DESUN 德商产投服务
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Desun Real Estate Investment Services Group Co., Ltd.
德商產投服務集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2270)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- Total revenue of the Group for the year ended 31 December 2024 increased by 33.4% to RMB453.5 million from RMB339.9 million for the year ended 31 December 2023.
- Profit after income tax for the year ended 31 December 2024 amounted to RMB37.9 million, representing a decrease of 5.2% compared to that of RMB40.0 million for the year ended 31 December 2023.
- For the year ended 31 December 2024, basic earnings per share attributable to equity holders of the Company amounted to RMB6.51 cents (2023: RMB6.34 cents). For the year ended 31 December 2024, diluted earnings per share attributable to equity holders of the Company amounted to RMB6.48 cents (2023: RMB6.31 cents).

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2024. The content of this annual results announcement has been prepared in accordance with applicable disclosure requirements under the Listing Rules in relation to preliminary announcements of annual results, and has been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**"). Such annual results have also been reviewed and confirmed by the Board and the Audit Committee. Unless otherwise stated, the financial data of the Company are presented in Renminbi ("**RMB**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	5	**453,512**	339,937
Cost of sales		**(353,684)**	(248,708)
Gross profit		**99,828**	91,229
Other income and other gains or losses, net	6	**12,680**	11,708
Selling expenses		**(11,540)**	(8,526)
Administrative expenses		**(38,202)**	(54,160)
(Provision for)/reversal of impairment losses on trade receivables, net		**(2,320)**	17,635
Provision for impairment losses on deposits and other receivables, net		**(523)**	(3,387)
Impairment loss on investment properties		**(920)**	—
Other expenses		**(1,144)**	(565)
Finance costs	7	**(15,190)**	(9,472)
Share of profit of associates		**1,613**	1,490
Profit before income tax	8	**44,282**	45,952
Income tax expense	9	**(6,377)**	(5,947)
Profit and total comprehensive income for the year		**37,905**	40,005
Profit and total comprehensive income for the year attributable to:			
— Owners of the parent		**37,014**	39,205
— Non-controlling interests		**891**	800
		37,905	40,005
Earnings per share attributable to owners of the Company during the year			
— Basic	11	**RMB6.51 cents**	RMB6.34 cents
— Diluted	11	**RMB6.48 cents**	RMB6.31 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property and equipment		**97,432**	98,675
Investment properties		**232,400**	250,726
Right-of-use assets		**154**	386
Other intangible assets		**9,418**	6,184
Goodwill		**9,179**	9,179
Investment in associates		**28,579**	26,356
Deferred tax assets		**5,028**	4,661
Prepayments, deposits and other receivables	*14*	**11,551**	6,074
Restricted deposits		**1,108**	981
Total non-current assets		**394,849**	403,222
Current assets			
Inventories	*12*	**23,981**	19,551
Trade receivables	*13*	**189,646**	164,826
Prepayments, deposits and other receivables	*14*	**57,267**	47,600
Cash and cash equivalents		**169,084**	210,086
Total current assets		**439,978**	442,063
Current liabilities			
Contract liabilities		**55,691**	46,515
Trade payables	*15*	**55,532**	44,630
Other payables and accruals	*16*	**154,408**	140,171
Interest-bearing bank loans		**9,000**	10,000
Lease liabilities		**15,131**	8,356
Tax payable		**6,412**	9,428
Dividend payable		**225**	225
Total current liabilities		**296,399**	259,325
Net current assets		**143,579**	182,738
Total assets less current liabilities		**538,428**	585,960

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
Non-current liabilities			
Other payables and accruals	*16*	**30,922**	23,159
Contract liabilities		**75**	1,072
Lease liabilities		**232,653**	248,367
Deferred tax liabilities		**676**	760
Total non-current liabilities		**264,326**	273,358
Net Assets		**274,102**	312,602
Equity			
Share capital	*17*	**393**	393
Treasury shares		**(81,812)**	(2,871)
Reserves		**350,134**	307,884
Equity attributable to owners of the Company		**268,715**	305,406
Non-controlling interests		**5,387**	7,196
Total equity		**274,102**	312,602

1. CORPORATE AND GROUP INFORMATION

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

During the year, the Company and its subsidiaries (the "**Group**") were principally engaged in the following activities in PRC:

(a) The property services segment mainly includes property management services, other value — added services and sale of carparks;

(b) The asset operation services segment mainly includes office building sublease services, commercial operation services, commercial property management and other related services and e-commerce live streaming services;

(c) The investment and development segment mainly includes home furnishing, home decoration and refurbishment services.

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

Information about subsidiaries

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

Entity name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity Interests attributable to the Company: Direct	Indirect	Principal activities
WYGL Holding Limited *(Note a)*	BVI/ 4 February 2021	USD1	— (2023:100%)	—	Investment holding
XGWY Holding Limited *(Note a)*	BVI/ 8 February 2021	USD1	—	— (2023:100%)	Investment holding
Desun Property Service Limited	Hong Kong/ 18 January 2021	HKD1	—	100%	Investment holding
成都德商產投企業管理集團有限公司 Chengdu Desun Industry Investment Enterprise Management Group Co., Ltd. ("**Desun Enterprise Management**")	PRC/Chinese Mainland/ 12 March 2021	RMB50,000,000	—	100%	Investment holding
成都德商產投物業服務有限公司 Chengdu De Sun Property Service Co., Ltd.	PRC/Chinese Mainland/ 12 March 2010	RMB50,000,000	—	100%	Property management

Entity name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity Interests attributable to the Company Direct	Indirect	Principal activities
成都德正物業服務有限公司 Chengdu Dezheng Property Service Co., Ltd.	PRC/Chinese Mainland/ 19 December 2019	RMB500,000	—	100%	Property management
成都中能物業管理有限責任公司 Chengdu Zhongneng Property Management Company Limited ("**Zhongneng**")	PRC/Chinese Mainland/ 16 May 2006	RMB10,000,000	—	100%	Property management
成都福朗物業服務有限公司 Chengdu Fulang Property Service Co., Ltd.	PRC/Chinese Mainland/ 16 January 2020	RMB1,000,000	—	51%	Property management
成都商德智美房地產經紀有限公司 Chengdu Shangde Zhimei Real Estate Brokerage Co., Ltd.	PRC/Chinese Mainland/ 27 June 2022	RMB1,000,000	—	100%	Property management
成都曉賓琦美建築工程有限公司 Chengdu Xiaobin Qimei Construction Engineering Co., Ltd.	PRC/Chinese Mainland/ 13 August 2021	RMB2,000,000	—	100%	Interior design
四川德商智慧綠色置業有限公司 Sichuan Desun Smart Green Real Estate Co., Ltd.	PRC/Chinese Mainland/ 4 January 2021	RMB20,000,000	—	100%	Engineering Construction Management
成都德商新泓道商業管理有限公司 Chengdu Xinhongdao Enterprise Management Co., Ltd.	PRC/Chinese Mainland/ 2 August 2022	RMB5,000,000	—	51%	Office building leases
成都德商遠泓商業管理有限公司 Chengdu Deshang Yuanhong Commercial Management Co., Ltd.	PRC/Chinese Mainland/ 5 August 2022	RMB500,000	—	51%	Office building leases
成都德恒鴻商業管理有限公司 Chengdu Dehenghong Commercial Management Co., Ltd.	PRC/Chinese Mainland/ 12 August 2022	RMB500,000	—	51%	Office building leases
成都德商永潤商業管理有限公司 Chengdu German Business Yongrun Commercial Management Co., Ltd.	PRC/Chinese Mainland/ 12 August 2022	RMB500,000	—	51%	Office building leases
四川尚合錦鴻商業管理有限公司 Sichuan Shanghe Jinhong Commercial Management Co., Ltd.	PRC/Chinese Mainland/ 3 November 2022	RMB1,000,000	—	31%*	Office building leases
成都匯企景合商業管理有限公司 Chengdu Huiqi Jinghe Commercial Management Co., Ltd.	PRC/Chinese Mainland/ 6 February 2023	RMB500,000	—	31%*	Office building leases
四川尚合宇匯商業管理有限公司 Sichuan Shanghe Yuhui Commercial Management Co., Ltd.	PRC/Chinese Mainland/ 8 November 2022	RMB1,000,000	—	31%*	Office building leases
四川德匯尚合商業管理有限公司 Sichuan Dehui Shanghe Commercial Management Co., Ltd.	PRC/Chinese Mainland/ 9 November 2022	RMB1,000,000	—	31%*	Office building leases
四川匯通錦鴻商業管理有限公司 Sichuan Huitong Jinhong Commercial Management Co., Ltd.	PRC/Chinese Mainland/ 25 April 2023	RMB500,000	—	41%*	Office building leases
四川尚行廣匯商業管理有限公司 Sichuan Shangxing Guanghui Commercial Management Co., Ltd.	PRC/Chinese Mainland/ 12 May 2023	RMB10,000,000	—	51%	Office building leases

Entity name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity Interests attributable to the Company		Principal activities
			Direct	Indirect	
四川匯通泓宇商業管理有限公司 Sichuan Huitong Hongyu Commercial Management Co., Ltd.	PRC/Chinese Mainland/ 12 May 2023	RMB500,000	—	51%	Office building leases
四川億聯華沃商業管理有限公司 Sichuan Yilian Huawo Commercial Management Co., Ltd.	PRC/Chinese Mainland/ 12 May 2023	RMB500,000	—	31%*	Office building leases
成都蜀都萬澤置業有限責任公司 Chengdu Shudu Wanze Real Estate Co., Ltd.	PRC/Chinese Mainland/ 13 October 2021	RMB20,400,000	—	51%	Property management
成都蜀都第一太平戴維斯物業服務有限責任公司 Chengdu Shudu Savills Property Service Co., Ltd.	PRC/Chinese Mainland/ 9 December 2021	RMB1,000,000	—	51% (2023: 36%)	Property management

Note:

(a) During the year ended 31 December 2024, the Group deregistration of the company.

* These companies are subsidiaries of non-wholly-owned subsidiaries of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over them. The percentage of equity interests as disclosed above represented the effective equity interest attributable to the Company.

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

None of the subsidiaries has material non-controlling interests.

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board and Interpretations (collectively "**IFRS Accounting Standards**") 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.

2.2 Basis of presentation

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

2.3 Functional and presentation currency

The consolidated financial statements of the Group are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company. RMB is the currency of the primary economic environment in which the principal subsidiary of the Company operates (the functional currency of the principal subsidiary). All values are rounded to the nearest thousand except when otherwise indicated.

3. ADOPTION OF IFRS ACCOUNTING STANDARDS

3.1. Adoption of revised standards and interpretations

The following amendments to IFRS Accounting Standards and interpretations were adopted by the Company on 1 January 2024.

Amendments to IAS 7 & IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants

The application of the amendments to IFRS Accounting Standards have no material impact on the Group's results and financial position for the current or prior period.

3.2 Issued but not yet effective IFRS Accounting Standards

The Group has not applied the following revised IFRS Accounting Standards, that have been issued but are not yet effective, in these consolidated financial statements. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

Amendments to IAS 21	Lack of Exchangeability[1]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IFRS Accounting Standards	Annual Improvement to IFRS Accounting Standards — Volume 11[3]

1 Effective for annual periods beginning on or after 1 January 2025.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.
4 Effective for annual periods beginning on or after a date to be determined.

The Company is not yet in a position to state whether these new pronouncements will result in substantial changes to the Company's accounting policies and consolidated financial statements.

Except for the new standards as stated below which may result in changes in presentation and disclosure of items in the consolidated financial statements, those new and amendments to IFRS Accounting Standards that have been issued but not yet effective are unlikely to have a material impact on the Group's results and financial position upon application.

IFRS 18 — Presentation and Disclosures in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 *Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors)*. Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a material effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation or disaggregation and labelling of information, and disclosure of management-defined performance measures.

4. 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 segment has been identified as executive directors of the Company.

In previous years, the board of directors focused on the operating results of the Group as based on property services segment, commercial operation and management segment, home furnishing and decoration services segment and office building and community operation and management segment mainly engages in office building sublease services and co-operative operations. During the year, management reorganised the reporting structure of the Group upon the development of several new businesses, and monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Due to the changes in the composition of segments during the year, the operating segment information for 2023 was also restated.

Accordingly, for management purposes, the Group is organised into business units based on their services and has three reportable operating segments as follows:

(a) The property services segment mainly includes property management services, other value — added services and sale of carparks;

(b) The asset operation services segment mainly includes office building sublease services, commercial operation services, commercial property management and other related services and e-commerce live streaming services;

(c) The investment and development segment mainly includes home furnishing, home decoration and refurbishment services.

The CODM assesses the performance of the operating segments based on segment profit. There were no separate segment assets and segment liabilities information provided to the CODM, as the CODM does not use this information to allocate resources or to evaluate the performance of the operating segments.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Geographical information

During the year, the Group operated within one geographical location because all of its revenue was generated in the PRC and all of its long-term assets/capital expenditure were located/incurred in the PRC. Accordingly, no geographical information is presented.

Information about a major customer

During the year, revenue from contracts with customers of approximately RMB34,918,000 (2023: RMB60,057,000) was derived from services provided to companies in which the Ultimate Controlling Shareholders have control or jointly control and on which they have significant influence (collectively referred to as "**Fellow Entities**"), contributing 8% (2023: 18%) of the total revenue of the Group during the year.

5. REVENUE

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers	**421,759**	306,415
Revenue from other sources		
Gross rental income from investment property operating leases under sublease arrangement	**31,753**	33,522
	453,512	339,937

Disaggregated revenue information:

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Property service segment:		
— Property management services and other value-added services	**272,154**	217,055
— Sale of carparks	**14,975**	3,133
Subtotal	**287,129**	220,188
Asset operation services segment:		
— Commercial operation and management	**52,438**	37,200
— Office building and community operation and management	**49,556**	11,402
— E-commerce live streaming services	**7,739**	—
— Revenue from other sources	**31,753**	33,522
Subtotal	**141,486**	82,124
Investment and development segment:		
— Home furnishing, home decoration and refurbishment services	**24,897**	37,625
Total	**453,512**	339,937

	2024	2023
	RMB'000	*RMB'000*
Timing of revenue recognition		
Goods transferred at a point in time	**20,376**	7,492
Services transferred over time	**391,815**	268,639
Services transferred at a point in time	**9,568**	30,284
Total revenue from contracts with customers	**421,759**	306,415

6. OTHER INCOME AND OTHER GAINS OR LOSSES, NET

An analysis of other income and other gains or losses, net are as follows:

	Note	**2024** **RMB'000**	2023 *RMB'000*
Other income			
Government grants	*(i)*	**656**	440
Additional input value-added tax deduction		**53**	649
Bank interest income		**3,299**	6,584
Deposits forfeited		**7,030**	1,785
Compensation received		**671**	—
Others		**153**	92
Total other income		**11,862**	9,550
Other gains or losses, net			
Gain on bargain purchase		**168**	689
Gain on exchange differences, net		**650**	1,469
Total gains, net		**818**	2,158
Total other income and gains, net		**12,680**	11,708

Note:

(i) There are no unfulfilled conditions or contingences relating to these grants.

7. FINANCE COSTS

	2024 **RMB'000**	2023 *RMB'000*
Interest on lease liabilities	**10,904**	7,553
Interest on bank loans	**380**	6
Interest on non-controlling shareholders' loans	**3,454**	1,913
Interest on associate's loans	**452**	—
	15,190	9,472

8. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived after charging/(crediting):

	2024	2023
	RMB'000	*RMB'000*
Cost of services provided*	**343,681**	243,265
Cost of goods sold	**10,003**	5,443
Employee benefit expense (excluding directors' and chief executive's remuneration)*:		
Wages and salaries	**95,953**	87,802
Equity-settled share option expense	**771**	64
Pension scheme contributions (defined contribution scheme)**	**15,061**	14,290
	111,785	102,156
Auditors' remuneration	**1,500**	2,400
Amortisation of other intangible assets#	**1,959**	1,150
Depreciation of property and equipment	**16,133**	3,054
Depreciation of investment properties	**20,532**	13,530
Depreciation of right-of-use assets	**232**	77
Lease payments not included in the measurement of lease liabilities	**14,423**	6,540
Provision for/(reversal of) impairment losses on trade receivables, net	**2,320**	(17,635)
Provision for impairment losses on deposits and other receivables, net	**523**	3,387
Impairment loss on investment properties	**920**	—
Equity-settled share option expense, net of reversal (included in directors' and chief executive's remuneration)	**1,234**	280
Gain on bargain purchase^	**(168)**	(689)
Loss on disposal of subsidiaries	**—**	85
Direct operating expenses arising from investment property	**3,588**	6,119

* Employee benefit expenses of RMB92,422,000 were included in "Costs of sales" in consolidated statement of profit or loss and other comprehensive income during the year ended 31 December 2024 (2023: RMB68,318,000).

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

The amortisation of other intangible assets for the year is recorded in "Cost of sales" and "Administrative expenses" in consolidated statement of profit or loss and other comprehensive income.

^ Gain on bargain purchase is included in "Other income and other gains or losses, net" in consolidated statement of profit or loss and other comprehensive income.

9. INCOME TAX EXPENSE

The income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2024	2023
	RMB'000	*RMB'000*
Current Enterprise Income Tax — the PRC		
— charge for the year	**8,051**	7,192
— overprovision in prior years	**(1,193)**	(552)
Deferred tax	**(481)**	(693)
Income tax expense	**6,377**	5,947

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax from business carried out in the Cayman Islands.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

Except for certain subsidiaries as described below, PRC corporate income tax has been provided at the statutory tax rate of 25% on the taxable profits of the Group's PRC subsidiaries for the years ended 2023 and 2024.

According to the *Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies*, certain subsidiaries of the Group that are located in Sichuan Province and engaged in the encouraged business of property services management were entitled to a preferential corporate income tax rate of 15%. Pursuant to the *Circular of Extending the Period of Western Development Strategies Preferential Tax Rate (Cai Shui Fa [2020] No. 23)*, the tax preferential treatments were extended to 31 December 2030.

In addition, certain subsidiaries in the PRC are qualified as Small Low-profit Enterprises and thus are entitled to a preferential income tax rate of 20%.

The income tax expenses for the year can be reconciled to the profit before income tax in the consolidated statement of profit or loss and other comprehensive income as follows:

	2024	2023
	RMB'000	*RMB'000*
Profit before income tax	**44,282**	45,952
Tax at PRC statutory rate of 25% (2023: 25%)	**11,071**	11,488
Income tax at preferential tax rates	**(7,281)**	(8,384)
Tax effect of expenses not deductible for tax purposes	**2,261**	1,766
Tax effect of income not subject to tax	**(116)**	(327)
Tax effect of tax losses not recognised	**2,899**	2,376
Tax effect of deductible temporary differences not recognised	**(147)**	(164)
Tax effect of the share of profit of associates	**(403)**	—
Overprovision in prior years	**(1,193)**	(552)
Utilisation of tax losses previously not recognised	**(714)**	(256)
Income tax expense	**6,377**	5,947

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2024, nor has any dividend been proposed since the end of the Reporting Period (2023: HK$Nil).

11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNER OF THE COMPANY

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the Reporting Period and adjusted for the effect of 69,752,000 ordinary shares repurchased and the exercise of share options multiplied by a time-weighted factor. Diluted earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares. The calculations of basic and diluted earnings per share are based on:

	2024	2023
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to owners of the Company for the purposes of calculating basic and diluted earnings per share	**37,014**	39,205

	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	**568,709,356**	618,626,805
Effect of dilution — weighted average number of ordinary shares:		
— Share options	**2,560,769**	2,270,232
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	**571,270,125**	620,897,037

12. INVENTORIES

	2024	2023
	RMB'000	*RMB'000*
Carparking spaces	**23,981**	18,541
Consumptive materials	**—**	1,010
	23,981	19,551

As at 31 December 2024 and 2023, inventories were mainly carparking spaces purchased from a Fellow Entity and carparking spaces acquired in relation to debts settlement agreements with Fellow Entities.

13. TRADE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables due from:		
Related parties	**75,560**	107,871
Third parties	**127,732**	68,281
	203,292	176,152
Impairment	**(13,646)**	(11,326)
	189,646	164,826

Trade receivables mainly arise from property management fees charged on a lump sum basis and value-added services.

Revenue from property management service on a lump sum basis is received in accordance with the terms of the relevant property service agreements and due for payment upon the rendering of services. Payment is received in advance or due within 180 days of the demand note issue date for related companies or certain property owners. Value-added services are due for payment upon rendering the services on a monthly, quarterly or half yearly basis depending on the nature of the services rendered and payment is due within 180 days from the demand note issue date. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management.

All trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the year, based on the demand note issue date and net of provisions for impairment of trade receivables, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**131,250**	88,823
1 to 2 years	**37,486**	31,485
2 to 3 years	**10,912**	43,836
Over 3 years	**9,998**	682
	189,646	164,826

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**11,326**	28,244
Acquisition of subsidiaries	**—**	717
Provision for/(reversal of) impairment losses, net *(note 8)*	**2,320**	(17,635)
At end of year	**13,646**	11,326

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2024 RMB'000	2023 RMB'000
Current portion:			
Due from related parties		**9,928**	6,457
Deposits	*(a)*	**3,936**	8,240
Staff advances	*(d)*	**2,056**	1,249
Property management costs recoverable from residents	*(d)*	**7,877**	6,147
Payments on behalf of residents	*(b)/(d)*	**5,539**	5,575
Cash in transit		**4,208**	2,563
Other receivables	*(c)*	**7,646**	6,223
Prepaid expenses		**24,041**	18,587
		65,231	55,041
Impairment allowance		**(7,964)**	(7,441)
		57,267	47,600
Non-current portion:			
Due from related parties		**7,092**	2,752
Deposits		**3,399**	1,928
Prepaid expenses		**1,060**	1,394
		11,551	6,074
		68,818	53,674

Notes:

(a) The amounts mainly represented the refundable deposits paid for performance and project tendering deposits. As at 31 December 2023 and 2024, the deposits amounting to RMB1,000,000 and RMB2,957,000, respectively, were considered credit impaired. The deposits of RMB1,000,000 were fully impaired by the Group (2023: RMB1,000,000). The management has assessed that the credit risk of the deposits of RMB3,957,000 (2023: RMB3,957,000) increased significantly and an impairment of RMB2,957,000 was provided (2023: RMB2,957,000).

(b) The amounts represented the amounts paid on behalf of residents to the utility service providers for the services provided.

(c) Included in other receivables at 31 December 2024 were interest-free loans to independent individuals and independent third parties amounting to RMB600,000 (2023: RMB600,000) and RMB1,386,000 (2023: RMB1,386,000), respectively, which were considered credit impaired and a full impairment was provided by the Group.

(d) For staff advances, property management costs recoverable from residents and payments on behalf of residents, the expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The average loss rate applied as at 31 December 2024 was 15.55% (2023: 11.5%).

All the above receivables are interest-free and are not secured with collateral. Except for those disclosed in notes (a) to (d) above, none of the financial assets included in the above balances is past due, with no recent history of default and the loss allowance assessed to be minimal.

The movements in the loss allowance for impairment are as follows:

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**7,441**	3,768
Acquisition of a subsidiary	**—**	286
Provision for impairment losses, net *(note 8)*	**523**	3,387
At end of year	**7,964**	7,441

15. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each year, based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**34,233**	35,476
3 to 12 months	**10,720**	6,204
Over 1 year	**10,579**	2,950
	55,532	44,630

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

16. OTHER PAYABLES AND ACCRUALS

	Note	2024 *RMB'000*	2023 *RMB'000*
Current portion:			
Due to related parties		**9,817**	2,234
Other borrowings from related parties		**8,686**	—
Payables for purchase of property and equipment		**9,945**	40,682
Receipts on behalf from community residents	*(a)*	**17,794**	16,544
Payroll and social insurance payables		**46,989**	39,187
Deposits received		**28,176**	24,081
Other tax payable		**20,447**	7,743
Other payables and accrued expenses		**12,554**	9,700
Sub-total		**154,048**	140,171
Non-current portion:			
Other borrowings from related parties		**30,922**	23,159
Sub-total		**30,922**	23,159
Total		**185,330**	163,330

Note:

(a) The amounts mainly represent advances received on behalf from property owners and tenants for settlement of utility charges.

17. SHARE CAPITAL

	Number of ordinary shares
Authorised:	
Ordinary shares of USD0.0001 each	
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	2,000,000,000

	Notes	**Number of shares**	**Nominal value** *RMB'000*
At 1 January 2023		616,793,600	391
Exercise of share options	*(a)*	3,465,600	2
At 31 December 2023, 1 January 2024 and 31 December 2024	*(b)*	620,259,200	393

Notes:

(a) The subscription rights attaching to 3,465,600 share options under the Pre-IPO Share Option Scheme were exercised at the subscription price of HKD0.42 per share on 14 June 2023, resulting in the issue of 3,465,600 shares for a total cash consideration, before expenses, of RMB1,330,000. An amount of RMB3,334,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.

(b) On 22 December 2023, the trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased 2,746,571 of the Company's shares on the Stock Exchange at a total consideration of HKD3,159,000 (equivalent to approximately RMB2,871,000).

Month of share repurchase	**Number of shares repurchased**	**Lowest price paid per share** *HK$*	**Highest price paid per share** *HK$*	**Aggregate price paid** *HK$*
December 2023	2,746,571	1.09	1.28	3,159,000

On 2 January 2024, 5 February 2024, 7 June 2024, 22 October 2024 and 25 October 2024, the trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased 17,838,000, 21,816,000, 16,479,429, 2,215,531 and 8,656,469 shares of the Company, respectively, on the Hong Kong Stock Exchange at a total consideration of HKD86,772,000 (equivalent to approximately RMB78,941,000).

Month of share repurchase	**Number of shares repurchased**	**Lowest price paid per share** *HK$*	**Highest price paid per share** *HK$*	**Aggregate price paid** *HK$*
January 2024	17,838,000	1.12	1.39	23,011,000
February 2024	21,816,000	1.16	1.39	28,688,000
June 2024	16,479,429	1.14	1.28	21,918,000
October 2024	10,872,000	1.21	1.93	13,155,000
Total	67,005,429			86,772,000

As at 31 December 2024, the total number of issued ordinary shares of the Company include 69,752,000 shares (31 December 2023: 2,746,571 shares) held for the Share Award Scheme by the trustees of the Company, representing approximately 11.25% (31 December 2023: 0.44%) of the issued share capital of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF PERFORMANCE

- Total revenue of the Group for the year ended 31 December 2024 increased by 33.4% to RMB453.5 million from RMB339.9 million for the year ended 31 December 2023.
- Profit after income tax for the year ended 31 December 2024 amounted to RMB37.9 million, representing a decrease of 5.2% compared to that of RMB40.0 million for the year ended 31 December 2023.
- For the year ended 31 December 2024, basic earnings per share attributable to equity holders of the Company amounted to RMB6.51 cents (2023: RMB6.34 cents). For the year ended 31 December 2024, diluted earnings per share attributable to equity holders of the Company amounted to RMB6.48 cents (2023: RMB6.31 cents).

	Year ended 31 December			
	2024	2023	Change	
	RMB'000	*RMB'000*	*RMB'000*	*%*
Revenue	**453,512**	339,937	113,575	33.4
Gross profit	**99,828**	91,229	8,599	9.4
Gross Profit Margin (%)	**22.0%**	26.8%		
Net Profit	**37,905**	40,005	−2,100	−5.2
Net Profit Margin (%)	**8.4%**	11.8%		
Profit and Total Comprehensive Income for the Year	**37,905**	40,005	−2,100	−5.2
Earnings Per Share				
Basic	**RMB6.51 cents**	RMB6.34 cents		
Diluted	**RMB6.48 cents**	RMB6.31 cents		

INDUSTRY REVIEW

The property management industry is a core service link in the downstream segment of the real estate industry chain and a foundational support for urban asset management. According to data from the China Index Academy, China's property management area is projected to reach 31.5 billion sq.m. by 2025. However, the market share of the top 100 enterprises remains below 50%, with the remaining market occupied by small and medium-sized property enterprises and fragmented existing projects, indicating substantial potential for market integration. Therefore, despite recent pressure on the upstream development sector of the real estate, the property management industry, supported by its vast existing market scale, maintains resilient fundamentals, retaining growth potential and structural stability.

The current evolution of the industry is driven by two defining trends: service value redefinition and business boundary expansion. On the one hand, property management companies are upgrading service capabilities through standardisation initiatives and end-to-end response optimisation, strengthening the profitability moat of their core services. On the other hand, they are moving beyond the traditional "Four Essential Services (四保)" framework to build integrated service ecosystems, expanding from building operations and maintenance to include asset management, community retail, industrial park operations and other urban asset management sectors.

Meanwhile, policy developments have emerged as a key driver for industry upgrading. In 2024, the National Development and Reform Commission reclassified property services from "Miscellaneous Services" to "Business Services" in the Industrial Restructuring Guidance Catalogue (2024 Edition) (《產業結構調整指導目錄(2024年本)》), marking a strategic elevation of the sector's status. The revision not only introduced refined categories of "residential property management" (covering standard housing, apartments, aging communities and public housing) and "non-residential property management" (including office buildings, industrial parks, commercial complexes, etc.), but also, for the first time, extended policy incentives to non-residential segments, opening up diversified growth avenues for the industry. Driven by these policies, 22 cities nationwide have launched pilots for the housing pension system, while Chongqing and Wuhan have adopted dynamic property fee adjustment mechanisms to promote sustainable market development. Meanwhile, Beijing and Shenzhen have used regulatory tools like the Property Service Fee Management Measures (《物業服務收費管理辦法》) to establish standardised frameworks, covering service pricing mechanisms (such as dual-track government-guided and market-adjusted pricing), professional certification requirements and smart community initiatives.

BUSINESS REVIEW

During the Reporting Period, amid challenges from industry structural adjustments and intensified competition in the existing market, the Group upheld its long-term development philosophy, anchoring its strategy on user value creation, and further deepened its sustainable development approach of "consolidating fundamentals, optimising structure and improving efficiency". By horizontally expanding the service chain and vertically strengthening the core business, the Group established a full-lifecycle asset service ecosystem, forming three key business segments, namely, property services, asset operation services and investment and development.

During the Reporting Period, the Group's business mainly included three segments: (i) property services segment: primarily comprising property management services and other value-added services as well as carpark space sales; (ii) asset operation services segment: primarily including office building sublease services, commercial operation services, commercial property management and other related services as well as e-commerce live-streaming services; and (iii) investment and development segment: primarily covering home furnishing, home decoration and refurbishment services.

FINANCIAL REVIEW

During the year ended 31 December 2024, the Group recorded a revenue of RMB453.5 million, representing an increase of 33.4% compared to the same period of 2023, mainly attributable to the Group's expanded property services management scale and growing asset operation business scale; gross profit of approximately RMB99.8 million, representing an increase of 9.4% compared to the same period of 2023; and gross profit margin of 22.0%, representing a decrease of 4.8 percentage points compared to the same period of 2023. The Group's net profit after tax for the year ended 31 December 2024 was RMB37.9 million, representing a decrease of 5.2% compared to RMB40.0 million for the same period of 2023, which was mainly due to partial reversal of impairment provisions resulting from the Company's proactive management of aged receivables starting in the second half of 2023; and increased impairment provisions made for growing receivables in line with the business expansion, based on prudent accounting principles.

Revenue and its Composition

	31 December 2024		31 December 2023		
		Percentage of total revenue		*Percentage of total revenue*	*Year-on-year change*
	RMB'000	***%***	*RMB'000*	*%*	*%*
Business segment					
Property services	**287,129**	**63.3**	220,188	64.8	30.4
Asset operation services	**141,486**	**31.2**	82,124	24.2	72.3
Investment and development	**24,897**	**5.5**	37,625	11.1	−33.8
	453,512	**100.0**	339,937	100.0	33.4

Revenue

During the Reporting Period, the Group recorded a revenue of RMB453.5 million, representing a year-on-year increase of 33.4% as compared to RMB339.9 million for the year ended 31 December 2023, which was mainly due to the property industry's transformation from scale expansion to specialisation while deepening its presence in the existing property market and steadily expanding management scale. On the other hand, the Group actively developed diversified businesses including asset operation services, thereby enhancing overall corporate efficiency.

The Group's revenue was primarily generated from three business segments: (i) property services; (ii) asset operation services; (iii) investment and development. During the Reporting Period, (i) revenue generated from property services was RMB287.1 million, which accounted for 63.3% of the Group's total revenue, representing a year-on-year increase of 30.4% as compared to RMB220.2 million for the corresponding period in 2023; (ii) revenue generated from asset operation services was RMB141.5 million, which accounted for 31.2% of the Group's total revenue, representing a year-on-year increase of 72.3% as compared to RMB82.1 million for the corresponding period in 2023; and (iii) revenue generated from investment and development was RMB24.9 million, which accounted for 5.5% of the Group's total revenue, representing a year-on-year decrease of 33.8% as compared to RMB37.6 million for the corresponding period in 2023.

Property Services

During the Reporting Period, the Group's property services segment remained the growth driver, generating RMB287.1 million in revenue and contributing 63.3% to the Group's total revenue, which represents a solid 30.4% year-on-year growth from RMB220.2 million in 2023, primarily attributable to expanded management scale.

The Group's property services segment encompasses property management services and other value-added services across residential, institutional and educational sectors. Our commitment extends beyond professional property management to a suite of value-added services including in-house laundry and car wash, real estate brokerage, housekeeping and community retail operations, addressing diverse customer needs.

We uphold the customer philosophy of "User-centric, Value-driven and Delivering tangible benefits". We leverage our "Neighbourhood (有鄰)" community brand to host over 100 offline events, such as parent-child activities, sports competitions and community activities. Our motto "Neighbourhood, Friendship, Joy and Love (有鄰有友，有樂有愛)" fosters community bonds, enhancing user engagement while cultivating warm, vibrant neighborhoods.

In terms of service optimisation, we have established incentive mechanisms including the "Star Steward" selection and "Star of the Day" award to fully stimulate our team's service innovation awareness and motivate our staff to provide excellent services to our customers at a higher standard. We innovatively launched "Neighbourhood Space 1.0 (有鄰空間)", transforming property centre into a multi-functional shared space combining a tea bar, a reading lounge and a recreational area, making our services more accessible to residents' daily lives and enhancing service quality. Meanwhile, we comprehensively upgraded user engagement channels by establishing four major user privilege pathways, achieving closed-loop management from precise service to efficient feedback. These measures have significantly enhanced customer experience and satisfaction, laying a solid foundation for the Group's steady development.

During the Reporting Period, the gross floor area of projects under the Group's management has expanded to 10,656,000 sq.m., representing an increase of 20.5% as compared to 2023.

Asset Operation Services

During the Reporting Period, the Group's asset operation services segment demonstrated extraordinary vitality and potential, with revenue amounting to RMB141.5 million, accounting for 31.2% of the Group's total revenue, representing an increase of 72.3% as compared to RMB82.1 million for the year 2023, mainly due to increased office building occupancy rates and business scale expansion.

The Group's asset operation segment closely follows the "Real Estate and Business Integration (產商融合)" strategy, building a closed-loop asset operation system driven by both "Real Estate Economy + Real Estate and Business Ecology (樓宇經濟 +產商生態)". We focus on three core areas, namely office building lease, commercial asset operation and industrial community operation, providing a full range of professional services such as leasing management, investment promotion and operation, as well as industry introduction, forming an industrial network covering Chengdu' central urban districts.

During the Reporting Period, the overall occupancy rate of the Group's office building leasing brand "Desun Xinhongdao" exceeded 90% by the end of 2024, leveraging on its strong leasing capabilities and professional operation. Meanwhile, we have been deeply involved in the operation of a series of benchmark industrial and commercial complex projects such as Ronggang Innovative and Smart Park (蓉港創智園) and the Financial Valley Center (芯谷金融中心), injecting new vitality into the Group's business expansion through our professional management team and refined operation strategies.

Investment and Development

During the Reporting Period, the revenue from the Group's investment and development segment amounted to RMB24.9 million, accounting for 5.5% of the Group's total revenue, representing a decrease of 33.8% as compared to RMB37.6 million for the year 2023.

The investment and development segment is the frontline of the Group's strategic platform for business diversification and a key initiative to enhance overall competitiveness. Currently, the Group has completed its deployment in the areas of decoration and renovation, project operation and other services, and is committed to providing comprehensive solutions from project planning, design and construction to operation and management for individual or corporate clients.

This business segment in its adjustment phase and currently contributes modestly to the overall results of the Company. In the face of the complex and volatile market environment and intensified competition in the industry, we will pursue resource integration to strengthen industrial chain connectivity and drive business breakthroughs and growth.

Future Outlook

Looking ahead, the Group will continue to adhere to its diversified development strategy. Relying on the three product lines of "Real Estate Business Complex, Digital Economy Industrial Park and Commercial Residential Communities", the Group will continue to invest in the three business segments of property services, asset operation services and investment and development, and will continue to optimise service processes and enhance service quality. We will upgrade from a traditional property service to a core urban asset operator.

Cost of Sales

During the Reporting Period, cost of sales amounted to RMB353.7 million, representing an increase of 42.2% as compared to RMB248.7 million for the corresponding period in 2023. The growth rate of cost of sales was higher than the growth rate of revenue, which was mainly due to (i) the Company increased investment in service quality enhancement amid the expansion of its area under management and business scale during the year; and (ii) the growth of diversified business segments such as office building, industrial park operations and value-added services, which led to an increase in various types of costs as well.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2024, the gross profit was RMB99.8 million, representing an increase of 9.4% as compared to RMB91.2 million for the corresponding period in 2023. The gross profit margin was 22.0%, representing a year-on-year decrease of 4.8 percentage points as compared to the gross profit margin of 26.8% for the corresponding period in 2023. The decline in gross profit margin was mainly due to (i) the Company increased investment in property service quality enhancement amid the expansion of its area under management and business scale during the year; and (ii) the growth of diversified business segments such as office building, industrial park operations and value-added services, which led to an increase in various types of costs as well.

Other Income and Gains

Our other income and gains mainly consist of government grants, forfeited deposits, interest income and foreign exchange gains, net. Other income and gains increased by RMB1.0 million, or 8.5% from RMB11.7 million for the year ended 31 December 2023 to RMB12.7 million for the year ended 31 December 2024, which was primarily due to an increase in the Company's forfeiture of default deposits.

Administrative Expenses

Our administrative expenses mainly consist of labour costs, business entertainment expenses, office expenses, staff dormitories and office space expenses, promotion expenses, transportation expenses, tax expenses, special service expenses, depreciation and amortisation, lease expenses and others. Administrative expenses of our Group decreased by RMB16.0 million, or 29.5% from RMB54.2 million for the year ended 31 December 2023 to RMB38.2 million for the year ended 31 December 2024, which was mainly due to the Group's digital empowerment initiatives, including the launch of 13 digital operating systems such as Yuannian Fee Control (元年費控) and Data Central Platform (數據中台), which improved the efficiency of cross-departmental collaboration, enabled refined management and optimised administrative costs and expenses.

(Provision for)/Reversal of Impairment Losses on Trade Receivables, Net

The net provision for impairment of trade receivables for the year ended 31 December 2024 was RMB2.3 million as compared to the net reversal of impairment of trade receivables for the year ended 31 December 2023 of RMB17.6 million, which was mainly due to the reversal of part of the impairment provision as a result of the Group's proactive management of long-aged receivables in 2023, and the increase in receivables in 2024 in line with the increase in scale, which led to an increase in the impairment provision based on prudential considerations.

Provision for Impairment Losses on Deposits and Other Receivables, Net

The net provision for impairment losses on deposits and other receivables decreased from RMB3.4 million for the year ended 31 December 2023 to RMB0.5 million for the year ended 31 December 2024, which was mainly due to the full provision for irrecoverable deposits in 2023 and no further provision is required during the year.

Finance Costs

Our finance costs for the year ended 31 December 2024 amounted to RMB15.2 million, representing an increase from RMB9.5 million for the year ended 31 December 2023, which was mainly due to the increase in interest on lease liabilities.

Other Expenses

We incurred other expenses of RMB1.1 million for the year ended 31 December 2024, representing an increase as compared to other expenses of RMB0.6 million for the year ended 31 December 2023, which was mainly due to the impact of the expanded business scale.

Profit before Income Tax

The Group's profit before income tax during the year decreased by RMB1.7 million, or 3.7% from RMB46.0 million for the year ended 31 December 2023 to RMB44.3 million for the year ended 31 December 2024.

Income Tax Expenses

Our income tax expenses increased by 8.5% from RMB5.9 million for the year ended 31 December 2023 to RMB6.4 million for the year ended 31 December 2024, primarily due to a decrease in income eligible for preferential tax rates.

Profit for the Reporting Period

As a result of the changes discussed above, our net profit for the Reporting Period decreased by 5.2% from RMB40.0 million for the year ended 31 December 2023 to RMB37.9 million for the year ended 31 December 2024, and our net profit margin for the Reporting Period decreased from 11.8% for the year ended 31 December 2023 to 8.4% for the year ended 31 December 2024, which was mainly due to the reversal of part of the impairment provision as a result of the Company's proactive management actions for long aging receivables starting in the second half of 2023, and the increase in receivables in 2024 in line with the increase in scale, which led to an increase in the impairment provision based on prudential considerations.

Property and Equipment

Property and equipment mainly consist of electric devices and leasehold improvements, which decreased from RMB98.7 million as at 31 December 2023 to RMB97.4 million as at 31 December 2024. Such decreases were mainly due to the provision for depreciation.

Investment Properties

Investment properties consist of one residential and numerous commercial properties in the PRC held for sale or lease. Investment properties decreased from RMB250.7 million as at 31 December 2023 to RMB232.4 million as at 31 December 2024, which was mainly attributable to the provision for depreciation.

Other Intangible Assets

We recognised other intangible assets of RMB9.4 million as at 31 December 2024, which mainly include the customer relationships arising from the acquisitions of Zhongneng Group and Sichuan Desun Smart Green Real Estate Co., Ltd.* (四川德商智慧綠色置業有限公司) ("**Green Real Estate**") (RMB4.3 million for Zhongneng Group and RMB3.0 million for Green Real Estate), calculated using the straight-line method over the expected useful life (2 years to 10 years) based on the past experience of the renewal model of property management contracts and the expected duration of the contracts.

Goodwill

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

Trade Receivables

Trade receivables mainly arise from property management services and certain value-added services. Trade receivables of our Group increased from RMB164.8 million as at 31 December 2023 to RMB189.6 million as at 31 December 2024, primarily due to growth in business scale.

Prepayments, Deposits and Other Receivables

Prepayments, deposits and other receivables mainly comprises of deposits paid for performance and project tendering deposits, advances to staff and payment on behalf of residents relating to utilities. Our Group's prepayments, deposits and other receivables increased from RMB53.7 million as at 31 December 2023 to RMB68.8 million as at 31 December 2024, which was mainly due to the increase in prepayments arising from material purchases and transaction prepayments.

Trade Payables

Trade payables primarily represent our obligations to pay for goods and services that have been acquired in our ordinary course of business from suppliers. The trade payables primarily consist of cleaning fees, material fees, maintenance fees, subcontracting fees and construction fees. Trade payables of the Group increased from RMB44.6 million as at 31 December 2023 to RMB55.5 million as at 31 December 2024, primarily due to increased scale of procurement due to growth in business scale.

Other Payables and Accruals

The other payables and accruals of our Group primarily consist of payables for payroll, utilities and other taxes, receipt of advances on behalf of residents, consideration payables as well as deposits received. The other payables and accruals increased from RMB163.3 million as at 31 December 2023 to RMB185.3 million as at 31 December 2024, which was mainly due to the increase in payables arising from borrowings.

Contract Liabilities

The contract liabilities of our Group arise from the advance payments received from customers of our Group's property management services while the underlying services are yet to be provided by our Group. The contract liabilities of our Group increased from RMB47.6 million as at 31 December 2023 to RMB55.8 million as at 31 December 2024, which was mainly due to the expansion of the Group's overall business scale.

Tax Payables

Tax payables of our Group primarily consist of PRC corporate income tax payable. Our tax payables decreased from RMB9.4 million as at 31 December 2023 to RMB6.4 million as at 31 December 2024, primarily due to the increase in income tax paid during the period.

Lease Liabilities

The current lease liabilities amounted to RMB15.1 million for the year ended 31 December 2024 (as at 31 December 2023: RMB8.4 million), which was mainly due to the impact of the rent-free period of the office building leasing business. The non-current lease liabilities of the Group amounted to RMB232.7 million as at 31 December 2024 (as at 31 December 2023: RMB248.4 million), primarily due to the reclassification of non-current lease liabilities to current lease liabilities at the end of 2024 as a portion of the non-current lease liabilities at the end of 2023 will be due for payment in 2025.

Liquidity and Capital Resources

Our cash and bank balances decreased by RMB41.0 million from RMB210.1 million as at 31 December 2023 to RMB169.1 million as at 31 December 2024. Our net current assets decreased from RMB182.7 million as at 31 December 2023 to RMB143.6 million as at 31 December 2024. Our current ratio was approximately 1.5 times (31 December 2023: approximately 1.7 times). As at 31 December 2024, the short-term borrowings amounted to RMB9.0 million.

Proceeds from the Listing

Our Company was listed on the Main Board of the Stock Exchange on 17 December 2021 and the over-allotment option was partially exercised on 6 January 2022. After deducting underwriting fees and commissions and relevant expenses, net proceeds from the Listing amounted to approximately HKD176.1 million (the "**Net Proceeds**").

On 30 August 2023, the Board has resolved to (i) change the intended use of Net Proceeds for "strategic investments and acquisitions to expand the Group's property management and commercial operational businesses" to "strategic investments and acquisitions to expand the Group's property management and commercial operational businesses, office building and community operation and management and home furnishing and decoration services"; and (ii) revise the intended timetable for use of the unutilized Net Proceeds. For further details, please refer to the announcement of the Company dated 30 August 2023.

Amid the dual challenges of an adjustment period in the property industry and intensifying competition, the Group is placing a greater focus on steady and sustainable development. Accordingly, the Group has adopted a more prudent and business-aligned investment strategy. At the same time, the Group is proactively implementing a talent strategy to attract and cultivate outstanding personnels, thereby strengthening the Group's core competitiveness and infusing vitality into its long-term growth. Therefore, based on a comprehensive consideration of the aforementioned factors along with the actual efficiency of usage across various purposes, the Group has decided to adjust and reallocate the intended use of Net Proceeds. The Board has resolved on 18 December 2024 to (i) change the intended use of Net Proceeds for "strategic investments and acquisitions to expand the Group's property management and commercial operational businesses, office building and community operation and management and home furnishing and decoration services" to "strategic investments and acquisitions to expand the Group's business scope and scale"; (ii) include a category of "strategic spending to facilitate the expansion and development of the Group's business" for the intended use of Net Proceeds; (iii) change the intended use of Net Proceeds for "recruiting and cultivating talents, including management and professionals for our principal business" to "recruiting and cultivating talents, including but not limited to management and professionals for the Group's principal business, and the personnel incentives of the Group (including but not limited to share award scheme)"; (iv) reallocate 40% of the Net Proceeds originally allocated to "strategic investments and acquisitions to expand the Group's property management and commercial operational businesses, office building and community operation and management and home furnishing and decoration services" and 10% of the Net Proceeds originally allocated to "investing in information technology systems and human resources to support information technology systems" to "strategic spending to facilitate the expansion and development of the Group's business", "recruiting and cultivating talents, including but not limited to management and professionals for the Group's principal business, and the personnel incentives of the Group (including but not limited to share award scheme)" and "working capital and for general corporate uses". Specifically, 30% will be directed towards "strategic spending to facilitate the expansion and development of the Group's business", 10% will be directed towards "recruiting and cultivating talents, including but not limited to management and professionals for the Group's principal business, and the personnel incentives of the Group (including but not limited to share award scheme)" and 10% will be directed towards "working capital and for general corporate uses"; and (v) revise the intended timetable for use of the unutilized Net Proceeds (the "**Proposed Change**"). Details of the use of Net Proceeds after the Proposed Change are set out below:

1. approximately 20% will be used for strategic investments and acquisitions to expand the Group's business scope and scale;

2. approximately 30% will be used for strategic spending to facilitate the expansion and development of the Group's business;

3. approximately 10% will be used for investing in information technology systems and human resources to support information technology systems;

4. approximately 20% will be used for recruiting and cultivating talents, including but not limited to management and professionals for the Group's principal business, and the personnel incentives of the Group (including but not limited to share award scheme); and

5. approximately 20% will be used as working capital and for general corporate uses.

For details, please refer to the announcement of the Company dated 18 December 2024.

Pledge of Assets

As at 31 December 2024, none of the assets of our Group were pledged (31 December 2023: Nil).

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Save as disclosed in this announcement, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

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

During the year ended 31 December 2024, our Group did not have any significant investment, and there was no plan for other material investments or additions of capital assets as at the date of this announcement.

Gearing Ratio

The gearing ratio (sum of interest-bearing bank loans divided by total equity) as at 31 December 2024 was 3.28% (as at 31 December 2023: 3.20%).

Contingent Liabilities

As at 31 December 2024, our Group did not have any outstanding guarantees or other material contingent liabilities (31 December 2023: Nil).

Treasury Policies

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

Foreign Exchange Risk

Other than the bank deposits, some of which are denominated in USD and HKD (As at 31 December 2024, bank and cash balances denominated in HKD and USD dollars equal to RMB28.3 million in total), the Group's business is principally conducted in RMB and therefore did not have any material direct exposure to foreign exchange fluctuation in the year of 2024. Accordingly, the Group considers its exposure to currency risk to be insignificant. As at 31 December 2024, the Group has not entered into any hedging transaction against foreign currency risks. However, the Board will remain alert to any relevant risks and, if necessary, consider to hedge any material potential foreign exchange risk.

Employees and Benefits Policies

As at 31 December 2024, our Group had 1,235 employees (31 December 2023: 970 employees). During the Reporting Period, the wages and salaries of employees amounted to RMB100.6 million as compared to RMB92.4 million for the year ended 31 December 2023. Employee's remuneration is determined based on the employee's performance, skills, knowledge, experience and market trends. Our Group regularly reviews compensation policies and programmes, and will make necessary adjustment in order to be in line with the remuneration levels in the industry. Our Group also provides various systematic and extensive training programmes to its employees. Our Group's employee training programmes primarily cover key areas in the Group's business operations, which provide continuous training to our Group's existing employees at different levels to specialise and strengthen their skill sets.

The Company adopted the Pre-IPO share option scheme on 27 April 2021 (the "**Pre-IPO Share Option Scheme**"). The purpose of the Pre-IPO Share Option Scheme is to further improve the corporate governance structure of the Company, promote the establishment and improvement of the incentive and constraints mechanism, fully mobilize the initiative, responsibility and sense of mission of the staff of the Company, effectively align the interests of Shareholders, the Company and the management staff, and attract common attention and joint efforts to the long-term development of the Company.

On 22 December 2023, the Company has also adopted the share award scheme which was amended and restated on 20 May 2024 (the "**Share Award Scheme**"). The Share Award Scheme will purchase the existing Shares through the trustee on the Stock Exchange, or the trustee may accept Shares transferred, gifted, assigned, or conveyed to the trust from any significant Shareholder or any party designated by the Company from time to time. The Share Award Scheme was contemplated and adopted to be funded solely by the existing Shares and will not involve the issue of new Shares. The purposes of the Share Award Scheme are to recognise the contributions by certain eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and to attract suitable personnel for further development of the Group.

Major Risks and Uncertainties

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

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

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

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

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

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

In response to the aforementioned risks, the Group will implement countermeasures in the following aspects:

1. Business Diversification and Refined Management: the Group will optimise its business structure by consolidating its three core business segments, strengthening overall risk resilience through business diversification to mitigate dependence on any single business or related parties. Meanwhile, through digital empowerment and other means, the Group will refine cost control and cash flow management to reduce the risk of capital utilisation. This approach seeks to achieve synergistic development of both scale and quality.

2. Resource Allocation Optimisation and Talent Assurance: by reducing costs and increasing efficiency, along with optimising resource allocation, the Group aims to enhance overall operational efficiency and lower operational costs, thus mitigating risks stemming from regulatory changes or heightened market competition. Furthermore, with a customer value-oriented approach, the Group will enhance service quality, strengthen standard evaluation mechanisms, and improve talent development and incentive mechanisms. This will enhance the team's execution and innovation capabilities, providing a solid talent foundation to navigate complex and ever-changing market environment.

OTHERS

Property Services Framework Agreement

On 7 December 2023, the Company entered into a property services framework agreement (the "**Property Services Framework Agreement**") with Mr. Zou Kang and Ms. Zou Jian (the ultimate controlling shareholders of the Company, the "**Ultimate Controlling Shareholders**"), pursuant to which the Company agreed to provide a range of property management services and other value-added services to companies in which the Ultimate Controlling Shareholders can exercise or control the exercise of 30% or more of the voting power at their general meetings and their subsidiaries (the "**Ultimate Controlling Shareholders' Associated Companies**") for the term of three years, commencing from 1 January 2024 and up to 31 December 2026. On 23 January 2024, the Company held an extraordinary general meeting at which the independent Shareholders approved the terms of the Property Services Framework Agreement (including the annual caps under the Property Services Framework Agreement) and the transactions contemplated thereunder. For further details, please refer to the announcements of the Company dated 7 December 2023 and 23 January 2024 and the circular of the Company date 4 January 2024.

Debts Settlement Agreements

On 22 December 2023, Chengdu Desun, a wholly-owned subsidiary of the Company, entered into the debts settlement agreements (the "**Debts Settlement Agreements**") with the respective debtors and vendors, pursuant to which Chengdu Desun agreed to acquire and the vendors agreed to sell a total of 1,512 parking spaces at an aggregate consideration of RMB51,640,000 which shall be offset against the receivables due from the respective debtors to Chengdu Desun on a dollar-for-dollar basis. On 20 February 2024, the Company held an extraordinary general meeting, at which the independent Shareholders approved the terms of the Debts Settlement Agreements and the transactions contemplated thereunder. For further details, please refer to the announcements of the Company dated 26 December 2023 and 20 February 2024 and the circular of the Company dated 31 January 2024.

Litigation Proceedings

Reference is made to the announcement of the Company dated 22 August 2023 (the "**Announcement**") in relation to, among other things, certain civil complaints filed by the subsidiaries of the Company. As disclosed in the Announcement, Chengdu Desun (an indirect wholly owned subsidiary of the Company), as a plaintiff, filed a civil complaint at Jinjiang District People's Court of Chengdu Municipality* (成都市錦江區人民法院) against Chengdu Huashang House Development Co., Ltd.* (成都華商房屋開發有限公司) ("**Chengdu Huashang**") with respect of the contractual dispute in relation to rental deposit paid, the amount claimed of which was RMB4,173,850.42 (the "**Civil Claim**"). The Company was informed by Chengdu Desun that Chengdu Desun received a judgment from Jinjiang District People's Court of Chengdu Municipality* (成都市錦江區人民法院) in relation to the Civil Claim. According to the judgment, among other things, (1) the defendant, Chengdu Huashang, was ordered to pay the plaintiff, Chengdu Desun, an amount of RMB1,000,000 within ten days from the effective date of the judgement; (2) the rental deposit paid by Chengdu Desun in the amount of RMB2,956,685.60 is not refundable by Chengdu Huashang; (3) other claims of Chengdu Desun were dismissed by the court; (4) other claims of Chengdu Huashang were dismissed by the court; and (5) Chengdu Desun shall bear the case acceptance fee in the amount of RMB20,096 and Chengdu Huashang shall bear the case acceptance fee in the amount of RMB23,730. Chengdu Desun and Chengdu Huashang have determined not to file an appeal against the judgment. The Board confirmed that the judgment did not have any material adverse effect on normal operation and financial positions of the Group and the current business and operations of the Company remain normal and stable. For details, please refer to the Company's announcements dated 22 August 2023 and 2 April 2024.

Amendments to Share Award Scheme

On 22 December 2023, the Company adopted the Share Award Scheme. On 20 May 2024, the Board resolved to adopt the amended and restated scheme rules to amend the Share Award Scheme. The amendments included, among other things, (i) to revise the scheme limit of the Share Award Scheme from eight (8) per cent of the issued share capital of the Company to twelve (12) per cent of the issued share capital of the Company as at the adoption date of the Share Award Scheme; (ii) to allow more than one trust established or to be established for different groups of eligible participants under the Share Award Scheme so that the Board shall have the power to allocate the trusts to such different groups of eligible participants as the Board shall determine; and (iii) to make other housekeeping changes. The Share Award Scheme does not constitute a scheme involving the issue of new shares as referred to in Chapter 17 of the Listing Rules. Therefore, the amendments to the Share Award Scheme will not be subject to Shareholders' approval pursuant to Chapter 17 of the Listing Rules. For details, please refer to the announcement of the Company dated 20 May 2024.

Entering into Equity Transfer Agreement

On 19 July 2024, Chengdu Fengzhi Technology Co., Ltd.* (成都風知科技有限公司) (now renamed as Chengdu Desun Fengzhi Technology Co., Ltd.* (成都德商風知科技有限公司),"**Chengdu Fengzhi**"), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Sichuan Desun Smart Green Operation Enterprise Management Co., Ltd.* (四川德商智慧綠色運營企業管理有限公司) ("**Smart Green**"), pursuant to which, Smart Green agreed to transfer the 100% equity interest in Sichuan Desun Green Building Engineering Construction Management Co., Ltd.* (四川德商綠建工程建設管理有限公司) (now renamed as Sichuan Desun Smart Green Real Estate Co., Ltd.* (四川德商智慧綠色置業有限公司), the "**Target Company**"), to Chengdu Fengzhi at a consideration of RMB258,238.62. Upon completion of the equity transfer, the Target Company becomes an indirect wholly-owned subsidiary of the Company, the financial results of which is consolidated into the consolidated financial statements of the Group. The Company ventures into the entrusted construction business field through the Target Company. By integrating resources, the Group expects to achieve several strategic objectives, including business diversification, enhancement of brand value, operational efficiency improvement and market expansion. This strategic move is expected to strengthen the Company's competitive position and drive long-term growth. For details, please refer to the Company's announcement dated 19 July 2024.

Entering into the Entrusted Construction and Value-added Services Framework Agreement

On 19 July 2024, the Company entered into the entrusted construction and value-added services framework agreement (the "**Entrusted Construction and Value-added Services Framework Agreement**") with the Ultimate Controlling Shareholders, pursuant to which the Group agreed to provide the entrusted construction and related services and other value-added services to the Ultimate Controlling Shareholders' Associated Companies for a term commencing from 19 July 2024 and up to 31 December 2024. The corresponding annual cap from 19 July 2024 to 31 December 2024 of the entrusted construction and related services and other value-added services to be provided by the Group to the Ultimate Controlling Shareholders' Associated Companies under the Entrusted Construction and Value-added Services Framework Agreement, which are continuing connected transactions of the Company, is RMB16,900,000. For details, please refer to the Company's announcement dated 19 July 2024.

Entering into the New Entrusted Construction and Value-Added Services Framework Agreement

On 31 October 2024, the Company entered into the new entrusted construction and value-added services framework agreement (the "**New Entrusted Construction and Value-added Services Framework Agreement**") with the Ultimate Controlling Shareholders, pursuant to which the Group agreed to provide the entrusted construction and related services and other value-added services to the Ultimate Controlling Shareholders' Associated Companies to renew these continuing connected transactions. The New Entrusted Construction and Value-added Services Framework Agreement is valid for two years commencing from 1 January 2025 to 31 December 2026. The proposed annual cap on the aggregate amounts of fees payable by the Ultimate Controlling Shareholders' Associated Companies to the Group for each of the two years ending 31 December 2025 and 2026 is RMB50,000,000. For details, please refer to the Company's announcement dated 31 October 2024 and the Company's circular dated 29 November 2024.

Connected Transactions in Relation to the Debt Assignment Agreements and the 2024 Debt Settlement Agreement

On 18 November 2024, Chengdu Yulai Trading Co., Ltd.* (成都語萊貿易有限責任公司) ("**Chengdu Yulai**"), the Original Debtors, Chengdu Desun and the Original Creditors entered into certain debt assignment agreements, pursuant to which the Original Debtors agreed to assign and Chengdu Yulai agreed to assume certain receivables (the "**Receivables**") due by the Original Debtors to Chengdu Desun and/or the Original Creditors in an aggregate amount of RMB23,224,987.20. Of this amount, (i) an aggregate amount of RMB16,047,767.10 were due from the Original Debtors to Chengdu Desun; and (ii) an aggregate amount of RMB7,177,220.10 were assigned from the Original Creditors to Chengdu Desun, representing the respective payables/receivables owed to/due from the respective Original Debtors by/to the respective Original Creditors.

On 18 November 2024, Chengdu Desun, a wholly owned subsidiary of the Company, entered into a debt settlement agreement with Chengdu Yulai, pursuant to which Chengdu Desun agreed to acquire and Chengdu Yulai agreed to sell the relevant settlement properties at an aggregate consideration of RMB23,225,000.00 which shall be offset against the Receivables on a dollar-for-dollar basis. Chengdu Yulai agreed to waive the remaining amount of the consideration, i.e. RMB12.8, and Chengdu Desun is not obligated to make any payment for such remaining amount of the consideration.

"**Original Debtor(s)**" refers to Chengdu De Qian Real Estate Co., Ltd.* (成都德乾置業有限公司), Chengdu Desun Yong Hong Real Estate Co. Ltd.* (成都德商永鴻置業有限公司), Chengdu Desun Tai Real Estate Co., Ltd.* (成都德商泰置業有限公司), Chengdu Desun Rong He Real Estate Co. Ltd.* (成都德商榮和置業有限公司), Chengdu Desun Gao Xin Real Estate Co., Ltd.* (成都德商高欣置業有限公司), Chengdu Desun Ding Chuang Real Estate Co., Ltd.* (成都德商鼎創置業有限公司) and/or Chengdu Dekunda Real Estate Co., Ltd.* (成都德坤達置業有限公司).

"**Original Creditor(s)**" refers to Chengdu Dezheng Property Services Co., Ltd.* (成都德正物業服務有限公司), Chengdu Jinjie Asset Management Co., Ltd.* (成都金捷資產管理有限公司), Chengdu Youbei Space Chuangfu Technology Service Co., Ltd.* (成都優貝空間創孵科技服務有限公司), Sichuan Desun Xiyueju Construction Engineering Co., Ltd.* (四川德商璽悅居建設工程有限公司), Chengdu Desun Shuangliu Branch, Chengdu Desun Jinjiang Branch, Chengdu Desheng Zhicheng Real Estate Brokerage Co., Ltd.* (成都德勝至誠房地產經紀有限公司), Chengdu Xiyueju Interior Design Co., Ltd.* (成都璽悅居室內設計有限公司), Chengdu Desun Chenghua Branch, Chengdu Desun Heruncheng Commercial Management Co., Ltd.* (成都德商合潤誠商業管理有限公司), Chengdu Yujingge Hotel Management Co., Ltd.* (成都御璟閣酒店管理有限公司) and/or Chengdu Xiaobin Qimei Construction Engineering Co., Ltd.* (成都曉賓琦美建築工程有限公司).

For details, please refer to the Company's announcement dated 18 November 2024.

Event after the Reporting Period

Save as disclosed in this announcement, the Group had no significant events after the Reporting Period and up to the date of approval of the audited consolidated results.

CORPORATE GOVERNANCE

The Board is committed to maintaining high corporate governance standards.

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

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

The Company has adopted the principles and code provisions as set out in Part 2 of Appendix C1 to the Listing Rules and complied with the applicable code provisions contained in Part 2 of Appendix C1 to the Listing Rules throughout the Reporting Period except for code provision C.2.1.

Currently, Mr. Zhang Zhicheng serves as both the chairman of the Board and the CEO, and such practice deviates from the code provision C.2.1 of the CG Code which states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Nevertheless, the Board believes that Mr. Zhang's extensive experience and knowledge in the real estate and property management industry, who has guided the Group to complete the initial public offering in December 2021, together with the support of the management, will provide solid and consistent leadership for the Group. Therefore, the Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate under such circumstances.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its codes of conduct regarding securities transactions by its Directors and employees (the "**Securities Dealing Code**").

The Company has made specific enquiry of all Directors whether the Directors have complied with the required standard as set out in the Model Code for the Reporting Period and all Directors confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares (as defined in the Listing Rules)), except for the acquisitions of 67,005,429 Shares in aggregate by the trustees of the Share Award Scheme pursuant to the rules and terms of the trust deed of the Share Award Scheme on the Stock Exchange at a total consideration of approximately HKD86,772,000 (equivalent to approximately RMB78,941,000). As at 31 December 2024, the Company did not have any treasury shares (as defined in the Listing Rules).

REVIEW OF ACCOUNTS

The Audit Committee was established with written terms of reference in compliance with Appendix C1 to the Listing Rules. The Audit Committee is delegated by the Board to be responsible for reviewing and monitoring the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit of the Group. The Audit Committee has reviewed the annual results and the consolidated financial statements of the Group for the year ended 31 December 2024 and reviewed with the management of the Group regarding the accounting principles and practices adopted by the Group, and discussed with them the internal controls and financial reporting matters.

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

The Audit Committee has reviewed the annual results and the consolidated financial statements of the Group for the year ended 31 December 2024 and reviewed with the management of the Group regarding the accounting principles and practices adopted by the Group, and discussed with them the internal controls and financial reporting matters.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2024.

PUBLIC FLOAT

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

SCOPE OF WORK OF AUDITORS

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2024, but represents an extract from the consolidated financial statements for the year ended 31 December 2024 which have been audited by the auditors of the Company, BDO Limited, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement. The financial information has been reviewed by the Audit Committee and approved by the Board.

PUBLICATION OF THE ANNUAL RESULTS AND 2024 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.desunhui.com), and the 2024 Annual Report containing all the information required by the Listing Rules will be published on the respective websites of the Stock Exchange and the Company in due course.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"Audit Committee"	the audit committee of the Board
"Board"	the board of directors of the Company
"CEO"	the chief executive officer of the Company

"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chengdu Desun"	Chengdu Desun Real Estate Investment Property Service Co., Ltd. (成都德商產投物業服務有限公司), formerly known as Chengdu Desun Investment Management Co., Ltd. (成都德商投資管理有限公司) at the time of establishment, a company incorporated in the PRC on 12 March 2010 with limited liability and an indirect wholly owned subsidiary of our Company
"China" or "PRC"	People's Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires otherwise, references in this announcement to "China" and the "PRC" do not apply to Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Company" or "Our Company" or "Desun Real Estate Investment"	Desun Real Estate Investment Services Group Co., Ltd. (德商產投服務集團有限公司) (formerly known as Desun Real Estate Investment Services Limited), an exempted company incorporated in the Cayman Islands with limited liability on 10 December 2020
"Desun Group"	Companies in which Mr. Zou Kang has control or joint control, and has significant influence
"Director(s)"	the directors of the Company
"Group", "our Group", "our", "we" or "us"	the Company and its subsidiaries from time to time
"HKD"	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing"	the listing of the shares on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time

"Reporting Period"	the year ended 31 December 2024
"Share(s)"	ordinary shares in the share capital of our Company with a nominal value of USD0.0001 each
"Shareholder(s)"	holder(s) of our Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"value-added services"	include value-added services provided to property owners, tenants and non-property owners
"Zhongneng"	Chengdu Zhongneng Property Management Company Limited* (成都中能物業管理有限責任公司), a company incorporated with limited liability in the PRC on 16 May 2006 and an indirect wholly owned subsidiary of our Company
"Zhongneng Group"	Zhongneng and its subsidiary

By order of the Board
Desun Real Estate Investment Services Group Co., Ltd.
Zhang Zhicheng
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 31 March 2025

As at the date of this announcement, the executive Directors are Mr. Zhang Zhicheng, Ms. Wan Hong, Mr. Liu Jun, Mr. Shao Jiazhen and Ms. Zhu Na, the non-executive Director is Mr. Zou Kang, and the independent non-executive Directors are Mr. Fang Liqiang, Mr. Chen Di and Mr. Yan Hong.

* *for identification purpose only*

** *Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding*