarily consist of promotion expenses and employee benefit expenses. During the Reporting Period, the Group's selling and marketing expenses increased to approximately RMB37.0 million, as compared to approximately RMB32.3 million for the year ended 31 December 2022. Such increase was due to (i) the continuous growth in the Group's business scale; and (ii) an increase in relevant marketing staff costs and business development expenses.

Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to approximately RMB154.8 million, representing an increase of approximately 3.8% from approximately RMB149.1 million for the year ended 31 December 2022. The increase was mainly because of the increase in the business scale of the Group and the corresponding increase in employee costs.

Net impairment losses on financial assets

The Group's net impairment losses on financial assets primarily included the impairment provisions for losses arising from potential bad debts and bad debts written off in respect of trade, bills and other receivables. During the Reporting Period, the Group's net impairment losses on financial assets amounted to approximately RMB9.2 million, as compared to approximately RMB24.1 million for the year ended 31 December 2022, which was mainly because the Group actively collected its accounts receivables, resulting in a better rate of return during the Reporting Period.

Finance cost, net

During the Reporting Period, the net finance cost amounted to approximately RMB51,000, representing a decrease of approximately 79.3% as compared to approximately RMB246,000 for the year ended 31 December 2022. Such fluctuation was mainly due to the increase in interest income arising from the increase in the Group's bank savings during the Reporting Period.

Profit before income tax expense

Profit before income tax expense of the Group decreased to approximately RMB24.7 million for the Reporting Period by approximately 77.1% from approximately RMB108.0 million for the year ended 31 December 2022. The decrease was mainly due to (i) the decrease in the gross profit of the Group for the Reporting Period due to the aforementioned reasons; and (ii) policy reasons relating to the receipt of a one-off government subsidy for the year ended 31 December 2022, which was not available to the Group during the the Reporting Period.

Income tax expense

During the Reporting Period, the Group's income tax expense decreased to approximately RMB2.8 million by approximately 82.6% from approximately RMB16.1 million for the year ended 31 December 2022, which was mainly due to the decrease in the Group's profit before income tax expense, causing a corresponding decrease in the Group's income tax expense in the PRC.

Intangible assets

The Group's intangible assets mainly comprised customer relationships and goodwill of the Group during the Reporting Period. As at 31 December 2023, the Group's intangible assets remained stable at approximately RMB273.5 million.

Trade, bills and other receivables

As at 31 December 2023, the Group's net trade, bills and other receivables amounted to approximately RMB674.5 million, representing an increase of approximately 12.5% as compared to approximately RMB599.3 million as at 31 December 2022. In particular, (i) trade and bills receivables amounted to RMB637.5 million, representing an increase of approximately 12.8% as compared to approximately RMB565.0 million as at 31 December 2022; and (ii) other receivables amounted to approximately RMB37.1 million, representing an increase of approximately 8.0% as compared to approximately RMB34.3 million as at 31 December 2022. Such increase was primarily due to the continuous expansion in the Group's property management projects and GFA under management.

Contract assets

The Group's contract assets mainly represents the Group's right to consideration for work performed but unbilled for provision of maintenance and renovation services. As at 31 December 2023, the Group's contract assets amounted to approximately RMB1.4 million, representing a decrease of approximately 40.8% from RMB2.4 million as at 31 December 2022, which was mainly due to the decrease in unbilled payments from the Group's provision of maintenance and renovation services to its customers.

Trade payables

As at 31 December 2023, the Group's trade payables amounted to approximately RMB292.7 million, representing an increase of approximately 13.0% from approximately RMB258.9 million as at 31 December 2022, mainly due to (i) the expansion of the Group's business; and (ii) the increase in the Group's subcontracting costs in order to optimise operational efficiency.

Contract liabilities

The Group's contract liabilities mainly represents the advance payments made by customers while the underlying services, primarily City Operations Services, have yet to be provided and thus the relevant revenue has not been recognised. As at 31 December 2023, the Group's contract liabilities amounted to approximately RMB280.6 million, representing an increase of approximately 22.7% from RMB228.6 million as at 31 December 2022, which was mainly due to (i) the expansion of the Group's business; and (ii) an increase in the number of customers who paid property management fees in advance.

LIQUIDITY AND CAPITAL RESOURCES

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet the funding requirements of the Group in the foreseeable future.

During the Reporting Period, the Group's principal use of the cash was for working capital, which was mainly funded from cash flow generated from operations.

As at 31 December 2023, cash and cash equivalents of the Group was approximately RMB255.4 million, which increased by approximately 15.2% as compared to approximately RMB221.7 million as at 31 December 2022.

As at 31 December 2023, the Group's total equity amounted to approximately RMB493.4 million, which increased by approximately 2.0% as compared to approximately RMB483.7 million as at 31 December 2022.

CAPITAL MANAGEMENT

The Group regularly reviews and manages its capital structure to ensure that the Group will be able to continue as a going concern while maximising the return to its Shareholders through optimisation of the debt and equity balance. The Group's overall strategy remained unchanged throughout the Reporting Period.

At the end of the Reporting Period, the gearing ratio (defined as total debt divided by total equity) of the Group increased to approximately 5.0% from approximately 1.7% at 31 December of 2022.

EXCHANGE RATE RISK

The Group conducts its business in RMB and has limited exposure to the foreign exchange risk. However, due to the successful listing of the H Shares on the Stock Exchange in April 2022, any changes in value of HK dollars and the interest rates will affect the performance of the Group. The Group currently does not engage in any hedging activities designated or intended to manage foreign exchange rate risk. Therefore, the Group will closely monitor the exchange rate risk and interest rate risk concerned, actively explore foreign exchange hedging options with major banks and use financial instruments to hedge against such risks when necessary.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group had 5,395 employees (as at 31 December 2022: 5,251 employees). During the Reporting Period, the total staff costs recognised as expenses were approximately RMB709.3 million (for the year ended 31 December 2022: approximately RMB628.4 million).

In terms of talent training, the Group will further enhance its employee training program with internal and external resources. The employee training programs primarily cover key areas in the Group's business operations, which provide continuous training to its existing employees at different levels to specialise and strengthen their skill sets.

The Group adopts remuneration policies similar to its peers in the industry. The remuneration payable to its staff is fixed by reference to the duties and the prevailing market rates in the region. Discretionary performance bonus after assessments is paid to employees to reward their contributions. The Group is subject to social insurance contribution plans or other pension schemes prescribed by the local governments and is required to pay on behalf of its employees, a monthly social insurance funds covering pension fund, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance, and the housing provident fund, or to contribute regularly to mandatory provident fund schemes on behalf of its employees.

In determining the remuneration and compensation packages of the Directors, Supervisors and senior management, the Group will take into account salaries paid by comparable companies, time commitment and their respective responsibilities and performance of the Group.

BORROWINGS AND PLEDGE OF ASSETS

As at 31 December 2023, the Group's borrowings were approximately RMB9.3 million, which had interests rates ranging from 3.35% to 5.5% per annum (as at 31 December 2022: nil). Such borrowings were for the purposes of daily operations of the Group.

As at 31 December 2023, the Group did not have any pledge of assets.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any material contingent liabilities (as at 31 December 2022: nil).

CAPITAL COMMITMENTS

As at 31 December 2023, the Company had no capital commitments.

OUTLOOK FOR 2024

In 2024, the Group will continue to adhere to the corporate development strategy of "Big Property • Full Value", further diversify its businesses, enhance internal service level, adhere to the parallel development of scale and quality, and make unremitting efforts to "become a respected urban comprehensive service provider with unique business value".

(1) Continue to enhance the Group's market capabilities and expand its business portfolio and scale

In terms of market strategy, the Group will upgrade its market analysis, implement the market development strategy of one policy for one city, and establish market expansion ecosystem platform characterised by flexible cooperation models. Meanwhile, the Group will also pay attention to changes in market demand, and plan a high-quality market development structure.

In terms of capability enhancement, the Group will establish teams comprising capable members who will receive excellent incentive and will be subject to strict assessment. The Group will improve its business communication, project negotiation, site visit, professional analysis and other capabilities of marketing personnel, identify and introduce information regarding market personnel in the industry, and establish pools of internal and external talents in a coordinated manner. The Group will strengthen communication channels for collating relevant information for projects, continue to improve the system and market toolkits, and continuously upgrade the functions of its IT-driven market customer process system.

In terms of resources integration, the Group will coordinate and share resources amongst its operations in different regions that it operates so that different regions would be able to complement their respective advantages with each other, strengthen horizontal cooperation between regional and professional business units, resulting the Group being able to broaden its market reach and diversify the types of projects that it would be able to obtain.

(2) Continue to improve the Group's brand awareness, service quality and customer satisfaction

Focusing on the life cycle needs of people and cities, the Group will continue to focus on customer satisfaction, continue to upgrade service quality, and provide more detailed, comprehensive, caring and efficient property services and value-added services for diversified customers.

The Group will continue to enhance its internal service system in five areas, namely property renovation, on-site hardware, customer relationship maintenance, touchpoint services (觸點服務), and community activities. The Group will strengthen its relationships with customers through community activities, such as Buddies Life Festival (老友生活節), holiday festivals and other community activities. The Group will strive to create a community lifestyle market through providing linkage platform, decoration services, lease and sales services to property owners, such as clothing care, purchase of daily necessities, maintenance of household appliances, real estate rental and sale and other lifestyle services. The Group will conduct decentralised, full-coverage surveys of the entire customer base through its 400 call centre so as to provide regular customer service.

(3) Continue to invest in technology empowerment to further improve the Group's competitiveness and operational efficiency

The Group will comprehensively deploy three smart platforms, namely "Smart Eye" (慧眼), "Smart Connection" (慧聯), and "Smart Management" (慧管) and IOT smart community platform, to integrate security and surveillance, network alarm, command and dispatch, emergency management and other contents into the platform, in order to create a comprehensive and three-dimensional security smart community, and to truly achieve enhancement in quality and efficiency. At the same time, by fully embracing AI, the Group utilises domestic and foreign large-scale model technologies and continuously explores scenarios where AI and business are integrated based on actual business conditions. Currently, two applications have been implemented in the market management scenarios. It is expected that no less than 10 implementation scenarios will be carried out in 2024.

The Group will improve the supply chain cost system, enhance system application, and promote the comprehensive reform of the internal system, internal process and internal information through improvement of supply chain management system, so as to fully realise the online and compliant management of the supply chain. The Group will compile a list of energy conservation and consumption reduction targets based on the development of new technologies in the market and excellent cases of the Company, and will continue to maximise the Group's profitability by exploring its potential through minor technological transformation and small-scale investment in energy saving.

The Group commenced comprehensive cooperation with Feishu (飛書) in 2023, which significantly enhanced management efficiency in daily communication, meeting organisation, internal communications and talent training and development. At the same time, the Group will also comprehensively sort out data assets and combine big data-related technologies to create a new generation of data platform. The platform will sort out multiple operating indicators from the market, operations, finance, human resources and other aspects, building a solid foundation for the overall digital operations of the Group and empowering the strategic implementation of the Group.

(4) Continue to expand the business chain related to non-residential operation and build differentiated competitive advantages

The Group will accelerate the development of its non-residential business, establish a virtual expert team for the non-residential sector, enhance IFM (integrated facility management services) capabilities, seek value-added service opportunities for non-residential property projects, explore customers' needs, and develop new service models. For corporate customers, the Group will provide comprehensive services such as facility and equipment maintenance, building repair, security, business solicitation, marketing planning, concierge customisation and sales assistance services, to meet multiple needs such as intelligent security, efficient office and business reception. For medical-sector customers, the Group will provide comprehensive management services such as central transportation, medical fabric cleaning and disinfection, medical guide services, doctor-patient care, and hospital disinfection.

(5) Continue to optimise the organisational structure, strengthen talent cultivation and cultural identity to promote the Group's development

In terms of optimising the organisational structure, the Group will promote the transformation of the organisational management and control model to the "platform + market-oriented" model, transform the functions of the headquarters to the empowerment centre, and transform the overall organisation from the original ecology to the self-ecological direction with efficient coordination.

In terms of strengthening talent development, the Group will work together with various business units to build an advanced team of top-notch employees in the future, and step up efforts to improve the talent pool with "Original Aspiration Together" (初心薈) and "Elite Together" (精英薈) as key learning programs. The Group will continue to increase access to the "Original Voice Program" (原聲計劃) and "Dowell Light Class" (仁仁輕課堂) to provide more channels for learning for functional partners, and transfer less substantial learning to its social media platforms, so that the Group can cultivate talents at all levels as well as accelerate the growth of talents.

In terms of strengthening cultural identity, the Group will rely on different means such as online Journey of the Heart (心路之旅), cultural Q & A competitions, Dowell yearbook (仁知年刊) and Dowell culture newspaper (仁知文化報) to enable its employees to listen, visualise, touch and experience the Group's corporate culture with a wide range of acknowledgement. The Group has established communication channels for all employees through its official WeChat account, its official Feishu account and Dowell broadcasting station (仁知廣播站).

USE OF PROCEEDS RAISED FROM INITIAL PUBLIC OFFERING AND OVER-ALLOTMENT OPTION

The H Shares were successfully listed on the Stock Exchange on the Listing Date with 16,666,667 new H Shares issued and, upon the partial exercise of over-allotment option, 16,990,867 H Shares were issued in aggregate. Net Proceeds amounted to approximately HK$139.8 million in total, after deducting the underwriting fees and relevant expenses. As at 31 December 2023, the Group has used approximately HK$128.0 million of the Net Proceeds.

As disclosed in the Company's announcements (the "**UOP Announcements**") dated 23 June 2022, 23 August 2022 and 13 December 2023 regarding, among others, change in use of Net Proceeds, the Board resolved to alter the timeframe for the use of the Net Proceeds. Please refer to the UOP Announcements for further details. The Board will continuously assess the plan for the use of the Net Proceeds and may revise or amend such plan when necessary to cope with the changing market conditions.

The table below sets out the details of actual usage of the Net Proceeds as at 31 December 2023:

		Net Proceeds (HK$ million)					
		Available		Used		Unused	
Item	Percentage	Available Net Proceeds from listing of the H Shares on the Stock Exchange and partial exercise of the over-allotment option	Available Net Proceeds as at 31 December 2022	During the Reporting Period	From the Listing Date and up to 31 December 2023	As at 31 December 2023	Remaining balance expected to be fully used by
Strategic investments, cooperation and acquisition	65.0%	90.9	13.7	5.6	82.8	8.1	End of year 2025
Improve service quality and extend service offering	16.5%	23.0	21.7	21.7	23.0	0	N/A
Upgrade and develop intelligent systems	8.5%	11.9	2.6	0.3	9.6	2.3	End of year 2024
General working capital	10.0%	14.0	2.4	1.0	12.6	1.4	N/A
Total	100.0%	139.8	40.4	28.6	128.0	11.8	

MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

There were no material investments, acquisitions or disposal of subsidiaries, associated companies or joint ventures during the Reporting Period.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the Reporting Period and up to the date of the annual report, there were no significant events affecting the Group.

FINAL DIVIDEND

In view of the business growth of the Group and the support of the Shareholders, the Board recommended the declaration of a Final Dividend of RMB0.03 per share (tax inclusive) for the year ended 31 December 2023 (for the year ended 31 December 2022: RMB0.14 per share (tax inclusive)).

The dividend distribution plan shall be subject to the approval of the Shareholders at the annual general meeting to be held on Wednesday, 19 June 2024 (the "**AGM**") and such dividend is expected to be paid on or around Monday, 19 August 2024. The Final Dividend payable to the Shareholders shall be declared in RMB and paid in HK dollars, the exchange rate of which will be calculated based on the average exchange rate of RMB against HK dollars published by the People's Bank of China seven days prior to the AGM. Upon approval at the AGM, the Final Dividend will be paid by Monday, 19 August 2024.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

The Board consists of seven Directors, including two non-executive Directors, two employee Directors, whom also act as executive Directors, and three independent non-executive Directors.

Non-executive Directors

Ms. Luo Shaoying, aged 50, is a non-executive Director, the chairlady of the Board, a member of the Audit Committee and the chairlady of the Nomination Committee. She was appointed as a non-executive Director in October 2022 and was re-elected as a non-executive Director in December 2023. Ms. Luo has also been appointed as a director of Dima in May 2016. In August 2018, Ms. Luo was redesignated as the chairlady of Dima. In May 2019, she was also appointed as the chief executive officer of Dima. She subsequently resigned as the chairlady of Dima in November 2022 but continued to serve as a director and chief executive officer of Dima. Between December 2012 and July 2022, Ms. Luo was a director of Doyen International Holdings Limited, a company whose issued shares are listed on the Stock Exchange (stock code: 668).

Ms. Luo obtained a bachelor's degree in business administration from the University of Georgia, the U.S. in March 1998. She was awarded the "Top 10 Philanthropic People" by the Chongqing Daily 2020 Annual Charity Awards and "China Philanthropic People" in the 2020 China Annual Conference on Philanthropy. She was also awarded the title of the "National March 8th Red-Banner Pacesetter" (全國三八紅旗手) by the All-China Women's Federation in 2022.

Ms. Luo is a sister of Mr. Lo, who is a substantial shareholder (as defined under the Listing Rules) of the Company; and a sister-in-law of Ms. Chiu, who is the spouse of Mr. Lo and a substantial shareholder of the Company.

Ms. Yi Lin, aged 51, is a non-executive Director and a member of the Remuneration Committee. She was appointed as a non-executive Director in December 2020 and was re-elected as a non-executive Director in December 2023. She obtained a bachelor's degree in accounting from Chongqing University (重慶大學) in the PRC in June 1995. She further obtained a master's degree in accounting from Shanghai University of Finance and Economics (上海財經大學) in the PRC in September 2002.

Ms. Yi has over 16 years of experience in financial management and accounting. From August 2006 to December 2007, Ms. Yi served as the general manager of the finance department of Chongqing Doyen and was responsible for coordinating the daily operation of the finance department. Since January 2008, Ms. Yi has served as the chief finance officer of Dongyuan Real Estate. From April 2010 to March 2012, Ms. Yi served as the chief finance officer of Dima. From March 2012 to April 2013, Ms. Yi served as a vice general manager and the secretary of the board of directors of Dima. From April 2013 to May 2014, Ms. Yi served as the general manager of Dima. Since April 2013, Ms. Yi has been a director of Dima. Since May 2014, Ms. Yi has also served as the vice chief executive officer and the head of finance department of Dima.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Zhang Aiming, aged 50, is an employee Director, whom also acts as an executive Director, the vice-chairman of the Board and the co-chief executive officer of the Company. He was appointed as an executive Director in October 2022 and was elected as an employee Director and re-elected as an executive Director in December 2023. He obtained a master's degree in professional accountancy from The Chinese University of Hong Kong in December 2008. He also became a certified public accountant in June 2002 and a certified internal auditor in November 2002.

Between March 2012 and May 2022, Mr. Zhang held various roles at Dima. He served as the chief financial officer of Dima between March 2012 to April 2013, the secretary of the board of directors of Dima between April 2013 and May 2019, and a vice chief executive officer of Dima between March 2021 and May 2022. Prior to joining Dima, Mr. Zhang also worked in various property developers and property management companies in the PRC.

Mr. Fan Dong, aged 54, is an employee Director, whom also acts as an executive Director, the co-chief executive officer of the Company and the general manager of the Group. He joined the Group in August 2014 and was appointed as an executive Director in December 2020 and was elected as an employee Director and re-elected as an executive Director in December 2023. He is currently a director of several subsidiaries of the Company. He obtained a bachelor's degree in law from Southwest University of Political Science and Law (西南政法大學) in the PRC in December 1997.

Mr. Fan has over 23 years of experience in property management industry. Prior to joining of the Group, he served at Chongqing Xinlonghu Property Management Co. Ltd.* (重慶新龍湖物業服務有限公司, currently known as 龍湖物業服務集團有限公司), a company principally engaged in the provision of property management services, from April 1999 to August 2014.

As at the date of this annual report, Mr. Fan Dong is interested in approximately 52.74% of the equity interest in Tianjin Partnership, and is therefore deemed to be interested in 4,990,000 H Shares, representing approximately 7.45% of the total issued share capital of the Company.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Ms. Cai Ying, aged 49, is an independent non-executive Director, a member of each of the Remuneration Committee and the Nomination Committee. She was appointed as an independent non-executive Director in December 2020 and was re-elected as an independent non-executive Director in December 2023. She obtained a bachelor's degree in electrical technology from Guangdong University of Technology* (廣東工業大學) in the PRC in July 1997. She further obtained a master's degree in finance from Jinan University* (暨南大學) in the PRC in January 2002 and a master's degree in business administration from China Europe International Business School in the PRC in August 2016.

Ms. Cai has over 25 years of finance management and investment related experience. Ms. Cai previously worked in the agent service department, e-commerce department and the computer division of the Guangzhou branch of China Southern Securities Co., Ltd.* (南方證券有限公司), a company principally engaged in provision of financial services from July 1997 to May 2004. From May 2004 to July 2008, Ms. Cai served as a senior manager of the channel service department of China Southern Asset Management Co., Ltd. (南方基金管理股份有限公司), a company principally engaged in fund management and provision of financial services. From August 2008 to July 2013, she served as the general manager and vice general manager of the Guangzhou branch of Penghua Fund Management Co. Ltd.* (鵬華基金管理有限公司), a company principally engaged in fund management and provision of financial services. Ms. Cai was responsible for the sales and marketing of fund products in southern part of the PRC. From August 2013 to September 2020, Ms. Cai served as a director and general manager of First Seafront Fund Management Co. Ltd.* (前海開源基金管理有限公司) . From September 2013 to July 2014 and from July 2014 to September 2020, Ms. Cai served as an executive director and the chairman of the board and legal representative of First Seafront Asset Management Co. Ltd.* (前海開源資產管理有限公司) respectively. Since September 2020, Ms. Cai has served as the vice chairman of First Seafront Fund Management Co. Ltd.* (前海開源基金管理有限公司) . Each of First Seafront Fund Management Co. Ltd.* (前海開源基金管理有限公司) and First Seafront Asset Management Co. Ltd.* (前海開源資產管理有限公司) is a company principally engaged in asset management and provision of financial services, the investment portfolios of which consisted of shares of certain property management companies listed on the Main Board of the Stock Exchange.

Mr. Wang Susheng, aged 55, is an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee. He was appointed as an independent non-executive Director in December 2020 and was re-elected as an independent non-executive Director in December 2023. He obtained a bachelor's degree in geography from Changsha Water Conservancy and Electric Power Pedagogical University* (長沙水利電力師範大學, currently known as 長沙理工大學) in the PRC in July 1991. He further obtained a master's degree in economics from Renmin University of China (中國人民大學) in the PRC in July 1994. In July 2000, he obtained a doctor's degree in international law from Peking University (北京大學) in the PRC. He further obtained a post-doctoral degree in management science from Tsinghua University (清華大學) in the PRC in September 2002 and master's degree in business administration from the University of Chicago in the U.S. in March 2004. Mr. Wang was qualified as a non-practising registered accountant in the PRC in May 1997, a lawyer by the Ministry of Justice of the PRC in June 1997 and a chartered financial analyst by the CFA Institute in the U.S. in April 2005.

He was a professor in finance of Harbin Institute of Technology (Shenzhen) between July 2003 and April 2017. Since April 2017, he has been a professor in finance of Southern University of Science and Technology.

From December 2013 to May 2020, Mr. Wang served as an independent non-executive director of Guangzhou Automobile Group Co., Ltd., a company whose issued shares are listed on the Stock Exchange (stock code: 2238). Between January 2016 and February 2022, Mr. Wang served as an independent director of Wedge Industrial Co. Ltd.* (萬澤實業股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000534.SZ). Between December 2016 and July 2022, Mr. Wang served as an independent director of Tianma Microelectronics Co. Ltd.* (天馬微電子股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000050.SZ). From April 2017 to August 2023, Mr. Wang served as an independent director of Shahe Industry Co., Ltd.* (沙河實業股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000014.SZ). Between October 2018 and August 2021, Mr. Wang has been serving as an independent director of Shenzhen Prolto Supply Chain Management Co. Ltd.* (深圳市普路通供應鏈管理股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002769.SZ).

Since August 2021, Mr. Wang has been serving as an independent director of ChangYuan Technology Group Ltd.* (長園科技集團股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600525.SH). Since December 2021, Mr. Wang has been serving as an independent non-executive director of CALB Co., Ltd, a company whose issued shares are listed on the Stock Exchange (stock code: 3931).

Mr. Song Deliang (formerly known as 宋開波), aged 51, is an independent non-executive Director, the chairman of the Audit Committee and a member of the Nomination Committee. He was appointed as an independent non-executive Director in December 2020 and was re-elected as an independent non-executive Director in December 2023. He obtained a doctor's degree in accounting from Shanghai University of Finance and Economics (上海財經大學) in the PRC in January 2003.

He joined Shanghai National Accounting Institute as a lecturer in August 2003 and was later promoted to vice professor in June 2012. In July 2018 and March 2019, Mr. Song offered training to the management staff of (i) a PRC company principally engaged in the provision of property management services for commercial properties, hotels and industrial parks in the PRC and is a subsidiary of a state-owned enterprise, the shares of which are listed on the Stock Exchange and Shanghai Stock Exchange; and (ii) a PRC company principally engaged in the provision of property management services in Southern China, Eastern China, Northern China, Western China, Hong Kong and Macau, the shares of which are listed on the Stock Exchange.

From April 2010 to July 2016, Mr. Song served as an independent director, a member of each of the nomination and audit committee of the board of directors of Anhui Hengyuan Coal Industry and Electricity Power Co., Ltd.* (安徽恆源煤電股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600971.SH). From August 2010 to April 2016, Mr. Song served as an independent director of State Grid Yingda Co., Ltd.* (國網英大股份有限公司, formerly known as 上海置信電氣股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600517.SH). Mr. Song also served as the chairman of the audit committee of such company between October 2010 and April 2016. From July 2015 to May 2019, Mr. Song served as an independent director, the chairman of each of the audit and remuneration committee of the board of directors of Dima. Between January 2017 and June 2023, Mr. Song served as an independent director of Shanghai Tianchen Co., Ltd.* (上海天宸股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600620.SH). Between March 2017 and June 2023, Mr. Song also served as the chairman of the audit committee of Shanghai Tianchen Co., Ltd.*. Between September 2018 and August 2023, Mr. Song served as an independent director and a member of the audit committee of the board of directors of Sunsea AIoT Technology Co., Ltd.* (日海智能科技股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002313.SZ).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Reference is made to the announcement of the Company dated 7 December 2023 ("**13.51B Announcement**") in relation to a notice issued by the China Securities Regulatory Commission regarding administrative penalties against, among others, Mr. Song with regards to his previous position as an independent non-executive director at Sunsea AIoT Technology Co., Ltd.* (日海智能科技股份有限公司). Please refer to the 13.51B Announcement for details.

SUPERVISORS

The Supervisory Board currently consists of three members.

Mr. Yang Guang, aged 34, is a Supervisor and the chairman of the Supervisory Board. He was appointed as a Supervisor in December 2023. He obtained a bachelor's degree in management from Shanghai University of Finance and Economics (上海財經大學) in the PRC in July 2010. Since October 2015, he has been a non-practising member of the Shanghai Institute of Certified Public Accountants (上海市註冊會計師協會).

Between October 2010 and October 2015, Mr. Yang was an audit manager at PricewaterhouseCoopers Zhongtian CPA (Special General Partnership)* (普華永道中天會計師事務所(特殊普通合夥)). Between October 2015 and May 2021, he was an executive general manager for finance in Shanghai Fosun High Technology (Group) Co., Ltd* (上海復星高科技(集團)有限公司), a wholly-owned subsidiary of Fosun International Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 656). Between March 2021 and July 2021, Mr. Yang has served as a supervisor of Shanghai Gangyin E-Commerce Co.,Ltd.* (上海鋼銀電子商務股份有限公司), a company listed on the National Equities Exchange and Quotations (全國中小企業股份轉讓系統) (stock code: 835092). Since May 2021, Mr. Yang served as a senior finance director at Shanghai Miaowei Construction Technology Co., Ltd* (上海妙威建築科技有限公司), a subsidiary of Dima.

Mr. Mao Dun, aged 45, is a Supervisor. He was appointed as a Supervisor in December 2020 and was re-elected as a Supervisor in December 2023. He obtained a bachelor's degree in taxation from Chongqing Business College (重慶商學院, currently known as 重慶工商大學) in the PRC in July 2001.

Since May 2014, Mr. Mao has served as the assistant audit general manager of Dongyuan Real Estate and has been responsible for coordinating audit related matters. Since March 2024, Mr. Mao served as an employee supervisor of Dima.

Ms. Tan Liang, aged 27, was elected as the employee Supervisor (i.e. the Supervisor who represents the employees of the Company). She joined the Group in July 2016, and was appointed as an employee Supervisor in December 2020 and re-elected as an employee Supervisor in December 2023. Ms. Tan has over seven years of experience in accounting field. Ms. Tan joined the Company in July 2016 as a fund settlement specialist and was responsible for fund settlement of the Group. She was later promoted to be a fund settlement supervisor in July 2019.

She served as the assistant manager in fund settlement of the Group since July 2020 and was promoted to deputy manager of financial analysis of the Group in January 2023. She completed a curriculum of accounting from Chongqing Technology and Business University (重慶工商大學) in the PRC in June 2017 by self-learning. Ms. Tan is a certified public accountant in the PRC.

SENIOR MANAGEMENT

Mr. Liu Xing, aged 47, is the chief financial officer of the Group. He first joined the Group in August 2014 as the chief financial officer of a subsidiary of the Company, namely Chongqing Dongyuan, and was responsible for overseeing its finance matters and daily management of finance department. He has served as the chief financial officer of the Company since January 2015 and has been responsible for managing district finance matters. He was appointed as the chief financial officer of the Group since December 2020. He is currently a director of several subsidiaries of the Company. He is also currently a supervisor of several subsidiaries of the Company. He obtained a bachelor's degree in accounting from Southwest Agricultural University (西南農業大學, currently known as 西南大學) in the PRC in July 1999 and a master's degree in accounting from Chongqing University (重慶大學) in December 2017. Mr. Liu is qualified as a senior accountant, and such qualification was accredited by the People's Government of Chongqing City of the PRC in December 2013.

Mr. Liu has over 22 years of experience in finance management. Prior to joining of the Group, between November 1999 and August 2014, he joined Chongqing Firm New Century Department Store Chain Operation Co., Ltd.* (重慶商社新世紀百貨連鎖經營有限公司), a company principally engaged in retail of groceries and consumer goods as a finance officer.

DIRECTORS' REPORT

The Board presents the Directors' report for the financial year ended 31 December 2023.

CORPORATE INFORMATION

The Company is an investment holding company established in the PRC. The Group is principally engaged in property management services and related services. The Company was established in the PRC on 13 January 2015 as a limited liability company and converted into joint stock company with limited liability on 17 December 2020. The Company's H Shares were listed on the Main Board of the Stock Exchange on 29 April 2022. The Company completed the conversion of 50,000,000 unlisted shares into H Shares on 31 August 2023. The listing of the converted H Shares commenced trading on the Stock Exchange on 1 September 2023. Details of the corporate's information are set out on page 2 of this report.

PRINCIPAL OPERATIONS

The Group is a long-established property management service provider offering comprehensive services for a wide range of property projects in the PRC with a rapid growth track record. As at 31 December 2023, the Group had business presence in two major regions in the PRC, namely, Southwestern China and Eastern China. The Group provides City Operations Services to property developers, property owners and residents and enterprises. It also provides FATH and Other Comprehensive Services to non-property owners, primarily property developers, foreign affairs and medical related customers and Lifestyle Services to property owners, property developers and residents.

Details of the principal activities of the principal subsidiaries of the Group are set out in note 20 to the consolidated financial statements of the Group in this annual report. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2023. As at the date of this annual report, the Board has no intention to significantly change the principal business of the Group.

RESULTS

The results of the Group for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss and other comprehensive income of the Group in this annual report.

BUSINESS REVIEW

A review of the business of the Group during the Reporting Period and a discussion on the Group's future business development are set out in the section headed "Management discussion and analysis – Business review" and "Management discussion and analysis – Outlook for 2024". An analysis of the Group's performance during the Reporting Period using financial key performance indicators is set out in the section headed "Management Discussion and Analysis". Save as disclosed in the section headed "Management Discussion and Analysis – Significant Events after the Reporting Period" in this annual report, the Group had no material events after the Reporting Period and up to the date of this annual report.

Material acquisitions and disposals

During the year ended 31 December 2023 and up to the date of this annual report, the Group did not have any material acquisition or disposal of subsidiaries and associated companies.

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group during the Reporting Period are set out in note 16 to the consolidated financial statements of the Group in this annual report.

Reserves

Details of movements in the reserves of the Group during the Reporting Period are set out in note 28 to the consolidated statement of changes in equity in this annual report. As at 31 December 2023, the distributable reserve of the Company amounted to approximately RMB176.2 million (for the year ended 31 December 2022: approximately RMB177.1 million).

Dividend

In view of the business growth of the Group and the support of the shareholders of the Company, the Board recommended the declaration of a final cash dividend of RMB0.03 per share (tax inclusive) for the year ended 31 December 2023 (for the year ended 31 December 2022: RMB0.14 per share (tax inclusive)).

The dividend distribution plan shall be subject to the approval of the Shareholders at the AGM to be held on Wednesday, 19 June 2024 and such dividend is expected to be paid on or around Monday, 19 August 2024. The Final Dividend payable to the Shareholders shall be declared in RMB and paid in HK dollars, the exchange rate of which will be calculated based on the average exchange rate of RMB against HK dollars published by the People's Bank of China seven days prior to the AGM. Upon approval at the AGM, the Final Dividend will be paid by Monday, 19 August 2024.

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and its implementing rules which came into effect on 1 January 2008, and amended on 24 February 2017 and 29 December 2018, the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprise to H Shareholders which are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), which was promulgated by the State Administration of Taxation and came into effect on 6 November 2008, etc., where a PRC domestic enterprise distributes dividends for 2008 and subsequent years for financial periods beginning from 1 January 2008 to non-resident enterprise shareholders, it is required to withhold 10% enterprise income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the Final Dividend as enterprise income tax, distribute the Final Dividend to all non-resident enterprise Shareholders whose names appear on the H Share register of members of the Company, i.e. any Shareholders who hold H Shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or Shareholders registered in the name of other organisations and groups on Monday, 24 June 2024. After receiving dividends, the non-resident enterprise Shareholders may apply to the relevant tax authorities for enjoying treatment of taxation treaties (arrangement) in person or by proxy or by the Company, and provide information to prove that it is an actual beneficiary under the requirements of such taxation treaties (arrangement). After the tax authorities have verified that there is no error, it shall refund the tax difference between the amount of tax levied and the amount of tax payable calculated at the tax rate under the requirements of the relevant taxation treaties (arrangement).

DIRECTORS' REPORT

Pursuant to the Notice on the Issues Regarding Levy of Individual Income Tax after the Abolishment of Guo Shui Fa [1993] No. 045 Document (Guo Shui Han [2011] No. 348) (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), the Company shall withhold and pay individual income tax for individual holders of H Shares. If the individual holders of H Shares are Hong Kong or Macau residents or residents of other countries or regions that have a tax rate of 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders.

If the individual holders of H Shares are residents of countries or regions that have a tax rate lower than 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders. If such Shareholders wish to claim refund of the amount in excess of the individual income tax payable under the relevant tax treaties, the Company may apply, on behalf of such Shareholders and according to the relevant tax treaties, for the relevant agreed preferential tax treatment, provided that the relevant Shareholders submit the relevant documents and information in a timely manner required by the Administrative Measures on Enjoying Treatment under Tax Treaties by Non-resident Taxpayers (State Administration of Taxation Announcement 2015, No. 60) (《非居民納稅人享受稅收協議待遇管理辦法》(國家稅務總局公告2015年第60號)) and the provisions of the relevant tax treaties. The Company will assist with the tax refund subject to the approval of the competent tax authorities.

If the individual holders of H Shares are residents of countries or regions that have a tax rate higher than 10% but lower than 20% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the applicable tax rates stated in such tax treaties on behalf of such Shareholders.

If the individual holders of H Shares are residents of countries or regions that have a tax rate of 20% under the tax treaties with the PRC, or that have not entered into any tax treaties with the PRC, or otherwise, the Company will withhold and pay individual income tax at the rate of 20% on behalf of such Shareholders.

Shareholders are recommended to consult their tax advisers regarding the PRC, Hong Kong and other tax implications arising from their holding and disposal of H Shares.

Major customers and suppliers

The table below sets out the types of major customers for each of the three business lines of the Group:

Business lines	**Major customers**
City Operations Services	Property developers, property owners, residents and enterprises
Lifestyle Services	Property owners, property developers and residents
FATH and Other Comprehensive Services	Property developers and foreign affairs and medical related customers

The suppliers of the Group are primarily third-party subcontractors located in the PRC which provide cleaning, security, landscaping and certain repair and maintenance services.

The percentage of sales and purchases for the Reporting Period attributable to the Group's major customers and suppliers are as follows:

Sales attributable to:

– the largest customer: 10.7%

– five largest customers in aggregate: 17.0%

During the Reporting Period, the total revenue attributable to the Group's five largest customers were less than 30%.

Purchases attributable to:

– the largest supplier: 5.5%

– the five largest suppliers in aggregate: 16.5%

During the Reporting Period, the total purchases attributable to the Group's five largest suppliers were less than 30% and the purchases attributable to the Group's largest supplier was less than 10%.

For the year ended 31 December 2023, the largest customer of the Group was Dima Group and its related parties, to whom the Group provided comprehensive property management services. Apart from Dima Group and its related parties, none of the Directors, or any of their close associates (as defined under the Listing Rules), or any shareholder who, to the knowledge of the Directors, own more than 5% of the Company's issued share capital), had any interest in any of the five largest customers or suppliers of the Group during the Reporting Period.

Relationship with stakeholders

The Group recognises that the employees, customers and suppliers are keys to corporate sustainability and are keen on developing long-term relationships with stakeholders. The Company places significant emphasis on human capital and strives to foster an environment in which the employee can develop their full potential and to assist their personal and professional growth. The Company provides a fair and safe workplace, promoting diversity to its staff, providing competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts on-going efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions. The Company understands that it is important to maintain good relationship with customers. The Group has established procedures in place for handling customers' complaints and customer satisfaction surveys in order to ensure customers' complaints are dealt with in a prompt and timely manner. The Group is also dedicated to develop good relationship with suppliers as long-term business partners to ensure stable services and supplies of materials. The Group reinforces business partnerships with suppliers and contractors by recurring communication in proactive and effective manner so as to ensure quality and delivery.

DIRECTORS' REPORT

Share capital

As at 31 December 2023, the total share capital of the Company was RMB66,990,867, divided into 66,990,867 H Shares of nominal value of RMB1.00 each. Details of movements in share capital of the Company for the year ended 31 December 2023 and details of the H Shares issued during the year ended 31 December 2023 are set out in note 27 to the consolidated financial statements of the Group in this annual report.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report were as follows:

Non-executive Directors

Ms. Luo Shaoying (羅韶穎) *(Chairlady)*
Ms. Yi Lin (易琳)

Executive Directors

Mr. Zhang Aiming (張愛明) *(Vice-chairman, Employee Director)*
Mr. Fan Dong (范東) *(Employee Director)*

Independent non-executive Directors

Ms. Cai Ying (蔡穎)
Mr. Wang Susheng (王蘇生)
Mr. Song Deliang (宋德亮)

No Director will be proposed for re-election at the forthcoming AGM.

SUPERVISORS

The Supervisors during the Reporting Period and up to the date of this annual report were as follows:

Mr. Wang Jun (王駿) *(retired with effect from 13 December 2023)*
Mr. Yang Guang (楊洸) *(appointed with effect from 14 December 2023)*
Mr. Mao Dun (毛盾)
Ms. Tan Liang (譚亮)

Mr. Wang Jun did not offer himself for re-election as a Supervisor at the end of his term of office as Supervisor in order to devote more time to his other commitments.

The Supervisory Board has held three meetings during 2023. Details of the meetings and events conducted by the Supervisory Board during 2023 are set out in the work report of the Supervisory Board of this annual report.

Details of biography of Directors, Supervisors and the senior management of the Company are set out on pages 20 to 25 of this annual report.

Directors' and Supervisors' service contracts

Each of the Directors has entered into a service contract with the Company for a term of three years with effect from 14 December 2023 until the expiration of the term of office of the second session of the Board (i.e. 13 December 2026). The appointments are subject to the relevant provisions of the Articles of Association with regard to vacation of office of Directors, removal and re-election of Directors.

Each of the Supervisors has entered into a service contract with the Company for a term of three years with effect from 14 December 2023 until the expiration of the term of the second session of the Supervisory Board. The appointments are subject to the relevant provisions of the Articles of Association with regard to vacation of office of Supervisors, removal and re-election of Supervisors.

No Director or Supervisor has a service contract with members of the Group which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group to protect the Directors and officers of the Group against any potential liability arising from the Group's activities which such Directors and officers may be held liable.

Emolument policy and Directors' remuneration

In compliance with the CG Code as set out in Appendix C1 to the Listing Rules, the Company has established the Remuneration Committee to formulate remuneration policies. The remuneration is determined and recommended based on, among other things, each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Remuneration Committee. Details of the remuneration of the Directors and the five highest paid individuals are set out in note 38 and note 9, respectively to the consolidated financial statements.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

Confirmation of independence of independent non-executive Directors

The Company has received a confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive Directors are considered to be independent pursuant to the Listing Rules.

Changes in information of Directors, Supervisors and Co-CEO

Changes in the information required to be disclosed pursuant to Rules 13.51(2) and 13.51B of the Listing Rules are set out below:

– Mr. Song Deliang, an independent non-executive Director, received a notice of administrative penalties from the China Securities Regulatory Commission against him as a former independent non-executive director at Sunsea AIoT Technology Co., Ltd.* (日海智能科技股份有限公司). Please refer to the 13.51B Announcement for details.

– Mr. Wang Jun, Supervisor, did not offer himself for re-election as a Supervisor at the term of his term of office as Supervisor. Mr. Yang Guang was appointed as a Supervisor and the chairman of the Supervisory Board with effect from 14 December 2023.

– Mr. Mao Dun, Supervisor, was appointed as an employee supervisor of Dima with effect from 26 March 2024.

Save as disclosed above, there were no changes in the information of the Directors, Supervisors and Co-CEO which are required to be disclosed pursuant to Rule 13.51(2) and 13.51B of the Listing Rules as at the date of this annual report.

Compliance with non-competition undertakings and Directors' interests in competing business

Interests in competing business

None of the Directors, Supervisors or their associates had any direct or indirect interest in a business which competed or might compete with the business of the Group as required to be disclosed under Rule 8.10 of the Listing Rules during the Reporting Period.

Non-competition Undertaking

To protect the Group from potential competition in the future with respect to the provision of comprehensive property management business by the Group, each of the Controlling Shareholders has given an irrevocable Non– competition Undertaking in favour of the Company (for itself and for the benefits of its subsidiaries). For details, please refer to the section headed "Relationship with our Controlling Shareholders – Non-competition – Non-Competition Undertaking" in the Prospectus.

In compliance with the Non-competition Undertaking, each of the Controlling Shareholders will make an annual declaration as to compliance with the terms of the Non-competition Undertaking. Each of the Controlling Shareholders has confirmed that it has complied with the Non-competition Undertaking during the Reporting Period. The Company has received a written confirmation from each of the Controlling Shareholders in respect of the compliance by them and their close associates in respect of the compliance by them and their close associates with the terms of the Non-competition Undertaking. The independent non-executive Directors have reviewed the Non-competition Undertaking and assessed whether the Controlling Shareholders and their close associates have complied with the terms of the Non-competition Undertaking, and were satisfied that each of the Controlling Shareholders has complied with its undertakings under the Non-competition Undertaking during the Reporting Period.

Continuing connected transactions

Pursuant to Chapter 14A of the Listing Rules, details of the Company's continuing connected transactions during the Reporting Period are as follows:

1. *City Operations Services*

On 10 March 2021, the Company entered into a master City Operations Services agreement (the **"Initial Master City Operations Services Agreement"**) with Dima Group, pursuant to which the Group agreed to provide to Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules) City Operations Services from the Listing Date to 31 December 2023. As the Initial Master City Operations Services Agreement was going to expire on 31 December 2023, on 18 October 2023, the Company entered into a new master City Operations Services agreement (the **"New Master City Operations Services Agreement"**) with Dima Group, which was approved by the Shareholders on 13 December 2023, pursuant to which the Group agreed to provide to Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules) City Operations Services from 1 January 2024 to 31 December 2026. Please refer to the circular of the Company dated 21 November 2023 for details.

The fees to be charged pursuant to the Initial Master City Operations Services Agreement and the New Master City Operations Services Agreement shall be determined after arms' length negotiations with the prevailing market price (taking into account of the location of the property projects, the expected operational costs (including, among others, labour costs, material costs and administrative costs)), historical transaction amounts and the prices charged by the Group for providing comparable services to Independent Third Parties. The fees to be charged shall be on normal commercial terms, and at prices no more favourable than those provided to customers who are Independent Third Parties. Since the Initial Master City Operations Services Agreement and the New Master City Operations Services Agreement are framework agreements, such agreements do not specify any repayment terms.

It was estimated that the maximum amounts of fees payable to the Group in relation to the transaction contemplated under the Initial Master City Operations Services Agreement for the year ended 31 December 2023 would not exceed RMB87.1 million.

During the Reporting Period, the total service fees paid by Dima Group and Affiliated Companies pursuant to the Initial City Operations Services Agreement amounted to approximately RMB61.5 million.

2. *Lifestyle Services*

On 10 March 2021, the Company entered into a master Lifestyle Services agreement (the **"Initial Master Lifestyle Services Agreement"**) with Dima Group, pursuant to which the Group agreed to provide Lifestyle Services to Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules) from the Listing Date to 31 December 2023. As the Initial Lifestyle Services Agreement was going to expire on 31 December 2023, on 18 October 2023, the Company entered into a new master Lifestyle Services agreement (the **"New Master Lifestyle Services Agreement"**) with Dima Group, which was approved by the Shareholders on 13 December 2023, pursuant to which the Group agreed to provide to Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules) Lifestyle Services from 1 January 2024 to 31 December 2026. Please refer to the circular of the Company dated 21 November 2023 for details.

It was estimated that the maximum amounts of fees payable to the Group in relation to the transactions contemplated under the Initial Master Lifestyle Services Agreement for the year ended 31 December 2023 would not exceed RMB132.8 million.

During the Reporting Period, the total service fees paid by Dima Group and Affiliated Companies pursuant to the Initial Master Lifestyle Services Agreement amounted to approximately RMB22.2 million.

3. FATH and Other Comprehensive Services

On 10 March 2021, the Company entered into a master FATH and Other Comprehensive Services agreement (the **"Initial Master FATH and Other Comprehensive Services Agreement"**) with Dima Group, pursuant to which the Group agreed to provide FATH and Other Comprehensive Services to Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules) from the Listing Date to 31 December 2023. As the Initial Master FATH and Other Comprehensive Services Agreement was going to expire on 31 December 2023, on 18 October 2023, the Company entered into a new master FATH and Other Comprehensive Services agreement (the **"New Master FATH and Other Comprehensive Services Agreement"**) with Dima Group, which was approved by the Shareholders on 13 December 2023, pursuant to which the Group agreed to provide to Dima Group and Affiliated Companies (including associates of Dima Group as defined under the Listing Rules) FATH and Other Comprehensive Services from 1 January 2024 to 31 December 2026. Please refer to the circular of the Company dated 21 November 2023 for details.

It was estimated that the maximum amounts of fees payable to the Group in relation to the transactions contemplated under the Initial Master FATH and Other Comprehensive Services Agreement for the year ended 31 December 2023 would not exceed RMB298.2 million.

During the Reporting Period, the total service fees paid by Dima Group and Affiliated Companies pursuant to the Initial Master FATH and Other Comprehensive Services Agreement amounted to approximately RMB75.5 million.

Throughout the Reporting Period, Dima was one of the Controlling Shareholders and therefore Dima was a connected person of the Company.

Save to the extent as permitted by the waivers from the announcement requirement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules granted by the Stock Exchange as disclosed in the Prospectus, the Company has complied with the requirements in Chapter 14A of the Listing Rules for the Reporting Period in relation to the Group's related party transactions which constitute continuing connected transactions as abovementioned.

Confirmation from the independent non-executive Directors

The independent non-executive Directors have reviewed the continuing connected transactions mentioned above and confirmed that the transactions have been entered into in the ordinary and usual course of the business of the Group, on normal commercial terms or better, and in accordance with the agreed terms of the relevant agreements which are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation from the auditor

The Company's auditor has been engaged to report on the 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 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board has received an unqualified letter from the auditor of the Company in accordance with Rule 14A.56 of the Listing Rules, stating that:

a. nothing has come to their attention that causes it to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors.

b. for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes it to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.

c. nothing has come to their attention that causes it to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

d. with respect to the aggregate amount of each of the disclosed continuing connected transactions, nothing has come to their attention that causes it to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

Related party transactions

A summary of the related party transactions entered into by the Group during the year ended 31 December 2023 is contained in note 37 ("**Note 37**") to the consolidated financial statements of the Group in this annual report.

Save as disclosed in item (b) of Note 37 headed "Related Party Transactions" to the consolidated financial statements contained in the Annual Report, none of the related party transactions as disclosed under Note 37 constitute connected transaction or continuing connected transaction that is subject to, among other things, reporting, announcement, annual review and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements for connected transactions or continuing connected transactions in accordance with Chapter 14A of the Listing Rules during the year under review.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Other than those transactions disclosed in note 38 to the consolidated financial statements of the Group in this annual report and in the paragraphs headed "Compliance with non-competition undertakings and Directors' interests in competing business" and "Continuing connected transactions" in this section, no Director, Supervisor or Controlling Shareholder nor any entity connected therewith has any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent companies was a party subsisted at the end of the year or at any time during the year ended 31 December 2023.

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties facing the Group include, among others:

(i) the Group's historical results may not be indicative of its future prospects and results of operation and its future growth may not materialise as planned, and failure to manage any future growth effectively may have a material adverse effect on the business, financial condition and results of operation of the Group. The Group will continue to uplift its operation and management capability and market competitiveness and seize market opportunities for achieving continual growth in operating results;

(ii) a substantial portion of the revenue of the Group is generated from City Operation Services the Group provides to property projects sourced from Dima Group which the Group does not have control over. The Group will continue to expand its coverage to properties developed by third-party developers and reduce reliance on properties developed by related parties;

(iii) the Group may not procure new City Operation Services agreements as planned or at desirable pace or price and the profitability of the Group depends on the Group's ability to obtain new customers and retaining existing customers. The Group will continue to expand its property management portfolio by proactive market-oriented expansion and strategic acquisition to add to the scale of its properties under management;

(iv) termination or non-renewal of the Group's City Operation Services agreements for a significant number of property projects could have a material adverse effect on its business, financial condition and results of operations. The Group will continue to enhance quality and uplift service capability, gain customers' recognition, and increase contract renewal rate; and

(v) the Group's future acquisitions or investment in other companies may not be successful and the Group may face difficulties in integrating acquired operations with its existing business. The Group will continue to proactively explore acquisition and investment opportunities and build up experience in integrating acquired operations.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations which have a significant impact to the Group. As at the date of this annual report, except as disclosed in the annual report, the Group complied with, in all material respects, all the relevant and applicable PRC laws and regulations governing the business of property management and the Group has obtained all licenses, permits and certificates for the purpose of operating its business.

As at the date of this annual report, the Company's joint ventures and associated company were not involved in and the Board is not aware of any non-compliance incidents that might adversely affect the value of the Company's interests in them.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As of 31 December 2023, the interests and short position of the Directors, the Supervisors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Long position in the shares of the Company

Name	Number of H Shares held as at 31 December 2023	Capacity/Nature of interest	Approximate shareholding percentage in the total issued share capital of the Company *(Note 2)*
Mr. Fan Dong *(Note 3)*	4,990,000 (L)	Interest in a controlled corporation	7.45%

Notes:

1. The letter "L" denotes the person's long position in such securities.
2. The calculation is based on the total number of 66,990,867 H Shares in issue as at 31 December 2023.
3. Mr. Fan Dong is interested in approximately 52.74% of the equity interest in Tianjin Partnership and is therefore deemed to be interested in all the Shares held by Tianjin Partnership, by the virtue of SFO.

(ii) Interest in Tianjin Partnership

Name of Director	Capacity/Nature of interest	Equity interest	Approximate percentage of the equity holding
Mr. Fan Dong	Beneficial owner	RMB1.05 million	52.74%

Save as disclosed above, no other Director, Supervisor or chief executive of the Company had interests or short position in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) were recorded in the register.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Company, as at 31 December 2023, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director, Supervisor or chief executive of the Company, had an interest of 5% or more in the H Shares or underlying H Shares:

Name of Shareholder	Nature of interest	Number of H Shares held as at 31 December 2023	Approximate shareholding percentage in the total issued share capital of the Company *(Note 2)* *(%)*
Tianjin Chengfang	Beneficial owner	25,520,000 (L)	38.09
Dima Ruisheng	Interest in a controlled corporation *(Note 3)*	25,520,000 (L)	38.09
Dima	Interest in a controlled corporation *(Note 3)*	25,520,000 (L)	38.09
Chongqing Doyen	Interest in a controlled corporation *(Note 3)*	25,520,000 (L)	38.09
Mr. Lo	Interest in a controlled corporation *(Note 3)*	25,520,000 (L)	38.09
Ms. Chiu	Interest of spouse *(Note 4)*	25,520,000 (L)	38.09
Tianjin Partnership	Beneficial owner	4,990,000 (L)	7.45
Mr. Fan Dong	Interest in a controlled corporation *(Note 5)*	4,990,000 (L)	7.45
Ms. Xia Qing	Interest of spouse *(Note 6)*	4,990,000 (L)	7.45
Mr. Liu Xing	Interest in a controlled corporation *(Note 5)*	4,990,000 (L)	7.45
Ms. Ma Xuemei	Interest of spouse *(Note 7)*	4,990,000 (L)	7.45
Kingdom Vast Limited	Beneficial owner	12,705,000 (L)	18.97

Name of Shareholder	Nature of interest	Number of H Shares held as at 31 December 2023	Approximate shareholding percentage in the total issued share capital of the Company *(Note 2)* *(%)*
RAF Capital Group Limited	Interest in a controlled corporation *(Note 8)*	12,705,000 (L)	18.97
Mr. Wang Hao	Interest in a controlled corporation *(Note 8)*	12,705,000 (L)	18.97
Ms. Zhang Xiangnong	Interest of spouse *(Note 9)*	12,705,000 (L)	18.97
Harvest Fund Management Co., Ltd.	Interest in a controlled corporation *(Note 10)*	6,785,000 (L)	10.13
China Credit Trust Co., Ltd	Interest in a controlled corporation *(Note 10)*	6,785,000 (L)	10.13

Notes:

1. The letters "L" denotes the person's long position in such securities.

2. The calculation is based on the total number of 66,990,867 H Shares in issue as at 31 December 2023.

3. Tianjin Chengfang was wholly-owned by Dima Ruisheng which was in turn wholly-owned by Dima. As at 31 December 2023, Dima was an A-share company listed on the Shanghai Stock Exchange and was owned by Chongqing Doyen and Chongqing Shuorun as to approximately 35.55% and 3.01% respectively. Chongqing Shuorun was owned by Chongqing Doyen and Ms. Chiu as to approximately 98.96% and 1.04% respectively, while Chongqing Doyen was owned by Mr. Lo and Ms. Chiu as to approximately 77.78% and 22.22% respectively. By virtue of the SFO, each of Mr. Lo, Chongqing Doyen, Dima and Dima Ruisheng are deemed to be interested in all the Shares held by Tianjin Chengfang.

4. Ms. Chiu is the spouse of Mr. Lo. By virtue of the SFO, Ms. Chiu is deemed to be interested in all the Shares held by Mr. Lo.

5. Tianjin Partnership was owned by Mr. Fan Dong and Mr. Liu Xing as to approximately 52.74% and 37.18%, respectively. By the virtue of SFO, each of Mr. Fan Dong and Mr. Liu Xing is deemed to be interested in all the Shares held by Tianjin Partnership.

6. Ms. Xia Qing is the spouse of Mr. Fan Dong. By virtue of the SFO, Ms. Xia Qing is deemed to be interested in all the Shares held by Mr. Fan Dong.

7. Ms. Ma Xuemei is the spouse of Mr. Liu Xing. By virtue of the SFO, Ms. Ma Xuemei is deemed to be interested in all the Shares held by Mr. Liu Xing.

8. Kingdom Vast Limited was wholly-owned by RAF Capital Group Limited, which was in turn was wholly-owned by Mr. Wang Hao. By virtue of the SFO, each of RAF Capital Group Limited and Mr. Wang Hao is deemed to be interested in all the Shares held by Kingdom Vast Limited.

9. Ms. Zhang Xiangnong is the spouse of Mr. Wang Hao. By virtue of the SFO, Ms. Zhang Xiangnong is deemed to be interested in all the Shares held by Mr. Wang Hao.

10. Each of (i) Harvest International Premium Value (Alternative Investments) Fund SPC on behalf of Property Management Investment SP (being the sole shareholder of Harvest Property Management Investment Limited); (ii) Harvest Global Investments Limited (being the shareholder holding as to approximately 91% of Harvest International Premium Value (Alternative Investments) Fund SPC on behalf of Property Management Investment SP); (iii) Harvest Fund Management Co., Ltd.* (嘉實基金管理有限公司) (being the sole shareholder of Harvest Global Investments Limited); and (iv) China Credit Trust Co., Ltd. (being the equity holder of 40% of equity interest in Harvest Fund Management Co., Ltd.* (嘉實基金管理有限公司)) is deemed to be interested in all the Shares held by Harvest Property Management Investment Limited by virtue of the SFO.

Save as disclosed above, as of 31 December 2023, the Company had not been notified of any persons (other than a Director, Supervisor or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

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 subsisted during the year ended 31 December 2023.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

During the year ended 31 December 2023, there were no any rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, nor were there any such rights exercised by them. Also, there was no arrangement to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries is a party that would enable the Directors to acquire such rights in any other body corporate.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company, or the law of PRC being the jurisdiction in which the Company was incorporated under which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" in this annual report.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

Environmental protection

The Group is subject to PRC laws in relation to environment protection matters. The Group considers the protection of the environment to be important and have implemented measures in the operation of its businesses to ensure its compliance with all applicable requirements. Given the nature of its operations, the Group believes it is not subject to material environmental liability risk or compliance costs.

During the year ended 31 December 2023 and up to the date of this annual report, no fines or penalties for non-compliance of PRC environmental laws had been imposed on the Group, and the Group had not been subject to any material administrative penalties due to violation of environmental laws in the PRC.

Social responsibility

The Group has entered into employment contracts with its employees in accordance with the applicable PRC laws and regulations.

The Group maintains social welfare insurance for its full-time employees in the PRC, including pension insurance, medical insurance, personal injury insurance, unemployment insurance and maternity insurance, in accordance with the relevant PRC laws and regulations.

Health and work safety

The employee's administrative measures adopted by the Group contain policies and procedures regarding work safety and occupational health issues. The Group provides its employees with annual medical checks and safety training, and the construction sites of the Group are equipped with safety equipment including gloves, boots and hats.

The operational management department of the Group is responsible for recording and handling work accidents as well as maintaining health and work safety compliance records.

During the year ended 31 December 2023 and up to the date of this annual report, the Group did not encounter any material safety accident, there were no material claims for personal or property damages and no material compensation was paid to employees in respect of claims for personal or property damages related to safety accident.

Corporate governance

The Company has adopted the principles as set out in the CG Code contained in Appendix C1 to the Listing Rules. The Board is of the view that the Company is in compliance with the mandatory code provisions of the CG Code for the Reporting Period.

For details of the Corporate Governance Report, please refer to pages 47 to 66 of this annual report.

INDEMNITY AND INSURANCE PROVISIONS

The Articles of Association provides that the Directors, managing directors, alternate Directors, auditors, secretary and other officers for the time being of the Company and the trustees (if any) for the time being acting in relation to any of the affairs of the Company, and their respective executors or administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts. The Company has arranged appropriate directors' and officers' liability insurance in respect of legal action against Directors.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company, or subsisted during the year ended 31 December 2023.

ANNUAL GENERAL MEETING

The AGM is scheduled to be held on 19 June 2024. A notice convening the AGM will be issued and disseminated to the Shareholders in due course.

CHARITABLE DONATIONS

During the year ended 31 December 2023, the Group made charitable and other donations in a total amount of RMB47,510 (2022: RMB150,000).

AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee has reviewed together with the management of the Company the accounting principles and policies adopted by the Group and the audited annual results for the year ended 31 December 2023.

AUDITOR

The consolidated financial statements for the year ended 31 December 2023 have been audited by BDO Limited. A resolution for the re-appointment of BDO Limited. as the Company's auditor is to be proposed at the AGM.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, they are advised to consult an expert. The Company is not aware of any tax relief or exemption available to the Shareholders of the Company due to their holding of the Company's securities.

For and on behalf of the Board
Dowell Service Group Co. Limited*
Luo Shaoying
Chairlady

Hong Kong, 20 March 2024

* For identification purpose only.

SUPERVISORY BOARD'S REPORT

During the Reporting Period, the Supervisory Board carefully and thoroughly performed its supervisory functions in favour of the Company and the Shareholders in a responsible manner according to the Company Law, the Articles of Association and the requirements under the relevant laws and regulations in the PRC, while duly monitoring and examining the operations and financial conditions of the Group, as well as supervising the performance of duties by the members of the Board and management of the Company, according to the laws.

I. CONVENING OF THE MEETINGS OF THE SUPERVISORY BOARD

The Supervisory Board held three meetings during the Reporting Period. The details are as follows:

(a) On 30 March 2023, the eighth meeting of the first session of the Supervisory Board was convened, during which the Supervisory Board considered and approved, among others, (i) the 2022 work report of the Board; (ii) the 2022 work report of the Supervisory Board; (iii) the financial account report for the year ended 31 December 2022; and (iv) the 2022 profit distribution plan;

(b) On 18 October 2023, the ninth meeting of the first session of the Supervisory Board was convened, during which the Supervisory Board considered and approved, among others, (i) the proposed re-election and appointment of Supervisors; (ii) proposed amendments to the Articles of Association; (iii) reclassification of the Group's main business lines; and (iv) renewal of continuing connected transactions of the Group; and

(c) On 13 December 2023, the first meeting of the second session of the Supervisory Board was convened, during which the Supervisory Board considered and approved, among others, the appointment of the chairman of the Supervisory Board.

II. OPINIONS OF THE SUPERVISORY BOARD ON SUPERVISED MATTERS OF THE COMPANY DURING THE REPORTING PERIOD

1. Compliance of the Company's operations with legal requirements

During the Reporting Period, pursuant to the laws and regulations of the PRC and the Articles of Association, the Supervisory Board duly supervised the convening procedures and resolutions of general meetings of Shareholders and meetings of the Board, the Board's execution of resolutions approved at general meetings of Shareholders, the performance of duties by the senior management of the Company. The Supervisory Board was of the view that the Company's operation was in compliance with laws and regulations, and the internal control system was comprehensive and sound. The Board strictly carried out various resolutions approved by and authorisations granted by general meetings, and the decision making procedure was lawful and effective. The Directors and senior management of the Company could perform their respective duties with diligence and dedication without violating laws, regulations and the Articles of Association or damaging interests of the Company and its Shareholders.

2. Financial position of the Company

During the Reporting Period, the Supervisory Board has carefully reviewed the consolidated financial statements and financial information of the Company during the Reporting Period. The Supervisory Board was of the view that the procedures adopted by the Board in preparing and considering the annual financial report of the Company are in compliance with the laws and regulations of the PRC. The contents of the report gave a true, accurate and complete view of the actual situation of the Company and do not contain false statements, misleading representations or material omissions.

3. Use of Net Proceeds

During the Reporting Report, the use of the Net Proceeds strictly observed relevant provisions and the use disclosed, and no illegal use of the Net Proceeds were found.

4. Material related party transactions

During the Reporting Period, the Company conducted related party transactions, including continuing connected transactions according to the principle of fairness and such transactions have been complying with laws and regulations. The continuing connected transactions were found to be in conformity to the provisions of relevant agreements, and have fulfilled the obligation of information disclosure in accordance with the Listing Rules. The Supervisory Board was not aware of any action which would damage the interests of the Company and investors in the Company.

5. The Supervisory Board has no disagreement on the matters supervised during the Reporting Period

III. MEMBERS OF THE SUPERVISORY BOARD AND ATTENDANCE OF THE MEETINGS OF THE SUPERVISORY BOARD

The Supervisory Board, which comprises three members, including two Shareholder representative Supervisors and one employee representative Supervisor appointed by the workers' congress. All the members of the Supervisory Board are diligent and conscientious, and have conscientiously performed their duties in compliance with the relevant laws, regulations and the Articles of Association, and have personally attended all the meetings of the Supervisory Board.

IV. WORKING PLAN FOR 2024

In 2024, the Supervisory Board will continue to abide by the principle of being responsible to all the Shareholders, and perform its supervisory duties in strict accordance with the requirements of the relevant laws and regulations and the Articles of Association. The Supervisory Board will continue to strengthen the internal learning and training of Supervisors to improve their supervision awareness and ability, and continuously promote self-improvement of the Supervisory Board. According to the authority and responsibilities stipulated in the Company Law, the Supervisory Board will effectively supervise the Company's business activities and play an important role in the governance of the Company and the protection of Shareholders' rights, so as to effectively safeguard and protect the interests of the Company and its Shareholders, and prevent damage to the interests and image of the Company.

By order of the Supervisory Board of
Dowell Service Group Co. Limited*
Yang Guang
Chairman of the Supervisory Board

20 March 2024

* For identification purpose only.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2023.

CORPORATE GOVERNANCE CODE

The Group is committed to implementing high standards of corporate governance to safeguard the interests of the Shareholders and enhance the corporate value as well as the responsibility commitments. The Company has adopted the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

The Board has the collective responsibility for leadership and control of, and for promoting the success of, the Company by directing and supervising the Company's affairs. The Board is committed to the Company's objective of consistent growth and development and increase in shareholder value. The Board sets strategies for the Company and monitors the performance and activities of the management.

The Board is responsible for performing the corporate governance duties set out in the CG Code. The principal role and function of the Board in relation to corporate governance is to develop and review the Company's policies and practices on corporate governance, to review and monitor the training and continuous professional development of Directors and senior management of the Company, to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements, to formulate, review and monitor the code of conduct applicable to employee and Directors, and to review the Company's compliance with the CG Code and disclosure in the corporate governance report of the Company under the annual report of the Company.

To the knowledge of the Directors, during the Reporting Period and up to the date of this annual report, the Company has complied with all applicable code provisions set out in the CG Code. The Directors will use their best endeavours to procure the Company to continue to comply with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code for dealing in securities in the Company by the Directors and Supervisors.

After specific enquiries made to all Directors and Supervisors, the Directors and Supervisors have confirmed compliance with the required standard set out in the Model Code during the Reporting Period and up to the date of this annual report.

THE BOARD OF DIRECTORS

Responsibilities, accountabilities and contribution of the Board and management

The Board assumes the responsibility of leadership and control of the Company, and supervises and approves significant decisions regarding financial performance, strategic development objectives and operations of the Company. The management is authorised and responsible to handle the Company's daily operations and businesses management. The Board is well balanced with Directors having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The employee Directors, whom also act as executive Directors, the non-executive Directors and independent non-executive Directors bring a variety of experience and expertise to the Company. In particular, the independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent views and judgement on corporate actions and operations. The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, and has delegated to the Board Committees various duties. All the Board Committees perform their distinct roles in accordance with their respective terms of reference.

All Directors shall at all times ensure that they carry out duties in good faith, in compliance with all applicable laws and regulations, and in the interests of the Company and the Shareholders. 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 annually reviews the implementation and effectiveness of mechanisms to ensure independent views and input available to the Board and the Board is of the view that the independent mechanism is effective.

The Company has arranged appropriate insurance coverage on Directors' and senior managements' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Board composition and change in Board composition

The Board currently comprises two employee Directors, whom also act as executive Directors, two non-executive Directors and three independent non-executive Directors. The composition of the Board is as follows:

Executive Directors:

Mr. Zhang Aiming *(Co-CEO)*
Mr. Fan Dong *(Co-CEO)*

Non-executive Directors:

Ms. Luo Shaoying *(Chairlady)*
Ms. Yi Lin

Independent non-executive Directors:

Ms. Cai Ying
Mr. Wang Susheng
Mr. Song Deliang

The brief biological information of each Director is set out in the section headed "Directors, Supervisors and senior management" in this annual report. The changes in information of Directors, Supervisors and Co-CEO is set out in the section headed "Director's Report - Changes in Information of Directors, Supervisors and Co-CEO" in this annual report. Save as disclosed therein, there are no other material relationships (whether financial, business, family or others) among the members of the Board.

Each of the Directors have entered into a service contract or letter of appointment with the Company for a term of not more than three years until the expiry of the term of office of the second session of the Board (i.e. 13 December 2026).

Chairman and chief executive officer

The roles of the Chairman and the chief executive officer have been separated as required by Code Provision C.2.1 of the CG Code.

The Chairman and the Co-CEO have separate defined responsibilities. The Chairman is responsible in leading the Board in forming the Group's strategies and policies and for organising the business of the Board, ensuring its effectiveness and setting its agenda but not involved in the day-to-day business operation of the Group. The Co-CEO are directly in charge of the daily operations of the Group and are accountable to the Board for the financial and operational performance of the Group. Their respective roles and responsibilities are set out in writing, which have been approved and adopted by the Board.

Independent non-executive Directors

During the Reporting Period and up to the date of this annual report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non- executive Directors representing no less than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

In determining the independence of the independent non-executive Directors, the Company follows the requirements as set out in the Listing Rules. The Company has received written confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non- executive Directors are independent.

Appointments, re-election and removal of Directors

Save for employee Directors who shall be elected from the employee meeting or employee representative meeting of the Company, directors (including non-executive Directors) shall be elected at the shareholders' general meeting with a term of office from the date he or she takes office, until the expiry of the term of office of the session of the Board. Upon expiry of the term, a Director shall be eligible to offer himself for re-election and re-appointment. Save for employee Directors who shall be removed by the employee meeting or employee representative meeting of the Company and are not subject to the approval of the Shareholders, any Director with unexpired term of office may be removed by the shareholders' general meeting by an ordinary resolution.

Continuous professional development of Directors

Each Director is provided with the necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under all applicable laws and regulations.

The Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Company will continue to arrange regular seminars to provide the Directors with updates on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge his/her duty.

The Directors are committed to complying with the CG Code C.1.4 on Directors' training. During the Reporting Period, all Directors attended training sessions on the respective obligations of the Directors and senior management. 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.

According to the records provided by the Directors, a summary of training received by the Directors during the Reporting Period is as follows:

Name of Directors	Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops	Reading relevant news alerts, newspapers, journals, magazines and relevant publications
Non-executive Directors		
Ms. Luo Shaoying	√	√
Ms. Li Yin	√	√
Executive Directors		
Mr. Zhang Aiming	√	√
Mr. Fan Dong	√	√
Independent non-executive Directors		
Ms. Cai Ying	√	√
Mr. Wang Susheng	√	√
Mr. Song Deliang	√	√

Board Meetings

Pursuant to Code Provision C.5.1 of the CG Code, at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means.

The Company has adopted the practice of holding Board meetings regularly. Notice of not less than 14 days is given of all regular Board meetings to provide all Directors with the opportunity to attend and include matters in the agenda. For other Board Committee meetings, seven days' notice is given. The agenda and accompanying board papers are despatched to the Directors or Board Committee members at least three days before meetings to ensure that they have sufficient time to review these documents and be adequately prepared. When the Directors or Board Committee members are unable to attend a meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the Board Committee prior to the meeting.

All the Directors have access to advice and services of the Company's joint company secretaries, who are responsible for ensuring that Board procedures and applicable regulations under the Articles of Association or otherwise are complied with. Each Director is entitled, if necessary, to seek independent professional advice at the Company's expense.

Minutes of the Board meetings and Board Committee meetings are recorded in detail and include the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors within a reasonable time after the date on which the meeting is held so that they have an opportunity to request amendments. All minutes are kept by the Company and are open for inspection by any Director during normal office hours with reasonable advance notice. Matters considered and decisions reached at the Board and Committee meetings are recorded with sufficient detail in the minutes.

Attendance record of Directors

The attendance record of each Director at the Board meetings and the general meetings of the Company during the year ended 31 December 2023 is set out below:

	Meetings attended/number of meetings	
Name of Directors	**Board meeting**	**General meeting**
Executive Directors		
Mr. Zhang Aiming *(Vice-chairman, Employee Director)*	6/6	2/2
Mr. Fan Dong *(Employee Director)*	6/6	2/2
Non-executive Directors		
Ms. Luo Shaoying *(Chairlady)*	6/6	2/2
Ms. Yi Lin	6/6	2/2
Independent non-executive Directors		
Ms. Cai Ying	6/6	2/2
Mr. Wang Susheng	6/6	2/2
Mr. Song Deliang	6/6	2/2

Board Committees

Each of the Board Committees has specific written terms of reference which deal clearly with their respective authority and duties. The Board Committees operate in accordance with their terms of reference established by the Board.

Audit Committee

The Company established the Audit Committee on 20 February 2021 with written terms of reference in compliance with the Listing Rules.

The Audit Committee consists of one non-executive Director, namely Ms. Luo Shaoying, and two independent non-executive Directors, namely Mr. Wang Susheng and Mr. Song Deliang. The chairman of the Audit Committee is Mr. Song Deliang, who has the appropriate professional qualifications and experience in accounting matters.

The primary responsibilities of the Audit Committee include, among others, (i) providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and risk management systems of the Group; (ii) overseeing the audit process, assisting the Board in reviewing the financial information and reporting process of the Group and performing other duties and responsibilities as assigned by the Board; (iii) developing and reviewing the Company's policies and practices on corporate governance, compliance with legal and regulatory requirements and requirements under the Listing Rules; and (iv) developing, reviewing and monitoring the code of conduct applicable to the Company's employees and Directors.

The Audit Committee convened two meetings during the Reporting Period. The table below sets forth the details of the attendance at such meetings:

Name of committee member	**Number of meetings attended/number of meetings**
Mr. Song Deliang *(Chairman)*	2/2
Ms. Luo Shaoying	2/2
Mr. Wang Susheng	2/2

The Audit Committee has reviewed the Company's audited consolidated financial statements for the year ended 31 December 2023 and confirmed that it has complied all applicable accounting principles, standards and requirements, and made sufficient disclosures. The Audit Committee also discussed the matters of audit and financial reporting. It had also reviewed the significant issues on the financial reporting and compliance procedures, internal control and risk management systems and connected transactions, and have discussed with the auditor of the Company about the tasks they performed.

The Audit Committee had reviewed the remuneration of the auditor for the year ended 31 December 2023 and has recommended the Board to re-appoint BDO Limited as the auditor of the Company for the year ending 31 December 2024, subject to approval by the Shareholders at the AGM.

The work performed by the Audit Committee during the Reporting Period included, among others, the following:

- reviewed the audited condensed consolidated results for the year ended 31 December 2022;
- reviewed the unaudited condensed consolidated interim results for the six months ended 30 June 2023;
- reviewed the Company's cash flow and monitoring the Company's overall financial condition;
- made recommendation to the Board in relation to the re-appointment of auditors;
- reviewed the appropriateness and effectiveness of the internal control, compliance and risk management systems of the Company and recommended improvements of such systems to the Board;
- reviewed the appropriateness and effectiveness of the internal audit functions of the Company and recommended improvements of such function to the Board; and
- reviewed the arrangements which employees can raise concerns on possible improprieties in financial reporting, internal control or other matters, and investigating such matters (where necessary).

Remuneration Committee

The Company established the Remuneration Committee on 20 February 2021 with written terms of reference in compliance with the Listing Rules.

The Remuneration Committee consists of one non-executive Director, namely Ms. Yi Lin, and two independent non-executive Directors, namely Ms. Cai Ying and Mr. Wang Susheng. The chairman of the Remuneration Committee is Mr. Wang Susheng.

The primary responsibilities of the Remuneration Committee include, among others, (i) making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; (iii) making recommendations to the Board on the remuneration packages of Directors and senior management; and (iv) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

The Remuneration Committee convened two meetings during the Reporting Period. The table below sets forth the details of the attendance at such meetings:

Name of committee member	**Number of meetings attended/ number of meeting**
Mr. Wang Susheng *(Chairman)*	2/2
Ms. Yi Lin	2/2
Ms. Cai Ying	2/2

During such meetings, the Remuneration Committee reviewed and recommended the Board the remuneration policy and structure of the Company and the remuneration packages of the Directors, Supervisors and senior management (including the remuneration of the re-elected Directors and Supervisors).

Compensation of the Directors, Supervisors and senior management

The Directors, Supervisors and senior management receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of the Group. The Company regularly reviews and determines the remuneration and compensation packages of the Directors, Supervisors and senior management.

The aggregate amount of remuneration paid by the Company to Directors and Supervisors (including salaries, allowances and contributions to retirement benefit scheme) for the year ended 31 December 2023 was approximately RMB8.2 million.

The aggregate amount of remuneration paid by the Company to its five highest paid individuals (including the Directors, Supervisors and senior management) (including salaries, allowances and contributions to retirement benefit scheme) for the year ended 31 December 2023 was approximately RMB11.4 million.

None of the Directors had waived or agreed to waive any remuneration for the year ended 31 December 2023.

The Board will review and determine the remuneration and compensation packages of the Directors, Supervisors and senior management and will receive recommendation from the Remuneration Committee which will take into account, among other things, salaries paid by comparable companies, time commitments and responsibilities of the Directors and Supervisors and performance of the Company.

For additional information on the Directors', Supervisors' and senior managements' remuneration for the year ended 31 December 2023 as well as information on the five highest paid individuals, please refer to note 38 and note 9 to consolidated financial statements.

Further, and pursuant to code provision E.1.5 of the CG Code, the annual remuneration of members of the senior management (excluding Directors and Supervisors) by band for the year ended 31 December 2023 is set out below:

Remuneration band	Number of persons
HK$1,000,001 to HK$1,500,000	1

Nomination Committee

The Company established the Nomination Committee on 20 February 2021 with written terms of reference in compliance with the Listing Rules.

The Nomination Committee consists of one non-executive Director, namely Ms. Luo Shaoying, and two independent non-executive Directors, namely Ms. Cai Ying and Mr. Song Deliang. The chairlady of the Nomination Committee is Ms. Luo Shaoying.

The primary responsibility of the Nomination Committee is to (i) review the structure, size and composition (including the skills, knowledge and experience) of the Board annually and make recommendations on any proposed changes to the Board to complement the corporate's strategy; (ii) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (iii) assess the independence of independent non-executive Directors; (iv) review and report annually to the Board the implementation and effectiveness of mechanism to ensure independent views and input are available to the Board; and (v) make recommendations to the Board on the appointment or reappointment of Directors and succession planning for directors, in particular the Chairman and the chief executive officer of the Company.

The Nomination Committee convened two meetings during the Reporting Period. The table below sets forth the details of the attendance at such meetings:

Name of committee member	Number of meetings attended/ number of meeting
Ms. Luo Shaoying *(Chairlady)*	2/2
Ms. Cai Ying	2/2
Mr. Song Deliang	2/2

The work performed by the Nomination Committee during the Reporting Period included, among others, the following:

- reviewed the structure, size, composition and diversity of the Board;
- assessed the independence of the independent non-executive Directors;
- reviewed and made recommendations to the Board regarding re-election of Directors and appointment of a Supervisor; and
- reviewed and made recommendations to the Board on the nomination policy.

Director nomination policy

The Board has delegated its responsibilities and authority for selection and recommendation for the appointment of Directors to the Nomination Committee.

The Company has adopted a Director nomination policy (the "**Nomination Policy**"), which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors. It aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level. The Nomination Committee will review the Nomination Policy, as appropriate, to ensure its effectiveness.

The Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy and diversity aspects under the board diversity policy;
- requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- willingness, ability to devote adequate time and relevant interest to discharge duties as a member of the Board and/or Board Committee(s).

The Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. After receiving a list of candidates for the replacement and appointment of new Directors, the Nomination Committee will request the candidate to provide his/her biographical information and other information deemed necessary. The Nomination Committee will review and take reasonable steps to verify the information obtained from the candidate and seek clarification, where required. The Nomination Committee may, at its discretion, invite any candidate to meet with the Nomination Committee members to assist them in their consideration of the proposed nomination or recommendation. The Nomination Committee will then submitted its nomination proposal to the Board for consideration and make the corresponding recommendation to the Shareholders for approval.

The Nomination Committee will review the Nomination Policy, as appropriate, to ensure its effectiveness.

Board diversity policy

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talents, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. The Group will continue to implement measures and steps to promote and enhance gender diversity at all levels of the Company. The Company will select potential Board candidates based on merit and his/her potential contribution to the Board while taking into account the board diversity policy and other factors. The Company will also take into consideration its own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

The Board comprises seven members, including three female Directors. The Directors also have a balanced mix of knowledge, skills and experience, including property management, accounting, finance and investment. They obtained degrees in various majors including but without limitation to accounting, finance, business administration and law. The Company has three independent non-executive Directors who have different industry backgrounds, including economics, accounting and financial management. The Company has taken and will continue to take steps to promote gender diversity at all levels of the Company, including but without limitation at Board and senior management levels. Taking into account the Company's business model and specific needs as well as the presence of three female Directors out of a total of seven Board members, the Company considers that the composition of the Board satisfies the board diversity policy.

The Company will also ensure that there is gender diversity when recruiting staff at mid to senior levels so that it will have a pipeline of female senior management and potential successors to the Board going forward. It is the Company's objective to maintain an appropriate balance of gender diversity with reference to the stakeholders' expectation and international and local recommended best practices. As at 31 December 2023, the gender ratio in the workforce (including senior management) was approximately 51.4% male and 48.6% female. Accordingly, the Company considers that gender diversity is achieved in its workforce.

The Nomination Committee is responsible for the implementation of the board diversity policy and compliance with relevant codes governing board diversity under the CG Code. The Nomination Committee will review the board diversity policy and the Company's diversity profile (including gender balance) annually to ensure its continued effectiveness.

Corporate governance functions

The Board is responsible for performing the functions set out in Code Provision A.2 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors, Supervisors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Company's compliance with the CG Code and disclosure in this corporate governance report.

DIRECTORS'S AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Directors', Supervisors' and chief executive's interests and short positions in shares, underlying shares and debentures of the company or its associated corporations" above, at no time during the Reporting Period was the Company or any of its subsidiaries or fellow subsidiaries a party to any arrangements which enable the Directors and the Supervisors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors and the Supervisors, or any of their spouses or children under 18 years of age was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate nor had exercised any such right.

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08 of the Listing Rules requires there to be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities to be maintained. This normally means that at least 25% of the issuer's total issued share capital must at all times be held by the public.

Based on the information that is publicly available to the Company and to the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company maintained sufficient public float as required under Rule 8.08 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the Reporting Period.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company'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 on pages 105 to 111 of this annual report.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

BDO Limited, Certified Public Accountants, were engaged as the Company's external auditor for the year ended 31 December 2023. PricewaterhouseCoopers retired as the audit institution of the Company and were not re-appointed upon expiration of its term of office at the conclusion of the annual general meeting of the Company held on 28 June 2022. Save as disclosed above, there were no other changes in auditor of the Company during the past three years.

An external auditor may provide certain non-audit services to the Group as long as these services do not involve any management or decision making functions for and on behalf of the Group, or performing self–assessments or action as an advocacy role for the Group.

Before any engagement with external auditor for non-audit services, external auditor must comply with the independence requirements under Code of Ethics for Professional Accountants issued by Hong Kong Institute of Certified Public Accountants. An independent auditor's responsibilities for the consolidated financial statements is set out in the Independent Auditor's Report of this annual report. During the year ended 31 December 2023, the remunerations paid or payable to BDO Limited regarding the audit and non-audit services are set out as follows:

	RMB
Audit and related services	1,800,000
Non-audit services *(Note)*	100,000
	1,900,000

Note: Non-audit services include agreed-upon procedures on the interim financial statements of the Group for the six months ended 30 June 2023.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group endeavours to uphold the integrity of its business by maintaining an internal control system in its organisational structure to allow for corporate compliance culture to be embedded into its day-to-day operations. The Group's internal control system and procedures are designed to meet its specific business needs and to minimise its risk exposure. For instance, the Group's employees are required to attend staff trainings in relation to policy changes and other issues from time to time. The Board acknowledges its responsibility for ensuring that sound and effective internal control systems are maintained so as to safeguard the Group's assets and the interest of shareholders. The Group has developed and established an internal audit and risk management team, which reports to the Board and the Audit Committee, to look after the Group's systems of internal control, risk management and the internal audit function. The systems of internal control and risk management are designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board is also responsible for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company.

The Group has set up and implemented, among others, the following internal control measures:

(1) a system to monitor and manage any overdue account receivables;

(2) an internal accounting policy with clear guidelines in relation to the revenue recognition policy of the Group's revenue derived from each of its City Operations Services, Lifestyle Services and FATH and Other Comprehensive Services in accordance with the relevant applicable accounting standards;

(3) standardised the Group's third-party subcontractors selection and engagement process;

(4) formulate a purchase order creation and approval mechanism;

(5) standardised the Group's accounts payable management process;

(6) enhanced the management of the safety of the Group's database systems; and

(7) developed a standard procedure alternation process and system and formulate an official data recovery plan.

The Group has established risk management manual to formulate the risk management process and the management is committed to fostering a risk aware and internal control conscious environment. The staff in all levels within the Group are also required to take the relevant responsibility on the risk management process. The procedures for risk management are as follows:

Risk identification

Both internal and external factors including economic, political, technology and environmental, social and governance factors, laws and regulations, business objectives and stakeholders' expectation would be considered.

Risk assessment

The risk identified would be assessed and rated based on the likelihood and impact to the achievement of the Group's objectives.

Control activities

The internal control procedures have been designed and implemented to address the risks.

Risk monitoring

Risk register has been maintained and updated regularly to monitor risks on an ongoing basis.

Risk management review

The Board and the Audit Committee would perform a review of any change of significant risks reported by the internal audit and risk management team.

As at 31 December 2023 and up to the date of this annual report, so far as the Directors are aware, there have not been any other incidents of non-compliance.

The Group has also implemented various risk management policies and measures to identify, assess and manage risks arising from its operations. Detailed risk categories identified by the management, internal and external reporting mechanism, remedial measures and contingency management have been codified in the Group's policies.

During the Reporting Period, the internal audit functions have been carried out under the leadership of the Board and the Audit Committee. The Audit Committee reviewed the effectiveness of internal control system of the Group in respect of finance, operation, compliance and business matters and reported the results to the Board. Should any material fault or any material weakness in monitoring be found, the internal audit team will report the same to the Audit Committee in timely manner.

Based on the aforementioned implementation of internal policies and risk management policies, the Directors are of the view that the Group has adequate and effective internal control procedures in place.

The Group's management will continuously monitor and improve the procedures at least once per year to ensure that the effective operation of its risk management and internal control measures is in line with the growth of its business and good corporate governance practice.

INSIDE INFORMATION

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Company takes seriously of its obligations under Part XIVA of the SFO and the Listing Rules. The Company has adopted a continuous disclosure compliance policy which sets out guidelines and procedures to the Directors and officers of the Group to ensure inside information of the Group is to be disseminated to the public in equal and timely manner.

Each business unit is responsible for monitoring any potential inside information within its operations. If there is any potential inside information, such information will be escalated to the senior management and the company secretary of the Company so that an assessment will be made as to whether an announcement will need to be made. If an announcement will be made including considering whether any safe harbour is available under the SFO, such announcement will be made by the Company on timely basis to enable the public, namely Shareholders, potential investors and other stakeholders of the Company, to assess such information. All inside information is kept strictly confidential and is restricted to relevant parties on a need-to-know basis to ensure confidentiality until disclosure has been made to the public by way of an announcement.

Whistleblowing and anti-corruption policies

The Company is committed to achieving and maintaining the highest possible standards of openness, probity and accountability. A whistleblowing policy is in place to create a system for the employees and business partners to raise concerns, in confidence and anonymity, to the Audit Committee and the Board about possible improprieties relating to the Group. The identity of the whistleblower will be treated with the strictest confidence.

The Company has also established an anti-corruption policy and system to promote and support anti-corruption laws and regulations. The anti-corruption policy sets out the basic standard of conduct which applies to all directors and employees of the Company. It also provides guidance on accepting advantages and handling conflicts of interest.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the Company must appoint, as its company secretary, an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. The Stock Exchange considers (i) a member of The Hong Kong Chartered Governance Institute; (ii) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and (iii) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)) to be acceptable academic or professional qualifications. In assessing "relevant experience", the Stock Exchange will consider the individual's (i) length of employment with the issuer and other issuers and the roles he/she played; (ii) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance, the Companies (Winding up and Miscellaneous Provisions) Ordinance and the Takeovers Code; (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and (iv) professional qualifications in other jurisdictions.

Mr. Liu Xing and Mr. Wong Wai Chiu (as an associate director of SWCS Corporate Services Group (Hong Kong) Limited, an external services provider) have been appointed as the Company's joint company secretaries. Mr. Wong Wai Chiu's primary contact person of the Company is Mr. Liu Xing, one of the joint company secretaries.

Mr. Liu Xing is experienced in finance and accounting and has a thorough understanding of the operation of the Group as he joined the Group in August 2014. However, Mr. Liu does not possess any of the qualifications as stipulated in Rule 3.28 of the Listing Rules and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, the Company also appointed Mr. Wong Wai Chiu, who meets the requirements under Rules 3.27 and 8.17 of the Listing Rules to act as another joint company secretary and to provide assistance to Mr. Liu Xing for a period of three years commencing from the Listing Date so as to fully comply with the requirements set out under Rules 3.28 and 8.17 of the Listing Rules.

The joint company secretaries attended sufficient professional training as required under the Listing Rules for the year ended 31 December 2023 to update their skills and knowledge. All Directors have access to the joint company secretaries' advices and services.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

Communications with Shareholders

The Company is committed to pursue active dialogue with the Shareholders as well as to provide timely disclosure of information concerning the Company's material developments to its Shareholders, investors and other stakeholders.

The annual general meeting of the Company serves as an effective forum for communication between the Shareholders and the Board. Notice of annual general meeting together with the meeting materials will be published on the websites of the Stock Exchange and the Company, and will be despatched upon request to all Shareholders not less than 20 business days before the annual general meeting. As one of the measures to safeguard the Shareholders' interests and rights, separate resolutions will be proposed at general meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. In addition, the Company regards annual general meeting as an important event, and all Directors, Supervisors, the chairman of the Board Committees, senior management and external auditor will attend the annual general meeting of the Company to address the Shareholders' inquiries (if any). If the Chairman or the chairman of each Board Committee fail to attend the meeting, then other members of each Board Committee will be invited to attend the annual general meeting and answer the Shareholders' inquiries. All resolutions proposed at general meetings will be voted on by poll. The voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.dowellservice.com) on the same day of the relevant general meetings.

To promote effective communication, the Company maintains a website (www.dowellservice.com), where the latest information and updates on its business operation and development, corporate governance practice, contact information of investor relations and other information are published for the public's access.

The Board has reviewed the implementation of the Shareholders' communication policy of the Company. Taking into account the variety of existing channels for communication and participation, the Company is of the view that its Shareholders' communication policy was effective during the year ended 31 December 2023.

The Company will continuously review the abovementioned shareholder communication policy to ensure its continued effectiveness.

Procedures for Shareholder(s) to convene an extraordinary general meeting ("EGM")

The following procedures for Shareholders to convene an EGM are prepared in accordance with the Articles of Association:

(1) Any one or more Shareholders (the "**Requisitionist(s)**") holding, at the date of deposit of the requisition, 10% or more of the Shares, severally or jointly, carrying the right of voting at the general meetings shall have the right, by one or several written requests of the same format and content, to require an EGM to be called by the Board for the transaction or any business specified in such requisition. The written requisition should be sent to the Company's principal place of business at 4th Floor, Hall E, Dongyuan 1891, Nan'an District, Chongqing, the PRC. The Board shall give a written reply on whether or not it agrees to convene such EGM within 10 days upon receipt of the aforementioned written request. The aforementioned number of Shares shall be calculated in accordance with the Shares held on the day on which the written request is made by the Requisitionist(s).

(2) Where the Board agrees to hold the EGM, it shall serve a notice of such meeting within five days after the resolution of the Board, give notice of the convening of a general meeting. If the Board does not agree to convene the EGM or fails to reply within 10 days after receiving the aforementioned written request, the Requisitionist(s) making the request may request the Supervisory Board to convene an EGM.

(3) If the Supervisory Board fails to agrees to convene the EGM, it shall service a notice of such meeting within five days receipt of the aforementioned written request. In the event of any change to the original proposal set out in the notice, the consent from the Requisitionist(s) shall be obtained. If the Supervisory Board fails to serve the notice of EGM within the prescribed period, the Requisitionist(s) for more than 90 consecutive days may convene and preside over the meeting by themselves.

Procedures for Shareholder(s) to put forward proposals at a general meeting

Shareholder(s) holding three (3) per cent or more of the Shares, individually or in aggregate, shall have the right to put forward ad hoc written proposals (the "**Proposal**") 10 days before a general meeting. The Board shall, within two days upon receipt of such Proposal, issue a supplemental notice of general meeting and subject the Proposal to the general meeting for consideration. The contents of the Proposal shall fall within the scope of responsibilities of the general meeting and shall have clear topics and specific resolutions.

Procedures for directing Shareholder's enquiries to the Board

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may at any time send their enquiries and concerns to the Board in writing through the investor relations, whose contact details are as follows:

Address: 4th Floor, Hall E, Dongyuan 1891, Nan'an District, Chongqing, the PRC

Email: ir@dowellservice.com

Communication 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 meets the Shareholders at the annual general meeting, publishes interim and annual reports of the Company's website (http://www.dowellservice.com) and the Stock Exchange's website (http://www.hkexnews.hk), and releases press releases on the Company's website to keep the Shareholders and potential investors abreast the Group's business and development.

Articles of Association

References are made to the announcement of the Company dated 18 October 2023, in relation to, among others, the proposed amendments to the Articles of Association for the purposes of indicating that the Board shall have two employee Directors who shall be elected or removed by employee meeting of the Company ("**2023 Article Amendments**"), and the circular of the Company dated 21 November 2023, in relation to, among others, the 2023 Article Amendments ("**2023 Circular**"). The Shareholders considered and approved the 2023 Article Amendments (as described in the 2023 Circular) on 13 December 2023.

Save as disclosed above, there has not been any other changes to the Articles of Association during the Reporting Period. An up-to-date version of the Articles of Association is also available on the Company's website (http://www.dowellservice.com) and the Stock Exchange's website (http://www.hkexnews.hk).

DIVIDEND POLICY

The Company has adopted a dividend policy in 2023 (the "**Dividend Policy**"). Pursuant to the Dividend Policy, the Company should maintain sufficient cash reserves to meet the demand for funds, future growth and its equity value when recommending or declaring dividends. In addition to the declaration of dividends, the Board should also take into account of the financial performance, cash flow position, business status and strategy, future operation and income, capital demand and expense plan, Shareholders' benefits, limits on the dividend declaration and any other factors the Board may consider to be relevant. According to the Articles of Association, dividends will be denominated and declared in RMB. Dividends on H Shares will be paid in HK dollars. The relevant exchange rate will be calculated based on the average exchange rate of RMB against HK dollars as announced by the People's Bank of China seven days prior to the date of the AGM at which the dividend declaration was approved.

No dividend shall be declared or payable except out of profits and reserves lawfully available for distribution. The Company is permitted to pay dividends only out of the Company's retained earnings, if any, as determined in accordance with applicable PRC accounting standards and regulations. Under PRC law, the Company is required to set aside 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of the registered capital of the Company. The statutory reserve funds are not distributable as cash dividends. The Board will review the Company's status periodically and consider adopting a dividend policy if and when appropriate.

By order of the Board
DOWELL SERVICE GROUP CO. LIMITED*
東原仁知城市運營服務集團股份有限公司
Ms. Luo Shaoying
Chairlady and non-executive Director

Hong Kong, 20 March 2024

* *For identification purposes only*

1. ABOUT THIS REPORT

Introduction

DOWELL SERVICE GROUP CO. LIMITED* (東原仁知城市運營服務集團股份有限公司) (referred to as "**DOWELL**" or the "**Company**", and together with its subsidiaries, the "**Group**" or "**we**") is pleased to publish its third Environmental, Social and Governance (referred to as the "**ESG**") Report (referred to as the "**Report**"), with an intention to provide a disclosure of the Group's management practices and performance in the ESG field throughout 2023.

Reporting Standards and Principles

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (referred to as the "**Guide**") in Appendix C2 to the Rules Governing the Listing of Securities on Main Board of The Stock Exchange of Hong Kong Limited (referred to as the "**HKEX**"). The Company upholds the disclosure principles set out in the Guide, reports on the "mandatory disclosure" and "comply or explain" provisions set out in the Guide, and follows the four reporting principles of materiality, quantitative, balance and consistency.

Materiality: The Report has identified material ESG factors and disclosed the process to identify and the criteria for the selection of material ESG factors and the process and results of stakeholder engagement.

Quantitative: The standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions, are described in the notes to the Report.

Balance: The Report provides an unbiased picture of the Group's performance and avoids selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

Consistency: Consistent statistical methodologies are used for information disclosure in the Report. Any changes will be clearly stated in the Report.

Reporting Period and Boundary

The Report covers the period from 1 January 2023 to 31 December 2023 (referred to as the "**Reporting Period**" or the "**Year**"). Unless otherwise stated, the Report covers businesses directly controlled by DOWELL; environmental key performance indicators (KPIs) in the Report cover the headquarters office as well as the Eastern China, the Central China, the Western China, and the Southwest China, while social KPIs cover the entire Group.

Reporting Language

The Report is published in both Chinese and English. In the event of any discrepancies, the Chinese version shall prevail.

Approval and Confirmation

The board of directors of the Company (referred to as the "**Board**") assumes full responsibility for the content of the Report and approved and confirmed the content of the Report on 30 March 2024.

Publication

The electronic version of the Report is available for Environmental, Social and Governance Report 2023 on "Disclosure" under "Investor Relations" on the Company's official website (www.dowellservice.com), or on the HKEXnews website (www.hkexnews.hk).

Contact us

We attach great importance to your comments and suggestions on the Report, and welcome you to contact us by email (Email address: ir@dowellservice.com).

2. ABOUT DOWELL

2.1 Company Profile

DOWELL's corporate culture is symbolized by "mountain", which implies its service-oriented commitment and the steadfast and firm adherence to its original aspiration. DOWELL believes that "Man's will is higher than any mountain", and emphasizes that our corporate culture is a culture of "people". Only working together as a team enables us to climb the peak. Underpinned by the prevailing service concept of "For Every Moment of Peace of Mind", we take responsibility for the quality of the enterprise and support the realization of the ultimate goal. Simplicity and reliability, customer orientation, pursuit for excellence, and mutual achievement are the core values of the corporate culture, and also represent the code of conduct and value standards that we all uphold.

The Company was established in 2003 and was listed on the HKEX in 2022. As of 31 December 2023, the Group operated and managed 573 property projects in 76 cities in the People's Republic of China ("**PRC**"), including 229 residential projects and 344 non-residential projects. On 18 October 2023, the Board decided to reclassify the Group's three major business lines in order to enable the shareholders of the Company to gain a deeper understanding of its future business operations and financial performance. For details, please refer to the Company's announcement dated 18 October 2023 regarding, among other things, the reclassification of the Group's three major business lines. The Group provides diversified services through such business lines: being City Operations Services, Lifestyle Services and FATH and Other Comprehensive Services.

2.2 Honours and Recognition

We adhere to the customer-centric service philosophy and continue to innovate to provide customers with higher-quality comprehensive property management services. By virtue of our outstanding service quality, we have earned the trust and high recognition from our customers and won a large array of property service honours and awards in the industry. Below are the major honours and awards received by the Group:

Honours and awards	Awarding entities
Rank the 16th among the 2023 Top 100 Property Management Companies in China (2023中國物業服務百強企業TOP16)	Information Technology Research Institute of Beijing China Index Academy (北京中指信息技術研究院)
2023 Top 10 Property Service Companies in terms of Comprehensive Strength in Chongqing (2023重慶市物業服務企業綜合實力TOP10)	Information Technology Research Institute of Beijing China Index Academy (北京中指信息技術研究院)
2023 International Outstanding Enterprise in Sustainable Development of Property Management Services (2023國際物管服務可持續發展優秀企業)	Information Technology Research Institute of Beijing China Index Academy (北京中指信息技術研究院)
2023 China Excellent Company in terms of Red Property Service (2023中國紅色物業服務優秀企業)	Information Technology Research Institute of Beijing China Index Academy (北京中指信息技術研究院)
2023 Leading Brands Engaged in Specialised Operation of Property Services in China (2023中國物業服務專業化運營領先品牌企業)	Information Technology Research Institute of Beijing China Index Academy (北京中指信息技術研究院)
2023 Featured Brands of Property Services in China – GSN: IFM Comprehensive Facility Management Service and DOWELL Shengkang: a medical logistics service provider (2023中國物業服務特色品牌企業-IFM綜合設施管理服務GSN：醫療智慧後勤服務東原盛康)	Information Technology Research Institute of Beijing China Index Academy (北京中指信息技術研究院)
2023 China Leading Enterprise in terms of Property Brand Value (2023中國物業品牌價值領先企業)	EH Consulting (億翰智庫)
2023 China Leading Property Service Enterprises in terms of East China Regional Competitiveness (2023中國物業服務華東區域競爭力領先企業)	EH Consulting (億翰智庫)
2023 China Leading Property Service Enterprises of Hospital Property Services (2023中國物業服務醫院物業服務領先企業)	EH Consulting (億翰智庫)

Honours and awards	Awarding entities
2022 Excellent Growing Property Service Company in China (2023中國物業服務成長性優秀企業)	EH Consulting (億翰智庫)
2023 China Preferred Brand of International Property Services (2023中國國際物業服務優選品牌)	EH Consulting (億翰智庫)
2023 China Excellent Property Service Company in terms of Service Power in Chengdu (2023中國物業服務成都市服務力優質企業)	EH Consulting (億翰智庫)
2023 China Excellent Property Service Company in terms of Service Power in Shanghai (2023中國物業服務上海市服務力優質企業)	EH Consulting (億翰智庫)
2023 China Excellent Property Service Company in terms of Service Power in Wuhan (2023中國物業服務武漢市服務力優質企業)	EH Consulting (億翰智庫)
2023 Leading Property Management Companies in Southwest China in Terms of Service Power (2023中國物業服務西南區域服務力領先企業)	EH Consulting (億翰智庫)
2023 Top 15 Property Management Companies in China in terms of Super Service Power (2023中國物企超級服務力TOP15)	EH Consulting (億翰智庫)

3. ESG APPROACH AND STRATEGY

3.1 Board Statement

The Board assumes full responsibility for the Group's ESG strategies, approaches and reporting. Led by the Board, the ESG working group conducted materiality assessment during the Year to gain understanding of the concerns and requirements of various stakeholders, and identified and prioritized ESG material issues to determine the ESG management approaches, strategies, priorities and goals of the Group. We have set ESG goals including greenhouse gas emissions, waste discharge, and use of resources. The Board will examine and discuss the establishment of goals, and regularly review the progress in achieving relevant goals. In the future, we will continue to seek opportunities to improve our performance in ESG.

3.2 ESG Governance Structure

Our ESG governance structure is led by the Board to manage sustainable development matters. The ESG working group and relevant departments are responsible for reporting to the Board, forming the following comprehensive governance structure:

Decision-making level: Board	• Taking overall responsibility for ESG strategy and reporting; • Deciding and approving the ESG management approaches, strategies, objectives and annual tasks of the Group, including assessment, prioritisation and management of material ESG issues, risks and opportunities; and • Approving the content of the annual ESG report.
Organisational level: (ESG working group), Senior management, Office of the Board, Representatives of relevant departments of the Group (e.g., heads of Risk Management Center, Human Resources Center, heads of Operational Development Center, heads of Digitalization and Communication Center, heads of Investment Development Center)	• Reporting to the Board regularly; • Identifying, assessing, reviewing and managing material ESG issues, risks and opportunities; and • Formulating ESG management approaches, strategies, annual tasks and objectives for approval by the Board, and promoting the implementation of relevant tasks.
Executive level: ESG-related departments of the Group (Risk Management Center, Human Resources Center, Operational Development Center, Digitalization and Communication Center, Investment Development Center)	• According to the Group's ESG management approaches, strategies, annual tasks and objectives and division of labour, we organise and execute ESG-related work; • Following various ESG-related policies and systems; and • Reporting to the ESG working group on a regular basis.

3.3 Stakeholder Engagement

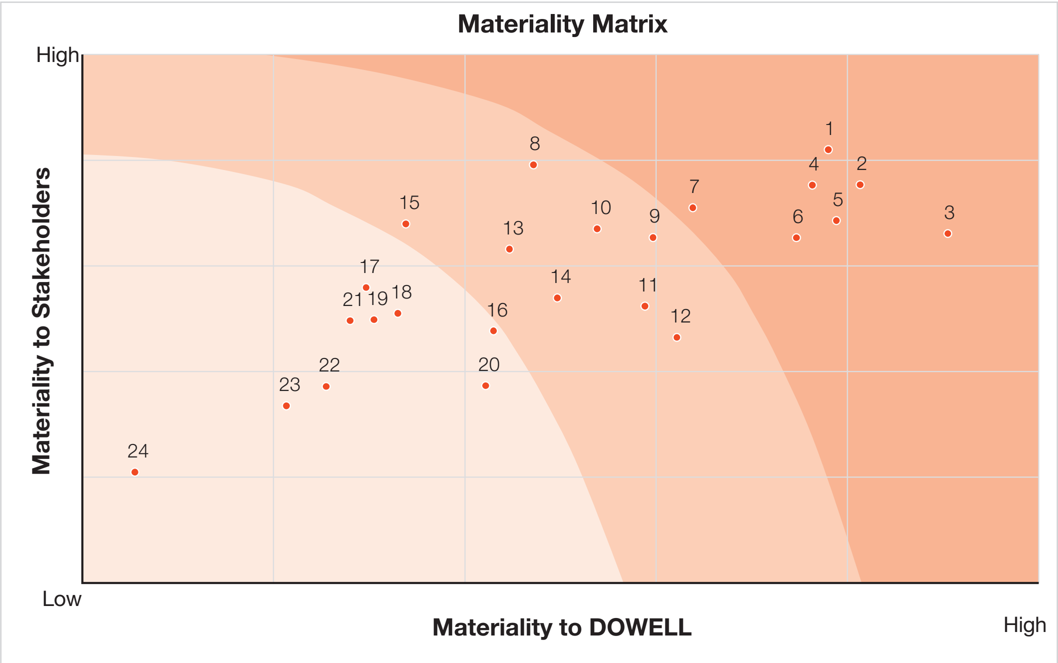
Stakeholder engagement is one of the important elements in promoting sustainable development. By fully listening to the opinions of all parties, we are committed in balancing and satisfying the requirements of various stakeholders. We believe that the Group's business development will benefit from effective and continuous listening to, response to and resolution of the views and concerns of stakeholders. At the same time, we continue to optimize our sustainable development strategy and strive to achieve win-win cooperation.

Major stakeholders	Major concerns/expectations	Major communication channels
Customers	• Customer privacy protection • Service quality • Health and safety of products and services	• Customer satisfaction survey and comment form • Customer advisory group • Customer Service Center • Visits by customer relationship manager • Daily operation/communication • Online service platform • Phone/email
Shareholders/ investors	• Economic performance • Risk management • Compliance with laws and regulations	• Annual general meeting and other general meetings • Interim reports and annual reports • Corporate communications such as letters/circulars to shareholders and notices of meetings • Results announcements • Shareholders' visits • Investor meetings • Senior management meetings • Meetings and interviews
Employees	• Employees' rights and interests • Employee health and safety • Provision of competitive compensation and incentive system • Optimisation of the training and development system • Employee relations and employee communication	• Employee opinion survey • Performance appraisal • Meetings and interviews • Business briefings • Special advisory committee/panel • Seminars/workshops/lectures • Publications (e.g. employee newsletters) • Employee communication conferences • Employee intranet

Major stakeholders	Major concerns/expectations	Major communication channels
Business partners	• Intellectual property protection • Response to policies and participation in industry exchanges • Business ethics • Information security	• Reports • Meetings • Visits
Regulatory authorities	• Compliance with laws and regulations • Prevention of corruption risks • Information security	• Meetings • Written response to public consultation • Compliance reports
Community/ non-governmental organisations	• Participation in charity and volunteer activities	• Volunteer activities • Community activities • Seminars/lectures/workshops
Peers	• Response to policies and participation in industry exchanges	• Strategic cooperation projects • Communication conferences
Suppliers	• Supply chain management	• Supplier management programme • Supplier/contractor evaluation system • Meetings • Site visits
External counselors	• Compliant employment	• Working groups

3.4 Materiality Assessment

The Group has engaged independent consultants to conduct internal and external ESG questionnaires. We identified a series of material issues applicable to the Group's business, with reference to the disclosure obligations set out in the Guide and the library of materiality issues of the Sustainability Accounting Standards Board ("**SASB**"), and the ESG issues of concern to peers. During the Year, the Group carried out a materiality assessment by the means of questionnaire to collect, identify and determine the concerns and mutual influences of internal and external stakeholders on different ESG issues. Internal and external stakeholders include the Directors, employees, customers, suppliers, etc.. The Group conducted an analysis on 24 issues identified from two dimensions, being " Materiality to the Group's business" and " Materiality to stakeholders", including seven highly material issues, eight moderately material issues, and nine generally material issues. The results of ESG material issues have been reviewed and approved by the Board. According to the importance of these issues, we made different levels of key disclosures in the ESG Report, and took them as important considerations when formulating ESG strategies and approaches. The results of the ESG material issues for the Year have been approved and confirmed by the Board.



Highly material issues	Moderately material issues	Generally material issues
1. Customer privacy protection	8. Compliant employment	16. Supplier environmental and social risk management
2. Operation compliance	9. Customer satisfaction	17. Optimisation of the training and development system
3. Anti-corruption	10. Intellectual property protection	18. Provision of competitive compensation and incentive system
4. Product and service quality	11. Responsible marketing	19. Waste management
5. Business ethics	12. Promoting the development of intelligent property services	20. Energy management
6. Health and safety of products and services	13. Employment relations and employee communication	21. Water resource management
7. Employees' health and safety	14. Supply chain management	22. Greenhouse gas emissions management
	15. Employees' rights and interests	23. Participation in charity and volunteer activities
		24. Climate change

4. COMPLIANCE GOVERNANCE

4.1 Business Ethics

The Group attaches great importance to internal control and risk management, and continuously improves the management system of risk response and internal control. We have formulated the Internal Audit Management System to clarify the Group's goals and principles for internal control management and risk management, risk identification, risk assessment, risk response, risk management monitoring and supervision, etc.. Our risk management centre has an audit team to be responsible for the Group's internal audit work; and the audit team is equipped with professional auditors based on business needs. The inspected and audited units include all operating and management activities and related information of finance, engineering, procurement, operations, human resources, etc.. There is no limitation in the scope of audit. In response to the problems identified in the audit, the audited unit or relevant functional departments of the Group are required to rectify, correct and deal with disciplinary violations, and check the implementation of audit requirements. We give full play to the supervision of internal audit and strengthen risk management.

The Group is committed to maintaining high standards of business ethics in order to create healthy and steady long-term development. Therefore, we have the Standards on Eight Prohibited Conducts in place, specifying employees' prohibited behaviours, professional bottom lines and disciplines. For example, employees are not allowed to harm the interests of customers, the Company and its partners for personal gains, and are prohibited to commit fraud, deceive the Company, or disclose or sell the Company's secrets, etc.. Specifying prohibited conducts helps to regulate the daily behaviours of employees, so as to ensure the health and integrity of the Group's internal control environment. We also provide a variety of reporting channels, such as mobile phone, email, QQ, website and address, providing employees with a safe and convenient way to strengthen supervision of inappropriate behaviours.

4.2 Integrity Building

During the Reporting Period, the Group strictly complied with relevant laws and regulations in preventing bribery, extortion, fraud and money laundering, such as the Anti-Money Laundering Law of the PRC, the Company Law of the PRC and other laws and regulations in relation to anti-money laundering. The Group strictly resists any form of corruption, bribery, extortion, fraud, embezzlement and money laundering.

We have developed the Anti-Money Laundering Management System to promote and strengthen the Group's anti-money laundering efforts, and establish and improve the anti-money laundering management mechanism. We require the financial management department to supervise each business department and cease any suspicious business in a timely manner. Relevant departments of the group companies at all levels shall conduct analysis on the significant transactions that occurred on the day, prudently screen any suspicious transactions and report them to the Risk Management Center. After investigation, the Risk Management Center will then report to the supervisory authority. The Risk Management Center, together with relevant departments, regularly inspect the implementation of anti-money laundering in each business line and conducts independent inspection and supervision.

Our Standards on Eight Prohibited Conducts require all employees not allowed to accept commercial bribes. Employees are prohibited to directly or indirectly solicit or accept any form of improper benefits from cooperative units and customers, such as cash, entertainment and hospitality, loans, work opportunities etc.. During the Group's economic and business dealings and operating activities, cash gift and gift coupons and gifts from external units or individuals that fail to be refused by employees due to work connections, shall be handed over to the financial department and the administrative department, respectively. Our Risk Management Center is responsible for providing regular trainings to employees to ensure their compliance with such standards.

The Group provides various anti-corruption reporting channels, including monitoring reporting hotlines, reporting emails and reporting addresses, and encourages all stakeholders to report any internal or external acts of corruption and bribery. We undertake to protect the personal information of all whistleblowers and ensure that they won't receive any unfair treatment as a result of their whistle-blowing actions. Where reports of corruption received are substantiated, the persons concerned will be punished in accordance with the established system, and, in severe cases, be referred to the judicial authorities.

By providing anti-corruption training to the Directors and employees during the Year, the Directors and employees have been able to cultivate a culture of integrity through in-depth integrity education.

During the Year, there was no legal case regarding corrupt practices that were brought against the Group or its employees.

4.3 Information Security

The Group strictly complies with the provisions of the Cyber Security Law of the PRC in relation to information security and privacy protection, and maintains the personal information of customers, so that customers are confident of the services of the Group with relief. We have established the Information Security Management System to ensure that data security management risks of the Group are effectively managed and controlled, and have developed a comprehensive security management framework to deal with security issues that may arise in different scenarios. To effectively protect data assets, the Group formulates measures and technical requirements in terms of organisational responsibilities, security processes, system security management, data sharing management, etc.. For example, we require security scanning for all information systems before they are launched to avoid possible information security loopholes and relevant risk issues. In daily operations, we carry out strict control, and employees are not allowed to transmit company information to external parties. We require our employees to enter into confidentiality agreements and undertakings with our partners, to determine the data protection and security responsibilities that employees and partners should assume during the operation and maintenance, development and testing, and production operation of all the Group's business systems. In addition, we require our employees to refrain from photographing, recording or videotaping company information under any circumstances, uploading company information to the Internet or peddling it to other companies or individuals, so as to ensure the security and confidentiality of company information. These measures contribute to the establishment of good information security awareness and behavioural habits, and effectively preventing the risk of information leakage, thus safeguarding the interests and reputation of the Group.

The Group has complied with the relevant laws and regulations, including the Administrative Measures on Internet Information Services and the Regulations on the Administration of Mobile Internet Application Programme Information Services, and formulated the Information System Operation and Maintenance Management Code to ensure stable operation of the servers and to improve the stability of the data. We have specified regulations on data resource management, such as server password management, vulnerability and virus management, and server failure management, to strengthen the security of servers. We have formulated detailed process of server failure handling, including timely troubleshooting, recording the failure situation, and reporting, etc., so as to respond and solve the problems quickly and minimize the impact of failures on the business. In addition, we provide cloud server registration form, cloud resource application form, inspection log form, etc., which is conducive to comprehensive recording and archiving of the server management process, optimizing the inspection points, inspection contents and inspection process control.

Protection of Personal Data

The Group attaches importance to the protection of customer data and the establishment of information security so that customers are confident of the Group's services with relief. The Information Security Management System emphasizes the protection of user information and specifies rules for the collection and use of user information, principles for the collection and use of personal information with the consent of the user to protect personal data in all respects. First of all, the Group stipulates that the collection of customers' personal sensitive information is prohibited, and requires the purpose, manner and scope of collection of customers' personal information be clearly communicated in order to protect the privacy rights and interests of users. In addition, the Group has established a strict privilege management system to ensure user's privileges are effectively controlled and managed to minimize the risk of data misuse. For example, dynamic desensitization operation and data encrypted transmission of customer class data effectively prevent the risk of data leakage or tampering during transmission and processing. We believe these measures provide strong support for the safe use and protection of personal data and help building a secure data management environment.

During the Year, there was no personal data leakage or related lawsuit against the Group.

Responsible Marketing

To ensure correct and balanced advertising messages are delivered to customers, the Group has formulated management systems for brand positioning, media management, brand campaigns and other media publicity work, such as the Document Management System, the Media Relations Management System, and the Brand Database Management System. These provisions regulate the maintenance of and cooperation with the Group's media relations, clarify the authority and responsibility for media relations management, improve the efficiency of the issuance of documents and ensure the quality of the issuance of documents, so as to ensure cooperation between the Group and the media is carried out effectively.

During the Year, there was no disputes related to advertising and information promotion brought against the Group.

4.4 Protection of Intellectual Property Rights

The Group has formulated the Intellectual Property Rights Management System, which includes the Trademark Management Measures, Patent Management Measures, Copyright Management Measures and other internal process specifications to standardize the process management of intellectual property rights such as patents and software copyrights. Our Intellectual Property Management System regulates and manages the application, registration, use and protection of intellectual property rights by all departments in the Group. Each department puts forward the specific needs of intellectual property application based on business needs and actual situations, and submits the relevant filing plan and filing materials to the Brand Management Department or Information Management Center in a timely manner. The Group's Brand Management Department is responsible for trademark registration, renewals and changes, while the Information Management Center is responsible for the filing of computer software copyrights and domain names. The Human Resources Center and the Human Resources Administration Archivist are responsible for ensuring employment contracts and confidentiality agreements of new employees contain relevant intellectual property rights ownership clauses, and collecting, filing and storing intellectual property rights-related information. The Risk Management Center, on the other hand, establishes intellectual property protection systems and regulations, and is responsible for coordinating and reviewing intellectual property-related contracts to ensure intellectual property rights are legally protected to safeguard the Group's rights and interests.

The Group manages all aspects of our trademarks, including registration, use, licensing, rights protection and filing, in accordance with the Trademark Management Measures. The Brand Management Department is responsible for the design, management and daily use of trademarks. We use our trademarks strictly in accordance with the contents contained in the registration certificates to prevent exceeding the authorized scope of use. If a trademark is involved in litigation and dispute, etc., it is important for the relevant staff to report to the Legal Department in order to safeguard our intellectual property rights. Our Patent Administration Measures set out the patent application process, including the online approval process and the appointment of patent agents to handle specific matters. The Intellectual Property Management Department is responsible for handling patent disputes and conducting patent litigation, and if necessary, it may delegate the handling to a patent agency or the Legal Affairs Department. Meanwhile, if infringing behaviours are found, the cases will be seriously followed up as well as legal actions will be taken.

During the Year, there were no cases of intellectual property infringement or violation.

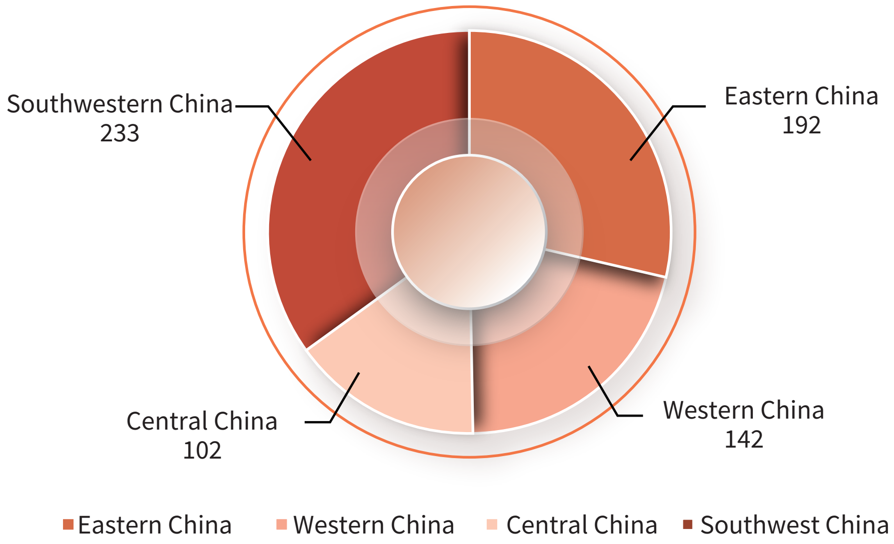
4.5 Supplier Management

The Group's Procurement Management System regulates the bidding and procurement process, improves the bidding supervision and control mechanism, and enhances the efficiency of procurement management. The system includes the classification of procurement, procurement mode, procurement method, procurement department, etc., to ensure the Group's work in procurement and supplier management is standardized. We require our employees to follow basic principles in the procurement process, such as integrity, fairness and impartiality, and prohibition of "one-stop" procurement, to ensure the procurement process is open, fair and transparent. We have categorized our suppliers and clarified the responsibilities of different management department for suppliers. We also require our functional centers and regional companies to conduct annual performance evaluations of our partner suppliers and set up evaluation indicators, methods and evaluators. The Group conducts annual grading of suppliers based on the results of performance evaluation and adopts corresponding management measures and preferential policies for suppliers of different grades. The procurement department is responsible for concluding contracts with suppliers in accordance with the bidding documents, and after the signing of the contract, it is necessary to make a timely presentation to the business department to ensure the content of the contract is implemented. The procurement department initiates a pooled procurement plan based on the procurement requirements. The plan shall include information on the procurement budget, the details of the procurement requirement, and the standard model of the service. Our Supplier Inspection Record and Evaluation Form is used for recording and evaluating the inspection and overall evaluation of engineering suppliers, including basic information about the supplier, as well as various elements of the on-site inspection and the scoring criteria. We evaluate the overall situation of the supplier by inspecting the on-site environment, office situation, plant equipment, quality control and other aspects.

To promote the sustainable development of the supply chain, the Group prioritises the environmental and social risk factors of its suppliers. The Group requires its suppliers to enter into Integrity Cooperation Agreements at the time of cooperation to ensure the legitimate rights and interests of both parties are safeguarded in the course of business cooperation. Cooperation with integrity, which is mutually observed by both parties, includes the inadmissibility of accepting any unjustified benefits. If we find that any supplier provides unjustified benefits or violates the agreement, it is required to pay liquidated damages, and the Group has the right to blacklist the offending supplier and cancel or terminate the contract with such supplier in order to protect the legitimate rights and interests of all parties. Subject to the satisfaction of service needs, we work to minimise energy consumption. We are committed to reducing the negative impact of our procurement activities on the environment. We are progressively incorporating green product specifications into our procurement practices, and will prioritise suppliers that have a lower environmental impact.

The Group's procurement mainly involves comprehensive property management services. We have appointed a total of 669 suppliers. The number of suppliers by geographical region is as follows:

Geographical distribution of suppliers



5. CUSTOMER ORIENTED

5.1 Customer Communication

To enhance our service quality and customer satisfaction, we have put in place the Reporting Management System to ensure customer issues are resolved. Our report management requirements include report information categorization, rapid processing process, customer complaint handling, report assignment, report reception, report processing and other aspects. When we handle any reporting, we are required to follow up such reporting in a timely and effective manner, to record the handling process, and to ensure customer satisfaction.

We have established the Complaint Management System to ensure customer complaints are treated in a timely and effective manner, thereby converting potential adverse effects into customer satisfaction. The system sets out in detail the requirements for the management of complaints, the grading and handling of complaints, as well as the specific handling procedures, and clearly sets out the categorization of complaints and the determination criterion, including general complaints, escalated complaints and major complaints, as well as the distinction between valid and invalid complaints. In addition, this system describes in detail the process of receiving complaints, handling complaints and conclusion, including the duties of the complaint reception post, the time limit for the person responsible for handling complaints, and the time point for complaints conclusion. We have established complaint negotiation techniques and claims management rules for our staff to ensure complaints are resolved appropriately and to protect customers' interests. Through the strict implementation of this complaint management system, the Group is able to respond to customer needs and feedback in a timely manner, improve service quality and enhance customer satisfaction, thereby improving the Group's competitiveness and brand image.

During the Year, the Group received a total of 518 complaints about its services and products, all of which were properly handled.

5.2 Customer Service

We strictly abide by laws and regulations such as the Urban Real Estate Management Law of the PRC and the Regulations on Property Management. The Group has put in place the Quality Control System to ensure our customers are provided with high quality services. The Quality Management System standardizes a three-tier quality supervision and management mechanism to ensure the implementation of on-site quality management services and supervisory activities. The quality management team is mainly responsible for quality supervision, and the Operation and Development center is responsible for the establishment, supervision and assessment of the quality control system. The Operations Development Center conducts quarterly reviews and monthly briefings on the implementation of the quality inspection plan for each regional company. It also formulates an annual satisfaction enhancement plan, implements monthly project enhancement plans and conducts quality inspections to ensure the Group provides quality services. In accordance with the results of the quality inspection, the Group will give appropriate rewards and penalties to the appropriate units in accordance with the Dowell Service Group Individual Reward and Penalty Management System.

We have formulated the Quality Red Lines and Management Risk Checklist, which clarifies the control requirements for project quality red lines at all levels to ensure the on-site quality management services meet the standard requirements. This system lists out, in detail, the quality red line prohibitions for each category, and the corresponding judgment criteria in terms of internal management, order maintenance, customer service, engineering maintenance, environmental management, etc.. If any department hits the quality red line, it is required to put forward its self-improvement measures to rectify the situation or report the program. We require all levels of management to incorporate training and explanation of quality red line into quality analysis meetings and daily training to our staff so that they would be able to identify and solve problems in a timely manner.

We are committed to providing better customer service. Through the implementation of the On–Site Inspection Management System, we are able to identify and resolve site quality issues in a timely manner to ensure smooth project operations and customer satisfaction, and provide clear operational guidelines for our staff. Meanwhile, the Group actively implements different policies, such as the Service Etiquette Standard, which covers the appearance, demeanor and language expression of our staff to ensure that their images and behaviors are in line with the Group's service standards, and that they can leave a good impression to our customers, thus providing them with better services.

Intelligent Property Construction

During the Year, we had intelligent properties, including Doyin station applet, material procurement platform, financial information system optimization, and the construction of a unified data middleground;

Doyin Station applet (東驛站小程序):	As a resident-side tool applet, it provides smart community-related front-end functions such as online bill payment, repair report, and management of cohabitants.
Material procurement platform:	It integrates various suppliers to provide a rich selection of goods, realizing one-stop procurement.
Financial information system:	It covers the areas of customer self-payment and unified revenue settlement.

Dowell promoted community electrical renovation, with red properties helping create liveable communities

As the summer power peak season comes, the power distribution equipment in the park has been unable to meet the daily power needs of owners, resulting in power outages in the community, thus seriously affecting the daily use of electricity. The property management team immediately set up a task force to maintain efficient communication with the owners' committee, and jointly carried out a special diagnostic inspection of the power supply facilities and equipment, and cooperated with the owners' committee to provide feedback to the Jiangxia Economic and Technological Development Zone and the Bridge Modern Industrial Park and other relevant government departments. The project property management team invited the relevant departments of the district government and the power supply company to carry out a special inspection of the power distribution room. After several adjustments and negotiation, the power reform program of Jiangjun Huafu (江郡華府) was finalised.

Property service provider for the 19th Asian Games

Our team will spend no efforts to ensure the smooth convocation of Asian Games with a dedicated service team. In this event, the team is mainly responsible for the cleaning and facility operation and maintenance services of stadium such as the Linping Stadium. The engineering and maintenance team has increased the frequency of equipment checks, performed regular maintenance and cleaning, and conducted troubleshooting drills in advance to prevent unexpected failures.

6. TALENT MANAGEMENT

Employees are an important cornerstone of the Group's development. We strictly abide by the Labor Law of the PRC, the Labor Contract Law of the PRC and other relevant laws and regulations, in order to promote equal employment, to respect and protect human rights, to improve the salary and benefit system, to care for the health of employees and to effectively protect their legal rights and interests. During the Year, the Group did not violate any laws and regulations regarding remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination, prevention of child labor or forced labor.

6.1 Recruitment

We continuously optimize the talent recruitment system, recruitment methods and channels, and formulate recruitment plans based on job characteristics. We have formulated the Recruitment and Hiring Management System, which includes the recruitment requirements approval process, the specific content of daily recruitment management, interview levels and approval rules, etc.. The Group complies with the Regulations on the Prohibition of Child Labor of the PRC and the Protection of Minors of the PRC. The Group arranges employees' working hours reasonably. If they need to work overtime, compensation and subsidies will be provided according to the overtime arrangement. We comply with the pertinent laws and regulations such as the Regulations of the PRC on the Prohibition of Child Labour, the Employment Promotion Law and the Law of the PRC on the Protection of Minors, and conducts background checks on employees, which includes verifying the identity of candidates and maintaining personnel files of all employees to review the authenticity of the documents provided by them, including copies of age documents and dates of induction. In the event of any false information, the Company reserves the right to terminate employment relations and to safeguard relevant rights. We encourage employees to complete their work on time. Employees who need to work overtime for special assignments or urgent matters shall submit a request to their supervisor in advance and obtain approval for overtime work. We will provide employees with a reasonable amount of overtime pay as allowances to ensure that their rights and interests are fully protected.

During the Year, the Group didn't violate any laws and regulations related to remuneration and dismissal, recruitment and promotion, working hours, leave, equal opportunity, diversity, anti-discrimination, or prevention of child labour or forced labour.

In order to make full use of internal recruitment resources, we give priority to internal employee referral and campus recruitment. The specific processes and management requirements must be implemented according to the Internal Referral Management System. We have established a recommendation process, which includes employees refer candidates through the Company's recruitment platform or to the Human Resources Department, and the referred candidates are hired after interviews, assessments and background checks. There will be rewards for successful referral.

Resignation management is an important part of human resources management. When an employee intends to resign, we require a resignation interview as the first step of communication to understand the reasons for resignation and discuss the details of the resignation. Subsequently, after the resignation approval is confirmed and the last working date and resignation procedure time are determined, employees will be required to enter the work handover stage to ensure the work tasks of the resigned employees are smoothly handed over to the successor, and to protect the balance between the interests of the Group and the rights and interests of employees.

6.2 Health and Safety

The Group is committed to providing employees with a healthy and safe working environment and improving their safety awareness in the workplace. The Group strictly abides by the Work Safety Law of the PRC, the Law of the PRC on the Prevention and Control of Occupational Diseases, the Regulations on the Supervision and Administration of Occupational Health in the Workplace, the Regulations of the PRC on Work-related Injury Insurance, the Fire Protection Law of the PRC and all applicable laws and regulations related.

We have formulated the Safety Inspection Operation Guidelines to standardize the content and standards of various safety inspections and eliminate safety hazards. We conduct regular safety inspections of various workplaces to ensure that our employees' working environment meets the safety standards. Through daily inspections, we check the integrity and operation of facilities and equipment to ensure basic facilities in the working environment are operated normally in order to reduce the occurrence of accidental injuries. Our monthly inspections focus on on-site safety measures, including the operation and functional testing of facilities and equipment, as well as special inspections of the operation of safety facilities and equipment, so as to comprehensively improve the safety level of employees' workplaces.

In terms of safety inspections, different types of inspections are implemented according to different time and activities, including daily inspections, monthly inspections and special inspections to ensure the safety status of the workplace. Special inspections are carried out by relevant personnel of the responsible department for specific situations or special periods. Through spot inspections of key parts and procedures, they check the integrity of facilities and equipment, the implementation of safety measures and employees' understanding of emergency incident handling procedures, so as to promptly discover and solve safety hazards and ensure the safety and stability of the workplace.

The Group adheres to the principle of "focusing on fire protection and integrating of prevention and elimination", strictly implements various rules and regulations, and puts fire prevention first. We require our employees to report any hidden dangers immediately to ensure safety measures are effectively implemented. Our property project department is responsible for special activities during holidays and periods with high incidence of safety accidents. It identifies project risk every month and establishes a ledger to follow up with rectification work. The patrol post is responsible for inspections of fire protection facilities, fire extinguishers, water pressure inspections, etc. to ensure the equipment is in good condition so as to ensure fire protection facilities can be used normally in case of emergencies. Through special inspections, we conduct spot checks on the implementation of fire prevention inspections, rectification of fire hazards, and fire prevention measures in places for flammable and explosive dangerous objects, so as to promptly discover and resolve existing safety hazards. We also established a general ledger of flood control materials and flood control points. The sandbag ledger and other systems have strengthened the management and implementation of flood prevention work, further improved the level of fire safety, and ensured the safe production of employees and projects.

During the Year, the Group did not receive any complaints or lawsuits regarding violations of laws related to health and safety, and there were no work-related fatalities in the past three years, including the Year.

6.3 Remuneration and benefits

The Group is committed to providing competitive remuneration packages, conducting annual assessments for each employee, and making corresponding salary adjustments based on factors such as market environment, qualifications, work performance and position. The Group also provides promotions, salary increases, and honorary recognition to employees with outstanding performance. The Group strictly abides by laws and regulations of China, including Social Insurance Law of the PRC, Interim Regulations on the Collection and Payment of Social Insurance Premiums, Regulation on Work-related Injury Insurance and Regulation on Unemployment Insurance, etc.. We have formulated the Remuneration and Benefits Management System to provide more complete salary and benefit standards, clarify statutory benefits, unify benefits and special benefits, and formulate corresponding management regulations based on the performance, market, fairness and confidentiality. In terms of salary management, the system includes salary structure, salary survey, salary review, etc..

The Group improved its salary and performance system during the Year. We determine performance salary, special incentives, bonuses, fixed salary and other components based on the employee's job sequence, rank, and grade to achieve changes in income and long-term incentives. For different categories of employees, we set different salary structures and assessment cycles. Assessment contents include key performance, ability and quality, values assessment, satisfaction, etc.. The assessment methods include fixed-period and non-fixed-period assessments in order to motivate employees' performance and improve their performance levels and competitiveness.

We are committed to providing our employees with fair and reasonable working hours, work assignments and arrangements. According to local employment regulations, employees are also entitled to annual leave, personal leave, marriage leave, paternity leave, maternity leave, bereavement leave and rest days. We also handle social insurance and provident funds for our employees in accordance with regulations, and we organize an employee welfare physical examination every year. The Group has always been determined to maintain a stable working environment through a series of measures and plans, while at the same time meeting the needs of employees and promoting employee well-being and participation.

6.4 Vocational Training

We help our employees to improve their employability and to get prepared for future challenges. We provide employees with a platform to plan and develop their careers and provide training and development opportunities. For new employees, the Human Resources Department will organize induction training for new employees to understand the Group's development history, organizational structure, corporate culture, etc., and help new employees integrate into the Company as soon as possible. In addition, we provide comprehensive and professional training for all employees, including management, finance, corporate culture, employee development, etc., as well as professional skills training related to employee positions. For the career development of our employees, we have formulated a complete talent development system to help employees designing career plans and provide development channels such as promotion and job rotation. We have also established a clear rank system to meet the growth needs of employees and promote their all-round development.

We are building and improving the Company's talent echelon mechanism, and through the promotion and implementation of key projects, such as formulating talent development project plans for project managers/area general employees, establishing a reserve project manager/area general talent pool, and gradually improving talent reserves and echelon construction. During the Year, we expanded talent development and training resources, such as external training resources/external further education, matching of Dong Xuetang online learning resources, etc..

In-depth cultivation of management trainees in talent cultivation in Southwestern China

The Dream Big special talent development system is based on professional cultivation as the foundation of internal strength, humanistic sentiment as the cultivation soil. Through diversified training methods such as front-end courses and back-end job training, the system focuses on "high IQ, high EQ and high SQ" to create grassroots managers who can charge along the front end of the business.

Management Trainee training

Reaching the Top Project in Eastern China: Forward Training Camp

The responsible personnel of the project professional port of talent training plan establish the development path, create tailor-made professional growth plans, create career development opportunities, and promote symbiosis between employee growth and organizational development.

Forward Training Camp

7. GREEN DEVELOPMENT

The Group complies with relevant laws and regulations such as the Environmental Protection Law of the PRC and the Atmospheric Pollution Prevention and Control Law of the PRC to ensure its environmental compliance of business activities. The Group advocates "increasing income and reducing expenditure to cut costs and increase efficiency" and formulates specific measures. We obtained the environmental management system certification (GB/T 24001–2016/ISO14001:2015). We have established the Notice on Cost Reduction and Efficiency Enhancement in Administrative Control and formulated a series of specific measures to strictly control costs and eliminate waste, thereby improving efficiency. We strictly abide by the laws and regulations including the Law on the Prevention and Control of Water Pollution of the PRC and Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the PRC to ensure the Group's emissions comply with the relevant regulations. We have set emission reduction targets and actively implemented them. In the future, we will maintain or gradually reduce greenhouse gas emission intensity, waste generation intensity, and electricity and water consumption intensity at similar operating levels. During the Year, good progress was made on all environmental targets except water consumption and non-hazardous waste.[1]

During the Year, the Group did not violate any laws and regulations related to environmental protection.

DOWELL and Winlands EV Charger signed a strategic cooperation agreement

The two parties will focus on the construction of urban charging networks and use the superior resources in their respective fields to carry out in-depth cooperation in high-end residences, industrial parks, commercial complexes, government buildings and other scenarios to provide new energy vehicle owners with more convenient and intelligent services and improve the charging facilities. Therefore, we can take on more important responsibilities in China's "carbon peak" and "carbon neutrality" strategies.

[1] Due to the increase in the number of the Group's projects, our water consumption intensity and non-hazardous waste consumption intensity increased during the Year.

7.1 Greenhouse Gas ("GHG") Emissions

We are committed to reducing GHG emissions. Office electricity and vehicle emissions are major sources of our GHG emissions. The GHG emissions inventory is made by the Group with reference to the Greenhouse Gas Inventory Protocol developed by the World Resources Institute and World Business Council for Sustainable Development, as well as the ISO14064–1 standard set by the International Organisation for Standardization. For the Year, GHG emissions within the scope of the Report are as follows:

Greenhouse gas Emissions	Unit	2023
Direct emissions (Scope 1)	Tonne of CO_2e	58.79
GHG reductions from planting of new trees (Scope 1)	Tonne of CO_2e	108.15
Indirect emissions (Scope 2)	Tonne of CO_2e	45,640.08
Total GHG emissions (Scope 1 and Scope 2)	Tonne of CO_2e	45,590.72
GHG emissions intensity (area)	Tonne of CO_2e/m^2 GFA in '000s	1.40
GHG emissions intensity (person)	Tonne of CO_2e/employee	8.45

7.2 Green Office

We implement the concept of green office, improve the green office system, and advocate digital office, carbon reduction office and energy-saving office by setting up conservation reminders and publicity signs in the office areas, and jointly create an energy-saving and comfortable green office environment. We insist on complying with the laws and regulations including Energy Conservation Law of the PRC and the Regulations on Management of Urban Water Conservation, etc.. We actively implement the energy saving and consumption reduction measures that we have formulated. We have formulated an environmental protection system for office areas to achieve standardized management of green offices. Our Office Environmental Management System, Group Energy Saving and Consumption Reduction Initiative and Office Paper Saving Tips to cultivate employees' habits and awareness of energy conservation and consumption reduction and contribute to green development.

Reduce Electricity Use

- Avoid keeping lights on, try not to turn on lights when there is sufficient light, and to ensure lights are turned off when getting off work

- Strictly control the temperature of the air conditioner for not lower than 26 degrees Celsius in summer and not higher than 18 degrees Celsius in winter. Maintain the equipment regularly and turn off the air conditioner promptly after getting off work.

- Promote the use of energy-saving equipment, turn off computers and other equipment when not in use, regularly repair and maintain equipment, and prohibit the use of high-power electrical appliances

The electricity consumption within the reporting scope was 80,028.19 MWh, or 2.46 MWh per GFA in '000.

Office Supplies:

- Maintain, repair and care for durable items such as desks, computers, etc. in a timely manner.

- Try to trade in old items for new ones or recycle consumable items, and pay attention to saving printing paper, by using double-sided printing, limiting colour printing, etc.

- Use part replacement rather than complete item replacement, such as pen refill.

- Place office supplies at designated locations to improve work efficiency and avoid wasting time

Save Paper

- Printer copy function set to black and white default

- Use wastepaper whenever possible when drafting documents

- Promote double-sided printing to reduce paper consumption

During the Reporting Period, the paper usage within the reporting scope of this Report was 10,946.80 kg, representing 2.03 kg per capita.

7.3 Water Resources Management

The water we use during operations all comes from municipal water, and there is no problem of obtaining water sources. For property projects, we conduct regular inspections and maintenance of water equipment to eliminate leakage caused by aging equipment, avoid unnecessary waste of water resources, and reduce the Group's water costs and sewage treatment costs. We use the Form of Records of Office Environment Inspection, regularly inspect the workplace and record any water problems, and add water conservation tips to reduce water consumption.

During the Reporting Period, the water consumption within the reporting scope was 2,083,571.59 cubic metres, or 64.92 cubic metres per GFA in '000.

7.4 Waste Management

We formulated the Rules on Waste Disposal Management to strengthen waste management and reduce environmental impact. We require waste to be divided into three categories: recyclables, non-recyclables, and handed over to professional plants for disposal. We also guide employees to identify and classify waste by learning environmental protection knowledge and formulating List of Waste Types Classified. For different types of waste, we have stipulated corresponding treatment methods, including recycling and reuse, and handing over to professional treatment plants for treatment. In addition, we have stipulated the responsibility for the disposal of infrastructure decoration waste, emphasized the regular cleaning of garbage bins and waste baskets, and required records of waste disposal. These measures help to standardize the waste treatment process and promote environmental protection and resources utilization. We have arranged for a qualified third party to carry out recycling and collect hazardous waste[3] at designated locations.

Waste generation	Unit	2023
Non-hazardous waste generated[2]	kg	24,058
Non-hazardous waste generation intensity	kg/employee	4.46

2 The non-hazardous waste generated by the Group is estimated based on day-to-day operations.

3 The hazardous waste generated in the office operations of the Group is a small number of wastes and waste ink cartridges, which are recycled and reused by qualified recyclers, and have little impact on the environment. Therefore, KPI A1.3 (total hazardous waste produced) is not disclosed in this Report.

7.5 Coping with climate change

The Group implements China's goal of "carbon peak" and "carbon neutrality" and actively contributes to mitigating climate change. We are aware of the urgency of responding to climate change. We have identified physical risks and transformation risks related to climate change in our business, and developed response measures based on climate change risk assessment results to mitigate the impact of climate risks on corporate operations.

Categories and descriptions of climate risks	Potential consequences	Countermeasures
Physical climate risks (e.g. flooding, super typhoon, storm surge, and extreme rainfall)	• Supply chain disruption and impact on demand • Damage to infrastructure and facilities • Increased operating costs due to maintenance of damaged facilities	• Formulation of Disastrous Weather Handling Plan and Earthquake Disaster Handling Plan • Provision of disaster response training • Launch of disaster drills for employees • Exploration of using renewable energy sources
Chronic risks (e.g. extremely hot weather and sea level rise)	• Rising electricity use demands and operating costs due to increased cooling demand • Drop in productivity • Flooding caused by rising sea levels	• Close attention to the weather forecast to ensure timely and adequate preparation to guarantee the safety of employees and property owners
Policy and regulatory risks (reporting disclosure compliance risks)	• Damaged reputation and loss of competitive advantage • Possible penalties for noncompliance	• Tracking the latest laws and regulations on climate change and integrating them into business management strategies
Market risks (e.g. inability to adapt to growing stakeholder concerns on sustainability)	• Failure to meet climate change policies of customers	• Reduction of carbon emissions by purchasing energy-efficient office supplies and using clean energy

8. CONTRIBUTING TO COMMUNITY

We are committed to contributing to the community. We have demonstrated our care and support for the community through hosting activities, such as the community activity day for the opening of Jiangling Community Good Neighbour Centre in Yong'an Street, Chongqing, and the "Chongqing Lijia Street• Charity Corner" activity during the Year. These activities provided a platform for community residents to interact and communicate, strengthen the emotional connection between neighbours, and promote the harmonious development of the community.

Community Activity Day for the Opening of Jiangling Community Good Neighbour Centre in Yong'an Subdistrict, Fengjie, Chongqing

Peace of Mind Plan: Warm Service, Meet with Heart in Winter

Chongqing Lijia Street • Charity Corner

APPENDIX I: ENVIRONMENTAL AND SOCIAL KPIS SUMMARY

The following is a summary of the Group's information on sustainability in the environmental area for the Year:

Environmental area	Unit	2023
Emissions[4]		
Nitrogen oxides	kg	57.73
Sulfur oxides	kg	0.04
Suspended particles	kg	5.58
Greenhouse gas emissions[5]		
Direct GHG emissions (Scope 1)	Tonne of CO_2e	58.79
GHG reductions from planting of new trees (Scope 1)	Tonne of CO_2e	108.15
Indirect GHG emissions (Scope 2)	Tonne of CO_2e	45,640.08
Total GHG emissions (Scope 1 and Scope 2)	Tonne of CO_2e	45,590.72
GHG emissions intensity (area)	Tonne of CO_2e/m^2 GFA in '000s	1.40
GHG emissions intensity (person)	Tonne of CO_2e/employee	8.45
Non-hazardous waste		
Non-hazardous waste generated	kg	24,058
Non-hazardous waste generation intensity (person)	kg/employee	4.46
Water consumption		
Total water consumption	Cubic metre	2,083,571.59
Water consumption intensity (area)	Cubic metre/m^2 GFA in '000s	64.92
Water consumption intensity (person)	Cubic metre/employee	386.20
Electricity consumption		
Total electricity consumption	MWh	80,028.19
Total electricity consumption intensity (area)	MWh/m^2 GFA in '000s	2.46
Total electricity consumption intensity (person)	MWh/employee	14.83
Paper consumption		
Paper consumption	kg	10,946.80
Paper consumption intensity (person)	kg/employee	2.03

[4] Emissions are calculated with reference to "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" of the HKEX.

[5] GHG emissions are calculated with reference to "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" of the HKEX.

The following is a summary of the Group's information on sustainability in the social area for the Year:

Social area[6]	Unit	2023
Total number of employees	People	5,395
Number of employees by gender		
Female	People	2,622
Male	People	2,773
Number of employees by age group		
Under 30	People	951
30–50	People	3,085
Over 50	People	1,359
Number of employees by employment type		
Full-time junior employees	People	5,116
Full-time middle management	People	261
Full-time senior management	People	18
Number of employees by geographical region		
Northern China	People	593
Western China	People	783
Eastern China	People	1,581
Central China	People	830
Southern China	People	525
Southwestern China	People	1,083
Employee turnover rate[7]		
Total employee turnover rate	%	32.71
Employee turnover rate by gender		
Female	%	29.84
Male	%	35.21
Employee turnover rate by age group		
Under 30	%	40.38
30–50	%	30.69
Over 50	%	31.05

6 Data in the social area covers the entire Group

7 The formula to calculate employee turnover rate is: Number of employees who left in the category ÷ (number of employees who left in the category + number of employees at the end of the Year in the category) × 100%

Social area[6]	Unit	2023
Employee turnover rate by geographical region		
Northern China	%	25.03
Western China	%	30.59
Eastern China	%	37.51
Central China	%	41.47
Southern China	%	24.35
Southwestern China	%	25.62
Percentage of employees trained by gender[8]		
Female	%	48.62
Male	%	51.38
Percentage of employees trained by employee category		
Full-time junior employees	%	95.42
Full-time middle management	%	4.27
Full-time senior management	%	0.32
Average training hours completed per employee by gender[9]		
Female	Hour	32.80
Male	Hour	36.84
Average training hours completed per employee by employee category[10]		
Full-time junior employees	Hour	35.53
Full-time middle management	Hour	21.49
Full-time senior management	Hour	18.50
Occupational health and safety		
Number of work-related fatalities (2023, 2022 and 2021)	People	0
Rate of work-related fatalities (2023, 2022 and 2021)	%	0
Lost days due to work injury	Day	0

8 The formula to calculate the percentage of employees trained is: Number of employees trained in the category ÷ total number of employees trained × 100%

9 The formula to calculate the hours of employees trained is: Number of hours of employees trained in the category ÷ total number of employees trained in the category × 100%

10 The Group's performance in environmental and social KPIs. Part of the year-on-year changes may not be the same as the direct calculation results of the figures presented because the data presented are rounded, but the percentage changes are calculated based on the original data. In individual cases, the sum of these percentage changes may not be 100%

APPENDIX II: INDEX OF ESG REPORTING GUIDE

Indicators			Corresponding section(s)
A. Environment area			
A1: Emissions	General Disclosure	Information relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	7. Green Development
	A1.1	Types of emissions and respective emissions data.	7.1 GHG Emission Management
	A1.2	Direct (Scope 1) and indirect (Scope 2) GHG emissions (in tonnes) and, where applicable, intensity (e.g. per unit of production volume, per facility).	7.1 GHG Emission Management APPENDIX I: ENVIRONMENTAL AND SOCIAL KPIS SUMMARY
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7.4 Waste Management
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	7.4 Waste Management APPENDIX I: ENVIRONMENTAL AND SOCIAL KPIS SUMMARY
	A1.5	Description of the emission target(s) and steps taken to achieve them.	7.1 GHG Emission Management 7.2 Green Office
	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.	7.2 Green Office

Indicators			Corresponding section(s)
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	7. Green Development
	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).	7.2 Green Office APPENDIX I: ENVIRONMENTAL AND SOCIAL KPIS SUMMARY
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	7.3 Water Resources Management APPENDIX I: ENVIRONMENTAL AND SOCIAL KPIS SUMMARY
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	7.2 Green Office
	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.	7 Green Development 7.3 Water Resources Management
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable to the Group's business
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	7. Green Development
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the action taken to manage them.	7. Green Development
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.	7.5 Coping with Climate Change
	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	7.5 Coping with Climate Change

Indicators			Corresponding section(s)
B. Social area			
B1: Employment	General Disclosure	Information relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	6. Talent Management 6.1 Recruitment
	B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region	APPENDIX I: ENVIRONMENTAL AND SOCIAL KPIS SUMMARY
	B1.2	Employee turnover rate by gender, age group and geographical region	APPENDIX I: ENVIRONMENTAL AND SOCIAL KPIS SUMMARY
B2: Health and Safety	General Disclosure	Information relating to providing a safe working environment and protecting employees from occupational hazards: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	6.2 Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	APPENDIX I: ENVIRONMENTAL AND SOCIAL KPIS SUMMARY
	B2.2	Lost days due to work injury.	APPENDIX I: ENVIRONMENTAL AND SOCIAL KPIS SUMMARY
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	6.2 Health and Safety

Indicators			Corresponding section(s)
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	6.4 Vocational Training
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	APPENDIX I: ENVIRONMENTAL AND SOCIAL KPIS SUMMARY
	B3.2	The average training hours completed per employee by gender and employee category.	APPENDIX I: ENVIRONMENTAL AND SOCIAL KPIS SUMMARY
B4: Labour Standards	General Disclosure	Information relating to preventing child and forced labour: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	6.1 Recruitment
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	6.1 Recruitment
	B4.2	Description of steps taken to eliminate such practices when discovered.	6.1 Recruitment
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	4.5 Supplier Management
	B5.1	Number of suppliers by geographical region.	4.5 Supplier Management
	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.	4.5 Supplier Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.5 Supplier Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	4.5 Supplier Management

Indicators			Corresponding section(s)
B6: Product Responsibility	General Disclosure	Information relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	4.3 Information Security 4.1 Business Ethics
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group does not involve any product recall
	B6.2	Number of product and service related complaints received and how they are dealt with.	5.1 Customer Communication
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.4 Protection of IPRs
	B6.4	Description of quality assurance process and recall procedures.	5.2 Customer Services
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	4.3 Information Security

Indicators			Corresponding section(s)
B7: Anti-corruption	General Disclosure	Information relating to bribery, extortion, fraud and money laundering: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	4.2 Integrity Building
	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.	4.2 Integrity Building
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	4.2 Integrity Building
	B7.3	Description of the anti-corruption training provided to directors and employees.	4.2 Integrity Building
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.	8. Contributing to Community
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	8. Contributing to Community
	B8.2	Resources contributed (e.g. money or time) to focus areas.	8. Contributing to Community

TO THE SHAREHOLDERS OF DOWELL SERVICE GROUP CO. LIMITED
(incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Dowell Service Group Co. Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 112 to 220, which comprise the consolidated statement of financial position as at 31 December 2023, 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 the consolidated financial statements, including a material accounting policy information.

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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") 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 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 judgment, 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.

Assessing potential impairment of goodwill and customer relationships

Refer to Note 17 to the consolidated financial statements.

As at 31 December 2023, the Group's goodwill and customer relationships, which amounted to RMB188,907,000 and RMB71,474,000 respectively, was allocated to the cash generating units ("**CGUs**"), representing Hubei Zhonghe Century Property Management Co., Limited ("**Hubei Zhonghe**"), Chongqing Shengdu Property Management Co., Ltd. ("**Chongqing Shengdu**"), GSN Property Service Co., Ltd. ("**GSN**"), Guangxi Dongyuan Shengkang Logistics Management Service Co., Ltd. ("**Guangxi Shengkang**"), Mianyang Ruisheng Property Management Co., Ltd. ("**Mianyang Ruisheng**"), Hunan Jindian Property Management Co., Ltd. ("**Hunan Jindian**") and Zhejiang Zhongdu Property Management Co., Ltd. ("**Zhejiang Zhongdu**").

Impairment assessment of goodwill and customer relationships are performed by management. The recoverable amounts of the assets allocated to the property management business operated by Hubei Zhonghe, Chongqing Shengdu, GSN, Guangxi Shengkang, Mianyang Ruisheng, Hunan Jindian and Zhejiang Zhongdu respectively are determined by management based on value in use calculations.

The value in use was estimated by preparing discounted cash flow forecasts. The preparation of discounted cash flow forecasts involves the exercise of significant management judgement, in particular in forecasting future revenue, future gross profit margins and future operating and administrative expenses and in determining the long-term growth rates and discounted rates applied.

No impairment losses of goodwill and customer relationships were recognised for the year ended 31 December 2023 as the recoverable amounts of the CGUs as determined on the basis set out above were higher than the carrying amounts.

We identified assessing potential impairment of goodwill and customer relationships as a key audit matter because the impairment assessment prepared by management is complex and involves a significant degree of judgement in determining the assumptions, in particular the long term growth rates and the discount rates applied, and could be subject to management bias.

Our response

Our procedures in relation to assess potential impairment of goodwill and customer relationships included the following:

(i) Evaluating management's identification and key assumptions of CGUs and the amount of goodwill, customer relationships and asset allocated to the CGUs;

(ii) Using our independent and qualified valuation specialists to assist us in evaluating the methodology used by management in the preparation of the discounted cash flow forecasts with reference to the requirements of the prevailing accounting standards;

(iii) Comparing the significant inputs used in the discounted cash flow forecasts, including future revenue, future gross profit margins and future operating and administrative expenses with the relevant data in the financial budgets approved by the board of directors, industry reports and agreements signed subsequent to the reporting date, if any;

(iv) Comparing the significant inputs used in discounted cash flow forecasts prepared in the prior year, if applicable, with the current year's performance to assess how accurate the prior year's discounted cash flow forecasts were and making enquiries of management as to the reasons for any significant variations identified;

(v) Assessing the long-term growth rate and discount rate used in the discounted cash flow forecasts by benchmarking against other similar property management companies;

(vi) Obtaining sensitivity analysis of the key assumptions adopted in the discounted cash flow forecasts prepared by management and considering the resulting impact on the impairment charges for the year and whether there were any indicators of management bias; and

(vii) Considering the disclosures in the consolidated financial statements in respect of the impairment assessment of goodwill and customer relationships, including the key assumptions and sensitivities to changes in such assumptions, with reference to the requirements of the prevailing accounting standards.

Impairment assessment of trade and bills receivables

Refer to Note 22 to the consolidated financial statements.

As at 31 December 2023, the gross amount of the Group's trade and bills receivables totalled RMB680,743,000, against which a loss allowance of RMB43,282,000 was made. The net carrying value of the Group's trade and bills receivables represented approximately 45.7% of the total assets of the Group as at 31 December 2023.

The Group's loss allowance for trade and bills receivables applies the simplified approach to calculate expected credit losses ("**ECLs**"), which is measured at an amount equal to lifetime expected credit losses. This approach is based on management's estimated loss rates for trade and bills receivables. The estimated loss rates take into account the aging of the trade and bills receivables, overdue balances and information regarding the ability and intent of the debtor to pay and historical data on default rates and forward looking information. In addition, trade and bills receivables with significant outstanding balances are assessed for ECLs individually, the estimated loss rates on overdue balances, information regarding the ability and intent of the debtors to pay and historical data on default rates and are adjusted for forward looking information.

Management is required to apply judgement in assessing the loss allowance for trade and bills receivables under the ECLs model. The ability of the debtors to repay the Group depends on credit risk characteristics of trade and bills receivables and market conditions which involves inherent uncertainty.

We identified the loss allowance for trade and bills receivables as a key audit matter because of the inherent uncertainty in assessing if trade and bills receivables will be recovered and because the assessment of the ECLs requires the exercise of management judgement.

Our response

Our procedures in relation to management's impairment assessment on trade and bills receivables included the following:

(i) Obtaining an understanding of and assessing management's key controls relating to credit control, debt collection and the calculation of the ECLs;

(ii) Assessing the trade and bills receivables ageing report based on credit risk characteristics and the days past due by comparing the details of individual items with underlying invoices on a sample basis;

(iii) Obtaining an understanding of the basis of management's approach to measuring ECLs of trade and bills receivable balances and together with our own external valuation specialists, where necessary, assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information; and

(iv) Checking subsequent settlements of the trade and bills receivables on sampling basis to review the reasonableness of the ECLs.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include 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.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and 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 misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

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. This report is made solely to you, as a body, in accordance with the terms of our engagement, 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 judgment and maintain professional skepticism 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.

- 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, 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 those 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 directors, 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.

BDO Limited
Certified Public Accountants
Chow Tak Sing, Peter
Practising Certificate Number P04659

Hong Kong, 20 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 RMB'000	2022 RMB'000 (Restated, Note 33(a))
Revenue	7	**1,483,834**	1,349,412
Cost of sales	7,8	**(1,272,057)**	(1,070,900)
Gross profit		**211,777**	278,512
Selling and marketing expenses	8	**(37,026)**	(32,253)
Administrative expenses	8	**(154,771)**	(149,074)
Net impairment losses on financial assets	40(b)	**(9,248)**	(24,079)
Other income	10	**7,461**	18,944
Other (losses)/gains, net	11	**(927)**	9,270
Operating profit		**17,266**	101,320
Finance income		**789**	290
Finance costs		**(840)**	(536)
Finance costs, net	12	**(51)**	(246)
Share of results of investments accounted for using the equity method	19	**7,506**	6,931
Profit before income tax expense		**24,721**	108,005
Income tax expense	13	**(2,799)**	(16,052)
Profit for the year		**21,922**	91,953
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**18,967**	88,514
Non-controlling interests		**2,955**	3,439
		21,922	91,953
		RMB	RMB
Earnings per share			
– Basic	14	**0.28**	1.44
– Diluted	14	**0.28**	1.44

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	2023 RMB'000	2022 RMB'000 (Restated, Note 33(a))
Non-current assets			
Property, plant and equipment	16	**30,993**	34,408
Right-of-use assets	18	**15,471**	8,048
Intangible assets	17	**273,498**	280,474
Deferred income tax assets	32	**19,560**	13,143
Long-term prepayments	24	**4,324**	4,216
Contract costs	7(e)	**13,984**	11,819
Investments accounted for using the equity method	19	**20,705**	19,774
		378,535	371,882
Current assets			
Contract assets	7(a)	**1,439**	2,432
Dividend receivables		**9,900**	7,024
Trade, bills and other receivables	22	**674,529**	599,334
Inventories	23	**43,046**	40,032
Prepayments	24	**30,590**	27,042
Current income tax receivables		**1,372**	619
Restricted cash	25	**352**	670
Cash and cash equivalents	25	**255,368**	221,739
		1,016,596	898,892
Current liabilities			
Trade payables	30	**292,664**	258,888
Borrowings	31	**9,262**	–
Accruals and other payables	30	**280,575**	264,093
Contract liabilities	7(a)	**280,579**	228,604
Lease liabilities	18	**5,967**	4,148
Financial liabilities at fair value through profit or loss	40	**1,000**	2,000
Current income tax liabilities		**4,514**	8,162
		874,561	765,895
Net current assets		**142,035**	132,997
Total assets less current liabilities		**520,570**	504,879

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	2023 RMB'000	2022 RMB'000 (Restated, Note 33(a))
Non-current liabilities			
Lease liabilities	18	**9,495**	4,027
Financial liabilities at fair value through profit or loss	40	**1,000**	2,000
Deferred income tax liabilities	32	**16,636**	15,191
		27,131	21,218
Net assets		**493,439**	483,661
Capital and reserves			
Share capital	27	**66,991**	66,991
Reserves	28	**229,085**	218,427
Retained earnings		**176,206**	177,123
Equity attributable to owners of the Company		**472,282**	462,541
Non-controlling interests	34	**21,157**	21,120
Total equity		**493,439**	483,661

The consolidated financial statements on pages 112 to 220 were approved and authorised for issue by the Board of Directors on 20 March 2024 and are signed on its behalf by:

Zhang Aiming
Director

Fan Dong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company					
	Share capital *(Note 27)* ***RMB'000***	**Reserves** *(Note 28)* ***RMB'000***	**Retained earnings** ***RMB'000***	**Total** ***RMB'000***	**Non-controlling interests** *(Note 34)* ***RMB'000***	**Total equity** ***RMB'000***
Balance as at 31 December 2021	50,000	85,692	113,530	249,222	8,830	258,052
Business combination under common control	–	2,000	(6,044)	(4,044)	–	(4,044)
At 1 January 2022 (adjusted)	50,000	87,692	107,486	245,178	8,830	254,008
Profit and total comprehensive income for the year	–	–	88,514	88,514	3,439	91,953
Addition of non-controlling interests from business combination	–	–	–	–	10,895	10,895
Dividend distribution to the non-controlling interests	–	–	–	–	(2,044)	(2,044)
Issue of new shares upon listing	16,667	150,727	–	167,394	–	167,394
Expenses attributed to issuance of new shares upon listing	–	(45,808)	–	(45,808)	–	(45,808)
Business combination under common control *(Note 33(a))*	–	4,006	–	4,006	–	4,006
Exercise of over-allotment option in relation to initial public offer	324	2,933	–	3,257	–	3,257
Transfer from retained earnings to statutory reserve	–	18,877	(18,877)	–	–	–
At 31 December 2022 (restated) and 1 January 2023	66,991	218,427	177,123	462,541	21,120	483,661
Profit and total comprehensive income for the year	**–**	**–**	**18,967**	**18,967**	**2,955**	**21,922**
Other transactions with non-controlling interests for a subsidiary	**–**	**89**	**–**	**89**	**(89)**	**–**
Change in ownership interests in a subsidiary without change of control	**–**	**–**	**–**	**–**	**100**	**100**
Transfer from retained earnings to statutory reserve	**–**	**10,512**	**(10,512)**	**–**	**–**	**–**
Capital contribution for a subsidiary from non-controlling interests	**–**	**–**	**–**	**–**	**175**	**175**
Dividend distribution to the non-controlling interests	**–**	**–**	**–**	**–**	**(2,924)**	**(2,924)**
Dividend recognized as distribution *(Note15)*	**–**	**–**	**(9,379)**	**(9,379)**	**–**	**(9,379)**
Acquisition from non-controlling interests in a subsidiary	**–**	**64**	**–**	**64**	**(64)**	**–**
Disposal of a subsidiary	**–**	**(7)**	**7**	**–**	**(116)**	**(116)**
At 31 December 2023	**66,991**	**229,085**	**176,206**	**472,282**	**21,157**	**493,439**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	*35(a)*	**69,683**	35,634
Income tax paid, net		**(12,278)**	(8,051)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**57,405**	27,583
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	*16*	**(13,302)**	(23,206)
Purchases of intangible assets	*17*	**(6,090)**	(6,133)
Proceeds from disposal of property, plant and equipment		**562**	198
Proceeds from deregistration of an associate		**–**	274
Dividends received from joint ventures		**3,699**	4,009
Investment in joint ventures and associates	*19*	**–**	(6,480)
Increase in restricted cash	*25*	**318**	(670)
Payment for contingent consideration for acquisition of a subsidiary		**(2,000)**	(2,000)
Payment for acquisition of subsidiaries, net of cash and cash equivalents acquired		**–**	(118,721)
NET CASH USED IN INVESTING ACTIVITIES		**(16,813)**	(152,729)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to the shareholders		**(9,379)**	(45,267)
Proceeds from other loans	*35(b)*	**4,000**	–
Proceeds from a bank loan	*35(b)*	**5,262**	–
Repayments of advances from a related party	*35(b)*	**–**	(363)
Capital contribution for a subsidiary from non-controlling interests		**175**	–
Payment for listing expenses		**–**	(24,288)
Interest paid		**(840)**	(536)
Principal element of lease payments	*35(b)*	**(6,181)**	(4,226)
Proceeds from issue of new ordinary shares upon listing		**–**	170,651
NET (USED IN)/CASH FROM FINANCING ACTIVITIES		**(6,963)**	95,971

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**33,629**	(29,175)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**221,739**	250,914
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**255,368**	221,739
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS:			
Restricted cash	*25*	**352**	670
Bank balances and cash	*25*	**255,368**	221,739
		255,720	222,409

1. GENERAL

Dowell Service Group Co. Limited (the "**Company**") was incorporated in the People's Republic of China (the "**PRC**") on 13 January 2015 as a limited liability company. Upon approval by the shareholders' general meeting held on 13 December 2020, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC and changed its registered name to "Dowell Service Group Co. Limited (東原仁知城市運營服務集團股份有限公司)" on 30 December 2020.

The address of the Company's registered office and its principal place of business address is Room 206, Commercial Building, B-1, No. 108, Baihe Road, Nanping Town, Nan'an District, Chongqing, PRC.

The Company's ultimate holding company is Dima Holdings Co., Ltd. ("**Dima Holdings**" or "**Dima**"), a company established in the PRC engaging in the real estate industry with its shares listed on the Shanghai Stock Exchange. The immediate holding company of the Company is Tianjin Chengfang Corporate Management Consultant Co. Ltd. ("**Tianjin Chengfang**"), a wholly-owned subsidiary of Dima Holdings.

During the year ended 31 December 2023, the Group acquired 99% of the equity interests of Shanghai Xuanhai Technology Co., Ltd. ("**Shanghai Xuanhai**") from Shenzhen Dirui Smart Technology Co., Ltd. ("**Shenzhen Dirui**"), which is a subsidiary of Dima Holdings. The acquisition was accounted for as a business combination under common control (Note 33(a)).

The Company and its subsidiaries (together the "**Group**") are primarily engaged in the provision of property management services and related valued-added services in PRC.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new or amended HKFRSs – effective 1 January 2023

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKFRS 17	Insurance Contracts

None of these new or amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New or amended HKFRSs that have been issued but are not yet effective

The following amendments to HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current[1]
Amendments to HKAS21	Lack of Exchangeability[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025

Amendments to HKAS 1, Non-current Liabilities with Covenants

The Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current

The Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New or amended HKFRSs that have been issued but are not yet effective *(Continued)*

Amendments to HKAS 21, Lack of Exchangeability

The Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate the comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

(c) New guidance on accounting for the MPF-LSP offsetting mechanism in Hong Kong issued by HKICPA

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 ("**the Amendment Ordinance**") was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory contributions under the mandatory provident fund ('**MPF**') scheme to offset severance payment ("**SP**") and long service payments ("**LSP**") ("**the Abolition**"). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 ("**the Transition Date**").

The following key changes will take effect since the Transition Date:

– Accrued benefits derived from employers' mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.

– The pre-transition LSP/SP is calculated using the last month's salary immediately preceding the Transition Date, instead of using the last month's salary of employment termination date.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(c) New guidance on accounting for the MPF-LSP offsetting mechanism in Hong Kong issued by HKICPA *(Continued)*

Due to the complexities of the accounting for the offsetting of accrued benefits derived from an employer's mandatory MPF contributions and its LSP obligation and the accounting for the offsetting mechanism could become material in light of the Abolition, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" ("**the Guidance**") in July 2023 to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches for the offsetting mechanism, being:

– Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee's LSP benefits in terms of HKAS 19.93(a)

– Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation.

For the years ended 31 December 2022 and 2023, the Group's LSP liability before the expected offsetting under the MPF-LSP offsetting mechanism is immaterial. Application of the Guidance had no material effect on the consolidated financial statements of the Group.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRS**") issued by Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") ("**the Listing Rules**").

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company. All values in the consolidated financial statements are rounded to the nearest thousand except when otherwise indicated.

3. BASIS OF PREPARATION *(Continued)*

(d) Application of business combination under common control

On 31 January 2023, the Group acquired 99% of the equity interests of Shanghai Xuanhai from Shenzhen Dirui, which is a subsidiary of Dima Holdings. The acquisition is considered as a business combination involving entities under common control and has been accounted for by using merger accounting method. As a result, the comparative figures of the consolidated statement of financial position, 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 and related notes were restated using the principles of merger accounting as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), as if Shanghai Xuanhai had been combined with the Group from the earliest date when Shanghai Xuanhai first came under the control of Dima Holdings.

4. MATERIAL ACCOUNTING POLICIES

(a) Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee when it has power over the investee, is exposed or has rights to variable returns from the investee, and has the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is obtained until the date on which control ceases.

(b) Business combination under common control

The consolidated financial statements incorporates the financial statement items of the entities of businesses in which the common control combination occurs as if they had been consolidated from the date when the entities of businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(b) Business combination under common control *(Continued)*

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

A uniform set of accounting policies is adopted by those entities. All intra-group transitions, balances and unrealised gains on transactions between combining entities or business are eliminated on consolidation.

(c) Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-current financial assets.

(d) Joint Ventures

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

Where there is objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-current financial assets.

The Group accounts for its interests in joint ventures in the same manner as investments in associates (Note 4(c)).

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(e) Foreign currency translation

Items included in the financial statements of each of the entities within the Group are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). Since all of the assets and operations of the Group are located in the PRC, the consolidated financial statements are presented in RMB, which is the Company's functional currency and the Group's presentation currency.

(f) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term, as follows:

Buildings	10 – 30 years
Electronic equipment	3 – 10 years
Furniture and fixtures	3 – 10 years
Vehicles	5 – 10 years
Leasehold improvements	Shorter of useful life or lease term

Property, plant and equipment arising from business acquisition is depreciated over the remaining useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 4(i)).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other (losses)/gains – net" in the consolidated statements of profit or loss and other comprehensive income.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(g) Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("**CGUs**") or groups of CGUs, that is expected to benefit from the synergies of the combination in which the goodwill arose. The goodwill is allocated and monitored at subsidiary level which is below the operating segment level (Note 6).

The carrying value of the CGUs containing the goodwill is compared with the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed (Note 4(h)).

(b) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected lives of 8 to 10 years for the customer relationships, which is determined by considering to the existing conditions and possibilities of renewal of the property management contracts by reference with industry experiences.

(c) Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(h) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("**OCI**") or through profit or loss); and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(i) Financial assets *(Continued)*

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to the acquisition of the financial asset Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "Other (losses)/gains, net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statements of comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "Other gains/(losses), net" in the period in which it arises.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVTOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(i) Financial assets *(Continued)*

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 40(b) details how the Group determines whether there has been a significant increase in credit risk.

For contract assets, trade and bills receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 40(b) for further details.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss.

(j) Trade, bills and other receivables

Trade and bills receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade, bills and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade, bills and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. See Note 22 for further information about the Group's accounting for trade, bills and other receivables and Note 40(b) for a description of the Group's impairment policies for trade, bills and other receivables.

(k) Inventories

Inventories refer to car parking spaces and consumables are stated at the lower of cost and net realisable value. Cost of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(l) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statements of profit or loss and other comprehensive income over the year of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as “Other income” or “Finance costs”.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(n) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in the consolidated statements of comprehensive income, except to the extent that it relates to items recognised in OCI or directly in equity. In this case the tax is also recognised in OCI or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(n) Current and deferred income tax *(Continued)*

(b) Deferred income tax *(Continued)*

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(o) Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial positions.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(o) Employee benefits *(Continued)*

(b) Pension obligations

The Group only operates defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(c) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(d) Bonus plans

The expected cost of bonuses is recognised as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for profit sharing and bonus plans are expected to be settled within one year and are measured at the amounts expected to be paid when they are settled.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(o) Employee benefits *(Continued)*

(e) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(p) Share-based payments

Dima Holdings restricted shares and share options schemes

The fair value of restricted shares and share options granted under Dima Holdings restricted shares and share options schemes are recognised as an employee benefits expense with a corresponding increase in equity as reserves. The total amount to be expensed is determined by reference to the fair value of the restricted shares or share options granted:

- including any market performance conditions (e.g. the entity's share price);

- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of restricted shares or share options that are expected to vest based on the non-marketing performance and service conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in the consolidated statements of comprehensive income and the share-based payment reserve in equity.

Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective the date of the forfeiture.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(p) Share-based payments *(Continued)*

Dima Holdings restricted shares and share options schemes (Continued)

Cancellation of the equity-settled share-based payments is treated as acceleration of vesting. The amount of share-based payment expense, which would have been recognised for services received over the remainder of the vesting period, is charged to profit or loss accounts, where appropriate, on the date of cancellation immediately.

(q) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(r) Revenue recognition

Revenue mainly comprises proceeds from property management services, community value-added services, and value-added services to non-property owners.

During the year, the Group uses categories of city operations services, lifestyle services and FATH and other comprehensive services to classify the property management services, community value-added services, and value-added services to non-property owners correspondingly.

Revenue is recognised when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

If contracts involve the sale of multiple services, the transaction prices are allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(r) Revenue recognition *(Continued)*

(a) City operations services

City operations services represented property management services rendered to residential and non-residential properties (other than those included in FATH and other comprehensive services). Revenue from city operation services is recognised in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group when the Group performs.

For city operation services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

For city operation services income from properties managed under lump sum basis, where the Group is primarily responsible for providing the property management services to the property owners, the Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of service.

For city operation services income from properties managed under commission basis, where the Group recognises the commission, which is calculated by certain percentage of the total property management fee received or receivable from the property units, as its revenue for arranging and monitoring the services as provided by other suppliers to the property owners.

(b) Lifestyle services

Lifestyle services represented the community events planning services, management and agency services, utility maintenance services and other lifestyle related services.

The Group provides community events planning services for residents and property developers. The Group also provides management and agency services, which mainly include car parking spaces management services, car parking spaces and property sales business, services for property leasing and public resources management services. Besides, the Group provides other lifestyle related services such as utility maintenance services to the resident and property owners.

The Group managed car parking spaces and collected car parking fees on behalf of property developers and related management services fees are recognised as revenue on a net basis at a pre-determined percentage of total parking fees collected that corresponds directly with the value of performance completed.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(r) Revenue recognition *(Continued)*

(b) Lifestyle services (Continued)

The Group provides agency services for sale of car parking spaces and properties to property developers. The Group acts as an agent in the agency service as the Group is not the primary obligor to provide the car parking spaces and properties to the customers and the Group has no inventory risk and pricing discretion in sales of car parking spaces and properties. The Group recognises commission fees on a net basis, which are calculated by a percentage of the sales prices when the car parking spaces and properties are delivered to the customers.

The Group also acts as a principal in sale of car parking lots in certain territory, as the Group obtains control of the car parking lots before transferring the control of car parking lots to the end customers. Revenue is recognised when the control of the car parking lot is transferred to the customer. Revenue from community events planning services is recognised on a gross basis when such services are rendered.

The Group provides public resources management services and event planning services, which mainly including agent services for publishing advertisements, leasing public facilities or areas to the property owners, and organising the event. The Group acted as an agency when providing the services and recognises the commission fees on a net basis, which is calculated by a portion of income earned by property owners in accordance with an agreed-upon percentage when such services are rendered.

The Group provides property agency services to property developers in relation to the properties that involve assisting in the searches for tenants, and coordination with potential tenants. The Group recognises the commission fees on a net basis at a fixed percentage of rental income when such services are rendered.

Revenue from other lifestyle related services mainly include: renovation management services, decoration services, utility and maintenance services provided to residents or tenants, and is charged for each services provided and recognised when the relevant services are rendered.

(c) FATH and other comprehensive services

FATH and other comprehensive services represented the foreign and medical services, sales assistance services, preliminary planning services, digital and intelligent technology services, maintenance and rectification services and other related comprehensive services. Foreign and medical services represented property management services rendered to non-residential properties for foreign-owned enterprises, foreign embassies, international schools, hospitals, and medical facilities.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(r) Revenue recognition *(Continued)*

(c) FATH and other comprehensive services *(Continued)*

Revenue from providing property management services for foreign-owned enterprises, foreign embassies, international schools, hospitals, and medical facilities entities is recognised in the accounting period same as the city operations service. The Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

On-site sales assistance services mainly include: cleaning, security, maintenance of display units, visitor management and hospitality services provided to property developers at an early stage of property development, which are billed and settled monthly based on actual level of services provided at pre-determined price and revenue is recognised on a gross basis when such services are provided.

The Group provides preliminary planning and delivery assistance services to property developers before and during the construction of the properties. The Group provides pre-delivery consultancy and inspection services to property developers when the construction has been completed. The Group agrees the price for the services with the customers upfront and recognises as revenue on a gross basis in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

The Group provides digital and intelligent technology services, maintenance and rectification services to property developers. The Group agrees the price for the services with the customers upfront and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

Other related comprehensive services to non-property owners refer to other additional tailored services. The Group recognised revenue when the relevant services are rendered.

(d) Rental income

Rental income from lease of apartments is recognised in the consolidated statements of profit or loss and comprehensive income on a straight-line basis over the term of the lease (Note 4(t)).

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(r) Revenue recognition *(Continued)*

(e) Presentation of assets and liabilities related to contracts with customers

When either party to a contract has performed, the Group presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Incremental costs incurred to obtain a contact, if recoverable, are capitalised and presented as assets and subsequently amortised when the related revenue is recognised. The Group applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense immediately if the amortisation period is less than 12 months.

(s) Interest income

Interest income from financial assets at FVTPL is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in profit or loss as part of "Other income".

Interest income is presented as "Finance income" where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in "Other income".

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(t) Leases

The Group leases apartments as lessee and then lease out to customers as lessor. The Group also lease office buildings and other equipment for own use. Rental contracts for apartments are typically made for fixed periods of 5 to 10 years. Rental contracts for office buildings and equipment are typically made for fixed periods of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability; and

- any lease payments made at or before the commencement date less any lease incentives received;

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term, typically made for fixed periods of 1 to 2 years (Note 4(r)).

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(u) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(v) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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 the employees of 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 key management personnel of the entity (or of a parent of the entity).

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group makes estimates and assumptions in preparation of the Group's consolidated financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Allowance on doubtful receivables

The Group makes allowances for receivables based on assumptions about risk of default and expected loss rates. The Group used judgment in making these assumptions and selecting the inputs for the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade, bills and other receivables and related impairment losses in the periods in which such estimate has been changed. For details of the key assumptions and inputs used are disclosed in Note 40(b).

(b) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation in the periods in which such estimate is changed.

(c) Impairment of goodwill and customer relationships (under intangible assets)

The Group tests annually whether goodwill and customer relationships (under intangible assets) has suffered any impairment, in accordance with the accounting policies stated in Note 4(g)(a) and Note 4(g)(b), where the recoverable amounts of the CGUs is determined based on value-in-use ("**VIU**") calculations. These calculations require the use of estimates. Details of impairment assessment, key assumptions and impact of possible changes in key assumptions are disclosed in Note 17.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

(d) Estimation of the useful life of customer relationships

Customer relationships identified on respective acquisition dates is recognised as intangible assets (Note 17). Customer relationships primarily related to the existing contracts of acquirees on the acquisition date. The Group estimates the useful life and determines the amortisation period of the customer relationships to be 8 to 10 years based on the expected contract periods (including renewal) for property management services with customers based on the historical renewal pattern and the industry practice.

However, the actual useful life may be shorter or longer than estimate, depending on acquirees' ability to secure its contracts and relationship with property developers or renew the contracts with property owners' associations in the future. Where the actual contract periods are different from the original estimates, such difference will impact the carrying amount of the intangible asset of customer relationships and the amortisation expenses in the periods in which such estimate has been changed.

(e) Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "**fair value hierarchy**"):

Level 1: Quoted prices in active markets for identical items (unadjusted);

Level 2: Observable direct or indirect inputs other than Level 1 inputs; and

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period as they occur.

At each reporting date, the Group measures financial liabilities at FVTPL (Note 40).

For more detailed information in relation to the fair value measurement of the item above, please refer to the applicable notes.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

(f) Estimated useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives and residual values for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives. It will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic view could result in a change in depreciable lives and residual values and therefore depreciation in the future periods.

(g) Estimated incremental borrowing rate for leases

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate to measure lease liabilities. The incremental borrowing rate 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 incremental borrowing rate therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate 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).

(h) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment, and right-of-use assets are tested for impairment when indicators exist. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount being fair value less costs of disposal or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(i) Net realisable value of inventories

The Group's management reviews the inventory ageing analysis periodically, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for sales.

The Group carries out an inventory review on a product-by-product basis at the end of each reporting period and makes allowance for obsolete and slow-moving items through management's estimation of the net realisable value for such obsolete and slow-moving items based primarily on the latest invoice prices and current market conditions. Additional write down of inventories might be necessary when the actual movement in inventories and selling prices is lower than anticipated.

6. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company.

For better identification of the revenue, the Group uses the categories of city operations services, lifestyle services, and FATH and other comprehensive services to interpret the property management services, community value-added services, and value-added services to non-property owners correspondingly.

During the year, the Group is principally engaged in the provision of city operations services, lifestyle services, and FATH and other comprehensive services. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The principal operating entity of the Group is domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC during the year.

As at 31 December 2023 and 2022, all of the assets of the Group were located in the PRC.

7. REVENUE

Revenue mainly comprises proceeds from the 3 categories of city operations services, lifestyle services and FATH and other comprehensive services. An analysis of the Group's revenue by category for the years ended 31 December 2023 and 2022 are as follows:

	2023 Revenue *RMB'000*	**2023 Cost of sales** *RMB'000*	2022 Revenue *RMB'000* (Restated)	2022 Cost of sales *RMB'000* (Restated)
Revenue from customer and recognised over time				
City operations services	**872,773**	**767,858**	656,213	537,621
Lifestyle services	**146,893**	**114,896**	143,932	111,259
FATH and other comprehensive services	**372,913**	**317,715**	406,864	311,500
	1,392,579	**1,200,469**	1,207,009	960,380
Revenue from customer and recognised at point in time				
Lifestyles services	**75,135**	**59,052**	115,523	90,049
FATH and other comprehensive services	**16,120**	**12,536**	26,880	20,471
	91,255	**71,588**	142,403	110,520
	1,483,834	**1,272,057**	1,349,412	1,070,900
Revenue recognised on gross basis/net basis:				
Revenue recognised on gross basis	**1,462,709**	**1,251,032**	1,307,734	1,030,187
Revenue recognised on net basis	**21,125**	**21,025**	41,678	40,713
	1,483,834	**1,272,057**	1,349,412	1,070,900

For the years ended 31 December 2023 and 2022, revenue from related parties contributed to 10.7% and 18.6% of the Group's revenue, respectively. Other than entities controlled by Dima Holdings and joint ventures and associates of Dima Holdings, none of the customers contributed 10% or more of the Group's revenue during the year.

7. REVENUE *(Continued)*

(a) Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	2023	2022
	RMB'000	*RMB'000*
Contract assets		
– FATH and other comprehensive services	**1,439**	2,432

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Contract liabilities		
– City operations services	**239,294**	181,906
– Lifestyle services	**36,205**	42,856
– FATH and other comprehensive services	**5,080**	3,842
	280,579	228,604

(b) Significant changes in contract assets and liabilities

Contract assets of the Group mainly arise from the unbilled work in progress where payment is not due. Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. The assets decreased as a result of the unbilled work in progress decreased. The liabilities increased as a result of the growth of the Group's business.

7. REVENUE *(Continued)*

(c) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to brought-forward contract liabilities.

	2023 RMB'000	2022 RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
– City operations services	181,906	140,922
– Lifestyle services	42,856	49,861
– FATH and other comprehensive services	3,842	3,849
	228,604	194,632

(d) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations of pre-delivery services under FATH and other comprehensive services resulting from related fixed-price long-term contracts:

	2023 RMB'000	2022 RMB'000
Aggregate amount of the transaction price allocated to long-term pre-delivery services that are partially or fully unsatisfied	17,569	14,172

The maturity date of the unsatisfied performance obligations was analysed as follows and the amount disclosed does not include variable consideration which is constrained.

	2023 RMB'000		2022 RMB'000	
Less than 1 financial year	16,437	94%	12,555	89%
1 to 2 financial years	1,132	6%	1,411	10%
2 to 3 financial years	–	–%	206	1%
	17,569		14,172	

7. REVENUE *(Continued)*

(d) Unsatisfied performance obligations *(Continued)*

For all city operations services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts. The majority of the city operations services contracts do not have a fixed term.

For lifestyle services, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

(e) Contract costs

Assets recognised from incremental costs to obtain contracts

During the year, the Group has recognised assets from incremental costs to obtain long-term city operations services contracts, as set out below:

	2023	2022
	RMB'000	*RMB'000*
Assets recognised from incremental costs to obtain a contract	**13,984**	11,819
Amortisation recognised as cost of providing services	**7,811**	4,472

The incremental costs capitalised as assets mainly refers to the commission fees or consulting fees paid for obtaining the contracts. The assets are amortised on a straight-line basis over the terms of the specific contracts the costs relate to, consistent with the pattern of recognition of the associated revenue.

8. EXPENSES BY NATURE

Profit before income tax expense is arrived at after charging the following:

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Amortisation of intangible assets *(Note 17)*	**13,066**	10,364
Auditors' remuneration		
– Audit services	**1,800**	1,750
Bank charges	**2,952**	2,307
Cleaning costs	**179,855**	156,566
Community activity expense	**5,385**	4,142
Cost of selling parking spaces	**2,166**	6,308
Costs of consumables	**44,101**	40,088
Depreciation of property, plant and equipment *(Note 16)*	**16,206**	12,363
Depreciation of right-of-use assets *(Note 18)*	**6,032**	4,709
Employee benefit expenses *(Note 9)*	**709,251**	628,404
Greening and gardening costs	**19,897**	16,882
Maintenance costs	**97,864**	70,078
Office expenses	**12,151**	10,222
Other expenses	**49,502**	47,568
Other taxes	**5,341**	4,946
Professional expenses	**29,474**	24,051
Promotion expenses	**6,420**	9,099
Provision for impairment on inventories *(Note 23)*	**1,333**	4,775
Security costs	**175,366**	128,098
Short-term lease expenses *(Note 18)*	**11,478**	11,843
Travel and entertainment expenses	**13,448**	11,718
Utilities	**60,766**	45,946
	1,463,854	1,252,227

9. EMPLOYEE BENEFIT EXPENSES

	2023 RMB'000	2022 RMB'000 (Restated)
Wages and salaries	**572,279**	501,603
Bonuses	**–**	–
Pensions, housing funds, medical insurances and other social insurances *(a)*	**84,066**	77,231
Other employee benefits *(b)*	**52,906**	49,570
	709,251	628,404

(a) Employees in the Company and the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme and housing funds, medical insurances and other social insurance plans administrated and operated by the local municipal government. The Company and the Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits, housing funds, medical insurances and other social insurances of the employees.

(b) Other employee benefits mainly include meal, traveling, transportation allowances and other allowances.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include Mr. Zhang Aiming, Mr. Fan Dong, and Mr. Heng Qingda*, directors whose emoluments are reflected in the analysis presented in Note 38 for the years ended 31 December 2023 and 2022, respectively. Detail of the remunerations of the remaining highest paid non-director individuals during the year are set out as below:

	2023 RMB'000	2022 RMB'000
Wages, salaries	**4,042**	3,493
Bonuses	**–**	–
Pensions, housing funds, medical insurances and other social insurances	**332**	145
	4,374	3,638

* Mr. Heng Qingda resigned as the executive director of the Company on 31 October 2022.

9. EMPLOYEE BENEFIT EXPENSES *(Continued)*

The emoluments of the highest paid non-director individuals fell within the following band:

	2023	2022
Emolument bands		
HK$1,000,001 – HK$1,500,000	**2**	–
HK$1,500,001 – HK$2,000,000	**1**	1
HK$2,000,001 – HK$2,500,000	**–**	1
	3	2

During the years end 31 December 2023 and 2022, none of the five highest paid individuals waived or has agreed to waive any emoluments, and none of the five highest paid individuals received emoluments from the Group as inducement to join or upon joining the Group, or as compensation for loss of office.

10. OTHER INCOME

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Government subsidies	**7,461**	18,944

Government subsidies represented mainly rewards from local government without attached conditions.

11. OTHER (LOSSES)/GAINS, NET

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Net gains/(losses) from disposal of property, plant and equipment	**51**	(241)
Net (losses)/gains from disposal of right-of-use assets	**(13)**	6
Net exchange (losses)/gains	**(290)**	6,350
Gain on re-measurement of previous held equity interest *(Note 33(b))*	**–**	3,174
Others	**(675)**	(19)
	(927)	9,270

12. FINANCE COSTS, NET

	2023 RMB'000	2022 RMB'000 (Restated)
Finance income:		
– Bank interest income	**789**	290
Finance cost:		
– Interest expenses on borrowings	**(166)**	–
– Interest expenses on factoring arrangements	**(161)**	(97)
– Interest expenses on lease liabilities *(Note 18)*	**(513)**	(439)
	(840)	(536)
Finance costs, net	**(51)**	(246)

13. INCOME TAX EXPENSE

	2023 RMB'000	2022 RMB'000 (Restated)
Current tax – PRC Enterprise Income Tax (the "**PRC EIT**")		
– for the year	**6,703**	22,121
– under-provision in prior year	**1,068**	1,087
	7,771	23,208
Deferred income tax *(Note 32)*		
– credited for the year	**(4,972)**	(7,156)
	2,799	16,052

13. INCOME TAX EXPENSE *(Continued)*

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of PRC, the principal place of the Group's operations, as follows:

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Profit before income tax expense	**24,721**	108,005
Less: Share of results of investments accounted for using the equity method, net of tax	**(7,506)**	(6,931)
	17,215	101,074
Tax charge at effective rate applicable to profits in the corporate income tax	**4,304**	25,269
Tax effects of:		
– Effect of preferential tax rate of certain subsidiaries	**(8,235)**	(12,103)
– Expenses not deductible for tax purposes	**1,131**	917
– Income not deductible for tax purposes	**–**	(694)
– Tax effect of temporary differences not recognised	**4,531**	1,576
– Under-provision in prior years	**1,068**	1,087
Tax charge for the year	**2,799**	16,052

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The general corporate income tax rate in the PRC is 25%. Certain subsidiaries of the Group located in western cities in the PRC are subject to a preferential income tax rate of 15%. Certain subsidiaries of the Group are small and micro enterprises, and are subject to a preferential tax rate of 20% or 10%, with a deemed preferential profit rate.

14. EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share amounts for the year ended 31 December 2023 was based on 66,990,867 shares of the Company issued throughout the year ended 31 December 2023.

14. EARNINGS PER SHARE *(Continued)*

(a) Basic *(Continued)*

The weighted average number of ordinary shares used to calculate the basic earnings per share amounts for the year ended 31 December 2022 was based on 50,000,000 ordinary shares of the Company as at 1 January 2022, 16,666,667 ordinary shares of the Company issued under Global Offering on 29 April 2022 and the partially exercised over-allotment option with 324,200 additional ordinary shares issued by the Company on 24 May 2022.

	2023	2022 (Restated)
Profit attributable to owners of the Company (RMB'000)	**18,967**	88,514
Weighted average number of ordinary shares in issue (in thousands)	**66,991**	61,475
Basic earnings per share for profit attributable to equity owners of the Company during the year (expressed in RMB per share)	**0.28**	1.44

(b) Diluted

Diluted earnings per share amount as the same as basic earnings per share amount as there were no potential dilutive ordinary shares outstanding for the years ended 31 December 2023 and 2022.

15. DIVIDENDS

	2023	2022
	RMB'000	*RMB'000*
Dividend recognised as distribution during the year:		
2022 final dividend of RMB0.14 cents per share	**9,379**	–

The final dividend of RMB0.03 in respect of the year ended 31 December 2023 (2022: RMB0.14) per share, amounting to approximately RMB2,010,000 (2022: RMB9,379,000) has been recommended by the Board and will be subject to the approval of the shareholders at the forthcoming annual general meeting of the Company.

As at 31 December 2023 and 2022, there was no dividend payable.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Electronic equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
At 1 January 2022 (Restated)	643	28,486	2,582	1,676	6,332	39,719
Additions (Restated)	–	4,590	331	402	17,883	23,206
Acquired through business combination	–	182	64	4,135	–	4,381
Disposals/written-off	–	(1,080)	(70)	(382)	–	(1,532)
At 31 December 2022 (Restated)	643	32,178	2,907	5,831	24,215	65,774
Additions	–	4,202	377	2,788	5,935	13,302
Disposals/written–off	–	(2,143)	(133)	(268)	–	(2,544)
At 31 December 2023	643	34,237	3,151	8,351	30,150	76,532
Depreciation and impairment						
At 1 January 2022 (Restated)	122	15,175	1,550	1,056	2,192	20,095
Provided for the year (Restated)	21	5,226	146	260	6,710	12,363
Eliminated on disposals/written-off	–	(711)	(51)	(330)	–	(1,092)
At 31 December 2022 (Restated)	143	19,690	1,645	986	8,902	31,366
Provided for the year	21	4,536	449	1,133	10,067	16,206
Eliminated on disposals/written-off	–	(1,678)	(123)	(232)	–	(2,033)
At 31 December 2023	164	22,548	1,971	1,887	18,969	45,539
Carrying values						
At 31 December 2023	479	11,689	1,180	6,464	11,181	30,993
At 31 December 2022 (Restated)	500	12,488	1,262	4,845	15,313	34,408

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Depreciation expenses were charged to the following categories in the consolidated statements of comprehensive income (Note 8):

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Cost of sales	**12,675**	9,340
Administrative expenses	**2,635**	2,343
Selling and marketing expenses	**896**	680
	16,206	12,363

No property, plant and equipment were restricted or pledged for the Group's borrowings as at 31 December 2023 and 2022.

17. INTANGIBLE ASSETS

	Software	Customer relationships (a)	Goodwill (b)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
At 1 January 2022 (Restated)	6,159	39,053	76,729	121,941
Additions (Restated)	6,133	–	–	6,133
Acquired through business combinations	127	56,535	112,178	168,840
At 31 December 2022 (Restated)	12,419	95,588	188,907	296,914
Additions	6,090	–	–	6,090
At 31 December 2023	18,509	95,588	188,907	303,004
Depreciation and impairment				
At 1 January 2022 (Restated)	1,028	5,048	–	6,076
Provided for the year (Restated)	2,254	8,110	–	10,364
At 31 December 2022 (Restated)	3,282	13,158	–	16,440
Provided for the year	2,110	10,956	–	13,066
At 31 December 2023	5,392	24,114	–	29,506
Carrying values				
At 31 December 2023	13,117	71,474	188,907	273,498
At 31 December 2022 (Restated)	9,137	82,430	188,907	280,474

During the year ended 31 December 2022, the Group acquired Zhejiang Zhongdu Property Management Co., Ltd. ("**Zhejiang Zhongdu**") and Hunan Jindian Property Management Co., Ltd. ("**Hunan Jindian**") for a consideration of RMB79,500,000 and RMB61,700,000 respectively (Note 33(b)). The acquisitions were accounted for as business combinations Customer relationships of RMB30,600,000 and RMB18,174,000 were recognised for Zhejiang Zhongdu and Hunan Jindian respectively. Goodwill of RMB64,665,000 and RMB41,041,000 were allocated to Zhejiang Zhongdu and Hunan Jindian respectively.

17. INTANGIBLE ASSETS *(Continued)*

On 1 April 2022, the Group obtained the control power of Mianyang Ruisheng Property Management Co., Ltd. ("**Mianyang Ruisheng**") with the arrangement detailed in Note 33(b). The deemed acquisition was accounted for as a business combination. Customer relationships of RMB7,760,000 was recognised. Goodwill of RMB6,472,000 was allocated to Mianyang Ruisheng.

Amortisation expenses of the intangible assets of RMB13,066,000 and RMB10,364,000 were charged to "Administration expenses" in the years ended 31 December 2023 and 2022 respectively in the consolidated statements of profit or loss and other comprehensive income (Note 8).

(a) Customer relationships

	2023	2022
	RMB'000	*RMB'000*
Hubei Zhonghe Century Property Management Co., Ltd.* ("**Hubei Zhonghe**")	**731**	866
Chongqing Shengdu Property Management Co., Ltd.* ("**Chongqing Shengdu**")	**1**	2
GSN Property Service Co., Ltd.* ("**GSN**")	**15,438**	18,525
Guangxi Dongyuan Shengkang Logistics Management Service Co., Ltd.* ("**Guangxi Shengkang**")	**8,126**	9,751
Mianyang Ruisheng	**6,402**	7,178
Hunan Jindian	**14,766**	17,038
Zhejiang Zhongdu	**26,010**	29,070
	71,474	82,430

* For identification purposes only

(b) Impairment tests for goodwill arising from business

As at 31 December 2023, goodwill of RMB1,031,000, RMB62,273,000, RMB13,425,000, RMB6,472,000, RMB41,041,000 and RMB64,665,000 were allocated to the CGUs of Chongqing Shengdu, GSN, Guangxi Shengkang, Mianyang Ruisheng, Hunan Jindian and Zhejiang Zhongdu for impairment testing. The management performed an impairment assessment on the goodwill. The recoverable amount of the property management business operated by Chongqing Shengdu, GSN, Guangxi Shengkang, Mianyang Ruisheng, Hunan Jindian and Zhejiang Zhongdu were assessed by the management and determined based on VIU calculation, using management's cash flow projections for a five-year period.

17. INTANGIBLE ASSETS *(Continued)*

(b) Impairment tests for goodwill arising from business *(Continued)*

Management has determined the values assigned to each of the above key assumptions as follows:

Compound annual growth rate of revenue projection period	Average annual growth rate over the five-year during the forecast period; based on past performance and management's expectations of market development
Gross margin (% of revenue)	Based on past performance and management's expectations for the future.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rate	Reflect specific risks relating to the relevant entities.

The following table sets forth each key assumption adopted by the management in its cash flow projections to undertake impairment testing of goodwill as at 31 December 2023:

31 December 2023	Chongqing Shengdu	GSN	Guangxi Shengkang	Mianyang Ruisheng	Hunan Jindian	Zhejiang Zhongdu
Compound annual growth rate of revenue during the projection period	1.00%	10.00%	15.00%	16.00%	9.29%	1.00%
Gross margin (% of revenue)	20.00%	16.00%	12.00%	20.60%	16.58%	14.00%
Long-term growth rate	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%
Pre-tax discount rate	16.32%	20.15%	7.73%	39.05%	13.00%	14.34%

As at 31 December 2023, the recoverable amount of RMB1,800,000, RMB105,500,000, RMB68,300,000, RMB41,000,000, RMB79,300,000 and RMB123,600,000 of Chongqing Shengdu, GSN, Guangxi Shengkang, Mianyang Ruisheng, Hunan Jindian and Zhejiang Zhongdu based on VIU calculation exceeded their carrying value of RMB1,072,000, RMB80,845,000, RMB24,283,000, RMB13,369,000, RMB62,158,000 and RMB91,339,000 by RMB728,000, RMB24,655,000, RMB44,017,000, RMB27,631,000, RMB17,142,000 and RMB32,261,000, respectively.

17. INTANGIBLE ASSETS *(Continued)*

(b) Impairment tests for goodwill arising from business *(Continued)*

Management has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth all possible changes to the key assumptions of the impairment test and the changes taken in isolation in the VIU calculations that would remove the remaining headroom as at 31 December 2023:

31 December 2023	Chongqing Shengdu	GSN	Guangxi Shengkang	Mianyang Ruisheng	Hunan Jindian	Zhejiang Zhongdu
Annual revenue growth rate	-1.00%	-0.46%	-1.33%	-6.07%	-0.68%	-1.04%
Gross margin (% of revenue)	-3.80%	-1.62%	-4.73%	-15.88%	-2.35%	-4.04%
Pre-tax discount rate	+5.54%	+4.46%	+20.98%	+192.38%	+3.35%	+5.37%

As at 31 December 2022, goodwill of RMB1,031,000, RMB62,273,000, RMB13,425,000, RMB6,472,000, RMB41,041,000 and RMB64,665,000 were allocated to the CGUs of Chongqing Shengdu, GSN, Guangxi Shengkang, Mianyang Ruisheng, Hunan Jindian and Zhejiang Zhongdu for impairment testing. The management performed an impairment assessment on the goodwill. The recoverable amount of the property management business operated by Chongqing Shengdu, GSN, Guangxi Shengkang, Mianyang Ruisheng, Hunan Jindian and Zhejiang Zhongdu were assessed by the management and determined based on VIU calculation, using management's cash flow projections for a five-year period.

The following table sets forth each key assumption adopted by the management in its cash flow projections to undertake impairment testing of goodwill as at 31 December 2022:

31 December 2022	Chongqing Shengdu	GSN	Guangxi Shengkang	Mianyang Ruisheng	Hunan Jindian	Zhejiang Zhongdu
Compound annual growth rate of revenue during the projection period	0.40%	8.35%	6.31%	3.19%	1.19%	0.17%
Gross margin (% of revenue)	12.00%	18.63%	16.0%	22.01%	26.16%	14.01%
Long-term growth rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Pre-tax discount rate	17.71%	21.28%	17.22%	26.24%	26.16%	15.42%

As at 31 December 2022, the recoverable amount of RMB1,351,000, RMB83,568,000, RMB59,050,000, RMB20,220,000, RMB64,704,000 and RMB97,138,000 of Chongqing Shengdu, GSN, Guangxi Shengkang, Mianyang Ruisheng, Hunan Jindian and Zhejiang Zhongdu based on VIU calculation exceeded their carrying value of RMB1,064,000, RMB82,546,000, RMB27,646,000, RMB14,901,000, RMB61,976,000 and RMB95,537,000 by RMB287,000, RMB1,022,000, RMB31,404,000, RMB5,319,000, RMB2,728,000 and RMB1,601,000, respectively.

17. INTANGIBLE ASSETS *(Continued)*

(b) Impairment tests for goodwill arising from business *(Continued)*

Management has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth all possible changes to the key assumptions of the impairment test and the changes taken in isolation in the VIU calculations that would remove the remaining headroom as at 31 December 2022:

31 December 2022	Chongqing Shengdu	GSN	Guangxi Shengkang	Mianyang Ruisheng	Hunan Jindian	Zhejiang Zhongdu
Annual revenue growth rate	-2.50%	-0.08%	-6.43%	-6.43%	-0.33%	-0.24%
Gross margin (% of revenue)	-1.32%	-0.07%	-4.14%	-4.34%	-0.41%	-0.17%
Pre-tax discount rate	+6.86%	+0.34%	+27.66%	+122.53%	+1.34%	+0.60%

Based on the headroom of the impairment assessments of goodwill as at 31 December 2023 and 2022, the directors of the Company believed that any reasonably possible change in any of the key assumptions would not result in an impairment provision of goodwill.

18. LEASES

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2023	2022
	RMB'000	*RMB'000*
Right-of-use assets		
Office buildings	**15,323**	7,710
Equipment and others	**148**	338
	15,471	8,048
Lease liabilities		
Current	**5,967**	4,148
Non-current	**9,495**	4,027
	15,462	8,175

18. LEASES *(Continued)*

(b) Amounts recognised in the consolidated statements of profit or loss and other comprehensive income

The consolidated statements of profit or loss and other comprehensive income show the following amounts relating to leases:

	2023	2022
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets *(Note 8)*		
Office buildings	**5,842**	4,577
Equipment and others	**190**	132
	6,032	4,709
Interest expense *(Note 12)*	**513**	439
Expense relating to short-term leases (included in cost of sales and administrative expenses) *(Note 8)*	**11,478**	11,843

(c) Amounts recognised in the consolidated statements of cash flows

The total cash outflow for principal element of lease payments in the years ended 31 December 2023 and 2022 was RMB6,181,000 and RMB4,226,000, respectively.

19. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2023	2022
	RMB'000	*RMB'000*
Beginning of the year	**19,774**	24,118
Investments in joint ventures and associates	**–**	6,480
Deregistration of an associate	**–**	(274)
Share of post-tax profits of joint ventures and associates	**7,506**	6,931
Dividends distribution	**(6,575)**	(8,453)
Change of control	**–**	(9,028)
End of the year	**20,705**	19,774

The joint ventures and associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

19. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

Nature of investment in joint ventures and associates as at 31 December 2023 and 2022:

Name of Entity	*Note*	Place of business/ country of incorporation	% of ownership interest		Nature of the relationship	Measurement method
			2023	2022		
Chengdu Jiulian Property Management Co., Ltd. ("**Chengdu Jiulian**")	*a*	Sichuan/PRC	**51%**	51%	Joint Venture	Equity
Chengdu Longxing Dowell Property Services Co., Ltd. ("**Chengdu Longxing**")	*b*	Sichuan/PRC	**51%**	51%	Joint Venture	Equity
Chongqing Xuyuan Tiancheng Property Management Co., Ltd. ("**Xuyuan Tiancheng**")	*c*	Chongqing/PRC	**49%**	49%	Joint Venture	Equity
Kunming Gaoxin Dongyuan Smart City Service Co., Ltd. ("**Kunming Dongyuan**")	*d*	Yunnan/PRC	**48%**	48%	Associate	Equity
Shandong Dongyuan Smart City Service Co., Ltd. ("**Shandong Dongyuan**")	*e*	Shandong/PRC	**51%**	51%	Joint Venture	Equity
Xian Dongyuan Aohui Property Management Co., Ltd. ("**Dongyuan Aohui**")	*f*	Shanxi/PRC	**–**	36%	Associate	Equity

Note a: Chengdu Jiulian was established by the Company's subsidiary, Chongqing Xindongyuan, and an external third party, Chengdu Haike Property Management Co., Ltd. in October 2021.

Note b: Chengdu Longxing was established by the Company's subsidiary, Chongqing Xindongyuan, and an external third party, Chengdu Mengjiang Investment Group Co., Ltd. in March 2022.

Note c: Xuyuan Tiancheng was established by the Company and an independent third party, Shanghai Yongsheng Property Management Co., Ltd. in March 2016.

Note d: Kunming Dongyuan was established by the Company's subsidiary, Chongqing Xindongyuan, and an external third party, Kunming Gaoxin Industrial Development Co., Ltd. in December 2021.

Note e: Shandong Dongyuan was established by the Company's subsidiary, Chongqing Xindongyuan, and external third parties, Weihai Qidun Security Service Co., Ltd. and Changjiang Xietong Innovation Technology Research Institution in November 2021.

Note f: Dongyuan Aohui was established in October 2020 by the Company's subsidiary Chongqing Xindongyuan and external third parties Mr. Niu Changyu and Mr. Liu Qiong. It was formerly deregistered in March 2023.

All joint ventures and associates are mainly engaged in providing city operations services.

There are no commitment or contingent liabilities relating to the Group's interest in its joint ventures and associates as at 31 December 2023 and 2022.

Summarised financial information for material joint ventures and associates

Set out below are the summarised financial information of joint ventures and associates as at 31 December 2023 and 2022, which are accounted for using the equity method.

19. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

(a) Summarised financial information of material associates and joint ventures:

(i) Xuyuan Tiancheng

	2023	2022
	RMB'000	*RMB'000*
Current assets	**83,208**	73,784
Non-current assets	**1,927**	1,753
Current liability	**(63,732)**	(53,348)
Net assets	**21,403**	22,189
Net assets at beginning of the year	**22,189**	20,741
Profit for the year	**10,349**	12,558
Dividend distribution	**(11,135)**	(11,110)
Net assets at end of the year	**21,403**	22,189
Group's share in (%)	**49%**	49%
Group's share in (amount)	**10,487**	10,873
Carrying amount	**10,487**	10,873
Revenue	**62,914**	63,460
Post-tax profit for the year	**10,349**	12,558
Other comprehensive income for the year	**10,349**	12,558

19. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

(a) Summarised financial information of material associates and joint ventures: *(Continued)*

(ii) Chengdu Jiulian

	2023	2022
	RMB'000	*RMB'000*
Current assets	**18,990**	16,755
Non-current assets	**2,699**	1,003
Current liability	**(11,748)**	(8,321)
Net assets	**9,941**	9,437
Net assets at beginning of the year	**9,437**	3,297
Profit for the year	**2,698**	2,140
Capital injection	**–**	4,000
Dividend distribution	**(2,194)**	–
Net assets at end of the year	**9,941**	9,437
Group's share in (%)	**51%**	51%
Group's share in (amount)	**5,070**	4,813
Carrying amount	**5,070**	4,813
Revenue	**20,852**	12,230
Post-tax profit for the year	**2,698**	2,140
Other comprehensive income for the year	**2,698**	2,140

19. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

(b) Summarised financial information for individually immaterial associates and joint ventures

In addition to the interests in assets and joint ventures disclosed above, the Group also has interests in several individually immaterial associates and joint ventures that are accounted for using the equity method.

	2023	2022
	RMB'000	*RMB'000*
Aggregate carrying amount of individually immaterial associates and joint ventures in the consolidated financial statements	**5,148**	4,088
Aggregate financial information of the Group's associates and joint ventures		
– Net assets	**5,363**	8,357
– Revenue	**28,258**	12,462
– Post-tax profit/(loss) for the year	**2,126**	(643)
– Total comprehensive income	**2,126**	(643)

20. SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2023 and 2022 are set out below:

Entity name*	**Country/Place and date of incorporation or establishment**	**Paid up/ Registered capital**	**Proportion of issued share capital/ Registered capital held by the Company**		**Principal activities**	**Place of Operation**
		RMB'000	**2023** %	2022 %		
Directly held by the Company:						
Chongqing Chengfang Home Decoration Engineering Co.,Ltd.	PRC/Chongqing, 12/4/2019	–/10,000	**100**	100	Decoration services	Chongqing, PRC
Chongqing Dongwei Construction Engineering Consulting Co., Ltd.	PRC/Chongqing, 1/7/2019	500/10,000	**100**	100	Construction engineering consulting services	Chongqing, PRC

20. SUBSIDIARIES *(Continued)*

Entity name*	Country/Place and date of incorporation or establishment	Paid up/ Registered capital	Proportion of issued share capital/ Registered capital held by the Company		Principal activities	Place of Operation
		RMB'000	**2023** %	2022 %		
Directly held by the Company: (Continued)						
Chongqing Dongyuan Chengzhen E-Commerce Co., Ltd.	PRC/Chongqing, 6/9/2022	–/1,000	**100**	100	E-commerce service	Chongqing, PRC
Chongqing Qicheng Information Technology Co.,Ltd	PRC/Chongqing, 11/3/2020	–/5,000	**100**	100	Information technology services	Chongqing, PRC
Chongqing Xindongyuan Property Management Co., Ltd.	PRC/Chongqing, 24/9/2003	100,000/ 100,000	**100**	100	Property management services	Chongqing, PRC
Chongqing Zhonghang Shijia Real Estate Brokerage Co. Ltd.	PRC/Chongqing, 12/3/2019	–/5,000	**100**	100	Real estate marketing services	Chongqing, PRC
Shanghai Yuanji Culture Development Co.,Ltd.	PRC/Shanghai, 26/9/2017	1,000/10,010	**100**	100	Culture development services	Shanghai, PRC
Shanghai Chengfang Property Services Co., Ltd.	PRC/Shanghai, 13/5/2015	3,000/3,000	**100**	100	Property management services	Shanghai, PRC
Wuhan Zhonghangshijia Real Estate Management Co. Ltd.	PRC/Hubei, 13/7/2017	–/1,000	**100**	100	Real estate marketing services	Hubei, PRC.

20. SUBSIDIARIES *(Continued)*

Entity name*	Country/Place and date of incorporation or establishment	Paid up/ Registered capital	Proportion of issued share capital/ Registered capital held by the Company		Principal activities	Place of Operation
		RMB'000	**2023** %	2022 %		
Indirectly held by the Company:						
Chengdu Yuanjia Real Estate Brokerage Co., Ltd.	PRC/Sichuan, 15/5/2023	–/500	**100**	–	Real estate brokerage services	Sichuan, PRC
Chengdu Yuanji Community Service Co., Ltd.	PRC/Sichuan, 4/7/2023	–/1,000	**100**	–	Community service	Sichuan, PRC
Chengdu Yuanheng Enterprise Management Co.,Ltd.	PRC/Sichuan, 28/10/2021	–/1,000	**100**	100	Enterprise management services	Sichuan, PRC
Chengdu Zhonghang Shijia Real Estate Brokerage Co., Ltd.	PRC/Sichuan, 9/5/2019	–/1,000	**100**	100	Real estate brokerage services	Sichuan, PRC
Chongqing Haoge Mechanical and Electrical Engineering Co., Ltd.	PRC/Chongqing 6/7/2018	1,000/ 10,000	**100**	100	Construction services	Chongqing, PRC
Chongqing Dowell City Management Service Co., Ltd.	PRC/Chongqing 11/11/2020	–/5,000	**51**	51	Property management services	Chongqing, PRC
Chongqing Dongguihe Property Management Co.,Ltd.	PRC/Chongqing, 20/10/2017	1,000/1,000	**100**	100	Property management services	Chongqing, PRC
Chongqing Mengqian Culture Development Co., Ltd.	PRC/Chongqing 11/8/2021	–/1,000	**100**	100	Culture development services	Chongqing, PRC
Chongqing Shengdu Property Management Co., Ltd.	PRC/Chongqing 1/11/2006	5,000/5,000	**100**	100	Property management services	Chongqing, PRC

20. SUBSIDIARIES *(Continued)*

Entity name*	Country/Place and date of incorporation or establishment	Paid up/ Registered capital	Proportion of issued share capital/ Registered capital held by the Company		Principal activities	Place of Operation
		RMB'000	**2023** **%**	2022 %		
Indirectly held by the Company: (Continued)						
Dowell Zhongqing Smart City Service (Yunnan) Co., Ltd.	PRC/Yunnan, 10/5/2022	–/3,000	**51**	51	Property management services	Yunnan, PRC
GSN Property Services Co., Ltd.	PRC/Shanghai, 27/5/1996	7,720/50,000	**100**	100	Property management services	Shanghai, PRC
Guangxi Dowell Shengkang Logistics Management Service Co., Ltd.	PRC/Guangxi, 13/5/2009	2,000/2,000	**51**	51	Hospital management services	Guangxi, PRC
Guangxi Xiangwei Hospital Management Co., Ltd.	PRC/Guangxi, 29/7/2017	855/3,000	**51**	51	Hospital management services	Guangxi, PRC
Guigang Dongyuan Shengkang Logistics Management Service Co., Ltd.	PRC/Guangxi, 8/5/2023	–/2,000	**51**	–	Hospital management services	Guangxi, PRC
Guizhou Dowell Zhongyi Property Management Co., Ltd.	PRC/Guizhou, 6/8/2021	–/5,000	**60**	60	Property management services	Guizhou, PRC
Guizhou Dowell Yingchuang Property Services Co., Ltd.	PRC/Guizhou, 16/7/2018	100/3,000	**55**	55	Property management services	Guizhou, PRC
Hangzhou Mengqian Culture Development Co., Ltd.	PRC/Zhejiang, 25/8/2021	–/1,000	**100**	100	Culture development services	Zhejiang, PRC

20. SUBSIDIARIES *(Continued)*

Entity name*	Country/Place and date of incorporation or establishment	Paid up/ Registered capital	Proportion of issued share capital/ Registered capital held by the Company		Principal activities	Place of Operation
		RMB'000	**2023**	2022		
			%	%		
Indirectly held by the Company: (Continued)						
Hezhou Dongyuan Shengkang Logistics Management Service Co., Ltd.	PRC/Guangxi, 20/12/2023	–/1,000	**26**	–	Hospital management services	Guangxi, PRC
Hubei Zhonghe Century Property Management Co., Ltd.	PRC/Hubei, 3/7/2017	–/3,000	**100**	100	Property management services	Hubei, PRC
Hunan Jindian Property Management Co., Ltd.	PRC/Hunan, 27/3/2002	10,000/ 10,000	**80**	80	Property management services	Hunan, PRC
Hunan Yixiang Environmental Landscape Engineering Co., Ltd.	PRC/Hunan, 17/6/2022	–/10,000	**80**	80	Environmental landscape engineering services	Hunan, PRC
Jiangsu Dowell GSN Security Service Co., Ltd.	PRC/Jiangsu, 15/6/2021	–/10,000	**–**	51	Security service	Jiangsu, PRC
Jiangsu Dongyuan Renzhi Urban Services Co., Ltd.	PRC/Jiangsu, 17/5/2023	1,000/ 10,000	**65**	–	Property management services	Jiangsu, PRC
Kunming Yuanji Community Service Co., Ltd.	PRC/Yunnan, 18/12/2019	1,000/ 1,000	**100**	100	Community services	Yunnan, PRC
Luzhou Xindongyuan Property Management Co., Ltd.	PRC/Sichuan, 17/11/2017	500/500	**100**	100	Property management services	Sichuan, PRC
Mianyang Yuanzhu Real Estate Management Co., Ltd.	PRC/Sichuan, 18/12/2017	–/1,000	**100**	100	Real estate marketing services	Sichuan, PRC

20. SUBSIDIARIES *(Continued)*

Entity name*	Country/Place and date of incorporation or establishment	Paid up/ Registered capital	Proportion of issued share capital/ Registered capital held by the Company		Principal activities	Place of Operation
		RMB'000	**2023** %	2022 %		
Indirectly held by the Company: (Continued)						
Mianyang Huirui Yijia Real Estate Brokerage Co., Ltd.	PRC/Sichuan, 6/7/2020	–/1,000	**50**	50	Real estate brokerage services	Sichuan, PRC
Mianyang Ruisheng Property Services Co., Ltd.	PRC/Sichuan, 2/6/1998	3,000/ 3,000	**50**	50	Property management services	Sichuan, PRC
Mianyang Xindongyuan Property Management Co., Ltd.	PRC/Sichuan, 2/7/2020	–/1,000	**100**	100	Property management services	Sichuan, PRC
Nanchong Dowell Jiaye Property Service Co., Ltd.	PRC/Sichuan 4/8/2020	1,000/ 1,000	**65**	65	Property management services	Sichuan, PRC
Nanjing Mengqian Nursery Co., Ltd.	PRC/Jiangsu, 12/8/2021	–/1,000	**100**	100	Nursery	Jiangsu, PRC
Pinxiang Dowell Hongtu Marketing Planning Co., Ltd.	PRC/Jiangxi, 12/3/2020	–/5,000	**100**	100	Marketing planning services	Jiangxi, PRC
Shanxi Dongyuan Chenxi Property Management Co., Ltd.	PRC/Shanxi, 20/10/2023	–/5,000	**60**	–	Property management services	Shanxi, PRC
Shanghai Moqian Education Technology Co., Ltd.	PRC/Shanghai, 4/1/2021	-/10,000	**100**	100	Education technology services	Shanghai, PRC
Shanghai Xuanhai Technology Co., Ltd. (note 33(a))	PRC/Shanghai, 23/12/2019	6,106/ 10,000	**99**	99	Information technology services	Shanghai, PRC

20. SUBSIDIARIES *(Continued)*

Entity name*	Country/Place and date of incorporation or establishment	Paid up/ Registered capital	Proportion of issued share capital/ Registered capital held by the Company		Principal activities	Place of Operation
		RMB'000	**2023 %**	2022 %		
Indirectly held by the Company: (Continued)						
Shanghai Dongyuan Huijie Urban Operation Management Co., Ltd.	PRC/Shanghai, 15/2/2023	–/1,000	**51**	–	Property management services	Shanghai, PRC
Shanghai Renrengo Trading Co., Ltd.	PRC/Shanghai, 11/7/2023	–/5,000	**100**	–	Trading services	Shanghai, PRC
Sichuan Nuocheng Cleaning Service Co., Ltd.	PRC/Sichuan, 20/9/2022	–/500	**100**	100	Cleaning service	Sichuan, PRC
Sichuan Dowell Kaiyue Property Management Services Co., Ltd.	PRC/Sichuan, 23/2/2021	1,000/ 1,000	**51**	51	Property management services	Sichuan, PRC
Sichuan Fangcun Yiding Human Resources Co., Ltd.	PRC/Sichuan, 22/12/2023	2,000/ 2,000	**100**	–	Enterprise management services	Sichuan, PRC
Sichuan Xindongyuan Property Service Co., Ltd.	PRC/Sichuan, 12/5/2010	13,000/ 13,000	**100**	100	Property management services	Sichuan, PRC
Wuhan Xindian Environmental Services Co., Ltd.	PRC/Hubei, 22/11/2023	–/10,000	**80**	–	Property management services	Hubei, PRC
Yibin Xindongyuan Property Management Co., Ltd.	PRC/Sichuan, 1/4/2021	–/1,000	**100**	100	Property management services	Sichuan, PRC

20. SUBSIDIARIES *(Continued)*

Entity name*	Country/Place and date of incorporation or establishment	Paid up/ Registered capital	Proportion of issued share capital/ Registered capital held by the Company		Principal activities	Place of Operation
		RMB'000	**2023** %	2022 %		
Indirectly held by the Company: (Continued)						
Zhejiang Dowell Wanhe Property Service Co., Ltd.	PRC/Zhejiang, 31/8/2018	500/ 10,000	**–**	51	Property management services	Zhejiang, PRC
Zhejiang Zhongdu Property Management Co., Ltd.	PRC/Zhejiang, 6/9/2000	5,000/ 50,000	**100**	100	Property management services	Zhejiang, PRC
Zhejiang Dowell Renzhi Urban Operation Service Co., Ltd.	PRC/Zhejiang, 17/10/2022	2,450/ 10,000	**65**	65	Property management services	Zhejiang, PRC
Zhengzhou Donghe Property Management Co., Ltd.	PRC/Henan, 7/9/2018	–/3,000	**100**	70	Property management services	Henan, PRC

* The English names of certain subsidiaries referred to above represent the best effort made by management of the Company to directly translate the Chinese names as they have not registered any official English names.

Note:

All the principal subsidiaries mentioned in Note 20 are registered as limited liability companies under the law of PRC.

21. FINANCIAL INSTRUMENTS BY CATEGORY

	2023 RMB'000	2022 RMB'000 (Restated)
Financial assets		
Financial assets at amortised cost		
– Trade, bills and other receivables *(Note 22)*	**674,529**	599,334
– Dividends receivables	**9,900**	7,024
– Cash and cash equivalents *(Note 25)*	**255,368**	221,739
	939,797	828,097
Financial liabilities		
Financial liabilities at amortised cost		
– Trade payables *(Note 30)*	**292,664**	258,888
– Accruals and other payables (excluding non-financial liabilities) *(Note 30)*	**280,575**	264,093
– Lease liabilities *(Note 18)*	**15,462**	8,175
	588,701	531,156
Financial liabilities at FVTPL *(Note 40)*	**2,000**	4,000
	590,701	535,156

22. TRADE, BILLS AND OTHER RECEIVABLES

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
Trade and bills receivables			
Trade receivables due from related parties	37(d)	**306,750**	287,980
Trade receivables due from third parties		**373,993**	310,541
Bills receivables due from related parties	37(d)	**–**	547
		680,743	599,068
Less: Provision for impairment of trade and bills receivables	40(b)	**(43,282)**	(34,069)
		637,461	564,999
Other receivables			
Other receivables due from related parties	37(d)	**1,116**	1,427
Other receivables due from third parties			
– Payments on behalf of property owners		**4,459**	6,319
– Deposits		**19,831**	15,173
– Advances to employees		**6,132**	5,127
– Others		**6,557**	7,281
		38,095	35,327
Less: Provision for impairment of other receivables	40(b)	**(1,027)**	(992)
		37,068	34,335
		674,529	599,334

The Group's trade, bills and other receivables at respective balance sheet dates were denominated in RMB.

22. TRADE, BILLS AND OTHER RECEIVABLES *(Continued)*

(i) The aging analysis of trade and bills receivables, based on the invoice date as of the end of the reporting period is as follows:

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Less than 1 year	**419,780**	479,844
1 to 2 years	**202,748**	96,407
2 to 3 years	**41,954**	14,039
Over 3 years	**16,261**	8,778
	680,743	599,068

As at 31 December 2023, the net carrying amount of trade and bills receivables amounts to RMB637,461,000 (2022: RMB564,999,000). The Group's maximum exposure to credit risk was the carrying value of each class of trade, bills and other receivables mentioned above less RMB59,090,000 (2022: RMB59,090,000) of trade receivables secured by certain of commercial properties pledged by a related party.

In respect of the secured trade receivables with the carrying amount of RMB59,090,000 (2022: RMB59,090,000), the fair value of collateral of such trade receivables can be objectively ascertained to cover the outstanding amount of balances based on market value of collateral.

Management requests additional collateral as appropriate and monitors the market value of collateral during its review of the adequacy of the impairment allowance. The amount and type of collateral required depend on an assessment of the credit risk of the customer or counterparty.

Estimates of the fair value of collateral are based on the market value for the corresponding assets at the time of pledged.

It is the Group's policy to dispose of repossessed properties. The proceeds are used to reduce or repay the outstanding balances. In general, the Group does not retain repossessed properties for business purposes. As at 31 December 2023, the Group did not hold any repossessed properties (2022: Nil).

The Group is entitled to sell or repledge collateral when there is default by the customers. There have not been any significant changes in the quality of collateral held for trade and bills receivables. The main type of collateral obtained is the commercial properties located in the PRC. The impairment provision has taken into account the credit quality of the underlying assets, the financial strength of the borrowers as well as collateral and other credit enhancements.

As at 31 December 2023 and 2022, the fair values of short-term trade and other receivables approximated their carrying amounts due to their short-term maturities.

23. INVENTORIES

	2023	2022
	RMB'000	RMB'000
Parking spaces	39,940	40,132
Consumables	9,778	5,239
	49,718	45,371
Less: Provision for impairment of parking spaces	(6,672)	(5,339)
	43,046	40,032

24. PREPAYMENTS

	2023	2022
	RMB'000	RMB'000 (Restated)
Prepayments to third parties		
– Prepaid other taxes	9,051	9,913
– Prepaid utility expenses	6,139	8,504
– Prepaid other operating expenses	19,724	12,841
	34,914	31,258
Less: Non-current portion of prepayments	(4,324)	(4,216)
	30,590	27,042

25. CASH AND CASH EQUIVALENTS

	2023	2022
	RMB'000	RMB'000 (Restated)
Cash at banks	255,134	221,661
Cash on hand	586	748
Less: restricted cash	(352)	(670)
	255,368	221,739

Cash and cash equivalents of the Group were denominated in RMB and HK$.

As at 31 December 2023 and 2022, the Group's maximum exposure to credit risk was the carrying value of cash at banks mentioned above.

26. HOLDING COMPANY'S STATEMENT OF FINANCIAL POSITION

	Notes	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment		**84**	564
Right-of-use assets		**9,360**	929
Intangible assets		**287**	405
Deferred income tax assets		**8,886**	6,606
Investments accounted for using the equity method		**11,023**	11,239
Investments in subsidiaries	20	**57,903**	57,903
		87,543	77,646
Current assets			
Inventories		**29**	–
Trade and other receivables		**306,472**	8,807
Amounts due from subsidiaries		**197,237**	356,841
Dividends receivables		**97,000**	54,124
Prepayments		**288**	720
Restricted cash		**2**	–
Cash and cash equivalents		**11,492**	38,234
		612,520	458,726
Current liabilities			
Borrowings		**262**	–
Trade payables		**5,089**	3,138
Accruals and other payables		**7,657**	9,050
Current income tax liabilities		**199**	69
Contract liabilities		**–**	2,619
Lease liabilities		**2,359**	911
Amounts due to subsidiaries		**347,025**	227,946
		362,591	243,733
Net current assets		**249,929**	214,993
Total assets less current liabilities		**337,472**	292,639

26. HOLDING COMPANY'S STATEMENT OF FINANCIAL POSITION *(Continued)*

	Notes	2023 RMB'000	2022 RMB'000
Non-current liabilities			
Lease liabilities		**6,944**	–
Deferred income tax liabilities		**2,340**	–
		9,284	–
Net assets		**328,188**	292,639
Capital and reserves			
Share capital	*27*	**66,991**	66,991
Reserves	*28*	**133,858**	129,365
Retained earnings		**127,339**	96,283
Total equity		**328,188**	292,639

Zhang Aiming	**Fan Dong**
Director	*Director*

27. SHARE CAPITAL AND PAID-IN CAPITAL

	At 31 December 2023		At 31 December 2022	
	Number	**Amount**	Number	Amount
	'000	***RMB'000***	*'000*	*RMB'000*
Shares				
Domestic Shares of RMB1 each	–	–	30,510	30,510
Unlisted Foreign Shares of RMB1 each	–	–	19,490	19,490
H shares of RMB1 each	**66,991**	**66,991**	16,991	16,991
	66,991	**66,991**	66,991	66,991

Movements in the issued share capital during the year were as follows:

	Number	**Amount**
	'000	*RMB'000*
As at 1 January 2022	50,000	50,000
Issuance of new shares upon listing *(Note (i))*	16,667	16,667
Exercise of the over-allotment option *(Note (ii))*	324	324
As at 31 December 2022 and 2023	66,991	66,991

Notes:

(i) The Company allotted and issued 16,666,667 H shares of RMB1 each at a price of HK$11.9 per Share on 28 April 2022. The gross proceeds from issuance of new H shares of approximately RMB167,393,000 (equivalent to approximately HK$198,333,000) of which approximately RMB16,666,667 was credited to the Company's share capital, and the remaining balance of approximately RMB150,726,000 before deduction of share issuance expenses, was credited to share premium account. The share premium account can be used for deduction of share issuance expenses.

(ii) On 20 May 2022, over-allotment option in relation to initial public offering of the Company on the Stock Exchange was partially exercised and an aggregate of 324,200 H shares were subsequently allotted and issued at a price of HK$11.9 per share on 24 May 2022 accordingly. The total gross proceeds received by the Company in connection with over-allotment were approximately RMB3,181,000 (equivalent to HK$3,858,000), of which RMB324,200 was credited to the Company's share capital account. The remaining proceeds of RMB2,857,000 were credited to the Company's share premium account.

(iii) On 31 March 2023, the Company received the "Approval for the Offshore Listing of Unlisted Domestic Shares of Dowell Service Group Co. Limited" from China Securities Regulatory Commission (the "**CSRC**"), pursuant to which the CSRC approved the conversion of a total 30,510,000 domestic shares and 19,490,000 unlisted foreign shares amounting to 50,000,000 shares into H shares. The Company applied to the Listing Committee of the Stock Exchange for approval (the "**Listing Approval**") of the listing of and permission to deal in 50,000,000 H shares. The Listing Approval was granted by the Stock Exchange on 28 June 2023 and the Company completed the conversion of 50,000,000 unlisted shares into H shares on 31 August 2023 and listed such H shares on the Stock Exchange on 1 September 2023.

28. RESERVES

The Group	Merger reserve (a) *RMB'000*	Statutory reserve (b) *RMB'000*	Share-based payment reserve *RMB'000*	Capital reserve *RMB'000*	Share premium *RMB'000*	Other reserve *RMB'000*	Total *RMB'000*
At 1 January 2022 (restated)	49,232	32,611	2,578	3,271	–	–	87,692
Issue of new shares upon listing	–	–	–	–	150,727	–	150,727
Expenses attributed to issuance of new shares upon listing	–	–	–	–	(45,808)	–	(45,808)
Exercise of over-allotment option in relation to initial public offer	–	–	–	–	2,933	–	2,933
Business combination under common control	4,006	–	–	–	–	–	4,006
Transfer from retained earnings to statutory reserve	–	18,877	–	–	–	–	18,877
At 31 December 2022 (restated) and 1 January 2023	53,238	51,488	2,578	3,271	107,852	–	218,427
Business combination under common control	89	–	–	–	–	–	89
Transfer from retained earnings to statutory reserve	–	10,512	–	–	–	–	10,512
Acquisition from non-controlling interests for a subsidiary	–	–	–	–	–	64	64
Disposal of a subsidiary	–	(7)	–	–	–	–	(7)
At 31 December 2023	53,327	61,993	2,578	3,271	107,852	64	229,085

The Company	Statutory reserve (b) *RMB'000*	Share-based payment reserve *RMB'000*	Capital reserve *RMB'000*	Share premium *RMB'000*	Total *RMB'000*
As 1 January 2022	10,854	2,185	2,834	–	15,873
Issue of new shares upon listing	–	–	–	150,727	150,727
Expenses attributed to issuance of new shares upon listing	–	–	–	(45,808)	(45,808)
Exercise of over-allotment option in relation to initial public offer	–	–	–	2,933	2,933
Transfer from retained earnings to statutory reserve	5,640	–	–	–	5,640
As 31 December 2022 and 1 January 2023	16,494	2,185	2,834	107,852	129,365
Transfer from retained earnings to statutory reserve	4,493	–	–	–	4,493
At 31 December 2023	20,987	2,185	2,834	107,852	133,858

28. RESERVES *(Continued)*

a) The merger reserve represents the difference between paid-in capital contributed and the purchase consideration paid for business combinations under common control.

b) In accordance with relevant rules and regulations in the PRC, the PRC Group entities are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective Group entities.

29. SHARE-BASED PAYMENTS

Dima Holdings restricted shares schemes ("**RSUs**"):

On 24 August 2020, Dima Holdings announced a RSUs and granted a total of 3,300,000 RSUs to the certain employees of the Group, including directors and senior executives, respectively. The Group received services from the employees as consideration for equity instruments of Dima Holdings.

According to the scheme, Dima Holdings and its subsidiaries should fulfill the target increase rate of net profit ratio and the employees should also fulfill their personal KPI targets, RSUs are exercisable during the following periods:

Granted percentage	Number of shares granted	Vesting conditions	Exercisable date
1st tranche 50%	1,650,000	Net profit for the year ended 31 December 2020 increased by at least 50% based on the weighted average of net profit for the years ended 31 December 2017, 2018 and 2019	25 August 2021 to 24 August 2022
2nd tranche 50%	1,650,000	Net profit for the year ended 31 December 2021 increased by at least 50% based on the weighted average of net profit for the years ended 31 December 2018, 2019 and 2020	25 August 2022 to 24 August 2023
	3,300,000		

29. SHARE-BASED PAYMENTS *(Continued)*

The total fair value of the RSUs granted as at the grant date determined based on the stock price of Dima Holdings (RMB3.05 each) less subscription price (RMB1.48 each) is approximately RMB5,181,000 (RMB1.57 each). The Group recognises the share-based payment expenses, net of estimated forfeitures, over the vesting term of the RSUs.

There are no share-based payment expenses charged to the consolidated statement of profit or loss and other comprehensive income during the years ended 31 December 2023 and 2022 for RSUs.

A summary of activities of the performance-based RSUs is presented as follows:

	Number of RSUs	**Grant date fair value**
Unvested as of 1 January 2022	1,650,000	1.57
Forfeited/cancelled	(1,650,000)	1.57
Unvested as of 31 December 2023 and 2022	–	–

On 30 August 2022, Dima Holdings announced that Dima Holdings and its subsidiaries could not fulfill the targets increase rate of net profit ratio, the board of directors of Dima Holdings approved to repurchase the unvested restricted shares at RMB1.40 per share, the Dima Holdings restricted shares scheme was cancelled on 2 September 2022.

The Group did not enter into any share-based payment transactions with parties other than employees during the current or previous period.

30. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Trade payables		
Trade payables due to related parties *(Note 37(d))*	**8,149**	14,401
Trade payables due to third parties		
– Payables for labor costs	**212,075**	182,074
– Payables for construction costs	**23,214**	36,462
– Payables for consumables	**49,226**	25,951
	292,664	258,888
Accruals and other payables		
Accruals and other payables due to related parties *(Note 37(d))*	**13,755**	16,202
Accruals and other payables due to third parties		
– Outstanding cash consideration payable for business combinations	**5**	56
– Employee benefit payables	**81,130**	80,743
– Deposits	**57,169**	58,293
– Temporary receipts from property owners	**27,391**	27,819
– Other taxes payables	**29,859**	21,365
– Dividend payable to the non-controlling interest of a subsidiary	**6,139**	5,386
– Cash collected on behalf of property owners	**51,595**	45,775
– Accrued operating expenses	**11,880**	7,963
– Others	**1,652**	491
	280,575	264,093

30. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES *(Continued)*

As at 31 December 2023 and 2022, the ageing analysis of the trade payables of the Group based on invoice date is as follows:

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Less than 1 year	**235,282**	226,751
1 to 2 years	**36,674**	27,069
2 to 3 years	**16,468**	5,068
Over 3 years	**4,240**	–
	292,664	258,888

31. BORROWINGS

	Notes	**2023**	2022
		RMB'000	*RMB'000*
Bank loan, secured	*(a)*	**5,262**	–
Other loans, unsecured	*(b)*	**4,000**	–
		9,262	–
Effective interest rate per annum		**3.35% to 5.5%**	N/A

Note:

(a) The bank loan is secured by the corporate guarantee of the Company and denominated in RMB.

(b) The other loans are unsecured and denominated in RMB.

At the end of the reporting period, total current borrowings were scheduled to be repaid as follows:

	2023	2022
	RMB'000	*RMB'000*
On demand or within one year	**9,262**	–

32. DEFERRED INCOME TAX ASSETS AND LIABILITIES

The analysis of deferred income tax assets and liabilities is as follows:

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Deferred income tax assets	**21,280**	15,192
Net-off with deferred tax liabilities	**(1,720)**	(2,049)
	19,560	13,143
Deferred income tax liabilities	**(18,356)**	(17,240)
Net-off with deferred tax assets	**1,720**	2,049
	(16,636)	(15,191)

The net movement in deferred income tax assets and liabilities is as follows:

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
At the beginning of the year	**(2,048)**	(606)
Credited to the consolidated statement of profit or loss and other comprehensive income *(Note 13)*	**4,972**	7,156
Business combinations *(Note 33)*	**–**	(8,598)
At the end of the year	**2,924**	(2,048)

32. DEFERRED INCOME TAX ASSETS AND LIABILITIES *(Continued)*

Deferred income tax assets

	Share-based payments *RMB'000*	Tax losses *RMB'000*	Impairment losses *RMB'000*	Leases *RMB'000*	Total *RMB'000*
At 1 January 2022	6,615	1,242	2,055	25	9,937
(Charged)/credited to the consolidated statement of profit or loss and other comprehensive income	(127)	(1,052)	6,425	9	5,255
At 31 December 2022 (Restated)	6,488	190	8,480	34	15,192
Credited to the consolidated statement of profit or loss and other comprehensive income	–	398	2,206	3,484	6,088
At 31 December 2023	6,488	588	10,686	3,518	21,280

Deferred income tax liabilities

	Accelerated tax depreciation *RMB'000*	Intangible assets *RMB'000*	Leases *RMB'000*	Total *RMB'000*
At 1 January 2022	(2,257)	(8,214)	(72)	(10,543)
Acquisition of subsidiaries	(118)	(8,480)	–	(8,598)
Credited to the consolidated statement of profit or loss and other comprehensive income	307	1,522	72	1,901
At 31 December 2022	(2,068)	(15,172)	–	(17,240)
(Charged)/credited to the consolidated statement of profit or loss and other comprehensive income	320	2,109	(3,545)	(1,116)
At 31 December 2023	(1,748)	(13,063)	(3,545)	(18,356)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. At 31 December 2023 and 2022, there was no unrecognised deferred income tax.

33. BUSINESS COMBINATIONS

(a) Business combinations under common control

On 31 January 2023, the Group acquired 99% of the equity interests of Shanghai Xuanhai from Shenzhen Dirui, which is a subsidiary of Dima Holdings, at a purchase consideration of RMB1.

The acquisition is considered as a business combination involving entities under common control and has been accounted for by using merger accounting method. As a result, the consolidated statement of financial position as at 31 December 2022 and the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2022 have been restated to include the results of the acquired entity during that period.

The adoption of merger accounting for the year ended 31 December 2022 has resulted in a decrease in the Group's total comprehensive income and profit attributable to the owners of the Company for the year ended 31 December 2022 by RMB2,208,000 and RMB2,208,000 respectively.

The effect of merger accounting restatement described above on the consolidated statement of profit or loss and comprehensive income for the year ended 31 December 2022 by line items is as follows:

	31 December 2022	**Merger accounting adjustment**	**31 December 2022**
	RMB'000	*RMB'000*	*RMB'000* (Restated)
Revenue	1,342,459	6,953	1,349,412
Cost of sales	(1,066,833)	(4,067)	(1,070,900)
Gross profit	275,626	2,886	278,512
Selling and marketing expenses	(30,872)	(1,381)	(32,253)
Administrative expenses	(145,310)	(3,764)	(149,074)
Net impairment losses on financial assets	(24,107)	28	(24,079)
Other income	18,787	157	18,944
Other gains – net	9,274	(4)	9,270
Operating profit/(loss)	103,398	(2,078)	101,320

33. BUSINESS COMBINATIONS *(Continued)*

(a) Business combinations under common control *(Continued)*

	31 December 2022 *RMB'000*	Merger accounting adjustment *RMB'000*	31 December 2022 *RMB'000* (Restated)
Finance income	288	2	290
Finance costs	(536)	–	(536)
Finance income/(costs) – net	(248)	2	(246)
Share of results of investments accounted for using the equity method	6,931	–	6,931
Profit/(loss) before income tax expense	110,081	(2,076)	108,005
Income tax expense	(15,920)	(132)	(16,052)
Profit/(loss) and total comprehensive income for the year	94,161	(2,208)	91,953
Total comprehensive income for the year attributable to:			
Owner of the Company	90,722	(2,208)	88,514
Non-controlling interests	3,439	–	3,439
	94,161	(2,208)	91,953
Earnings per share – Basic and diluted (RMB)	1.48		1.44

33. BUSINESS COMBINATIONS *(Continued)*

(a) Business combinations under common control *(Continued)*

The effect of merger accounting restatement described above on the consolidation of statement of financial position as at 31 December 2022 by line items is as follows:

	As at 31 December 2022 *RMB'000*	Merger accounting adjustment *RMB'000*	As at 31 December 2022 *RMB'000* (Restated)
Non-current assets			
Property, plant and equipment	34,376	32	34,408
Right-of-use assets	8,048	–	8,048
Intangible assets	278,077	2,397	280,474
Investments accounted for using the equity method	19,774	–	19,774
Contract costs	11,819	–	11,819
Long-term prepayments	4,216	–	4,216
Deferred income tax assets	13,311	(168)	13,143
Total non-current assets	369,621	2,261	371,882
Current assets			
Contract assets	2,432	–	2,432
Dividends receivables	7,024	–	7,024
Inventories	40,032	–	40,032
Trade, bills and other receivables	599,620	(286)	599,334
Prepayments	21,069	5,973	27,042
Current income tax receivables	600	19	619
Restricted cash balance	670	–	670
Cash and cash equivalents	220,381	1,358	221,739
Total current assets	891,828	7,064	898,892
Total assets	1,261,449	9,325	1,270,774
Capital and reserves attributable to owners of the Company			
Share capital	66,991	–	66,991
Reserves	212,370	6,057	218,427
Retained earnings	185,426	(8,303)	177,123
Equity attributable to owners of the Company	464,787	(2,246)	462,541
Non-controlling interests	21,120	–	21,120
TOTAL EQUITY	485,907	(2,246)	483,661

33. BUSINESS COMBINATIONS *(Continued)*

(a) Business combinations under common control *(Continued)*

	As at 31 December 2022 *RMB'000*	Merger accounting adjustment *RMB'000*	As at 31 December 2022 *RMB'000* (Restated)
Non-current liabilities			
Lease liabilities	4,027	–	4,027
Financial liabilities at fair value through profit or loss	2,000	–	2,000
Deferred income tax liabilities	15,191	–	15,191
Total non-current liabilities	21,218	–	21,218
Current liabilities			
Trade payables	247,990	10,898	258,888
Accruals and other payables	263,632	461	264,093
Contract liabilities	228,392	212	228,604
Lease liabilities	4,148	–	4,148
Financial liabilities at fair value through profit or loss	2,000	–	2,000
Current income tax liabilities	8,162	–	8,162
Total current liabilities	754,324	11,571	765,895
Total liabilities	775,542	11,571	787,113
Total equity and liabilities	1,261,449	9,325	1,270,774

33. BUSINESS COMBINATIONS *(Continued)*

(b) Business combinations not under common control

During the year ended 31 December 2022, the Group acquired equity interests of two companies owned by independent third parties. The Group's business combinations are detailed as follows:

(i) Zhejiang Zhongdu

On 23 June 2022, the Group acquired 100% of the voting equity instruments of Zhejiang Zhongdu, a company whose principal activity is provision of property management services, including but not limited to housekeeping services, cleaning, washing and disinfection services and construction management services. The principal reason for this acquisition was conducive to integrating the advantages of the Group and Zhejiang Zhongdu, lowering operating costs, improving management efficiency and improving profitability in the overlapped business areas in the future.

	Book value	**Adjustment**	**Fair value**
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	242	441	683
Intangible assets	–	30,600	30,600
Long-term prepayments	517	–	517
Deferred income tax assets	23	–	23
Inventories	147	–	147
Trade, bills and other receivables	13,139	(38)	13,101
Prepayments	1,136	(42)	1,094
Cash and cash equivalents	5,749	–	5,749
Trade payables	(2,903)	–	(2,903)
Accruals and other payables	(18,531)	–	(18,531)
Contract liabilities	(11,001)	–	(11,001)
Deferred income tax liabilities	–	(4,644)	(4,644)
Total net assets	(11,482)	26,317	14,835
Fair value of consideration paid			
Cash consideration			79,500
Goodwill *(Note 17(b))*			64,665

33. BUSINESS COMBINATIONS *(Continued)*

(b) Business combinations not under common control *(Continued)*

(i) Zhejiang Zhongdu *(Continued)*

Acquisition costs of RMB400,000 arose as a result of the transaction. These were recognised as part of administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

The main factors leading to the recognition of goodwill is the presence of certain intangible assets, such as the assembled workforce of the acquired entity, which do not qualify for separate recognition.

The goodwill recognised will not be deductible for tax purposes.

Zhejiang Zhongdu contributed revenue of RMB61,981,000 and net profit of RMB4,282,000 to the Group since the acquisition date to 31 December 2022. If the acquisition had occurred on 1 January 2022, group revenue would have been RMB1,393,754,000 and group profit for the year ended 31 December 2022 would have been RMB92,884,000.

33. BUSINESS COMBINATIONS *(Continued)*

(b) Business combinations not under common control *(Continued)*

(ii) Hunan Jindian

On 23 June 2022, the Group acquired 80% of the voting equity instruments of Hunan Jindian, a company whose principal activity is provision of property management services, including but not limited to cleaning, washing and disinfection services, furniture installation and maintenance services and computer and office equipment maintenance services. The principal reason for this acquisition was conducive to integrating the advantages of the Group and Hunan Jindian, lowering operating costs, improving management efficiency and improving profitability in the overlapped business areas in the future.

	Book value	Adjustment	Fair value
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	2,906	560	3,466
Intangible assets	–	18,174	18,174
Right of use assets	406	–	406
Long-term prepayments	176	(135)	41
Inventories	15	–	15
Trade, bills and other receivables	14,189	–	14,189
Prepayments	7	(1)	6
Cash and cash equivalents	4,815	–	4,815
Restricted bank balance	670	–	670
Trade payables	(135)	–	(135)
Accruals and other payables	(12,151)	–	(12,151)
Lease liabilities	(413)	–	(413)
Contract liabilities	(471)	–	(471)
Deferred income tax liabilities	–	(2,790)	(2,790)
Total net assets	10,014	15,808	25,822
Less: non-controlling interests			(5,163)
Net assets acquired			20,659
Fair value of consideration paid			
Cash consideration			61,700
Goodwill *(Note 17(b))*			41,041

33. BUSINESS COMBINATIONS *(Continued)*

(b) Business combinations not under common control *(Continued)*

(ii) Hunan Jindian (Continued)

Acquisition costs of RMB320,000 arose as a result of the transaction. These were recognised as part of administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

The main factors leading to the recognition of goodwill is the presence of certain intangible assets, such as the assembled workforce of the acquired entity, which do not qualify for separate recognition.

The goodwill recognised will not be deductible for tax purposes.

Hunan Jindian contributed revenue of RMB40,550,000 and net profit of RMB6,379,000 to the Group since the acquisition date to 31 December 2022. If the acquisition had occurred on 1 January 2022, group revenue would have been RMB1,379,073,000 and group profit for the year ended 31 December 2022 would have been RMB91,653,000.

(iii) Mianyang Ruisheng

On 1 April 2022, Chongqing Xindongyuan, agreed with a shareholder of a joint venture, Mianyang Ruisheng to obtain 1% voting right of the Mianyang Ruisheng with no consideration which the shares are owned by that shareholder. After the arrangement, Chongqing Xindongyuan owned 51% voting right. According to the Article of Association of Mianyang Ruisheng, shareholders own over 50% voting right can be able to direct the financial and operation of Mianyang Ruisheng and therefore the Directors consider Mianyang Ruisheng has become a subsidiary of the Company.

33. BUSINESS COMBINATIONS *(Continued)*

(b) Business combinations not under common control *(Continued)*

(iii) Mianyang Ruisheng (Continued)

The principal reason for this acquisition was conducive to integrating the advantages of the Group and Mianyang Ruisheng, lowering operating costs, improving management efficiency and improving profitability in the overlapped business areas in the future.

	Book value	Adjustment	Fair value
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	232	–	232
Intangible assets	–	7,760	7,760
Long-term prepayments	1,049	–	1,049
Deferred income tax assets	2	–	2
Inventories	28	–	28
Trade, bills and other receivables	5,040	–	5,040
Cash and cash equivalents	16,252	–	16,252
Trade payables	(1,591)	–	(1,591)
Accruals and other payables	(6,363)	–	(6,363)
Contract liabilities	(9,785)	–	(9,785)
Deferred income tax liabilities	–	(1,164)	(1,164)
Total net assets	4,864	6,596	11,460
Less: non-controlling interests			(5,730)
Net assets acquired			5,730
Fair value of consideration paid			
Cash consideration			–
Carrying amount of previously held equity interest *(Note 19)*			9,028
Gain on re-measurement of previously held equity interest *(Note 11)*			3,174
Fair value of previously held equity interest			12,202
Goodwill *(Note 17(b))*			6,472

33. BUSINESS COMBINATIONS *(Continued)*

(b) Business combinations not under common control *(Continued)*

(iii) Mianyang Ruisheng *(Continued)*

Acquisition costs of RMB45,000 arose as a result of the transaction. These were recognised as part of administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

The main factors leading to the recognition of goodwill is the presence of certain intangible assets, such as the assembled workforce of the acquired entity, which do not qualify for separate recognition.

The goodwill recognised will not be deductible for tax purposes.

Mianyang Ruisheng contributed revenue of RMB23,116,000 and net profit of RMB3,421,000 to the Group since the acquisition date to 31 December 2022. If the acquisition had occurred on 1 January 2022, group revenue would have been RMB1,355,185,000 and group profit for the year ended 31 December 2022 would have been RMB92,204,000.

Net cash outflows arising on the acquisition transactions:

	Zhejiang Zhongdu *RMB'000*	Hunan Jindian *RMB'000*	Mianyang Ruisheng *RMB'000*	Total *RMB'000*
Total cash consideration payable as at the acquisition dates	79,500	61,700	–	141,200
Less: cash consideration payable as at 31 December 2022	–	–	–	–
Cash consideration paid during the year ended 31 December 2022	79,500	61,700	–	141,200
Less: cash and cash equivalents in the subsidiaries acquired	(5,749)	(5,485)	(16,252)	(27,486)
Net cash outflow/(inflow) during the year ended 31 December 2022	73,751	56,215	(16,252)	113,714

34. NON-CONTROLLING INTERESTS

Guangxi Shengkang, a 51% (2022: 51%) owned subsidiary of the Company, Mianyang Ruisheng, a 50% owned subsidiary (2022: 50%) of the Company and Hunan Jindian, a 80% owned subsidiary of the Company, has material non-controlling interest ("**NCI**"). The NCI of all other subsidiaries that are not 100% owned by the Group are considered not to be material.

Summarised financial information in relation to the NCI of Guangxi Shengkang, Mianyang Ruisheng and Hunan Jindian, before intra-group eliminations, is presented below:

	Guangxi Shengkang		Mianyang Ruisheng		Hunan Jindian	
	2023	2022	**2023**	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Summarised consolidated statement of profit or loss and other comprehensive income						
Revenue	**97,234**	72,773	**35,826**	23,116	**75,002**	40,550
Profit for the year	**1,110**	2,730	**3,815**	2,926	**1,417**	5,387
Other comprehensive income	**–**	–	**–**	–	**–**	–
Total comprehensive income	**1,110**	2,730	**3,815**	2,926	**1,417**	5,387
Profit allocated to NCI	**544**	1,338	**1,907**	1,463	**283**	1,077
Dividend paid to NCI	**1,470**	740	**704**	1,304	**750**	–
Summarised cashflows						
Cash flows from/(used in) operating activities	**3,079**	3,194	**8,857**	8,637	**(1,925)**	(1,510)
Cash flows from/(used in) investing activities	**1,367**	–	**(44)**	(512)	**(50)**	(222)
Cash flows (used in)/from financing activities	**(4,434)**	(1,896)	**(848)**	(3,968)	**3,704**	3,739
Net cash inflows	**12**	1,298	**7,965**	4,157	**1,729**	2,007
Summarised statement of financial position						
Current assets	**94,830**	38,565	**35,197**	25,218	**60,548**	34,208
Non-current assets	**6,050**	4,594	**1,444**	1,264	**6,067**	4,280
Current liabilities	**(91,470)**	(33,763)	**(27,476)**	(20,500)	**(47,283)**	(22,095)
Non-current liabilities	**(350)**	–	**–**	–	**–**	–
Net assets	**9,060**	9,396	**9,165**	5,982	**19,332**	16,393
Accumulated non-controlling interests	**7,516**	8,442	**7,397**	6,194	**5,775**	6,242

35. CASH FLOW INFORMATION

(a) Cash generated from operations

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax expense		**24,721**	108,005
Adjustments for:			
– Depreciation of property, plant and equipment	16	**16,206**	12,363
– Depreciation of investment properties		**–**	–
– Amortisation of intangible assets	17	**13,066**	10,364
– Depreciation of right-of-use assets	18	**6,032**	4,709
– (Gains)/losses on disposal of property, plant and equipment	11	**(51)**	241
– Losses/(gains) on disposal of right-of-use assets	11	**13**	(6)
– Gain on re-measurement of previously held equity interest	11	**–**	(3,174)
– Provision for impairment of trade and bills receivables		**9,213**	23,439
– Provision for impairment of other receivables		**35**	640
– Provision for impairment of inventories	8	**1,333**	4,775
– Interest expense on short-term borrowings	12	**166**	–
– Interest expense on factoring arrangements	12	**161**	97
– Interest expense on lease liabilities	12	**513**	439
– Share of results of investment in joint ventures and associates	19	**(7,506)**	(6,931)
Operating profit before changes in working capital:		**63,902**	154,961
Changes in working capital			
– Increase in trade, bills and other receivables		**(84,443)**	(173,943)
– Increase in prepayments		**(3,656)**	(1,986)
– Increase in contract costs		**(2,165)**	(3,166)
– Decrease/(increase) in contract assets		**993**	(1,131)
– (Increase)/decrease in inventories		**(4,347)**	7,206
– Increase in trade payables		**33,776**	67,213
– Increase/(decrease) in accruals and other payables		**13,648**	(25,722)
– Increase in contract liabilities		**51,975**	12,202
Cash generated from operations		**69,683**	35,634

35. CASH FLOW INFORMATION *(Continued)*

(b) Reconciliation of liabilities arising from financing activities

	Borrowings *(Note 31)* *RMB'000*	Lease liabilities *(Note 18)* *RMB'000*	Amount due to a related party *RMB'000*
As at 1 January 2023	–	8,175	–
Changes from cash flow:			
Proceeds from a bank loan	5,262	–	–
Proceeds from other loans	4,000	–	–
Interest paid	(166)	(513)	–
Repayment of principal elements	–	(6,181)	–
	9,096	(6,694)	–
Other changes:			
Early termination of leases	–	(333)	–
Commencement of leases	–	13,801	–
Interest expenses *(Note 12)*	166	–	–
Interest incurred on lease payments *(Note 12)*	–	513	–
	166	13,981	–
As at 31 December 2023	9,262	15,462	–

35. CASH FLOW INFORMATION *(Continued)*

(b) Reconciliation of liabilities arising from financing activities *(Continued)*

	Borrowings *(Note 31)* *RMB'000*	**Lease liabilities** *(Note 18)* *RMB'000*	**Amount due to a related party** *RMB'000*
As at 1 January 2022	–	10,374	363
Changes from cash flow:			
Repayment to a related party	–	–	(363)
Interest paid	–	(439)	
Repayment of principal elements	–	(4,226)	–
	–	(4,665)	–
Other changes:			
Early termination of leases	–	(607)	–
Commencement of leases	–	2,634	–
Imputed interest incurred on lease payments *(Note 12)*	–	439	–
	–	2,466	–
As at 31 December 2022	–	8,175	–

36. OPERATING LEASE COMMITMENTS

The future aggregate minimum lease payments related to short term leases or leases of low-valued assets under non-cancellable operating leases are as follows:

	2023 ***RMB'000***	2022 *RMB'000*
Less than 1 year	**613**	5,813
Later than 1 year and no later than 5 years	**–**	–
	613	5,813

37. RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties

The following companies and individuals are related parties of the Group that had balances and/or transactions with the Group for the year.

Name of related parties	*Notes*	Relationship with the Group
Dima Group	*iii*	Ultimate holding company and its subsidiaries
Chengdu Dexin Dongyi Real Estate Co., Ltd.	*iii*	Associate of Dima Holdings
Chengdu Wangpu Lizhi Real Estate Development Co., Ltd.	*iii*	Associate of Dima Holdings
Chengdu Yifeng Tiancheng Real Estate Co., Ltd.	*iii*	Associate of Dima Holdings
Chongqing Dongbo Zhihe Real Estate Development Co., Ltd.	*iii*	Associate of Dima Holdings
Chongqing Dongyu Jin Real Estate Development Co., Ltd.	*iii*	Associate of Dima Holdings
Chongqing Dongyuan Yuan Real Estate Development Co., Ltd.	*iii*	Associate of Dima Holdings
Chongqing Li Dong Integration Real Estate Development Co., Ltd.	*iii*	Associate of Dima Holdings
Chongqing Nanan District Bihe Yuan Real Estate Development Co., Ltd.	*iii*	Associate of Dima Holdings
Chongqing Rongchuang Dongli Real Estate Development Co., Ltd.	*iii*	Associate of Dima Holdings
Chongqing Shengdong Junhe Real Estate Development Co., Ltd.	*iii*	Associate of Dima Holdings
Chongqing Shengjingxing Enterprise Management Consulting Co., Ltd.	*iii*	Associate of Dima Holdings
Chongqing Shengzi Real Estate Development Co., Ltd.	*iii*	Associate of Dima Holdings
Chongqing Zhiyuan Chengfang Real Estate Co., Ltd.	*iii*	Associate of Dima Holdings
Chongzhou Zhongye Ruixing Real Estate Development Co., Ltd.	*iii*	Associate of Dima Holdings
Hangzhou Linsheng Real Estate Co., Ltd.	*iii*	Associate of Dima Holdings
Hangzhou Nanguang Real Estate Co., Ltd.	*iii*	Associate of Dima Holdings
Hangzhou Ruicheng Real Estate Co., Ltd.	*iii*	Associate of Dima Holdings
Hefei HIG Ausdin Intelligent Technology Co., Ltd.	*iii*	Associate of Dima Holdings
Henan Rongtian Real Estate Development Co., Ltd.	*iii*	Associate of Dima Holdings
Mianyang Hongyuan Lingyue Real Estate Development Co., Ltd.	*iii*	Associate of Dima Holdings
Nanjing Junyuan Real Estate Co., Ltd.	*iii*	Associate of Dima Holdings

37. RELATED PARTY TRANSACTIONS *(Continued)*

(a) Names and relationships with related parties *(Continued)*

Name of related parties	*Notes*	Relationship with the Group
Shanghai Lizhi Real Estate Development Co., Ltd.	*iii*	Associate of Dima Holdings
Sichuan Shuangma Mianyang New Materials Co., Ltd.	*iii*	Associate of Dima Holdings
Suzhou Dongli Real Estate Development Co., Ltd.	*iii*	Associate of Dima Holdings
Suzhou Ruisheng Real Estate Development Co., Ltd.	*iii*	Associate of Dima Holdings
Mianyang Ruisheng	*ii,iii*	Subsidiary/Joint venture of the Group
Chengdu Longxing Dowell Property Services Co., Ltd.	*iii*	Joint ventures of the Group
Xuyuan Tiancheng	*iii*	Joint ventures of the Group
Shandong Dongyuan	*iii*	Joint ventures of the Group
Chengdu Jiulian	*iii*	Joint ventures of the Group
Kunming Dongyuan	*iii*	Associate of the Group
Chongqing Dongjin Commercial Management Co., Ltd.	*i,iii*	Other related party
Chongqing Baoxu Commercial Management Co., Ltd.	*i,iii*	Other related party
Chongqing Dongyin Holding Group Co., Ltd.	*i,iii*	Other related party
Jiangsu Jianghuai Power Co., Ltd.	*i,iii*	Other related party
Jiangsu Jiangdong Diesel Engine Manufacturing Co., Ltd.	*i,iii*	Other related party
Jiangsu Nonghua Wisdom Agricultural Technology Co., Ltd.	*i,iii*	Other related party

Note:

(i) These companies are ultimately controlled by Chongqing Dongyin Holding Group Co., Ltd. which is a substantial shareholder of Dima Holdings.

(ii) The company was originally a joint venture of Group and became a subsidiary of the Group on 1 April 2022.

(iii) These subsidiaries are registered as limited liability companies under the law of PRC.

37. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Significant transactions with related parties

Other than those related party transactions as disclosed in the Note 29 to the consolidated financial statements, during the year, the Group had the following other significant transactions with related parties.

	2023 RMB'000	2022 RMB'000 (Restated)
City operations services		
– Dima Group	**52,786**	37,058
– Joint ventures and associates of Dima Holdings	**3,147**	415
– Joint ventures and associates of the Group	**1,958**	187
– Other related parties	**3,590**	4,108
	61,481	41,768
Lifestyle services		
– Dima Group	**20,683**	46,014
– Joint ventures and associates of Dima Holdings	**1,260**	3,537
– Joint ventures and associates of the Group	**210**	5
– Other related parties	**15**	–
	22,168	49,556
FATH and other comprehensive services		
– Dima Group	**69,006**	142,887
– Joint ventures and associates of Dima Holdings	**4,837**	13,330
– Joint ventures and associates of the Group	**1,624**	2,990
– Other related parties	**40**	94
	75,507	159,301
Repayments of advances from		
– Dima Group	**–**	363

All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

37. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Key management compensation

Key management compensation for the year, other than those relating to the emoluments of directors and supervisors being disclosed in Note 38, are set out below:

	2023	2022
	RMB'000	*RMB'000*
Wages and salaries	**1,200**	1,537
Bonuses	**–**	–
Social insurance expense and housing benefits	**140**	48
	1,340	1,585

(d) Balances with related parties – trade

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Trade and bills receivables *(Note 22)*		
– Dima Group	**285,649**	253,489
– Joint ventures and associates of Dima Holdings	**19,195**	32,114
– Joint ventures of the Group	**1,568**	2,106
– Other related parties	**338**	818
	306,750	288,527
Contract assets		
– Dima Group	**1,439**	2,432
Other receivables *(Note 22)*		
– Dima Group	**351**	404
– Joint ventures and associates of Dima Holdings	**40**	115
– Joint ventures of the Group	**725**	897
– Other related parties	**–**	11
	1,116	1,427
Contract liabilities		
– Dima Group	**4,013**	8,227
– Joint ventures and associates of Dima Holdings	**176**	2
	4,189	8,229

37. RELATED PARTY TRANSACTIONS *(Continued)*

(d) Balances with related parties – trade *(Continued)*

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Trade payables *(Note 30)*		
– Dima Group	**8,149**	14,276
– Joint ventures of the Group	**–**	125
	8,149	14,401
Other payables *(Note 30)*		
– Dima Group	**11,131**	13,602
– Joint ventures and associates of Dima Holdings	**70**	70
– Joint ventures of the Group	**2,541**	2,525
– Other related parties	**13**	5
	13,755	16,202

(e) Balances with related parties – non-trade

	2023	2022
	RMB'000	*RMB'000*
Dividend receivables		
– Joint ventures of the Group	**9,900**	7,024

38. BENEFITS AND INTEREST OF DIRECTORS AND SUPERVISORS

(a) Directors' and Supervisors' emoluments

The directors and supervisors received emoluments from the Group for the year ended 31 December 2023 as follows:

Name of Directors	Note	Fees	Salaries	Bonus	Employee restricted shares	Pensions, housing funds, medical insurances and other social insurances	Other employee benefits	Total
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors:								
Mr. Fan Dong		151	2,600	–	–	41	49	2,841
Mr. Zhang Ai Ming	*(i)*	151	3,840	–	–	140	49	4,180
Non-executive Directors:								
Ms. Yi Lin		151	–	–	–	–	–	151
Ms. Luo Shao Ying	*(ii)*	151	–	–	–	–	–	151
Independent Non-executive Directors:								
Ms. Cai Ying		227	–	–	–	–	–	227
Mr. Wang Susheng		227	–	–	–	–	–	227
Mr. Sung Deliang		227	–	–	–	–	–	227
Supervisors:								
Mr. Wang Jun	*(vi)*	–	–	–	–	–	–	–
Mr. Yang Guang	*(iii)*	–	–	–	–	–	–	–
Mr. Mao Dun		–	–	–	–	–	–	–
Ms. Tan Liang		–	180	–	–	26	7	213
		1,285	6,620	–	–	207	105	8,217

Annual director fee of each independent non-executive director is HK$250,000 since the Group listed on HKEX. During the year ended 31 December 2023, the independent non-executive directors received emoluments from the Group are HK$750,000 (equivalent to RMB681,000) (2022:HK$500,000 (equivalent to RMB444,000)).

38. BENEFITS AND INTEREST OF DIRECTORS AND SUPERVISORS *(Continued)*

(a) Directors' and Supervisors' emoluments *(Continued)*

The directors and supervisors received emoluments from the Group (in their role as senior management and an employee before their appointment as directors) for the year ended 31 December 2022 as follows:

Name of Directors	Note	Fees	Salaries	Bonus	Employee restricted shares	Pensions, housing funds, medical insurances and other social insurances	Other employee benefits	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors:								
Mr. Heng Qingda	*(iv)*	–	3,195	–	–	124	–	3,319
Mr. Fan Dong		–	2,600	–	–	53	–	2,653
Mr. Zhang Ai Ming	*(i)*	–	1,417	–	–	23	–	1,440
Non-executive Directors:								
Ms. Yi Lin		–	–	–	–	–	–	–
Mr. Chen Han	*(v)*	–	–	–	–	–	–	–
Ms. Luo Shao Ying	*(ii)*	–	–	–	–	–	–	–
Independent Non-executive Directors:								
Ms. Cai Ying		148	–	–	–	–	–	148
Mr. Wang Susheng		148	–	–	–	–	–	148
Mr. Sung Deliang		148	–	–	–	–	–	148
Supervisors:								
Mr. Wang Jun	*(vi)*	–	–	–	–	–	–	–
Mr. Mao Dun		–	–	–	–	–	–	–
Ms. Tan Liang		–	187	–	–	31	–	218
		444	7,399	–	–	231	–	8,074

38. BENEFITS AND INTEREST OF DIRECTORS AND SUPERVISORS *(Continued)*

(a) Directors' and Supervisors' emoluments *(Continued)*

(i) Mr. Zhang Ai Ming was appointed as executive director of the Company on 31 October 2022.

(ii) Ms. Luo Shao Ying was appointed as non-executive directors of the Company on 31 October 2022.

(iii) Ms. Yang Guang was appointed as supervisor of the Company on 13 December 2023.

(iv) Mr. Heng Qingda resigned as executive director of the Company on 31 October 2022.

(v) Mr. Chen Han resigned as non-executive director of the Company on 31 October 2022.

(vi) Mr. Wang Jun retired as supervisor of the Company on 13 December 2023.

(b) Directors' retirement benefits

During the years ended 31 December 2022 and 2023, there were no additional retirement benefit received by the directors except for the contribution to defined contribution retirement scheme administration and operated by the local municipal government in accordance with the rules and regulations in the PRC.

(c) Directors' termination benefits

During the years ended 31 December 2022 and 2023, there were no termination benefits received by the directors.

(d) Consideration provided to third parties for making available directors' services

During the years ended 31 December 2022 and 2023, no consideration was provided to or receivable third parties for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate and connected entities with such directors

During the years ended 31 December 2022 and 2023, there were no loans, quasi-loans or other dealings in favour of directors, controlled bodies corporate and connected entities.

(f) Directors' material interests in transactions, arrangements or contracts

Except for mentioned above, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during the years ended 31 December 2022 and 2023.

39. CONTINGENCIES

The Group did not have any material contingent liabilities as at 31 December 2023 and 2022.

40. FINANCIAL RISK MANAGEMENT

Financial Risk Factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The overall risk management program of the Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance of the Group.

(a) Market risk

(i) Foreign exchange risk

The Group is engaged in the provision of city operation services and lifestyle services and FATH and other comprehensive services in the PRC with almost all the transactions denominated and settled in RMB, which is the functional currency of the group companies. Therefore, its foreign exchange risk is limited. The Group currently does not have a foreign currency hedging policy, and manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

As at 31 December 2023 and 2022, foreign currency risk arises from the Group's assets, which were denominated in a currency other than the functional currency at the end of the reporting period are as follows:

	2023	2022
	RMB'000	*RMB'000*
Denominated in HKD		
Cash and cash equivalents	**5,664**	33,160
Overall net exposure	**5,664**	33,160

40. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial Risk Factors *(Continued)*

(a) Market risk *(Continued)*

(i) Foreign exchange risk (Continued)

The following table indicates the approximate effect on the profit after income tax expense in response to reasonably possible changes in the foreign exchange rates, with all other variables held constant, to which the Group has significant exposure at the end of the reporting period. The appreciation and depreciation of 1% in RMB exchange rate against HKD represents management's assessment of a reasonably possible change in currency exchange rate over the reporting period.

Effect on profit after income tax	**2023**	2022
	RMB'000	*RMB'000*
HKD to RMB		
Appreciation by 1%	**42**	249
Depreciation by 1%	**(42)**	(249)

As at 31 December 2023 and 2022, the Group had no material foreign currency denominated assets and liabilities. Therefore, the Group did not have any significant foreign exchange risk.

(ii) Cash flow and fair value interest rate risk

Borrowings were issued at fixed rates which expose the Group to fair value interest-rate risk. The Group has no cash flow interest-rate risk as there are no borrowings which bear floating interest rates. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

The interest rates and terms of repayment of the Group's borrowings are disclosed in Note 31.

40. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial Risk Factors *(Continued)*

(b) Credit risk

The Group is exposed to credit risk in relation to its trade and bills receivables, contract assets, other receivables and cash deposits at banks. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(i) Cash deposits at banks

To manage this risk, cash deposits at banks are mainly placed with state-owned and reputable financial institutions in the PRC. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The identified credit losses are immaterial.

(ii) Contract assets, trade and bills receivables

The Group has policies in place to ensure that contract assets, trade and bills receivables with credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all contract assets, trade and bills receivables.

The contract assets relate to unbilled work in progress where the payment is not due, therefore the expected loss rate of contract assets is assessed to be minimal.

Trade and bills receivables have been grouped based on shared credit risk characteristics and the days past due, to measure the expected credit losses.

In addition, trade and bills receivables relating to significant balances with related parties are assessed individually for provision for impairment allowance.

The expected loss rates of trade and bills receivables are based on the payment profiles of sales over a period of 36 months before each year end and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

40. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial Risk Factors *(Continued)*

(b) Credit risk *(Continued)*

(iii) Other receivables

Other receivables have been assessed for impairment on a collective basis based on different credit risk characteristics. The management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience, existing market conditions as well as forward looking estimates at the end of each reporting period. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor; and
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of counter party and changes in the operating results of the debtor.

Macroeconomic information is incorporated as part of the internal rating model.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking information on macroeconomic factors.

40. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial Risk Factors *(Continued)*

(b) Credit risk *(Continued)*

(iv) Impairment of financial assets

Measurement of expected credit loss on individual basis

Trade and bills receivables relating to significant balances with related parties are assessed individually for provision for impairment allowance. As at 31 December 2023, the balance of such individually assessed trade and bills receivables are RMB306,750,000 (2022: RMB288,527,000) and the loss allowance in respect of these receivables are RMB18,147,000 (2022: RMB11,626,000).

Measurement of expected credit loss on collective basis

As at 31 December 2023 and 2022, the loss allowance provision for the trade receivables due from third parties was determined as follow.

	Less than 1 year *RMB'000*	**1 to 2 years** *RMB'000*	**2 to 3 years** *RMB'000*	**Over 3 years** *RMB'000*	**Total** *RMB'000*
As 31 December 2023					
Gross carrying amount – third party trade receivables *(Note 22)*	**296,617**	**47,480**	**18,949**	**10,947**	**373,993**
Expected loss rate	**2.0%**	**11.7%**	**35.9%**	**61.5%**	
Loss allowance	**6,068**	**5,532**	**6,802**	**6,733**	**25,135**

	Less than 1 year *RMB'000*	1 to 2 years *RMB'000*	2 to 3 years *RMB'000*	Over 3 years *RMB'000*	Total *RMB'000*
As 31 December 2022 (Restated)					
Gross carrying amount – third party trade receivables *(Note 22)*	249,383	44,075	8,304	8,779	310,541
Expected loss rate	2.2%	14.3%	49.8%	72.8%	
Loss allowance	5,608	6,306	4,138	6,391	22,443

40. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial Risk Factors *(Continued)*

(b) Credit risk *(Continued)*

(iv) *Impairment of financial assets* *(Continued)*

Measurement of expected credit loss on collective basis *(Continued)*

The Group has assessed that there was no significant increase of credit risk for other receivables. Thus, the Group used the 12 months expected credit losses model to assess credit loss of other receivables. As of 31 December 2023 and 2022, the loss allowance provision for other receivables was determined as follow:

	2023			2022 (Restated)		
Other receivable	**Expected loss rate**	**Gross carrying amount**	**Loss allowance**	Expected loss rate	Gross carrying amount	Loss allowance
		RMB'000	***RMB'000***		*RMB'000*	*RMB'000*
Due from related parties	**2.70%**	**1,116**	**30**	2.81%	1,427	40
Due from third parties						
– Payments on behalf of property owner	**2.70%**	**4,459**	**120**	2.81%	6,319	177
– Deposits	**2.70%**	**19,831**	**535**	2.81%	15,173	426
– Advance to employees	**2.70%**	**6,132**	**165**	2.81%	5,127	144
– Others	**2.70%**	**6,557**	**177**	2.81%	7,281	205
		38,095	**1,027**		35,327	992

40. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial Risk Factors *(Continued)*

(b) Credit risk *(Continued)*

(iv) Impairment of financial assets *(Continued)*

Measurement of expected credit loss on collective basis *(Continued)*

The loss allowances for trade, bills and other receivables as at 31 December 2023 and 2022 reconcile to the opening loss allowances as follows:

	Trade receivables	Bills receivables	Other receivables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As 1 January 2022 (Restated)	10,630	–	352	10,982
Increase in loss allowance recognised in the consolidated statements of profit or loss and other comprehensive income during the period	23,411	28	640	24,079
As 31 December 2022 (Restated)	34,041	28	992	35,061
Increase in loss allowance recognised in the consolidated statements of profit or loss and other comprehensive income during the period	9,241	(28)	35	9,248
As 31 December 2023	43,282	–	1,027	44,309

(c) Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The interests on borrowings are calculated based on borrowings held as of 31 December 2023 and 2022 without taking into account any subsequent changes in the amount of borrowings.

40. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial Risk Factors *(Continued)*

(c) Liquidity risk *(Continued)*

	Weighted average effective interest rate	Carrying amount	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total contractual undiscounted cash flows
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As 31 December 2023							
Lease liabilities	4.42%	15,462	6,342	4,106	6,176	–	16,624
Trade payables *(Note 30)*	N/A	292,664	235,282	36,674	20,708	–	292,664
Borrowings	5.02%	9,262	9,447	–	–	–	9,447
Accruals and other payables (excluding non-financial liabilities)	N/A	280,575	280,575	–	–	–	280,575
Financial liabilities at FVTPL *(Note 40)*	N/A	2,000	1,000	1,000	–	–	2,000
Total		599,963	532,646	41,780	26,884	–	610,310

	Weighted average effective interest rate	Carrying amount	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total contractual undiscounted cash flows
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As 31 December 2022 (Restated)							
Lease liabilities	4.42%	8,175	5,547	2,694	1,839	–	10,080
Trade payables *(Note 30)*	N/A	258,888	226,751	27,069	5,068	–	258,888
Accruals and other payables (excluding non-financial liabilities) *(Note 30)*	N/A	264,093	264,093	–	–	–	264,093
Financial liabilities at FVTPL *(Note 40)*	N/A	4,000	2,000	2,000	–	–	4,000
Total		535,156	498,391	31,763	6,907	–	537,061

40. FINANCIAL RISK MANAGEMENT *(Continued)*

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio (net). This ratio is calculated as total debt divided by total equity. Total debt is calculated as the aggregate of total borrowings and lease liabilities less loans to related parties. Total equity is as shown in the consolidated statement of financial position.

The gearing ratios as at 31 December 2023 and 2022 were as follows:

	2023 ***RMB'000***	2022 *RMB'000* (Restated)
Total debt	**24,724**	8,175
Total equity	**493,439**	483,661
Gearing ratio	**5.0%**	1.7%

Fair Value Estimation

(a) Fair value hierarchy

Financial instruments carried at fair value or where fair value was disclosed can be categorised by levels of the inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

40. FINANCIAL RISK MANAGEMENT *(Continued)*

Fair Value Estimation *(Continued)*

(a) Fair value hierarchy *(Continued)*

The following table presents the Group's liabilities that are measured at fair value at 31 December 2023 and 2022:

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
As 31 December 2023				
Financial liabilities at FVTPL	**–**	**–**	**2,000**	**2,000**

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As 31 December 2022				
Financial liabilities at FVTPL	–	–	4,000	4,000

There were no transfers among levels of the fair value hierarchy during the year.

(b) Fair value measurements using significant unobservable inputs (Level 3)

Financial liabilities at FVTPL

Pursuant to the Sales and Purchase agreement (the "**Agreement**") dated 30 December 2020, entered into between the Group and a third party, the Group acquired 51% of the shares of the target company – Guangxi Shengkang. Under the Agreement, the Group will be liable to contingent consideration if Guangxi Shengkang achieve the revenue growth rate of 10% for each of the four years ending 31 December 2021 to 2024. the amount of the additional considerations are described as below:

Year ending	**Target revenue**	**Contingent consideration**	**Status**
31 December 2021	RMB33,000,000	RMB2,000,000	Achieved
31 December 2022	RMB36,300,000	RMB2,000,000	Achieved
31 December 2023	RMB39,930,000	RMB1,000,000	Achieved
31 December 2024	RMB43,920,000	RMB1,000,000	Very likely

40. FINANCIAL RISK MANAGEMENT *(Continued)*

Fair Value Estimation *(Continued)*

(b) Fair value measurements using significant unobservable inputs (Level 3) (Continued)

Financial liabilities at FVTPL (Continued)

Further pursuant to the Agreement, if the net profit margin of Guangxi Shengkang achieved 8% for each of the four years ending 31 December 2021 to 2024, the contingent consideration will be reduced under an agreed formula calculation.

Year ended	Net profit margin rate	Trigger deduction of contingent consideration	Status
31 December 2021	8%	No	Unachieved
31 December 2022	8%	No	Unachieved
31 December 2023	8%	No	Unachieved
31 December 2024	8%	Not expected	Very unlikely

The potential undiscounted consideration amount payable under the Agreement would range from Nil to RMB6,000,000 depending on the actual target revenue achievement and actual deduction of contingent consideration if triggers for each of the four years ending 31 December 2024.

By referring to the past financial performance of the Guangxi Shengkang, it has achieved the target revenue for the years ended 31 December 2021 to 2023 (2022: 2021 to 2022) and deduction of contingent consideration is not triggered for the years ended 31 December 2021 to 2023 (2022: 2021 to 2022). As of 31 December 2023, the management of the Group foresees the target revenue of RMB43,920,000 (2022: RMB39,930,000 and RMB43,920,000) for the year ending 31 December 2024 (2022: years ending 31 December 2023 to 2024) of Guangxi Shengkang is very likely to be achieved and deduction of contingent consideration for the year ending 31 December 2024 (2022: years ending 31 December 2023 to 2024) is very unlikely triggered.

The Group has paid out the consideration that was contingent on the 2021 and 2022 revenue targets and continues to believe with a high level of certainty that the remaining amounts will be paid out in relation to the 2023 and 2024 revenue targets.

41. COMPARATIVE FIGURES

During the year, the Group has re-classified the business services into 3 categories, namely city operations services, lifestyle services and FATH and other comprehensive services. The medical-related services amounting to RMB67,886,000 (2022: RMB27,529,000) and the foreign-related services amounting to RMB177,159,000 (2022: RMB156,040,000) are reallocated to FATH and other comprehensive services.

FIVE-YEAR FINANCIAL SUMMARY

	2019	2020	2021	2022 [Note] (Restated)	**2023**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Revenue	559,154	766,802	1,193,423	1,349,412	**1,483,834**
Gross profit	132,690	215,989	308,923	278,512	**211,777**
Profit and total comprehensive income for the year attributable to owners of the Company	25,667	84,714	128,720	88,514	**18,967**
Total assets	759,468	785,097	964,007	1,270,774	**1,395,131**
Total liabilities	633,808	619,597	705,955	787,113	**901,692**
Equity attributable to owners of the Company	125,460	158,835	249,222	462,541	**472,282**
Total equity	125,660	165,500	258,052	483,661	**493,439**

Note: On 31 January 2023, the Company acquired 99% equity interests in Shanghai Xuanhai Technology Co., Ltd.*（上海昡海科技有限公司）through business combination involving entities under common control, and retrospectively restated the financial data of the Company for 2022. Please refer to the interim results announcement of the Company dated 18 August 2023 for details.

DEFINITIONS

"Affiliated Companies"	companies that engaged the Group to provide services and are (i) formed by Dima Group (including the Group) and independent third party(ies) in which Dima Group does not hold any controlling interests and are not consolidated entities of Dima Group; and (ii) held directly by Mr. Lo And His Associates (other than the Group and Dima Group)
"Articles of Association"	the articles of association of the Company currently in force
"AGM"	the 2023 annual general meeting of the Company
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the Audit Committee of the Board
"Board"	the board of Directors
"Board Committees"	collectively, the Audit Committee, the Remuneration Committee and the Nomination Committee
"City Operations Services"	property management services to residential and local non-residential properties, including security services, cleaning services, gardening services, facility management services and maintenance services
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chairman" or "Chairlady"	the chairman or chairlady of the Board
"Chongqing Dongyuan"	Chongqing Xin Dongyuan Property Management Company Limited* (重慶新東原物業管理有限公司) (previously known as Chongqing Dongyuan Jiahemei Property Management Company Limited* (重慶東原嘉合美物業管理有限公司)), a limited liability company established in the PRC and a direct wholly-owned subsidiary of the Company
"Chongqing Doyen"	Chongqing Doyen Holdings Group Co., Ltd.* (重慶東銀控股集團有限公司) (previously known as Chongqing Doyen Industry (Group) Company Limited* (重慶東銀實業(集團)有限公司)), a limited company established in the PRC and a connected person of the Group for the purpose of the Listing Rules
"Chongqing Shuorun"	Chongqing Shuorun Petrochemical Company Limited* (重慶碩潤石化有限責任公司) (previously known as Chongqing Shuorun Trading Company Limited* (重慶碩潤貿易有限責任公司)), a limited company established in the PRC and a connected person of the Group for the purpose of the Listing Rules

"Company"	DOWELL SERVICE GROUP CO. LIMITED* 東原仁知城市運營服務集團股份有限公司 a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange
"Community Events Planning Services"	organising events for residents and property developers
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Cap. 622 of the Laws of Hong Kong)
"Controlling Shareholders"	has the meaning ascribed thereto in the Listing Rules and, unless the context requires otherwise, collectively refers to Dima, Dima Ruisheng and Tianjin Chengfang
"Co-CEO"	the co-chief executive officer of the Company
"Dima"	Dima Holdings Co., Ltd.* (重慶市迪馬實業股份有限公司), a limited liability company established in the PRC and its shares are listed on the Shanghai Stock Exchange (stock code: 600565.SH), one of the Controlling Shareholders and a connected person of the Company for the purpose of the Listing Rules
"Dima Group"	Dima together with its subsidiaries
"Dima Ruisheng"	Chongqing Dima Ruisheng Co. Ltd.* (重慶迪馬睿升實業有限公司), a limited liability company established in the PRC on 2 April 2018, which is wholly-owned by Dima and one of the Controlling Shareholders and a connected person of our Company for the purpose of the Listing Rules
"Directors"	the directors of the Company
"Dongyuan Real Estate"	Dongyuan Property Development Group Company Limited* (東原房地產開發集團有限公司) (previously known as Chongqing Dongyuan Property Development Group Company Limited* (重慶東原房地產開發集團有限公司)), a limited liability company established in the PRC on 15 September 1999, which is a non-wholly owned subsidiary of Dima
"FATH and Other Comprehensive Services"	services provided to foreign-owned enterprises, foreign embassies, international schools, hospitals and medical facilities, as well as other comprehensive services, including, among others, Foreign and Medical Related Services, Sales Assistance Services, Preliminary Planning Services, digital and intelligent technology services, maintenance and rectification services and other related comprehensive services

DEFINITIONS

"Final Dividend"	a final cash dividend of RMB0.03 per share (tax inclusive) for the year ended 31 December 2023
"Foreign and Medical Related Services"	providing property management services to foreign-owned enterprises, foreign embassies, international schools, hospitals and medical facilities (including security services, cleaning services, facility management services and maintenance services)
"GFA"	gross floor area
"Group"	collectively, the Company and its subsidiaries from time to time
"H Shares"	the H shares of the Company with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Main Board of the Stock Exchange
"Harvest Property"	Harvest Property Management Investment Limited (嘉實物業管理投資有限公司), a limited liability company incorporated in Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Independent Third Party(ies)"	a person, persons, company or companies which is or are independent of, and not connected with (within the meaning under the Listing Rules), any directors, supervisors, chief executive or substantial shareholders of the Company, any of its subsidiaries or any of their respective associate(s)
"Lifestyle Services"	lifestyle-related services, including, among others, Community Events Planning Services, Management and Agency Services, utility maintenance services and other lifestyle services
"Listing Date"	the date of listing of the H Shares on the Main Board of the Stock Exchange, being 29 April 2022
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Management and Agency Services"	providing (i) car parking spaces management services, including but not limited to, entry or exit control, cleaning, surveillance and collection of parking fees; and (ii) car parking spaces and property sales services, including but not limited to, providing marketing and sales services for car parking spaces and property located at property projects sourced from Dima Group and Affiliated Companies (including associates of Dima Group)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules

"Nomination Policy"	the director nomination policy of the Company
"Non-competition Undertaking"	the non-competition undertaking signed by the Controlling Shareholders on 20 February 2021
"Mr. Lo"	Mr. Lo Siu Yu, a substantial shareholder (as defined under the Listing Rules) of the Company
"Mr. Lo And His Associates"	collectively refers to Chongqing Doyen, Mr. Lo, Ms. Chiu and Chongqing Shuorun. As at the date of this annual report, the shares of Dima were owned as to (i) approximately 35.55% by Chongqing Doyen, which in turn is owned as to approximately 77.78% by Mr. Lo and approximately 22.22% by Ms. Chiu, the spouse of Mr. Lo; (ii) approximately 3.01% by Chongqing Shuorun, which in turn is owned as to 98.96% by Chongqing Doyen and 1.04% by Ms. Chiu; and (iii) approximately 4.46% by Ms. Chiu
"Ms. Chiu"	Ms. Chiu Kit Hung, the spouse of Mr. Lo
"Net Proceeds"	the net proceeds from the global offering of the Company in connection with the listing of the H Shares on the Stock Exchange and partial exercise of over-allotment option as set out in the Prospectus, amounting to approximately HK$139.8 million in total, after deducting the underwriting fees and relevant expenses
"Nomination Committee"	the nomination committee of the Board
"PRC"	the People's Republic of China
"Preliminary Planning Services"	providing advisory services on the overall project design and planning and coordination of pre-sale activities
"Prospectus"	the prospectus of the Company dated 19 April 2022
"Remuneration Committee"	the remuneration committee of the Board
"RMB"	Renminbi, the lawful currency of the PRC
"Reporting Period"	the year ended 31 December 2023
"Sales Assistance Services"	assisting in property sales activities, which include visitor reception, cleaning, security inspection, maintenance and other customer-related services
"Shareholders"	shareholders of the Company
"SFO"	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)

DEFINITIONS

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisors"	the supervisors of the Company
"Supervisory Board"	the board of Supervisors
"sq.m"	square metres
"Tianjin Chengfang"	Tianjin Chengfang Corporate Management Consultant Company Limited* (天津澄方企業管理諮詢有限公司), a limited liability company established in the PRC and one of the Controlling Shareholders and a connected person of the Company for the purpose of the Listing Rules
"Tianjin Partnership"	Tianjin Shengyihe Management Consulting Partnership Enterprise (Limited Partnership)* (天津盛益合企業管理諮詢合夥企業 (有限合夥)), a limited partnership established in the PRC and a connected person of our Company for the purpose of the Listing Rules
"%"	per cent