DOWELL SERVICE GROUP CO. LIMITED*
東原仁知城市運營服務集團股份有限公司

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

(Stock Code: 2352)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

- The Group's revenue was approximately RMB793.7 million, representing an increase of approximately 3.1% as compared with approximately RMB769.9 million for the corresponding period of 2024.

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

  – revenue from City Operations Services was approximately RMB503.3 million, accounting for approximately 63.4% of total revenue, representing an increase of approximately 8.8%, as compared with approximately RMB462.4 million for the corresponding period of 2024;

  – revenue from Lifestyle Services was approximately RMB116.7 million, accounting for approximately 14.7% of total revenue, representing an increase of approximately 1.0%, as compared with approximately RMB115.5 million for the corresponding period of 2024; and

  – revenue from FATH and Other Comprehensive Services was approximately RMB173.7 million, accounting for approximately 21.9% of total revenue, representing a decrease of approximately 9.5%, as compared with approximately RMB192.0 million for the corresponding period of 2024.

- Gross profit was approximately RMB109.8 million, representing a decrease of approximately 12.7% as compared with approximately RMB125.8 million for the corresponding period of 2024. Gross profit margin was approximately 13.8%, representing a decrease of approximately 2.5 percentage points from approximately 16.3% for the corresponding period of 2024.

- Profit for the Reporting Period was approximately RMB28.8 million, representing an increase of approximately 14.2% as compared with profit of approximately RMB25.2 million for the corresponding period of 2024. Profit for the Reporting Period attributable to shareholders of the Company was approximately RMB25.8 million, representing an increase of approximately 7.6% as compared with approximately RMB23.9 million for the corresponding period of 2024.

- The Board does not recommend payment of any interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: RMB0.036 per share (tax inclusive)).

The board (the "**Board**") of directors (the "**Directors**") of DOWELL SERVICE GROUP CO. LIMITED* 東原仁知城市運營服務集團股份有限公司(the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2025 (the "**Reporting Period**") prepared in accordance with the relevant requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), together with the comparative figures for the corresponding period of 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Notes	2025 *RMB'000* (Unaudited)	2024 *RMB'000* (Unaudited)
Revenue	*6*	**793,652**	769,883
Cost of sales		**(683,902)**	(644,122)
Gross profit		**109,750**	125,761
Selling and marketing expenses		**(17,627)**	(18,254)
Administrative expenses		**(78,997)**	(79,939)
Net impairment losses on financial assets		**(3,446)**	(5,513)
Other income		**4,584**	4,138
Other gains/(losses) – net		**14,520**	(765)
Operating profit		**28,784**	25,428
Finance income		**391**	595
Finance costs	*7*	**(1,080)**	(3,920)
Finance costs – net		**(689)**	(3,325)
Share of results of investments accounted for using the equity method		**4,455**	5,161
Profit before income tax expense	*8*	**32,550**	27,264
Income tax expense	*9*	**(3,756)**	(2,060)
Profit and total comprehensive income for the period		**28,794**	25,204
Profit and total comprehensive income for the period attributable to:			
– Owners of the Company		**25,757**	23,943
– Non-controlling interests		**3,037**	1,261
		28,794	25,204
Earnings per share			
– Basic and diluted (RMB)	*11*	**0.38**	0.36

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2025

	Notes	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	12	**83,527**	50,349
Right-of-use assets		**58,454**	74,371
Intangible assets	13	**282,137**	287,648
Deferred income tax assets		**24,390**	23,991
Contract costs		**12,313**	13,342
Long-term prepayments		**2,861**	9,729
Investments accounted for using the equity method		**27,976**	24,642
		491,658	484,072
Current assets			
Dividend receivables		**7,900**	7,900
Trade, bills and other receivables	14	**668,782**	642,374
Inventories		**39,830**	37,796
Prepayments		**49,801**	40,315
Current income tax receivables		**3,360**	7,295
Restricted cash		**3,981**	2,805
Cash and cash equivalents		**146,199**	261,696
		919,853	1,000,181
Current liabilities			
Trade payables	16	**324,667**	317,902
Accruals and other payables	16	**322,475**	303,474
Contract liabilities	17	**270,837**	336,384
Lease liabilities		**9,397**	11,815
Financial liabilities at fair value through profit or loss		**1,000**	1,200
Deferred revenue		**552**	1,179
Dividend payables		**2,010**	–
Current income tax liabilities		**2,748**	4,378
		933,686	976,332
Net current (liabilities)/assets		**(13,833)**	23,849
Total assets less current liabilities		**477,825**	507,921

	Notes	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities		**27,763**	79,192
Deferred revenue		**8,436**	8,360
Deferred income tax liabilities		**10,491**	11,166
		46,690	98,718
Net assets		**431,135**	409,203
Capital and reserves			
Share capital	*15*	**66,991**	66,991
Reserves		**256,531**	254,965
Retained earnings		**83,463**	61,282
Equity attributable to owners of the Company		**406,985**	383,238
Non-controlling interests		**24,150**	25,965
Total equity		**431,135**	409,203

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Dowell Service Group Co. Limited (the "**Company**") was incorporated in the People's Republic of China (the "**PRC**") on 13 January 2015 as a limited liability company. Upon approval by the shareholders' general meeting held on 13 December 2020, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC and changed its registered name to "DOWELL SERVICE GROUP CO. LIMITED(東原仁知城市運營服務集團股份有限公司)" on 30 December 2020. Its H shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the Company's registered office and its principal place of business is Room 206, Commercial Building, B-1, No. 108, Baihe Road, Nanping Town, Nan'an District, Chongqing, the PRC.

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

During the six months ended 30 June 2025, the Group acquired 100% of the equity interests of Chengdu Dongyuhong Commercial Management Co., Ltd.* ("**Chengdu Dongyuhong**") from Chengdu Dowell Haina Zhiye Co., Ltd.*, which is a wholly-owned subsidiary of Dima Holdings at the consideration of RMB59,500,000. Since the operation of Chengdu Dongyuhong does not constitute a business, the acquisition has been accounted for as acquisition of assets (Note 18).

During the six months ended 30 June 2024, the Group acquired 90.73% of the equity interests of Shanghai Evergreen Social Care Enterprise Development Co., Ltd. *("**Shanghai Evergreen**") from Shanghai Dixuan Industries Co., Ltd. *("**Shanghai Dixuan**"), which is a subsidiary of Dima Holdings. The acquisition was accounted for as business combination under common control (Note 19).

The Company and its subsidiaries (together "**the Group**") are primarily engaged in the provision of city operation services, lifestyle services, and FATH and other comprehensive services in the PRC.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). These condensed consolidated financial statements were authorised for issue on 19 August 2025.

These condensed consolidated financial statements have been prepared with the same accounting policies adopted in the Group's consolidated financial statements for the year ended 31 December 2024 (the "**2024 Annual Financial Statements**"), except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2025. Details of changes in accounting policies, and their effect on these condensed consolidated financial statements, are set out in Note 4.

The preparation of these condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. There have been no material revisions to the nature and amount of estimates of amounts reported in prior periods. The details are disclosed in Note 5.

These condensed consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated. These condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group for the six months ended 30 June 2025. These condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with the HKFRS Accounting Standards ("**HKFRSs**") and should be read in conjunction with the 2024 Annual Financial Statements.

3. GOING CONCERN

The Group's current liabilities exceeded current assets by RMB13,833,000 as at 30 June 2025. The Group's management closely monitors the Group's financial performance and liquidity position. The Directors of the Company are of the opinion that, taking into account, the future operational performance and the expected future operating cash inflows, the Group will have sufficient working capital to support its operations and to meet its financial obligations as and when they fall due in the coming twelve months from 30 June 2025. Accordingly, the Group's condensed consolidated interim financial information have been prepared on a going concern basis.

4. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis. These condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2024 Annual Financial Statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2025.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations issued by the HKICPA, which are effective for the Group's financial period beginning on 1 January 2025.

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability

The new and revised standard, amendment and interpretation that are effective from 1 January 2025 did not have any significant impact on the Group's accounting policies.

The following amendments to HKAS and HKFRSs, potentially relevant to the Group's condensed consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments[1]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[1]
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11[1]
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[2]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[2]
Amendment to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2026.

2 Effective for annual periods beginning on or after 1 January 2027.

3 Effective for annual periods beginning on or after date to be determined.

Amendments to HKFRS 9 and HKFRS 7

The Amendments to HKFRS 9 and HKFRS 7 clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled via an electronic transfer, the requirements for assessing contractual cash flow characteristics of financial assets, with additional guidance on assessment of contingent features, characteristics of non-recourse loans and contractually linked instruments. The Amendments also introduce additional disclosure requirements for equity instruments classified as FVOCI and for financial instruments with contingent features.

HKFRS 18

HKFRS 18 will have a significant effect on how entities present their financial statements with emphasis on reporting of financial performance. The areas that will be significantly affected include categorization and subtotals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

HKFRS 19

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS accounting standards. Earlier application is permitted.

Amendment to HKFRS 10 and HKAS 28

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture.

The Group is currently analysing the new requirements and assessing the impact of the amendments towards the Group's condensed financial statements.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2024 Annual Financial Statements.

6. REVENUE AND SEGMENT INFORMATION

Operating segments

The Group is principally engaged in the provision of city operation services, lifestyle services, and FATH and other comprehensive services. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole, as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, the Group has only one business segment and no further analysis of this single segment is considered necessary.

Geographical information

The management determines the Group is domiciled in the PRC, which is the location of the Group's principal office. The geographical location of customers is based on the location at which the services were provided. The Group's revenue from external customers is all derived from the customers located in the PRC and no geographical information is presented.

The geographical location of non-current assets is based on the physical location of the assets. As at 30 June 2025 and 31 December 2024, all of the Group's non-current assets are located in the PRC.

Revenue mainly comprises proceeds from the 3 categories of city operations services, lifestyle services and FATH and other comprehensive services. An analysis of the Group's revenue by category is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from customer and recognised over time		
City operations services	**503,262**	462,384
Lifestyle services	**103,240**	102,135
FATH and other comprehensive services	**173,139**	191,776
	779,641	756,295
Revenue from customer and recognised at point in time		
Lifestyle services	**13,415**	13,395
FATH and other comprehensive services	**596**	193
	14,011	13,588
	793,652	769,883

7. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest expenses on borrowings	**–**	84
Interest expenses on factoring arrangements	**13**	2
Interest expenses on lease liabilities	**1,067**	3,834
	1,080	3,920

8. PROFIT BEFORE INCOME TAX EXPENSE

The Group's operating profit is arrived at after charging/(crediting):

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Auditors' remuneration	**–**	–
Depreciation charge:		
– Owned property, plant and equipment	**8,695**	9,720
– Right-of-use assets	**7,507**	7,877
	16,202	17,597
Provision of impairment loss recognised on trade, bills and other receivables, net	**3,446**	5,513
Net gains from disposal of property, plant and equipment	**–***	(86)

* Represents amount less than RMB1,000.

9. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax – PRC Enterprise Income Tax (the "**PRC EIT**")	**4,830**	3,822
Deferred tax	**(1,074)**	(1,762)
Income tax expense	**3,756**	2,060

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof.

The general corporate income tax rate in the PRC is 25%. Certain subsidiaries of the Company located in western cities in the PRC are subject to a preferential income tax rate of 15%. Certain subsidiaries of the Company are small and micro enterprises, and are subject to a preferential tax rate of 20%, with a deemed preferential profit rate.

10. DIVIDENDS

No interim dividend in respect of the six months ended 30 June 2025 has been proposed by the directors of the Company.

An interim dividend of RMB0.036 per share in respect of the six months ended 30 June 2024, amounting to RMB2,412,000 was declared by the Group and approved on 23 October 2024 by the shareholders at the extraordinary general meeting of the Company.

The final dividend of RMB0.03 per share in respect of the year ended 31 December 2024, amounting to RMB2,010,000 was declared by the Group and approved on 10 June 2025 by the shareholders at the annual general meeting of the Company.

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to ordinary equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company for the purpose of computation of basic earnings and diluted earnings per share *(RMB'000)*	**25,757**	23,943
Weighted average number of ordinary shares for the purpose of computation of basic and diluted earnings per share	**66,990,867**	66,990,867
Basic and diluted earnings per share *(RMB)*	**0.38**	0.36

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2025 and 2024.

Diluted earnings per share amount was the same as basic earnings per share amount as there were no potential dilutive ordinary shares outstanding for the six months ended 30 June 2025 and 2024.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

The Group incurred expenditure of RMB42,110,000 during the six months ended 30 June 2025 (Six months ended 30 June 2024: RMB4,347,000) on property, plant and equipment to expand property portfolio and business scale, which included RMB34,736,000 of building was recognised upon completion of the acquisition of a subsidiary (Note 18).

13. INTANGIBLE ASSETS

	Software	Customer relationships	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
As at 1 January 2024 (audited) (restated)	19,214	97,105	212,068	328,387
Additions	3,284	–	–	3,284
As at 31 December 2024 and 1 January 2025 (audited)	22,498	97,105	212,068	331,671
Additions	1,354	–	–	1,354
As at 30 June 2025 (unaudited)	23,852	97,105	212,068	333,025
Accumulated amortisation and impairment				
As at 1 January 2024 (audited) (restated)	5,666	24,632	–	30,298
Provided for the year	2,617	11,108	–	13,725
As at 31 December 2024 and 1 January 2025 (audited)	8,283	35,740	–	44,023
Provided for the period	1,311	5,554	–	6,865
As at 30 June 2025 (unaudited)	9,594	41,294	–	50,888
Net book value				
As at 30 June 2025 (unaudited)	14,258	55,811	212,068	282,137
As at 31 December 2024 (audited)	14,215	61,365	212,068	287,648

14. TRADE, BILLS AND OTHER RECEIVABLES

	At 30 June 2025 *RMB'000* (Unaudited)	At 31 December 2024 *RMB'000* (Audited)
Trade and bills receivables		
Trade receivables due from related parties	**181,210**	248,983
Trade receivables due from third parties	**549,264**	464,653
Bills receivables due from third parties	**352**	186
	730,826	713,822
Less: Provision for impairment of trade and bills receivables	**(121,989)**	(118,820)
	608,837	595,002
Other receivables		
Other receivables due from related parties	**3,182**	2,878
Other receivables due from third parties		
– Payments on behalf of property owners *(Note (i))*	**967**	1,093
– Deposits	**31,043**	26,893
– Advances to employees	**10,551**	8,450
– Others	**18,505**	12,084
	64,248	51,398
Less: Provision for impairment of other receivables	**(4,303)**	(4,026)
	59,945	47,372
	668,782	642,374

The Group has policies in place to ensure that trade and bills receivables with credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties.

The carrying amounts of trade, bills and other receivables were primarily denominated in RMB and approximated their fair values due to their short maturity at the reporting date.

Note (i): The amounts represented the payments on behalf of property owners in respect utilities costs (mostly) of the properties.

An ageing analysis of trade and bills receivables, based on the invoice dates and net of impairment losses, as of 30 June 2025 and 31 December 2024 is as follows:

	At 30 June 2025 *RMB'000* **(Unaudited)**	At 31 December 2024 *RMB'000* (Audited)
Less than 1 year	**506,224**	555,961
1 to 2 years	**158,881**	87,255
2 to 3 years	**42,414**	52,636
Over 3 years	**23,307**	17,970
	730,826	713,822
Less: Provisions for impairment of trade and bills receivables	**(121,989)**	(118,820)
	608,837	595,002

15. SHARE CAPITAL

	At 30 June 2025		At 31 December 2024	
	Number *'000*	**Amount** *RMB'000*	Number *'000*	Amount *RMB'000*
Shares				
H Shares of RMB1 each	**66,991**	**66,991**	66,991	66,991

16. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	At 30 June 2025 *RMB'000* **(Unaudited)**	At 31 December 2024 *RMB'000* (Audited)
Trade payables		
Trade payables due to related parties	**10,046**	14,612
Trade payables due to third parties		
– Payables for labour costs	**253,333**	239,453
– Payables for construction costs	**29,067**	38,500
– Payables for consumables	**32,221**	25,337
	324,667	317,902

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Accruals and other payables		
Other payables due to related parties		
– Other payable for acquisition of a subsidiary *(Note 18)*	**9,528**	–
– Others	**15,629**	16,574
	25,157	16,574
Accruals and other payables due to third parties		
– Employee benefit payables	**79,720**	75,816
– Deposits	**63,666**	67,198
– Temporary receipts from property owners	**22,375**	21,880
– Other taxes payables	**24,151**	26,027
– Dividend payables to the non-controlling interests shareholders	**11,093**	7,598
– Cash collected on behalf of property owners	**83,877**	74,258
– Accrued operating expenses	**10,733**	12,217
– Others	**1,703**	1,906
	297,318	286,900
	322,475	303,474

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

An ageing analysis of trade payables as at the respective reporting dates, based on the invoice dates, is as follows:

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Less than 1 year	**234,269**	258,151
1 to 2 years	**49,166**	34,666
2 to 3 years	**20,396**	15,694
Above 3 years	**20,836**	9,391
	324,667	317,902

17. CONTRACT LIABILITIES

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
City operations services	**244,787**	272,906
Lifestyle services	**8,520**	40,592
FATH and other comprehensive services	**17,530**	22,886
	270,837	336,384

18. ACQUISITION OF A SUBSIDIARY

On 22 January 2025, the Group acquired 100% of the equity interests of Chengdu Dongyuhong for a cash consideration of RMB59,500,000. The identifiable assets of Chengdu Dongyuhong is approximately 83.48% ownership of the 3rd to 11th floor of a building situated in Chengdu City. The property has a gross area of approximately 8,474.10 square meters, and was used as an elderly care center.

The Group elected to apply the optional concentration test in accordance with HKFRS 3 Business Combinations. The acquisition of Chengdu Dongyuhong has been accounted for as an acquisition of assets rather than a business combination, given that substantially all of the fair value of the gross assets acquired is concentrated in a group of similar identifiable assets (property, plant and equipment and right-of-use assets).

	RMB'000
Property, plant and equipment (Building) *(Note 12)*	34,736
Right-of-use assets (Land use right)	24,764
Total identifiable net assets acquired	59,500

An analysis of the net cash flow of cash and cash equivalent in respect of the acquisition of a subsidiary is as follows:

Cash consideration arising on acquisition of a subsidiary	59,500
Less: Cash consideration paid	(49,972)
Consideration payable *(Note 16)*	9,528

19. BUSINESS COMBINATION UNDER COMMON CONTROL

Transactions for the period ended 30 June 2024

On 21 June 2024, the Group acquired 90.73% of the equity interests of Shanghai Evergreen from Shanghai Dixuan, which is a subsidiary of Dima Holdings, at a purchase consideration of RMB28,000,000.

The acquisition was considered as a business combination involving entities under common control and had been accounted for by using merger accounting method. The 2024 Annual Financial Statements had been restated to include the results of the acquired entity.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Summary and review for the first half of 2025

The Group is a comprehensive service provider with national first-class qualifications, adhering to the brand development strategy of "Big Property • Full Value". It is committed in promoting refinement, specialisation, and intelligence of urban development, aspiring to become a respected urban comprehensive service provider with unique business value. The Group features in diversified business services and is strategically positioned across four major regions: Southwest China, West China, Central China and East China. It encompasses six business areas: residential comprehensive services, community value-added services, multi-business services, internationally customised services, healthcare and wellness services, and urban comprehensive services, forming a comprehensive service advantage with parallel tracks for residential and non-residential sectors, empowered by a value-added industrial chain.

In the first half of 2025, facing a complex and severe external environment and increasingly fierce market competition, the Group, with " Break Deadlock Together" as its core direction, firmly pursued a development path driven by innovation and strategic focus. Based on continuously cultivating its traditional advantageous areas, the Group actively enters the comprehensive non-residential market and focuses on fostering distinctive service capabilities. Currently, the Group has successfully preliminary cooperated with Pullman Hotel, JD Logistics Park and others, significantly expanding its business presence. Additionally, the Group has proactively expanded into new business areas, conducting on-site inspections in Japan and Vietnam, and strengthening cooperation with Indonesian parties to promote the iterative upgrade of SCS Service (Smart Cleaning Service). The Group not only focuses on its own service innovation but also takes industry empowerment as its responsibility, working with partners to jointly promote the property industry's advancement.

As of 30 June 2025, the Group had operated and managed 641 projects in 79 cities in the People's Republic of China (the "**PRC**"), with an aggregated gross floor area ("**GFA**") under management of 66.0 million square meters ("**sq.m.**"). In addition, the Group had entered into contracts to provide City Operations Services (as defined below), Lifestyle Services (as defined below) and FATH and Other Comprehensive Services (as defined below) for 656 projects in 80 cities, with a total contracted GFA of approximately 72.2 million sq.m..

Against the backdrop of intensified market competition in property services, the Group continuously brought confidence and returns to shareholders, partners, and employees through its robust strategic focus and ongoing external development efforts. In April 2025, the Group was accredited as "2025 Top 100 Property Management Enterprises in China" by China Index Academy, ranking 15th in terms of overall industry strength.

Business model

The Group is a long-established property management service provider offering comprehensive services for a wide range of property projects in the PRC. The Group provides diversified services through three main business lines:

(i) property management services to residential and local non-residential properties, including security services, cleaning services, gardening services, facility management services and maintenance services (collectively, the "**City Operation Services**");

(ii) lifestyle services, including, among others:

   (a) organising events for residents and property developers (the "**Community Events Planning Services**");

   (b) providing (i) car parking spaces management services, including but not limited to, entry or exit control, cleaning, surveillance and collection of parking fees; and (ii) car parking spaces and property sales services, including but not limited to, providing marketing and sales services for car parking spaces and property located at property projects sourced from Dima Group (as defined below) and Affiliated Companies (as defined below) (including associates of Dima Group) (the "**Management and Agency Services**");

   (c) utility maintenance services; and

   (d) other lifestyle related services

   （collectively, the "**Lifestyle Services**"); and

(iii) services provided to foreign-owned enterprises, foreign embassies, international schools, hospitals and medical facilities, as well as other comprehensive services, including, among others:

   (a) providing property management services to foreign-owned enterprises, foreign embassies, international schools, hospitals and medical facilities (including security services, cleaning services, facility management services and maintenance services) (the "**Foreign and Medical Related Services**");

(b) assisting in property sales activities, which include visitor reception, cleaning, security inspection, maintenance and other customer-related services (the "**Sales Assistance Services**");

(c) providing advisory services on the overall project design and planning and coordination of pre-sale activities (the "**Preliminary Planning Services**");

(d) digital and intelligent technology services;

(e) maintenance and rectification services;

(f) provision of comprehensive elderly care services, including medical and health care services in home communities, elderly care institutions, nursing and rehabilitation institutions and specialist institutions (the "**Comprehensive Elderly Care Services**"); and

(g) other related comprehensive services

(collectively, the "**FATH and Other Comprehensive Services**").

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

City Operations Services

Overview

The Group manages residential and non-residential properties sourced from Dima Group, Affiliated Companies and Independent Third Parties (as defined below). During the Reporting Period, the Group's revenue from City Operations Services amounted to approximately RMB503.3 million, representing an increase of approximately 8.8%, as compared to the corresponding period of 2024, which is mainly due to mainly due to the increase in the GFA under management during the Reporting Period. The Group obtained residential property management rights through participating in tenders of new property development projects and tenders conducted by owners' committees to replace existing property management service providers. During the Reporting Period, the Group secured high-quality residential property management projects such as Yinyue Li in Xuzhou, Jiangsu Province and Shanhu Ludao in Changsha, Hunan Province. The Group also participated in tenders for non-residential property management projects such as schools, government facilities, office buildings, and industrial parks. During the Reporting Period, the Group secured high-quality non-residential property management projects such as the Wanzhou Wuxi Airport in Chongqing, the Xi'an Branch of the Industrial and Commercial Bank of China, and the Hangzhou Airport International Cargo Terminal.

Continuous growth in business scale and expansion in property portfolio

During the Reporting Period, the GFA under management of projects sourced from Dima Group reached approximately 18.3 million sq.m., representing an increase by approximately 4.7% as compared to the same as at 30 June 2024. The GFA under management of projects sourced from Independent Third Parties was approximately 34.1 million sq.m., representing an increase by approximately 19.4% as compared to the same as at 30 June 2024.

By source of property projects:

The table below sets out the Group's total revenue from City Operation Services during the six months ended 30 June 2024 and 2025, GFA under management and number of projects based on the sources from which the Group obtained the relevant property projects as at 30 June 2024 and 2025:

	Six months ended 30 June 2025		**As at 30 June 2025**		Six months ended 30 June 2024		As at 30 June 2024	
	Revenue *(RMB'000)*	**(%)**	**Number of projects**	**GFA under management[5]** *('000 sq.m.)*	Revenue *(RMB'000)*	(%)	Number of projects	GFA under management[5] *('000 sq.m.)*
Property projects sourced from Dima Group[1] [2]	**212,811**	**42.3**	**104**	**18,307**	217,204	47.0	106	17,483
Property projects sourced from Affiliated Companies[1] [3]	**25,277**	**5.0**	**20**	**3,909**	25,290	5.4	20	3,909
Property projects sourced from Independent Third Parties[1] [4]	**265,174**	**52.7**	**262**	**34,075**	219,890	47.6	237	28,545
Total	**503,262**	**100.0**	**386**	**56,291**	462,384	100.0	363	49,937

Notes:

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

2. Dima Group refers to Dima Holdings Co., Ltd.* (重慶市迪馬實業股份有限公司) ("**Dima**") and companies formed by Dima and/or its subsidiary(ies) with other Independent Third Party(ies) (as defined below) which Dima held a controlling interest.

3. Affiliated Companies refers to companies that engaged the Group to provide services and are (i) formed by Dima Group (including the Group) and independent third party(ies) in which Dima Group does not hold any controlling interests and are not consolidated entities of Dima Group; and (ii) held directly by Mr. Lo Siu Yu, Chongqing Doyen Holdings Group Co., Ltd.* (重慶東銀控股集團有限公司), Ms. Zhao Jiehong and Chongqing Shuorun Petrochemical Company Limited* (重慶碩潤石化有限責任公司) (other than the Group and Dima Group).

* *For identification purposes only*

4. Independent Third Parties refers to enterprises which are not part of Dima Group or Affiliated Companies, including, among others, third-party developers, property owners' associations and individual property owners.

5. This includes GFA where the City Operations Services were provided by entities in which the Group holds non-controlling interests. As at 30 June 2025, the total GFA under management of property projects managed by entities the Group holds non-controlling interests in were approximately 3.9 million sq.m..

By type of property projects:

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

As at 30 June 2025, the Group's GFA under management of residential properties was approximately 44.1 million sq.m., accounting for approximately 78.3% of the Group's GFA under management of City Operations Services, which remained stable as compared to the same period in 2024.

As at 30 June 2025, the Group's GFA under management of non-residential properties was approximately 12.2 million sq.m., accounting for approximately 21.7% of the Group's GFA under management of City Operations Services, which remained stable as compared to the same period in 2024.

The table below sets out the Group's total revenue from City Operations Services during the six months ended 30 June 2024 and 2025, GFA under management and number of projects as at 30 June 2024 and 2025:

	Six months ended 30 June 2025		**As at 30 June 2025**		Six months ended 30 June 2024		As at 30 June 2024	
	Revenue *(RMB'000)*	**%**	**Number of projects**	**GFA under management** *('000 sq.m.)*	Revenue *(RMB'000)*	%	Number of projects	GFA under management *('000 sq.m.)*
Residential properties	**323,471**	**64.3**	**255**	**44,074**	313,798	67.9	243	38,716
Non-residential properties	**179,791**	**35.7**	**131**	**12,217**	148,586	32.1	120	11,221
Total	**503,262**	**100.0**	**386**	**56,291**	462,384	100.0	363	49,937

Sustaining geographic presence

By geographic presence:

As at 30 June 2025, the Group operated across China and managed 386 property projects with an aggregated GFA under management of approximately 56.3 million sq.m. in 59 cities in China.

The table below sets out the Group's total revenue from City Operations Services during the six months ended 30 June 2024 and 2025, GFA under management and number of projects as at 30 June 2024 and 2025:

	Six months ended 30 June 2025	**As at 30 June 2025**		Six months ended 30 June 2024	As at 30 June 2024	
	Revenue	**Number of projects**	**GFA under management**	Revenue	Number of projects	GFA under management
	(RMB'000)		***('000 sq.m.)***	*(RMB'000)*		*('000 sq.m.)*
Chongqing	**137,362**	**93**	**11,784**	138,459	89	10,929
Sichuan Province	**100,921**	**84**	**11,963**	91,489	73	10,661
Hubei Province	**76,579**	**47**	**11,989**	68,909	39	8,165
Zhejiang Province	**54,394**	**47**	**6,388**	47,495	44	5,831
Hunan Province	**30,777**	**29**	**3,991**	40,188	35	4,704
Shanghai	**15,852**	**11**	**1,042**	15,958	12	1,339
Jiangsu Province	**11,025**	**14**	**1,140**	14,583	16	2,007
Others	**76,352**	**61**	**7,994**	45,303	55	6,301
Total	**503,262**	**386**	**56,291**	462,384	363	49,937

Lifestyle Services

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

During the Reporting Period, revenue derived from Lifestyle Services accounted for approximately 14.7% of total revenue, representing a decrease of approximately 0.3 percentage points, as compared with the same period of 2024.

FATH and Other Comprehensive Services

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

As at 30 June 2025, the Group operated across China and managed 255 foreign-related and medical-related service projects, with an aggregated GFA under management of approximately 9.7 million sq.m. in 30 cities in China.

The table below sets out the Group's revenue attributable to FATH and Other Comprehensive Services for the six months ended 30 June 2024 and 2025, including the respective GFA under management and number of projects based on FATH and Other Comprehensive Services as at 30 June 2024 and 2025:

	Six months ended 30 June 2025	**As at 30 June 2025**		Six months ended 30 June 2024	As at 30 June 2024	
	Revenue	**Number of projects**	**GFA under management**	Revenue	Number of projects	GFA under management
	(RMB'000)		***('000 sq.m.)***	*(RMB'000)*		*('000 sq.m.)*
Comprehensive foreign affairs related services	**89,856**	**207**	**7,573**	93,331	180	6,385
Comprehensive medical related services	**34,112**	**48**	**2,133**	38,909	46	1,932
Digital and intelligent technology services	**340**	**–**	**–**	2,833	–	–
Comprehensive Elderly Care Services	**29,456**	**–**	**–**	27,105	–	–
Consultation management services	**19,971**	**–**	**–**	29,791	–	–
Total	**173,735**	**255**	**9,706**	191,969	226	8,317

As at 30 June 2025, the Group's GFA under management for comprehensive foreign affairs related services was approximately 7.6 million sq.m., the Group's GFA under management for comprehensive medical related services was approximately 2.1 million sq.m..

During the Reporting Period, revenue derived from comprehensive foreign affairs related services decreased by approximately 3.7% to approximately RMB89.9 million as compared to approximately RMB93.3 million in the same period last year, mainly due to a decrease in the number of projects with higher one-off prices.

During the Reporting Period, revenue derived from comprehensive medical related services decreased by approximately 12.3% to approximately RMB34.1 million as compared to approximately RMB38.9 million in the same period last year, mainly due to a decrease in revenue derived from provision of medical care and disinfection services.

During the Reporting Period, revenue derived from digital and intelligent technology services decreased by approximately 88.0% to approximately RMB0.3 million as compared to approximately RMB2.8 million in the same period last year, mainly due to completion of projects relating to digital and intelligent technology services during the Reporting Period.

During the Reporting Period, revenue derived from Comprehensive Elderly Care Services increased by approximately 8.7% to approximately RMB29.5 million as compared to approximately RMB27.1 million in the same period last year, mainly due to an increase in the occupancy rates at elderly care centres of the Group.

During the Reporting Period, revenue derived from consultation management services decreased by approximately 33.0% to approximately RMB20.0 million as compared to approximately RMB29.8 million in the same period last year, mainly due to completion of projects relating to Sales Assistance Services, Preliminary Planning Services, maintenance and rectification services during the Reporting Period.

During the Reporting Period, revenue derived from FATH and Other Comprehensive Services accounted for approximately 21.9% of total revenue, representing a decrease of approximately 3.1 percentage points as compared with the same period of 2024.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue increased by approximately RMB23.8 million or approximately 3.1% to approximately RMB793.7 million from approximately RMB769.9 million as compared with the same period of 2024. The increase in revenue for the Reporting Period was mainly attributable to the continuous expansion of the Group's City Operations Services business and an increase in the GFA under management of the Group.

The table below sets out a breakdown of the Group's total revenue by business lines during the Reporting Period and the corresponding period of 2024:

	Six months ended 30 June			
	2025		2024	
	Revenue ***(RMB'000)***	**Percentage** ***(%)***	Revenue *(RMB'000)*	Percentage *(%)*
City Operation Services	**503,262**	**63.4**	462,384	60.0
Lifestyle Services	**116,655**	**14.7**	115,530	15.0
FATH and Other Comprehensive Services	**173,735**	**21.9**	191,969	25.0
Total	**793,652**	**100.0**	769,883	100.0

Cost of sales

During the Reporting Period, the Group's cost of sales increased by approximately RMB39.8 million or approximately 6.2% to approximately RMB683.9 million from approximately RMB644.1 million as compared with the same period of 2024. The increase was mainly attributable to (i) the continuous expansion in the Group's business scale; and (ii) the increase in the Group's subcontracting costs since the Group outsourced more labour intensive services, such as cleaning and security services.

Gross profit

As a result of the aforementioned key factors, the Group's gross profit decreased by approximately 12.7% from approximately RMB125.8 million for the six months ended 30 June 2024 to approximately RMB109.8 million for the six months ended 30 June 2025. The decrease was mainly attributable to (i) the expansion in the Group's operating scale and ensuring consistent provision of high-quality services to the Group's customers resulting in an increase in the corresponding costs incurred; and (ii) a decrease in revenue from businesses with higher gross profit margins as a result of an increase in competition in the industry.

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

	Six months ended 30 June	
	2025	2024
City Operation Services	**12.3%**	16.8%
Lifestyle Services	**19.1%**	19.2%
FATH and Other Comprehensive Services	**14.8%**	13.6%
Overall gross profit margin	**13.8%**	16.3%

The Group's overall gross profit margin is affected by gross profit margins for each of its business lines. During the Reporting Period, the Group's gross profit margin was approximately 13.8%, representing a decrease of approximately 2.5 percentage points from approximately 16.3% for the six months ended 30 June 2024.

The gross profit margin of City Operation Services decreased from approximately 16.8% for the corresponding period in 2024 to approximately 12.3% during the Reporting Period. The decrease was mainly attributable to the abovementioned reasons relating to decrease in gross profit.

The gross profit margin of Lifestyle Services remained stable for the Reporting Period and the corresponding period in 2024.

The gross profit margin of FATH and Other Comprehensive Services increased from approximately 13.6% for the corresponding period in 2024 to approximately 14.8% during the Reporting Period. The increase was mainly attributable to an increase in the occupancy rates at elderly care centres of the Group.

Other income

During the Reporting Period, the Group's other income amounted to approximately RMB4.6 million, representing an increase of approximately 10.8% from approximately RMB4.1 million for the corresponding period in 2024. The increase was primarily due to the increase in receipt of one-off government grants by the Group during the Reporting Period.

Other gains/(losses), net

During the Reporting Period, the Group recorded other net gains of approximately RMB14.5 million, instead of other net losses of approximately RMB0.8 million for the corresponding period in 2024. The change from other net losses to other net gains was primarily attributable to a one-off gain arising from the derecognition of right-of-use assets and related lease liabilities following completion of the acquisition of Chengdu Dongyuhong Commercial Management Co., Ltd.* (成都東煜宏商業管理有限公司) ("**Chengdu Dongyuhong**") in early 2025.

Selling and marketing expenses

The Group's selling and marketing expenses primarily consist of promotion expenses and employee benefit expenses. During the Reporting Period, the Group's selling and marketing expenses amounted to approximately RMB17.6 million, representing a decrease of approximately 3.4% from approximately RMB18.3 million for the corresponding period in 2024. The decrease was primarily due to a reduction in marketing-related labour costs.

Administrative expenses

During the Reporting Period, the Group's administrative expenses remained stable as compared to the corresponding period in 2024.

Net impairment losses on financial assets

The Group's net impairment losses on financial assets primarily included the impairment provisions for potential bad debts and bad debt write-offs arising from trade receivables, bills receivables, and other receivables. During the Reporting Period, the Group's net impairment losses on financial assets amounted to approximately RMB3.5 million, as compared to approximately RMB5.5 million for the corresponding period in 2024, which was mainly due to the decrease in the balance of trade receivables of the Group at the end of the Reporting Period compared to the corresponding period in 2024.

Finance income/cost, net

During the Reporting Period, the Group's finance income amounted to approximately RMB0.4 million, representing a decrease of approximately 34.3% from approximately RMB0.6 million during the corresponding period in 2024. The decrease was mainly due to a decrease in the interest rates of bank deposits during the Reporting Period.

During the Reporting Period, the Group's finance cost amounted to approximately RMB1.1 million, representing a decrease of approximately 72.4% from approximately RMB3.9 million during the corresponding period in 2024. The decrease was mainly due to a decrease in interest expenses on lease liabilities during the Reporting Period.

Profit before income tax expense

Profit before income tax expense of the Group increased to approximately RMB32.6 million for the Reporting Period by approximately 19.4% from approximately RMB27.3 million for the corresponding period in 2024. The increase was mainly due to an increase in other gains during the Reporting Period.

Income tax expense

During the Reporting Period, the Group's income tax expense increased to approximately RMB3.8 million by approximately 82.3% from approximately RMB2.1 million for the corresponding period in 2024, which was mainly due to an increase in the Group's profit before income tax expense, resulting in a corresponding increase in the Group's income tax expense in the PRC.

Intangible assets

The Group's intangible assets mainly comprised customer relationship and goodwill generated from a number of companies acquired by the Group. As at 30 June 2025, the Group's intangible assets remained stable at approximately RMB282.1 million as compared to approximately RMB287.6 million as at 31 December 2024.

Trade, bills and other receivables

As at 30 June 2025, the Group's trade, bills and other receivables amounted to approximately RMB668.8 million, representing an increase of approximately 4.1% as compared to approximately RMB642.4 million as at 31 December 2024. In particular, trade and bills receivables amounted to approximately RMB608.8 million, representing an increase of approximately 2.3% as compared to approximately RMB595.0 million as at 31 December 2024. Such increase was primarily due to the continuous growth in the Group's business scale. Other receivables amounted to approximately RMB59.9 million, representing an increase of approximately 26.5% as compared to approximately RMB47.4 million as at 31 December 2024. Such increase was primarily due to an increase in payment of deposits and advances to employees.

Trade payables

As at 30 June 2025, the Group's trade payables amounted to approximately RMB324.7 million, representing an increase of approximately 2.1% from approximately RMB317.9 million as at 31 December 2024, mainly due to the change in the Group's payment cycle during the Reporting Period.

Contract liabilities

The Group's contract liabilities mainly represents the advance payments made by customers while the underlying services, primarily City Operations Services, have yet to be provided and thus the relevant revenue has not been recognised. As at 30 June 2025, the Group's contract liabilities amounted to approximately RMB270.8 million, representing a decrease of approximately 19.5% from RMB336.4 million as at 31 December 2024, which was mainly attributable to the Group's contract liabilities being generally higher as at the end of each year as the Group normally encourages property owners to make advanced payments for City Operations Services to be rendered to them in the coming year in the fourth quarter of current year.

LIQUIDITY AND CAPITAL RESOURCES

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

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

As at 30 June 2025, cash and cash equivalents of the Group was approximately RMB146.2 million, as compared with approximately RMB261.7 million as at 31 December 2024.

As at 30 June 2025, the Group's total equity amounted to approximately RMB431.1 million, representing an increase of approximately 5.4% from RMB409.2 million as at 31 December 2024.

CAPITAL MANAGEMENT

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

As at 30 June 2025, the gearing ratio (defined as total debt divided by total equity) of the Group was approximately 8.6% (approximately 22.2% as at 31 December 2024).

BORROWINGS AND PLEDGE OF ASSETS

As at 30 June 2025, the Group did not have any outstanding borrowings (as at 31 December 2024: nil).

As at 30 June 2025, the Group did not have any pledge of assets.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any material contingent liabilities (as at 31 December 2024: nil).

OUTLOOK FOR THE SECOND HALF OF 2025

Since 2025, in the face of a complex and volatile environment, the PRC has implemented more proactive and effective macro policies, driving the overall economy to show a development trend of steady progress and steady growth. However, looking ahead to the next stage, economic operations will still be under the dual pressure of external environmental uncertainties and internal structural adjustments. The Group will continue to anchor itself to urban renewal trends, closely align with general public demands for a better life, seize development opportunities with keen market insight, and flexibly adjust its operating strategies. The Group always adheres to long-term development path based on quality, upholding the service concept of "For Every Moment of Peace of Mind", and combining stable operations with innovative breakthroughs, as well as continuously providing customers with excellent services that exceed expectations, building development certainty amidst uncertainty.

(1) Focus on deepening the market, enhancing quality and efficiency to achieve growth with quality

In terms of market strategy, the Group will continue to build a green market platform through implementing measures such as strengthening the localisation, comprehensive coverage of multiple business formats, optimising bidding strategies, focusing on high-quality key customers, and dynamic resource management. The Group will also deeply implement the "Four Transformations" strategy of "service standardisation, standardised products, product branding, and brand value enhancement" to cultivate core competitive flagship products. The Group will focus on building IFM (i.e. Integrated Facility Management) capabilities in specialised areas, precisely meeting customers' customised needs and fully exploring the IFM market potential through integrated facility management, optimised resource allocation, and innovative service models. The Group will also deeply integrate into the urban governance system with its positioning as an "urban comprehensive service provider", seize market opportunities in subdivided areas such as municipal road sweeping and waste classification and treatment, and promote the diversification of its property portfolio under management.

In addition, the Group will enrich its in-depth service categories by fully exploring resources surrounding its managed projects, expand community-extended services, e.g. home improvement and rental sales, and providing personalised and differentiated high-quality in-depth services, striving to build a safer community with a warm neighborhood feel and cultural value.

In terms of capability building, the Group will focus on improving per capita efficiency, empowering employees through a hierarchical training system, and building an aggressive market team. Combining the performance appraisal mechanism, the Group implements a monthly talent review system to accurately identify potential issues and implement effective intervention measures, thereby comprehensively driving the iterative upgrade of team capabilities.

(2) Seek a second growth curve and build resilient market growth capabilities

The Group plans to explore new business areas. In the catering business, the Group will provide customised catering services, such as nutrition catering restaurants, for specific venues, e.g. industrial parks and medical institutions, to cover diversified market demands. In addition, leveraging the benefits from the rapid development of the regional economy, the Group will continue to explore the Southeast Asian market, seek new business growth points, and strive to achieve breakthroughs in project implementation and business presence.

In the new retail business sector, the Group will build a "online + offline" dual-scenario ecosystem: online, the Group will establish digital scenarios such as the "Shenma Dongdong" (神馬東東) platform and WeChat ecosystem, while offline, the Group will set up physical touch-points such as community locations and project booths. Through full-scenario operations, the Group will accumulate user data and expand its business coverage. By deeply integrating "people, goods, venues, and technology", the Group will promote high-quality growth in the new retail business.

The Group's healthcare business segment will achieve a comprehensive layout: providing tailor-made exclusive service solutions for customers based on scenarios such as home-based elderly care, community elderly care, institutional elderly care, and hospital logistics services; continuously improving the health and nursing medical care service package, and exploring new paths for business growth. The Group's sub-brand, "Evergreen" (常青社), focuses on integrated medical and elderly care services, focusing on creating vibrant senior wellness apartments and care institutions for elderly individuals, providing comprehensive solutions covering clothing, food, housing, and transportation to create a high-quality, refined elderly living experience.

(3) Enhance technological empowerment to support smart operation

The Group will take cutting-edge technologies such as the Internet, big data, cloud computing, and artificial intelligence as its core driving forces, accelerate service product innovation based on the Internet of Things platform, comprehensively promote digital and intelligent transformation, and strive to build a high-tech smart property ecosystem.

In terms of management efficiency, the Group will systematically review various power and responsibility systems, accurately diagnose process pain points, focus on streamlining redundant steps, and achieve automated approval for standardised processes. This will not only optimise the employee's work experience but also significantly enhance operational efficiency, achieving the dual goals of reducing the burden and increasing efficiency. In the terms of data strategy, the Group will utilise big data technology to build a new generation of data middle platform: by comprehensively reviewing the Group's data assets, clarifying data calibers and business requirements, gradually launching a data indicator system covering all business scenarios, and simultaneously introducing AI technology to automate business analysis, thereby enhancing the accuracy and response efficiency of management decisions.

In terms of operation platform construction, the Group will develop a unified project-level work platform that integrates a unified work order center, a unified order center, and a butler management platform, to achieve one-stop coverage of daily project work, effectively reduce human operational errors, accurately control operating costs, and provide customers with smarter and more efficient property management services while improving the work efficiency of all staff.

In terms of customer service, the Group will continue to iterate applet functions and optimise interface display design to fully meet the diversified needs of property owners. In the future, the Group plans to build a membership system, implement a positive customer management system, and formulate differentiated operational control strategies to enhance brand perception and continuously improve brand image and property owner loyalty.

(4) Optimise the operational model to enhance service quality and satisfaction

The Group consistently prioritises the core principle of "customer-centricity", focusing on the needs of people and cities throughout their entire life cycle, and taking customer satisfaction as its continuous core pursuit. Through strengthening internal service capabilities and consolidating service quality, and externally shaping brand reputation and providing comprehensive services, the Group comprehensively promotes the steady improvement of brand influence and market competitiveness.

In terms of customer service, the Group will build a more agile and efficient operating system through three major initiatives: optimising the butler rank system to enhance service professionalism, implementing a reward and punishment system for incident reporting and complaints to strengthen service responsibility awareness, and iterating the incident reporting system to improve response efficiency. The three initiatives will be implemented together to continuously improve customer satisfaction and lay a solid foundation for enhancing brand value. In terms of project operation, the Group will implement a hierarchical management system and a regular diagnostic and review mechanism, establishing a closed-loop management model covering the entire process from "problem identification – measure output – implementation and rectification". This will precisely enhance the quality of customer service while effectively driving efficiency growth at the operational end, thereby achieving a dual optimisation of service and operations.

In addition, the Group will upgrade the Amoeba business model (阿米巴經營模式): improve the selection standards and operational capability requirements for "Amoeba Leaders", stimulate new business growth momentum, and simultaneously cultivate replicable methodologies for enhancing operational capabilities, thereby continuously tapping into operational potential and maximising the release of benefits while improving overall operational efficiency.

(5) Enhance organisational capability, strengthen talent development and cultural identity

In terms of organisational change, the Group will continue to optimise its organisational structure, clarify job roles and functional boundaries, streamline workflows, promote a "simple, short, direct and plain" efficient communication model, and build an agile and responsive organisational system. Since 2025, the Group has completed a series of integration initiatives, accelerating its transformation into a "customer-centricity" platform-based organisation through structural adjustments.

In terms of talent development, the Group will leverage the "Original Aspiration Together" (初心薈) platform to build consensus among talents and use "Elite Together" (精英薈) as the core vehicle to delve into key businesses, thereby promoting a dual breakthrough in individual capability enhancement and team collaboration efficiency. Additionally, the Group fully implemented the "Wings of Original" (原之翼) and "Original Force Together" (原力薈) talent development programs, constructed the " Dowell Competency Model", consolidated the talent management and development system, and formed a closed-loop talent supply chain to lay a solid talent foundation for the Group's long-term development.

The construction of cultural identity will focus on the "Dowell Knowledge" (仁仁知), "Ba Chang Community" (巴長社群) and " Dowell Community of Knowledge" (仁知圈) as its core platforms, fostering a forward-looking cultural atmosphere. Through the three-stage cultivation path of "perception and cognition – identification and belief – action and practice", the Group will increase employees' self-motivation, enhance team cohesion and centripetal force, and inject lasting cultural momentum into the Group's high-quality development.

In the future, the Group will continue to focus on enhancing organisational capability, leveraging talent development, and strengthening cultural identity, to continuously improve its organisational ecosystem, providing comprehensive organisational support and cultural backing for the implementation of its strategies.

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

The H shares of the Company (the "**H Shares**") were successfully listed on the Stock Exchange on 29 April 2022 (the "**Listing Date**") with 16,666,667 new H Shares issued and, upon the partial exercise of over-allotment option, 16,990,867 H Shares were issued in aggregate. Net proceeds from initial public offering and partial exercise of over-allotment option amounted to approximately HK$139.8 million in total, after deducting the underwriting fees and relevant expenses (the "**Net Proceeds**"). As at 30 June 2025, the Group has used approximately HK$131.8 million of the Net Proceeds.

As disclosed in the Company's announcements (the "**UOP Announcements**") dated 23 June 2022, 23 August 2022, 13 December 2023 and 31 March 2025 regarding, among others, change in use of Net Proceeds, the Board resolved to alter the timeframe for the use of the Net Proceeds. For further details, please refer to the UOP Announcements. The Board will continuously assess the plan for the use of the Net Proceeds and may revise or amend such plan when necessary to cope with the changing market conditions.

The table below sets out the details of actual usage of the Net Proceeds as at 30 June 2025:

	Net Proceeds (HK$ million)			
Item	**Used**	**Used**	**Unused**	
	From the Listing Date and up to 30 June 2025	**For the six months ended 30 June 2025**	**As at 30 June 2025**	**Remaining balance expected to be fully used by**
Strategic investments, cooperation and acquisition	83.2	0	0	N/A
Improve service quality and extend service offering	23.0	0	0	N/A
Upgrade and develop intelligent systems	11.9	0	0	N/A
General working capital	13.7	0.4	8.0	End of 2026
Total	131.8	0.4	8.0	

MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

Save for completion of the acquisition of Chengdu Dongyuhong, there were no other material investments, acquisitions or disposal of subsidiaries, associated companies or joint ventures during the Reporting Period.

EXCHANGE RATE RISK

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

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the Reporting Period and up to the date of this announcement, there were no significant events affecting the Group.

EMPLOYEES

As at 30 June 2025, the Group had 5,555 employees (31 December 2024: 5,903 employees). During the Reporting Period, the total staff costs as expenses were approximately RMB363.6 million (as at 30 June 2024: approximately RMB356.8 million).

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

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

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

CORPORATE GOVERNANCE

The Board is responsible for performing the corporate governance duties set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 of the Listing Rules. The principal role and function of the Board in relation to corporate governance is to develop and review the Company's policies and practices on corporate governance, to review and monitor the training and continuous professional development of Directors and senior management of the Company, to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements, to formulate, review and monitor the code of conduct applicable to employee and Directors, and to review the Company's compliance with the Code and disclosure in the corporate governance report under the annual report of the Company.

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as its code for dealing in securities in the Company by the Directors and Supervisors.

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

AUDIT COMMITTEE REVIEW

The Board has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code.

The primary duties of the Audit Committee include, among others, (i) providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and risk management systems of the Group; (ii) overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (iii) formulating and reviewing the Company's policies and practices on corporate governance, compliance with legal and regulatory requirements and requirements under the Listing Rules; and (iv) formulating, reviewing and monitoring the code of conduct applicable to the employees of the Group and Directors. The Audit Committee consists of three members, including Ms. Luo Shaoying, Mr. Wang Susheng and Mr. Song Deliang. The Audit Committee is chaired by Mr. Song Deliang, an independent non-executive Director who possesses appropriate professional accounting and related financial management expertise. The Audit Committee has reviewed the Company's unaudited condensed consolidated interim results for the six months ended 30 June 2025 and confirmed that it has complied with all applicable accounting principles, standards and requirements, and made sufficient disclosures. The Audit Committee has also discussed the matters of audit and financial reporting.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company. The Company did not hold any treasury shares during the Reporting Period.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the Reporting Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the Company's website at www.dowellservice.com and the Stock Exchange's website at www.hkexnews.hk. The interim report of the Company for the six months ended 30 June 2025 containing all the information required by Appendix D2 to the Listing Rules will be despatched to the shareholders of the Company as required and will be available on the said websites in due course.

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

Hong Kong, 19 August 2025

As at the date of this announcement, the Board comprises Mr. Zhang Aiming and Mr. Fan Dong as executive Directors, whom also act as employee Directors, Ms. Luo Shaoying and Ms. Yi Lin as non-executive Directors, and Mr. Lu Youhua, Mr. Wang Susheng and Mr. Song Deliang as independent non-executive Directors.

* *For identification purposes only*