

# DESUN FLOW LIFE



Interim Report 2024

**DESUN 德商产投服务**

创 造 美 好 福 流 生 活

德商产投服务集团有限公司  
DESUN REAL ESTATE INVESTMENT SERVICES GROUP CO., LTD.

(incorporated in the Cayman Islands with limited liability)

Stock Code : 2270

# CONTENTS

<b>2</b>	Definitions
<b>4</b>	Corporate Information
<b>6</b>	Chairman's Statement
<b>7</b>	Management Discussion and Analysis
<b>19</b>	Corporate Governance and Other Information
<b>25</b>	Report on Review of Interim Condensed Consolidated Financial Statements
<b>27</b>	Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
<b>28</b>	Interim Condensed Consolidated Statement of Financial Position
<b>30</b>	Interim Condensed Consolidated Statement of Changes in Equity
<b>31</b>	Interim Condensed Consolidated Statement of Cash Flows
<b>33</b>	Notes to Interim Condensed Consolidated Financial Statements



# DEFINITIONS

“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company
“CEO” or “Chief Executive Officer”	chief executive officer of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix 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 with limited liability on 12 March 2010 and an indirect wholly owned subsidiary of our Company
“China” or “PRC”	the People’s Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires otherwise, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China 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
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and, unless the context requires otherwise, refers to Mr. Zou Kang, Ms. Zou Jian, Sky Donna and Pengna Holding
“Director(s)”	the directors of the Company
“Global Offering”	the Hong Kong public offering and the international offering of the Shares
“Group”, “our Group”, “our”, “we”, “us” or “Desun Real Estate Investment Group”	the Company and its subsidiaries from time to time
“HK\$” or “HKD”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the shares on the Main Board of the Stock Exchange
“Listing Date”	17 December 2021, being the date of listing of the shares of the Company on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time

## DEFINITIONS

“Pengna Holding”	Pengna Holding Limited, a company incorporated in the BVI on 4 December 2020 with limited liability, which is wholly owned by Ms. Zou Jian
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme effective as of 27 April 2021
“Prospectus”	the prospectus of the Company dated 30 November 2021
“Reporting Period”	the period for the six months ended 30 June 2024
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary shares in the share capital of our Company with a nominal value of USD0.0001 each
“Shareholder(s)”	holder(s) of our Share(s)
“Sky Donna”	Sky Donna Holding Limited, a company incorporated in the BVI on 4 December 2020 with limited liability, which is wholly owned by Mr. Zou Kang and is one of the Controlling Shareholders
“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States
“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

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



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Non-executive Director

Mr. Zou Kang

### Executive Directors

Mr. Zhang Zhicheng

*(Chairman and Chief Executive Officer)*

Ms. Xiong Jianqiu *(resigned on 1 March 2024)*

Mr. Yang Wen *(appointed on 1 March 2024)*

Ms. Wan Hong

Mr. Liu Jun

Mr. Shao Jiazhen

### Independent Non-executive Directors

Mr. Fang Liqiang

Mr. Chen Di

Mr. Yan Hong

## AUDIT COMMITTEE

Mr. Yan Hong *(Chairman)*

Mr. Chen Di

Mr. Fang Liqiang

## REMUNERATION COMMITTEE

Mr. Fang Liqiang *(Chairman)*

Mr. Yan Hong

Ms. Wan Hong

## NOMINATION COMMITTEE

Mr. Zhang Zhicheng *(Chairman)*

Mr. Fang Liqiang

Mr. Chen Di

## AUTHORISED REPRESENTATIVES

Ms. Wan Hong

Ms. Ng Ka Man

## REGISTERED OFFICE

190 Elgin Avenue

George Town

Grand Cayman KY1-9008

Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 1803, Block A

Desun International

No. 1480 North Section of Tianfu Avenue

High-tech Industrial Development Zone

Chengdu

China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F., Tower Two

Times Square

1 Matheson Street

Causeway Bay

Hong Kong

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited

190 Elgin Avenue

George Town

Grand Cayman KY1-9008

Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716

17th Floor, Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

### AUDITOR

BDO Limited  
25/F, Wing On Centre  
111 Connaught Road Central  
Hong Kong

### JOINT COMPANY SECRETARIES

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

### LEGAL ADVISERS

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

### PRINCIPAL BANKERS

China CITIC Bank, Chengdu Branch  
China Merchants Bank, Chengdu Yizhou Avenue Branch  
Industrial and Commercial Bank of China,  
Chengdu Branch

### COMPANY’S WEBSITE

[www.desunhui.com](http://www.desunhui.com)

### STOCK CODE

2270

### DATE OF LISTING

17 December 2021



# CHAIRMAN'S STATEMENT

Dear Shareholders,

First of all, on behalf of the board of directors (the “**Board**”) of Desun Real Estate Investment Services Group Co., Ltd. (the “**Company**”), I would like to extend our sincere greetings and heartfelt thanks to all of our shareholders for their trust and support to Desun Real Estate Investment. On behalf of the Board of the Company, I am pleased to present the interim report of the Group for the six months ended 30 June 2024.

In this era of change, the Company upholds the three core business philosophies of “*users-oriented, creating value for customers, and delivering perceptible value to them*”, “*mutual benefit, shared growth, mutual respect, trust and attentiveness to the concerns of our partners*” and “*employees are the most value asset of Desun Real Estate Investment, and Desun Real Estate Investment is a stage for all employees to showcase their talents and a platform to achieve mutual growth and success*”, we continue to explore and implement new service models and management methods, so as to adapt to the ever-changing market demands and challenges. During the half-year, all business segments of the Company demonstrated remarkable vigour and potential, achieving steady growth in performance. This is not only a recognition of the Company’s professional competence, but also the fruit of our long-term accumulation and unremitting efforts.

In particular, during the period of industry transformation and upgrading with strategic opportunities, the Company have continued to advance and transform, and also have incorporated Desun Green Building Company to improve the front-end’s agency services of management, construction and sales of the asset chain, providing pre-planning, resource integration and full process of investment and construction operation services to realize customer asset value. Through this strategic upgrade, Desun Real Estate Investment not only extended its industrial chain, but also established asset full chain management and service capabilities through the integration of industrial value and the aggregation of resource capabilities, so as to form a more specialized competitiveness in the market. Moreover, the prospects of the capital market will be broader, with strategic organic synergy between each link of the value chain and different businesses, thus resulting in more diversified profitability. Therefore, Desun Real Estate Investment Group’s three major business segments, namely investment and construction, asset management and comprehensive property services, will merge with a brand-new appearance.

In a new journey, Desun Real Estate Investment Group will continue to adhere to its core business philosophy and build the enterprise core momentum with good products, good service and good organization to create our life scenario with quality, good taste and brand. We are committed to becoming a leading urban core asset operator in the PRC and creating a better urban life for our users.

**Zhang Zhicheng**

*Chairman, Chief Executive Officer and Executive Director*

Chengdu, 29 August 2024

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY REVIEW

In the first half of 2024, facing macroeconomic pressures and adjustments in upstream industry, the property industry has gradually transitioned from a growth-driven market to a stock market. With the intensifying market competition, more and more property service enterprises have shifted their focus from blindly expanding scale to emphasizing refined management. They are “prioritizing quality over quantity”, returning to the core of service, improving service quality and enhancing customer perception, so as to achieve high-quality development.

At the same time, the National Development and Reform Commission has released the Industrial Structure Adjustment Guidance Catalogue (2024 Edition) (產業結構調整指導目錄(2024年本)), which officially reclassified property services from the “Encouraged Services – Other Services” to “Encouraged Services – Business Services”, and property services have been further subdivided into “residential property management” and “non-residential property management”. Various local governments have also introduced a range of normative policies, clearly defining requirements for property services in terms of fee standards, service quality, personnel standards and other aspects. The growing focus from the State on the property industry not only aids in its move towards greater standardization and regulation but also opens up broader development opportunities and prospects.

## BUSINESS REVIEW

Our Group provides services through the management and operation in four major business segments: (i) property services, primarily including property management services and other value-added services; (ii) commercial operation and management, primarily including commercial operational services, commercial property management and other related services; (iii) home furnishing and decoration services, primarily including home furnishing, home refurbishment and decoration services; and (iv) office building and community operation and management, primarily including office building sublease services and co-operative operations.

During the Reporting Period, the Group adhered to its three core business principles, driving sustainable prosperity and long-term development. We attached great importance to user experience, consistently implementing our customer philosophy of “users-oriented, creating value for customers, and delivering perceptible value to them”. We valued our employees, upholding the belief that “employees are the most value asset of Desun Real Estate Investment, and Desun Real Estate Investment is a stage for all employees to showcase their talents and a platform to achieve mutual growth and success”. We respected our partners, advocating a cooperation philosophy of “mutual benefit, shared growth, mutual respect, trust and attentiveness to the concerns of our partners”. These three operation principles are seamlessly integrated and mutually reinforcing, providing the Group with continuous momentum for sustainable development.

In the first half of 2024, Desun Real Estate Investment continued to formulate and implement multiple strategies in property management services, commercial operations, office building and community operations and home furnishing and decoration operations, aiming to enhance profitability and increase market share. In terms of resource integration, we further integrated cross-border resource around urban resource operation services, establishing an operation platform for systematic solutions and enhancing our capability in providing systematic solution. In terms of organisational management, we built a user-driven organisation, fully implementing the user evaluation mechanism, and optimizing organizational operations to ensure that all business activities revolve around user needs, driving product innovation. In terms of intelligent management, we accelerated the progress of enterprise digitalisation construction and the construction of enterprise digitalisation, establishing an enterprise data center to support business decision-making, and simultaneously, it actively explored the innovative applications of new technologies such as AI within business scenarios to drive business iteration.



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

For the six months ended 30 June 2024, the Group recorded a revenue of approximately RMB203.1 million, representing an increase of approximately 36.5% as compared to the corresponding period in 2023; gross profit of approximately RMB62.4 million, representing an increase of approximately 38.1% as compared to the corresponding period in 2023; and gross profit margin of approximately 30.7%, representing an increase of approximately 0.3 percentage point as compared to the corresponding period in 2023. The Group recorded net profit after tax for the six months ended 30 June 2024 of approximately RMB23.6 million, representing an increase of approximately 29.7% as compared to approximately RMB18.2 million for the corresponding period in 2023.

### Revenue and its Composition

Business segment	30 June 2024		30 June 2023		Period-on-period change %
	RMB'000	Percentage of total revenue %	RMB'000	Percentage of total revenue %	
Property services	124,745	61.4	104,280	70.1	19.6
Commercial operation and management	24,872	12.3	16,758	11.3	48.4
Home furnishing and decoration services	11,458	5.6	15,128	10.1	-24.3
Office building and community operation and management	42,042	20.7	12,584	8.5	234.1
	<u>203,117</u>	<u>100.0</u>	<u>148,750</u>	<u>100.0</u>	<u>36.5</u>

### Revenue

During the Reporting Period, the Group recorded a revenue of RMB203.1 million, representing a period-on-period increase of 36.5% as compared to RMB148.8 million for the corresponding period in 2023, which was mainly attributable to the increase in the area under the property services management as well as the increase in the overall occupancy rate of the operated office buildings.

During the Reporting Period, the Group's revenue was primarily generated from its four business segments: (i) property services; (ii) commercial operation and management; (iii) home furnishing and decoration services; and (iv) office building and community operation and management.

# MANAGEMENT DISCUSSION AND ANALYSIS

## *Property Services*

During the Reporting Period, the Group's property services segment continued to lead the growth with revenue amounted to RMB124.7 million, accounting for 61.4% of the Group's overall revenue, representing a solid increase of 19.6% as compared to RMB104.3 million for the corresponding period in 2023.

During the Reporting Period, we not only enhanced service quality and customer satisfaction through innovative mechanisms such as the "User Evaluation System" and "Supplier Evaluation System", but also successfully introduced value-added services such as "Star-Rated Steward (星級管家)" and "Flow Life (福流薈)" to further improve the experience of customers. By fully implementing the service philosophy of "users-oriented, creating value for customers", we have received widespread praise and recognition in the market. During the Reporting Period, the Company's contracted area under management expanded to approximately 11,683,000 sq.m., representing an increase of 15.4% as compared to 31 December 2023, while the area of projects under management increased to 10,053,000 sq.m., representing an increase of 13.66% as compared to 31 December 2023.

## *Commercial Operation and Management*

During the Reporting Period, the Group's commercial operation and management segment demonstrated extraordinary vitality and potential, with revenue amounted to RMB24.9 million, accounting for 12.3% of the Group's overall revenue, representing an increase of 48.4% as compared to RMB16.8 million for the corresponding period in 2023.

During the Reporting Period, the Group promoted pilot reform in service, actively enhanced its brand influence and successfully signed new projects such as the Ronggang Innovative and Smart Park (蓉港創智園). At the same time, we actively explored deep integration models of industry and commerce, and laid a solid foundation for the long-term development of commercial operation and management by optimising project investment strategies, strengthening asset management capabilities, expanding new business sectors and building a network of key resources.

## *Home Furnishing and Decoration Services*

During the Reporting Period, the revenue from the Group's home furnishing and decoration services segment amounted to RMB11.5 million, accounting for 5.6% of the Group's overall revenue, representing a decrease of 24.3% as compared to RMB15.1 million for the corresponding period in 2023.

During the Reporting Period, in response to market adjustments and challenges, we adhered to the dual-models operation of factory-to-consumer (F2C) and business-to-business-to-consumer (B2B2C) in our home furnishing and decoration services segment, ensured clear traceability of our products, and continuously strengthened our design capabilities to provide our customers with one-stop personalised service experience focusing on whole-house decoration, house renovation and home furnishings new retail. At the same time, we have innovatively launched a series of warranty measures, including "24-hour on-site service", "regular phone follow-ups" and "periodic inspection", which has been widely praised and trusted by customers. Despite being in an adjustment period, we are confident that through ongoing optimisation and innovation, the home furnishing and decoration services segment will achieve more stable development.

# MANAGEMENT DISCUSSION AND ANALYSIS

## *Office Building and Community Operation and Management*

During the Reporting Period, the revenue from the Group's office building and community operation and management segment amounted to RMB42.0 million, accounting for 20.7% of the Group's overall revenue, representing an increase of 234.1% as compared to RMB12.6 million for the corresponding period in 2023.

In August 2022, the Group jointly invested in and established Chengdu Desun Xinhongdao Business Management Co., Ltd.\* (成都德商新泓道商業管理有限公司) (“**Desun Xinhongdao**”) with its business partner, Chengdu Xinhongdao Enterprise Management Co., Ltd.\* (成都新泓道企業管理有限公司) (“**Chengdu Xinhongdao**”) to jointly provide sublease services. During the Reporting Period, Desun Xinhongdao always maintained its market sensitivity and adopted a series of effective measures to maintain its business competitiveness, ensuring a continued high occupancy rate. The measures included, among others, implementing a target-based evaluation system to ensure team dynamics and efficiency; regularly researching competitor sales performance and updating strategies weekly to swiftly adopt to market changes; and maintaining a commitment to offering cost-effective products within the region and introducing unique services like themed salons, morning and evening greetings and referral programs to enhance customer loyalty. Going forward, we will continue to deepen strategic cooperation with our partners, enhance our team's service capability and expand new media promotion channels, so as to inject new vitality and momentum into the sustainable development of our office building and community operation and management segment.

## **Cost of Sales**

During the Reporting Period, cost of sales amounted to RMB140.7 million, representing an increase of 35.8% as compared to RMB103.6 million for the corresponding period in 2023, which was mainly attributable to the increase in cost arising from the growth in revenue scale.

## **Gross Profit and Gross Profit Margin**

For the six months end 30 June 2024, the gross profit was approximately RMB62.4 million, representing an increase of 38.1% as compared to RMB45.2 million for the corresponding period in 2023. The gross profit margin was approximately 30.7%, representing an increase of approximately 0.3 percentage point as compared to the gross profit margin of 30.4% for the corresponding period in 2023. The increase in gross profit margin was mainly due to the scale effect arising from the increase in the area under property services management as well as the lean management of existing projects.

## **Other Income and Gains**

Our other income and gains mainly consist of government grants, interest income and foreign exchange gains, net. The decrease of other income and gains by approximately RMB1.0 million, or approximately 13.7% from approximately RMB7.3 million for the six months ended 30 June 2023 to approximately RMB6.3 million for the six months ended 30 June 2024 was primarily due to the decrease in foreign exchange gains.

## **Administrative Expenses**

Our administrative expenses mainly consist of labour costs, business entertainment expenses, office expenses, staff dormitory and office occupancy expenses, promotion expenses, transportation expenses, tax expenses, special service expenses, depreciation and amortisation, lease expenses and others. Administrative expenses of our Group increased by approximately RMB8.1 million, or approximately 36.3% from approximately RMB22.3 million for the six months ended 30 June 2023 to approximately RMB30.4 million for the six months ended 30 June 2024, which was mainly attributable to the business expansion.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Net Impairment Loss on Financial Assets

The net impairment loss on financial assets decreased from RMB5.5 million for the six months ended 30 June 2023 to RMB1.9 million for the six months ended 30 June 2024. Such decrease was mainly due to the decrease in the impairment of bad debt provision for receivables.

## Profit Before Tax

As a result of the changes described above, the profit before tax during the Reporting Period of our Group increased by approximately RMB5.9 million, or approximately 27.3% from approximately RMB21.6 million for the six months ended 30 June 2023 to approximately RMB27.5 million for the six months ended 30 June 2024.

## Income Tax Expense

Our income tax expense was approximately RMB3.4 million and approximately RMB3.9 million for the six months ended 30 June 2023 and the six months ended 30 June 2024, respectively.

## Profit for the Reporting Period

As a result of the changes discussed above, our net profit for the Reporting Period increased by approximately 29.7% from approximately RMB18.2 million for the six months ended 30 June 2023 to approximately RMB23.6 million for the six months ended 30 June 2024, and our net profit margin for the Reporting Period decreased from approximately 12.2% for the six months ended 30 June 2023 to approximately 11.6% for the six months ended 30 June 2024.

## 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 RMB96.6 million as at 30 June 2024, mainly due to depreciation of fixed assets for the period.

## Investment Properties

Investment properties consist of one residential and numerous commercial properties in the PRC held for sale or lease. Investment property decreased from approximately RMB250.7 million as at 31 December 2023 to approximately RMB241.3 million as at 30 June 2024, which was primarily due to depreciation charge for the period.

## Other Intangible Assets

We recognised other intangible assets of approximately RMB5.7 million as at 30 June 2024, which mainly include the customer relationship of approximately RMB4.8 million obtained from the acquisition of Zhongneng Group. The customer relationship has a finite useful life and is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful life of 10 years, taking into account the prior experience of the renewal pattern of property management services.

## Goodwill

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



# MANAGEMENT DISCUSSION AND ANALYSIS

## Trade Receivables

Trade receivables mainly arise from property management services and certain value-added services. Trade receivables of our Group decreased from approximately RMB164.8 million as at 31 December 2023 to approximately RMB162.3 million as at 30 June 2024, primarily due to the adoption of a proactive collection policy.

## 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 approximately RMB53.7 million as at 31 December 2023 to approximately RMB60.8 million as at 30 June 2024.

## 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 decreased from approximately RMB44.6 million as at 31 December 2023 to approximately RMB38.1 million as at 30 June 2024, primarily due to the shorter settlement cycle with suppliers.

## Other Payables and Accruals

The other payables and accruals of our Group primarily consist of payables for payroll, utilities and other taxes, receipt of advances on behalf from residents, consideration payables as well as deposits received. The other payables and accruals decrease from approximately RMB163.3 million as 31 December 2023 to approximately RMB159.6 million as at 30 June 2024.

## 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 were approximately RMB47.6 million as at 31 December 2023 and approximately RMB55.4 million as at 30 June 2024, which was mainly attributable to the increase in the amount of pre-stored property fees as a result of the increase in the area under management.

## Tax Payable

Tax payable of our Group primarily consist of PRC corporate income tax payable. Our tax payable increased from approximately RMB9.4 million as at 31 December 2023 to approximately RMB15.8 million as at 30 June 2024, primarily due to the increase in the profit before tax.

## Lease Liabilities

As at 30 June 2024, the current lease liabilities of our Group were RMB10.8 million (as at 31 December 2023: RMB8.4 million). Our Group recorded non-current lease liabilities of RMB243.4 million as at 30 June 2024 (as at 31 December 2023: RMB248.4 million).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Liquidity and Capital Resources

Our cash and bank balances decreased by approximately RMB78.0 million from approximately RMB210.1 million as at 31 December 2023 to approximately RMB132.1 million as at 30 June 2024, primarily due to share repurchases. Our net current assets decreased from approximately RMB182.7 million as at 31 December 2023 to approximately RMB160.9 million as at 30 June 2024.

## Pledge of Assets

As at 30 June 2024, none of the assets of our Group were pledged (as at 31 December 2023: nil).

## Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

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

During the six months ended 30 June 2024, the Group has not made any significant investment. Save as disclosed herein, the Group had no other plans for material investments or additions of capital assets as at the date of this interim report.

## Gearing Ratio

The gearing ratio (sum of interest-bearing bank loans divided by total equity) as at 30 June 2024 was approximately 3.58% (as at 31 December 2023: 3.20%).

## Contingent Liabilities

As at 30 June 2024, our Group had no outstanding guarantees or other material contingent liabilities (as at 31 December 2023: nil).

## Treasury Policies

We consistently comply with our treasury policies during the procedures of managing the relevant departments as well as of 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 certain bank deposits which are denominated in USD and HKD (as at 30 June 2024, bank and cash balances denominated in HKD and USD dollars equal to approximately RMB40.2 million in total), the Group's business is principally conducted in RMB and therefore we did not expose to material direct risk of foreign exchange fluctuation as at 30 June 2024. Accordingly, the Group considers its exposure to currency risk to be insignificant. As at 30 June 2024, the Group did not enter 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.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Employees and Benefits Policies

As at 30 June 2024, our Group had 989 employees (31 December 2023: 970 employees). For the six months ended 30 June 2024, the aggregate staff costs of the Group amounted to approximately RMB51.7 million (for the six months ended 30 June 2023: approximately RMB52.0 million). Employee's remuneration is determined based on the employee's performance, skills, knowledge, experience and market trends. Our Group regularly reviews compensation policies and programs, and will make necessary adjustment in order to be in line with the remuneration levels in the industry. Our Group also provides various systematic and extensive training programmes to its employees. Our Group's employee training programmes primarily cover key areas in the Group's business operations, which provide continuous training to our Group's existing employees at different levels to specialise and strengthen their skill sets.

The Company adopted the Pre-IPO Share Option Scheme on 27 April 2021. 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 (the "**Share Award Scheme**", which was amended and restated on 20 May 2024). The Share Award Scheme will purchase the existing Shares through the trustee(s) on the Stock Exchange, or the trustee(s) 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 purpose of the Share Award Scheme established by the Company is 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.

## Future Outlook

Looking ahead, the Group will continue to adhere to the customers-oriented principle, continuously optimizing its service processes and enhancing service quality. We are committed to a diversified development strategy, further exploring synergies across different sectors and continuing our investments in real estate investment and operation, asset management and comprehensive property services. Our goal is to build a full-chain urban asset management ecosystem that ensures the Company's steady progress in a complex and ever-changing market environment. Among which: (1) real estate investment and operation, which mainly include three major business areas, namely government entrusted construction, commercial entrusted construction and capital entrusted construction. Through management empowerment, resource integration and brands and standards export, we are committed to building a comprehensive service platform covering the entire asset life cycle, providing customised solutions and high-quality management services, assisting in asset preservation and appreciation, creating value for customers and contributing to society. In addition, the Group's overall competitiveness will be continuously enhanced through the realisation of strategic and organic collaboration among different businesses; (2) asset management, focusing on the five characteristic business areas of industrial and commercial complexes, entertainment complexes, urban renewal projects, communities and office buildings, based on a "Light Investment + Operation + Platform" model, to build more comprehensive asset operation and management capabilities, and through the introduction of industrial resources, project positioning and planning, commercial investment operation, commercial office and communities leasing, large-scale asset sales assistance and other services, to provide systematic solutions to enhance the asset value cycle of core urban assets, contributing to the creation of better urban living environments; and (3) comprehensive property services, mainly including property management services and other value-added services, covering mid to high-end residential buildings, large-scale commercial, Grade-A office buildings, industrial parks, government offices and administrative logistics, schools and hospitals.

## MANAGEMENT DISCUSSION AND ANALYSIS

The above diversified strategic layout not only mitigates market risks but also strengthens the Company's core competitiveness. Moving forward, we will continue to deepen this strategy by expanding our real estate investment and operation segment, professionally optimizing our asset management segment and innovatively upgrading our comprehensive property services segment, all of which will contribute to the long-term development of the Group.

### 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 dated 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 "**Litigation Proceedings Announcement**") in relation to, among other things, certain civil complaints filed by the subsidiaries of the Company. As disclosed in the Litigation Proceedings 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.





# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

During the Reporting Period, the Company did not grant any awarded Shares, and no awarded Shares granted have vested, lapsed or been cancelled.

## CHANGE OF AUDITOR

Reference is made to the announcement of the Company dated 5 June 2024 (the “**Change of Auditor Announcement**”) in relation to, among other things, proposed change of auditor of the Company. As disclosed in the Change of Auditor Announcement, having due consideration to audit fees, the Board proposed that Ernst & Young (“**EY**”) be retired as an auditor of the Company at the conclusion of the forthcoming annual general meeting of the Company upon the expiration of its term of office and will not be re-appointed as an auditor of the Company at the forthcoming annual general meeting. EY has confirmed with the Company that there are no matters relating to its retirement that need to be brought to the attention of the Shareholders of the Company. The Board and the Audit Committee also confirmed that there was no disagreement between the Company and EY or other matters relating to the proposed change of auditor that need to be brought to the attention of the Shareholders. With the recommendation from the Audit Committee, the Board has resolved to appoint BDO Limited as the new auditor of the Company upon the retirement of EY, subject to the approval by the Shareholders at the forthcoming annual general meeting. The Company held the annual general meeting on 27 June 2024, at which the resolution to appoint BDO Limited as the auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company and to authorise the Board to fix its remuneration has been duly approved. For details, please refer to the Company's announcements dated 5 June 2024 and 27 June 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Events after the Reporting Period

The Group had the following events after the Reporting Period:

### *Entering into Equity Transfer Agreement*

On 19 July 2024, Chengdu Fengzhi Technology Co., Ltd.\* (成都風知科技有限公司) (“**Chengdu Fengzhi**”), an indirect wholly-owned subsidiary of the Company, entered into the 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) (the “**Desun Green Building Company**”), to Chengdu Fengzhi at a consideration of RMB258,238.62. Upon completion of the equity transfer, the Desun Green Building Company will become an indirect wholly-owned subsidiary of the Company, the financial results of which will be consolidated into the consolidated financial statements of the Group. The Company expects to venture into the entrusted construction business field through such subsidiary. 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 the Effective Date and up to 31 December 2024. The corresponding Annual Cap from the Effective Date 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. Reference is made to the announcement of the Company dated 19 July 2024. As the Company is proposed to acquire (the “**Acquisition**”) 100% equity interest in the Desun Green Building Company which currently provides the entrusted construction and related services and other value-added services to the Ultimate Controlling Shareholders’ Associated Companies, and the Company expects that upon the completion of the Acquisition, the Desun Green Building Company will continue to provide such services to the Ultimate Controlling Shareholders’ Associated Companies. Accordingly, the Company and the Ultimate Controlling Shareholders entered into the Entrusted Construction and Value-added Services Framework Agreement to govern the relevant continuing connected transactions after completion of the Acquisition. Through the continuous cooperation between the Ultimate Controlling Shareholders’ Associated Companies and the Group in respect of the provision of the entrusted construction and related services and other value-added services, it will support the steady growth of the Group in the entrusted construction business filed. For details, please refer to the Company’s announcement dated 19 July 2024.



## MANAGEMENT DISCUSSION AND ANALYSIS

### *Connected Transaction in relation to Payment of the Deposit*

On 16 August 2024, Chengdu Fengzhi, an indirect wholly-owned subsidiary of the Company, and Chengdu Dehua Enterprise Management Consultancy Co., Ltd.\* (成都德樺企業管理諮詢有限公司) (“**Dehua Enterprise**”), have applied to participate as a consortium in the project regarding invitation and selection of restructuring investors for Jinke Property Group Co., Ltd.\* (金科地產集團股份有限公司) (“**Jinke Property**”) and Chongqing Jinke Real Estate Development Co., Ltd.\* (重慶金科房地產開發有限公司) (“**Chongqing Jinke**”) Restructuring Proposal (the “**Project**”), and shall pay the deposit of RMB10 million (the “**Deposit**”) in aggregate to the Administrator after passing the preliminary review, of which Chengdu Fengzhi shall pay RMB5 million. Payment of the Deposit is a prerequisite for completing the Project application. Selected in the future, this will help the Group to expand its market, have more business opportunities and enhance brand recognition. For details, please refer to the Company’s announcement dated 16 August 2024.

Save as disclosed in this interim report, the Group had no significant events after the Reporting Period and up to the date of approval of the unaudited interim condensed consolidated financial information.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 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 six months ended 30 June 2024 and all Directors confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the said period.

## INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2024.

## CHANGE IN DIRECTORS' AND CHIEF EXECUTIVE'S INFORMATION

Ms. Xiong Jianqiu resigned as an executive Director on 1 March 2024, due to other work assignment within the Group. Mr. Yang Wen was appointed as an executive Director on 1 March 2024. For details, please refer to the Company's announcement dated 1 March 2024.

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

#### Interests in Shares and underlying Shares of the Company

As at 30 June 2024, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Capacity/Nature of Interest	Total number of Shares/ underlying Shares held <sup>(1)</sup>	Approximate percentage of shareholding interest in the Company as at 30 June 2024 (%) <sup>(1)</sup>
Mr. Zou Kang	Interest in controlled corporation; interest held jointly with another person <sup>(2)&amp;(3)</sup>	389,673,000 (L)	62.82%
Mr. Zhang Zhicheng	Interest in controlled corporation <sup>(4)</sup>	22,500,000 (L)	3.63%
Ms. Xiong Jianqiu <sup>(5)</sup>	Beneficial owner	1,059,000 (L)	0.17%
Ms. Wan Hong	Beneficial owner; beneficiary of a trust <sup>(6)</sup>	3,540,037 (L)	0.57%
Mr. Shao Jiazhen	Beneficial owner; beneficiary of a trust <sup>(7)</sup>	6,128,155 (L)	0.99%
Mr. Liu Jun	Beneficial owner; beneficiary of a trust <sup>(8)</sup>	6,128,155 (L)	0.99%
Mr. Yang Wen	Beneficiary of a trust <sup>(9)</sup>	1,550,648 (L)	0.25%

Notes:

- As at 30 June 2024, the Company had issued 620,259,200 Shares in total. The letter "L" denotes the person's long position in the Shares.
- On 11 May 2021, Mr. Zou Kang and Ms. Zou Jian entered into a concert parties confirmatory deed (the "**Concert Parties Confirmatory Deed**"), pursuant to which they reaffirmed that they had been acting in concert as shareholders of our Group before the date of the Concert Parties Confirmatory Deed, and shall continue the same thereafter. For further details, please refer to the paragraph headed "History, Reorganisation and Corporate Structure – Acting-in-concert arrangement" in the Prospectus. As such, pursuant to the acting-in-concert arrangement, as at 30 June 2024, each of the Controlling Shareholders, i.e. Sky Donna (being wholly owned by Mr. Zou Kang), Mr. Zou Kang, Pengna Holding (being wholly owned by Ms. Zou Jian) and Ms. Zou Jian, is deemed to be interested in 62.82% of the issued share capital of the Company.
- These 389,673,000 Shares in which Mr. Zou Kang is interested consist of (i) 372,393,000 Shares held by Sky Donna, a company wholly-owned by Mr. Zou Kang, in which Mr. Zou Kang is deemed to be interested under the SFO; and (ii) 17,280,000 Shares in which Mr. Zou Kang is deemed to be interested as a result of being a party acting-in-concert with Ms. Zou Jian pursuant to the Concert Parties Confirmatory Deed.
- These 22,500,000 Shares are held by Zhiyu Holding Limited, the issued shares of which are wholly owned by Mr. Zhang Zhicheng. Under the SFO, Mr. Zhang Zhicheng will be taken to be interested in the Shares held by Zhiyu Holding Limited.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

5. Ms. Xiong Jianqiu is interested in 1,059,000 Shares. Ms. Xiong Jianqiu resigned as the executive Director with effect from 1 March 2024.
6. Ms. Wan Hong is interested in 3,540,037 Shares, including 1,059,000 Shares she held and 2,481,037 awarded Shares she was granted which are subject to a vesting period of three years from the date of grant.
7. Mr. Shao Jiazhen is interested in 6,128,155 Shares, including 2,406,600 Shares he held and 3,721,555 awarded Shares he was granted which are subject to a vesting period of three years from the date of grant.
8. Mr. Liu Jun is interested in 6,128,155 Shares, including 2,406,600 Shares he held and 3,721,555 awarded Shares he was granted which are subject to a vesting period of three years from the date of grant.
9. Mr. Yang Wen is interested in 1,550,648 Shares, being 1,550,648 awarded Shares he was granted which are subject to a vesting period of three years from the date of grant.

### Interests in Shares and underlying Shares of the Company's associated corporations

Name of Director	Capacity/Nature of Interest	Associated corporation	Total number of Shares/underlying Shares held <sup>(Note)</sup>	Approximate percentage of interest in the associated corporation as at 30 June 2024
				(%)
Mr. Zou Kang	Beneficial owner	Sky Donna	1(L)	100%

Note: The letter "L" denotes the person's long position in the share(s) of the associated corporation.

Save as disclosed above, as at 30 June 2024, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2024, to the best knowledge of the Directors or chief executives of the Company, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

#### Interests in Shares and underlying Shares of the Company

Name of Substantial Shareholder	Capacity/Nature of Interest	Total number of Shares/ underlying Shares held <sup>(1)</sup>	Approximate percentage of shareholding interest in the Company as at 30 June 2024 (%) <sup>(1)</sup>
Sky Donna	Beneficial owner; interest held jointly with another person <sup>(2)&amp;(3)</sup>	389,673,000 (L)	62.82%
Ms. Zou Jian	Interest of corporation controlled by you; interest held jointly with another person <sup>(4)</sup>	389,673,000 (L)	62.82%
Pengna Holding	Beneficial owner; interest held jointly with another person <sup>(4)</sup>	389,673,000 (L)	62.82%

Notes:

- As at 30 June 2024, the Company had issued 620,259,200 Shares in total. The letter "L" denotes the person's long position in the Shares.
- On 11 May 2021, Mr. Zou Kang and Ms. Zou Jian entered into the Concert Parties Confirmatory Deed, pursuant to which they reaffirmed that they had been acting in concert as shareholders of our Group before the date of the Concert Parties Confirmatory Deed, and shall continue the same thereafter. For further details, please refer to the paragraph headed "History, Reorganisation and Corporate Structure — Acting-in-concert arrangement" in the Prospectus. As such, pursuant to the acting-in-concert arrangement, as at 30 June 2024, each of the Controlling Shareholders, i.e. Sky Donna (being wholly owned by Mr. Zou Kang), Mr. Zou Kang, Pengna Holding (being wholly owned by Ms. Zou Jian) and Ms. Zou Jian, is deemed to be interested in 62.82% of the issued share capital of the Company.
- These 389,673,000 Shares in which Sky Donna (a company wholly-owned by Mr. Zou Kang) is interested consist of (i) 372,393,000 Shares held by Sky Donna; and (ii) 17,280,000 Shares in which Sky Donna is deemed to be interested as a result of the Concert Parties Confirmatory Deed entered into between Mr. Zou Kang and Ms. Zou Jian.
- These 389,673,000 Shares in which Ms. Zou Jian is interested consist of (i) 17,280,000 Shares held by Pengna Holding, a company wholly-owned by Ms. Zou Jian, in which Ms. Zou Jian is deemed to be interested under the SFO; and (ii) 372,393,000 Shares of Sky Donna in which Ms. Zou Jian is deemed to be interested as a result of being a party acting-in-concert with Mr. Zou Kang pursuant to the Concert Parties Confirmatory Deed.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 June 2024, the Company had not been notified by any other persons (other than the Directors) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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 17,838,000 Shares, 21,816,000 Shares and 16,479,429 Shares 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 HKD73,616,000 (equivalent to approximately RMB66,901,000) on 2 January 2024, 5 February 2024 and 7 June 2024, respectively. As at 30 June 2024, the Company did not have any treasury shares.

### USE OF NET PROCEEDS FROM 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**").

Taking into account the Company's latest business strategy, market conditions and the latest estimate of the time required for each business project to meet the requirements for the stable and sustainable development of each business project, the Board has resolved on 30 August 2023 to (i) change the intended use of Net Proceeds from the Listing 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 unutilised Net Proceeds (the "**Proposed Change**"). The intended use of the Net Proceeds after the Proposed Change are as follows:

1. approximately 60% will be used 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;
2. approximately 20% will be used for investing in information technology systems and human resources to support technology systems;



## CORPORATE GOVERNANCE AND OTHER INFORMATION

3. approximately 10% will be used for recruiting and cultivating talents, including management and professionals for our principal business; and
4. approximately 10% will be used as working capital and for general corporate uses.

For details of the Proposed Change, please refer to the announcement of the Company dated 30 August 2023.

Intended use of Net Proceeds	Allocation of Net Proceeds (HK\$ million)	Percentage of total Net Proceeds	Amount of Net Proceeds		Balance of Net Proceeds unutilised as at 30 June 2024 (HK\$ million)	Intended timetable for use of the unutilised Net Proceeds
			Amount of unutilised Net Proceeds as at 1 January 2024 (HK\$ million)	utilised during the six months ended 30 June 2024 (HK\$ million)		
(i) 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	105.7	60%	105.7	0.0	105.7	December 2025
(ii) Investing in information technology systems and human resources to support information technology systems	35.2	20%	31.5	1.9	29.6	
• Upgrading and developing the Group's internal information technology system						
o Upgrade financial operation centre	1.8	1%	1.4	0.7	0.7	December 2024
o Upgrade property management system including management fee payment system, operation system, marketing system and resources management system	3.5	2%	1.6	0.8	0.8	December 2024
o Upgrade cloud infrastructure	3.5	2%	3.2	0.2	3.0	December 2024
• Upgrading and developing business operating system						
o Upgrade Internet-of-things system including facilities and equipment smart management system, smart car parking system and customer management system	8.8	5%	7.6	0.2	7.4	December 2024
o Develop BI digital operation centre	10.2	6%	10.2	0.0	10.2	December 2024
o Develop artificial intelligence commercial operation service system and hardware	7.4	4%	7.4	0.0	7.4	December 2024
(iii) Recruiting and cultivating talents, including management and professionals for our principal business	17.6	10%	0.1	0.1	0.0	December 2024
(iv) Working capital and for general corporate uses	17.6	10%	9.4	4.0	5.4	December 2024
<b>Total</b>	<b>176.1</b>	<b>100%</b>	<b>146.7</b>	<b>6.0</b>	<b>140.7</b>	

The Company has utilised, and will continue to utilise the Net Proceeds from the Global Offering in accordance with the intended purposes as set out in the Prospectus and the announcement of the Company dated 30 August 2023.

### AUDIT COMMITTEE

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 with management the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters, including a review of this interim report and the unaudited interim financial information for the six months ended 30 June 2024.

# REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



**To the board of directors of Desun Real Estate Investment Services Group Co., Ltd.**

(Incorporated in the Cayman Islands with limited liability)

## INTRODUCTION


We have reviewed the interim condensed consolidated financial statements set out on pages 27 to 52, which comprises the interim condensed consolidated statement of financial position of Desun Real Estate Investment Services Group Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 30 June 2024 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended, and notes to the interim condensed consolidated financial statements, including material accounting policy information (the “Interim Condensed Consolidated Financial Statements”). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IAS 34”). The directors are responsible for the preparation and presentation of the Interim Condensed Consolidated Financial Statements in accordance with IAS 34. Our responsibility is to express a conclusion on the Interim Condensed Consolidated Financial Statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



# REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## OTHER MATTER

The comparatives in the interim condensed consolidated statements of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months ended 30 June 2023, and the notes to the Interim Condensed Consolidated Financial Statements were reviewed by another auditor who expressed an unmodified conclusion on those statements on 30 August 2023. The comparative consolidated statement of financial position as at 31 December 2023 were audited by the same auditor who expressed an unmodified opinion on those statements on 26 March 2024.

### **BDO Limited**

*Certified Public Accountants*

### **Li Yin Fan**

Practising Certificate Number P03113

Hong Kong, 29 August 2024

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>REVENUE</b>	5	203,117	148,750
Cost of sales		(140,684)	(103,564)
Gross profit		62,433	45,186
Other income and gains	5	6,267	7,308
Administrative expenses		(30,366)	(22,336)
Provision for impairment losses on trade receivables, net	7	(1,437)	(5,193)
Provision for impairment losses on prepayments, deposits and other receivables, net	7	(415)	(302)
Other expenses		(301)	(299)
Interest expenses	6	(8,591)	(2,864)
Share of (loss)/profit of associates		(110)	100
<b>PROFIT BEFORE TAX</b>	7	27,480	21,600
Income tax expense	8	(3,901)	(3,381)
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>23,579</b>	<b>18,219</b>
Profit for the period attributable to:			
Owners of the Company		21,410	17,860
Non-controlling interests		2,169	359
		<b>23,579</b>	<b>18,219</b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Basic	10	<b>RMB3.69 cents</b>	<b>RMB2.89 cents</b>
Diluted	10	<b>RMB3.66 cents</b>	<b>RMB2.88 cents</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property and equipment	11	96,607	98,675
Investment properties	11	241,320	250,726
Right-of-use assets		270	386
Other intangible assets	11	5,747	6,184
Goodwill		9,179	9,179
Investment in associates		25,305	26,356
Deferred tax assets		7,097	4,661
Prepayments, deposits and other receivables	13	7,061	6,074
Restricted deposits	14	981	981
Total non-current assets		393,567	403,222
<b>CURRENT ASSETS</b>			
Inventories	17	64,159	19,551
Trade receivables	12	162,333	164,826
Prepayments, deposits and other receivables	13	53,764	47,600
Cash and cash equivalents	14	132,105	210,086
Total current assets		412,361	442,063
<b>CURRENT LIABILITIES</b>			
Contract liabilities		54,680	46,515
Trade payables	15	38,096	44,630
Other payables and accruals	16	122,089	140,171
Interest-bearing bank loans		9,750	10,000
Lease liabilities		10,825	8,356
Tax payable		15,822	9,428
Dividend payable		225	225
Total current liabilities		251,487	259,325
<b>NET CURRENT ASSETS</b>		160,874	182,738
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		554,441	585,960

continued/...

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Other payables and accruals	16	37,545	23,159
Contract liabilities		698	1,072
Lease liabilities		243,422	248,367
Deferred tax liabilities		703	760
<b>Total non-current liabilities</b>		<b>282,368</b>	<b>273,358</b>
<b>NET ASSETS</b>		<b>272,073</b>	<b>312,602</b>
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Share capital	18	393	393
Treasury shares		(69,772)	(2,871)
Reserves		332,087	307,884
<b>Total equity</b>		<b>272,073</b>	<b>312,602</b>
Non-controlling interests		9,365	7,196
<b>Total equity</b>		<b>272,073</b>	<b>312,602</b>

**Zhang Zhicheng**

*Director*

**Yang Wen**

*Director*

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company									
	Share capital RMB'000 (note 18)	Treasury shares RMB'000	Share premium* RMB'000	Capital reserve* RMB'000	Statutory surplus reserve* RMB'000	Share option reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2024 (audited)	393	(2,871)	117,220	24,700	19,507	137	146,320	305,406	7,196	312,602
Profit and total comprehensive income for the period	—	—	—	—	—	—	21,410	21,410	2,169	23,579
Equity-settled share option arrangements	—	—	—	—	—	2,793	—	2,793	—	2,793
Transfer from retained profits	—	—	—	—	3,285	—	(3,285)	—	—	—
Shares repurchased (note 18(b))	—	(66,901)	—	—	—	—	—	(66,901)	—	(66,901)
Balance at 30 June 2024 (unaudited)	<u>393</u>	<u>(69,772)</u>	<u>117,220</u>	<u>24,700</u>	<u>22,792</u>	<u>2,930</u>	<u>164,445</u>	<u>262,708</u>	<u>9,365</u>	<u>272,073</u>
Balance at 1 January 2023 (audited)	391	—	142,558	24,250	15,031	4,274	110,444	296,948	1,699	298,647
Profit and total comprehensive income for the period	—	—	—	—	—	—	17,860	17,860	359	18,219
Exercise of options	2	—	4,662	—	—	(3,334)	—	1,330	—	1,330
Equity-settled share option arrangements, net of reversal	—	—	—	—	—	(403)	—	(403)	—	(403)
Disposal of a subsidiary	—	—	—	—	—	—	—	—	75	75
Equity contribution from the non-controlling shareholders of subsidiaries	—	—	—	518	—	—	—	518	498	1,016
Transfer from retained profits	—	—	—	—	1,982	—	(1,982)	—	—	—
Final 2022 dividend declared	—	—	(30,000)	—	—	—	—	(30,000)	—	(30,000)
Balance at 30 June 2023 (unaudited)	<u>393</u>	<u>—</u>	<u>117,220</u>	<u>24,768</u>	<u>17,013</u>	<u>537</u>	<u>126,322</u>	<u>286,253</u>	<u>2,631</u>	<u>288,884</u>

\* These reserve accounts comprise the consolidated reserves of RMB332,087,000 and RMB307,884,000 in the interim condensed consolidated statements of financial position as at 30 June 2024 and 31 December 2023, respectively.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Operating profit before working capital changes</b>	<b>55,492</b>	27,947
Decrease in inventories	832	1,596
Increase in trade receivables	(44,383)	(39,328)
Increase in prepayments, deposits and other receivables	(7,574)	(8,882)
Increase in restricted deposits	—	(281)
(Decrease)/increase in trade payables	(6,534)	2,342
(Decrease)/increase in other payables and accruals	(18,063)	8,539
Increase in contract liabilities	7,792	11,674
Cash (used in)/from operations	(12,437)	3,607
Interest received	2,136	3,109
Income tax paid	—	(4,160)
Net cash flows (used in)/from operating activities	(10,302)	2,556
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital injection into associates	(851)	—
Purchases of items of property and equipment	(3,521)	(29,154)
Additions to other intangible assets	(86)	(99)
Purchase of investment properties	(1,165)	—
Purchase of financial assets at fair value through profit or loss	—	(30,000)
Loan to a related party	—	(2,000)
Net cash flows used in investing activities	(5,623)	(61,253)

continued/...



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances and loans from non-controlling shareholders of subsidiaries	—	13,980
Proceeds from exercise of options	—	1,330
Proceeds from loan from an associate	16,162	—
Repayment of bank loans	(250)	—
Principal portion of the lease liabilities	(2,476)	(1,370)
Interest portion of the lease liabilities	(6,406)	(99)
Deposits paid for leases	—	(1,506)
Initial direct cost related to a lease	—	(405)
Interest paid	(2,185)	—
Shares repurchased (note 18(b))	(66,901)	—
Net cash flows (used in)/from financing activities	(62,056)	11,930
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(77,981)	(46,767)
Cash and cash equivalents at beginning of period	210,086	248,236
Effect of foreign exchange rate changes, net	—	5,069
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>132,105</b>	<b>206,538</b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 1. BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as issued by the International Accounting Standards Boards (the “ISAB”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

The interim condensed consolidated financial statements and notes thereon do not include all of the information required for a complete set of financial statements prepared in accordance with the IFRS Accounting Standards and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

The interim condensed consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousands, unless otherwise stated.

## 2. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

During the interim period, in the opinion of the directors of the Company, the Group were principally engaged in the following activities in the PRC:

- Property management services and other value-added services;
- Commercial operational services, commercial property management and other related services;
- Home furnishing, home refurbishment and decoration services; and
- Office building sublease services and co-operative operations.

### Debts settlement agreements

On 22 December 2023, the Group entered into ten debts settlement agreements (collectively, “Debts Settlement Agreements”) with the respective Debtors and Vendors (as defined in the Company’s announcement dated 31 January 2024), pursuant to which the Group agreed to acquire and the vendors agreed to sell a total of 1,512 parking spaces (the “Settlement Properties”) at an aggregate consideration of RMB51,640,000 which shall be offset against the trade receivables due from the Debtors on a dollar-for-dollar basis. Further details of the above Debts Settlement Agreements are set out in the Company’s announcements dated 26 December 2023 and 20 February 2024 and the Company’s circular dated 31 January 2024.

As at 30 June 2024, all ten Debts Settlement Agreements had been executed. The Group acquired the part of the Settlement Properties totalling RMB51,640,000 and recognised as inventory of the Group. Trade receivable of the same amount had been offset accordingly. Further details are set out in the note 19(a) and 17 to the interim condensed consolidated financial statements. This is a non-cash transaction.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

### 3. ADOPTION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised IFRS Accounting Standards ("IFRSs") for the first time for the current period.

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

The application of the amendments to IFRSs in the current interim period has had no material impact to the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in the interim condensed consolidated financial statements.

### 4. OPERATING SEGMENT INFORMATION

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. For management purposes, the Group is organised into business units based on their services and has four reportable operating segments as follows:

- (a) Property services segment, which mainly includes property management services and other value-added services;
- (b) Commercial operation and management segment, which mainly includes commercial operational services, commercial property management and other related services;
- (c) Home furnishing and decoration services segment, which mainly includes home furnishing, home refurbishment and decoration services; and
- (d) Office building and community operation and management segment mainly engages in office building sublease services and co-operative operations.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 4. OPERATING SEGMENT INFORMATION *(continued)*

For the six months ended 30 June 2024

	Property services RMB'000 (Unaudited)	Commercial operation and management RMB'000 (Unaudited)	Home furnishing and decoration services RMB'000 (Unaudited)	Office building and community operation and management RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Segment revenue</b> (note 5)					
Sales to external customers	124,745	24,872	11,458	42,042	203,117
Intersegment sales	1,288	—	—	—	1,288
<b>Total segment revenue</b>	<u>126,033</u>	<u>24,872</u>	<u>11,458</u>	<u>42,042</u>	<u>204,405</u>
Reconciliation:					
Elimination of intersegment sales					(1,288)
<b>Revenue</b>					<u>203,117</u>
<b>Segment result</b>	<u>25,558</u>	<u>4,726</u>	<u>131</u>	<u>1,492</u>	<u>31,907</u>
Reconciliation:					
Elimination of intersegment results					(68)
Unallocated income and gains					6,267
Corporate and other unallocated expenses					<u>(10,626)</u>
<b>Profit before tax</b>					<u>27,480</u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 4. OPERATING SEGMENT INFORMATION *(continued)*

For the six months ended 30 June 2023

	Property services RMB'000 (Unaudited)	Commercial operation and management RMB'000 (Unaudited)	Home furnishing and decoration services RMB'000 (Unaudited)	Office building and community operation and management RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Segment revenue</b> (note 5)					
Sales to external customers	104,280	16,758	15,128	12,584	148,750
Intersegment sales	700	—	1,376	—	2,076
<b>Total segment revenue</b>	<u>104,980</u>	<u>16,758</u>	<u>16,504</u>	<u>12,584</u>	<u>150,826</u>
Reconciliation:					
Elimination of intersegment sales					<u>(2,076)</u>
					<u>148,750</u>
<b>Segment results</b>	<u>27,138</u>	<u>3,100</u>	<u>(2,193)</u>	<u>(111)</u>	27,934
Reconciliation:					
Elimination of intersegment results					(110)
Unallocated income and gains					7,308
Corporate and other unallocated expenses					<u>(13,532)</u>
<b>Profit before tax</b>					<u>21,600</u>

No analysis of segment assets and liabilities is presented as management does not regularly review such information for the purpose of resource allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 4. OPERATING SEGMENT INFORMATION *(continued)*

For the six months ended 30 June 2023 *(continued)*

### *Geographical information*

During the Reporting Period, 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*

For the six months ended 30 June 2024, there were no customers with whom transactions have exceeded 10% of the Group's revenue.

For the six months ended 30 June 2023, RMB26,473,000 was derived from services provided to companies over which the ultimate controlling shareholders of the Company have control or jointly control, and have significant influence (collectively referred to as the "Fellow Entities") and the Fellow Entities contributed 10% or more to the total revenue of the Group during the six months ended 30 June 2023.

## 5. REVENUE, OTHER INCOME AND GAINS

### Revenue

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>	174,572	139,247
<i>Revenue from other sources</i>		
Gross rental income	28,545	9,503
Total revenue	203,117	148,750

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 5. REVENUE, OTHER INCOME AND GAINS (continued)

### Revenue (continued)

Disaggregated revenue information for revenue from contracts with customers:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Property services	124,745	104,280
Commercial operation and management	24,872	16,758
Home furnishing and decoration services	11,458	15,128
Office building and community operation and management	13,497	3,081
Total revenue from contracts with customers	<u>174,572</u>	<u>139,247</u>

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	1,502	4,985
Services transferred over time	170,979	123,211
Services transferred at a point in time	2,091	11,051
Total revenue from contracts with customers	<u>174,572</u>	<u>139,247</u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 5. REVENUE, OTHER INCOME AND GAINS *(continued)*

### Other income and gains

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Other income</b>		
Government grants	208	243
Additional input value-added tax deduction	15	192
Bank interest income	2,136	3,109
Others	3,518	205
	<u>5,877</u>	<u>3,749</u>
<b>Gains</b>		
Foreign exchange gains, net	390	3,559
	<u>390</u>	<u>3,559</u>
Total other income and gains	<u>6,267</u>	<u>7,308</u>

## 6. INTEREST EXPENSES

An analysis of the Group's interest expenses is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on lease liabilities	6,406	2,133
Interest on bank and related parties' loans	2,185	731
	<u>8,591</u>	<u>2,864</u>



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of services provided	139,437	100,366
Cost of goods sold	1,247	3,198
Provision for impairment losses on trade receivables, net	1,437	5,193
Provision for impairment losses on prepayments, deposits and other receivables, net	415	302
Equity-settled share option expense/ (equity-settled share option expense, net of reversal)	2,793	(403)
Auditors' remuneration	300	500
Foreign exchange gains, net	(390)	(3,559)

## 8. INCOME TAX EXPENSE

The major components of corporate income tax expense for the Reporting Period and for the six months ended 30 June 2023 of the Group are as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current — PRC Enterprise Income Tax		
Charge for the period	6,394	3,976
Overprovision in prior periods	—	(34)
Deferred tax	(2,493)	(561)
Total tax charge for the period	3,901	3,381

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 the 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 Reporting Period and the six months ended 30 June 2023.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 8. INCOME TAX EXPENSE (continued)

Except for certain subsidiaries as described below, the 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 Reporting Period and the six months ended 30 June 2023.

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

In addition, certain subsidiaries in the PRC are qualified as Small Low-profit Enterprises and thus entitled to a preferential income tax rate of 20% for the Period and the six months ended 30 June 2023.

## 9. DIVIDENDS

At the meeting of the board of directors of the Company (the "Board") held on 29 August 2024, the board did not recommend any payment of an interim dividend (six months ended 30 June 2023: Nil).

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic earnings per share is calculated by dividing the profit for the period 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 58,880,000 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 period 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:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Earnings</b>		
Profit for the period attributable to owners of the Company for the purposes of calculating basic and diluted earnings per share	<u>21,410</u>	<u>17,860</u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (continued)

	For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	580,218,649	617,119,098
Effect of dilution — weighted average number of ordinary shares:		
— Share options	3,987,036	2,733,755
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	584,205,685	619,852,853

## 11. PROPERTY AND EQUIPMENT, INVESTMENT PROPERTIES AND OTHER INTANGIBLE ASSETS

	Property and equipment RMB'000	Investment properties RMB'000	Other intangible assets RMB'000
Carrying amounts at 1 January 2024 (audited)	98,675	250,726	6,184
Additions	3,521	1,165	86
Depreciation/amortisation provided during the period	(5,589)	(10,571)	(523)
Carrying amounts at 30 June 2024 (unaudited)	96,607	241,320	5,747

## 12. TRADE RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Related parties (note 19(b))	60,438	107,871
Third parties	114,658	68,281
Impairment	175,096 (12,763)	176,152 (11,326)
	162,333	164,826

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 12. TRADE RECEIVABLES *(continued)*

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 year	131,270	88,823
1 to 2 years	26,094	31,485
2 to 3 years	4,353	43,836
Over 3 years	616	682
	<b>162,333</b>	<b>164,826</b>

## 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<i>Current portion:</i>			
Due from related parties	19(b)	7,322	6,457
Deposits	(a)	7,337	8,240
Staff advances		2,196	1,249
Property management costs recoverable from residents		5,257	6,147
Payments on behalf of residents	(b)	4,580	5,575
Cash in transit		5,275	2,563
Other receivables		7,414	6,223
Prepaid expenses		19,282	18,587
		<b>58,663</b>	<b>55,041</b>
Impairment allowance		(4,899)	(7,441)
		<b>53,764</b>	<b>47,600</b>
<i>Non-current portion:</i>			
Due from related parties	19(b)	2,752	2,752
Deposits		1,928	1,928
Prepaid expenses		2,381	1,394
		<b>7,061</b>	<b>6,074</b>
		<b>60,825</b>	<b>53,674</b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

Notes:

- (a) The amounts mainly represent the refundable deposits paid for performance, project tendering deposits and lease deposits.
- (b) The amounts represent the amounts paid on behalf of residents to the utility service providers for the services provided.

## 14. CASH AND CASH EQUIVALENTS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Cash and bank balances	133,086	211,067
<i>Less:</i>		
Pledged deposits for performance guarantee, non-current	(981)	(981)
Cash and cash equivalents	<u>132,105</u>	<u>210,086</u>

At 30 June 2024, other than the cash and bank balances denominated in HKD amounted to approximately RMB5,079,000 (31 December 2023: approximately RMB27,590,000) and in USD amounted to RMB35,080,000 (31 December 2023: approximately RMB78,232,000), the remaining cash and bank balances are denominated in RMB. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, the Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 15. TRADE PAYABLES

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 3 months	10,029	35,476
3 to 12 months	15,177	6,204
Over 1 year	12,890	2,950
	<u>38,096</u>	<u>44,630</u>

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

## 16. OTHER PAYABLES AND ACCRUALS

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<i>Current portion:</i>			
Due to related parties	19(b)	1,026	2,234
Payables for purchase of property and equipment		33,272	40,682
Receipts on behalf from community residents	(a)	13,249	16,544
Payroll and social insurance payables		31,020	39,187
Deposits received		25,258	24,081
Other tax payable		7,232	7,743
Other payables and accrued expenses	(b)	11,032	9,700
		<u>122,089</u>	<u>140,171</u>
<i>Non-current portion:</i>			
Due to related parties	19(b)	37,545	23,159
		<u>37,545</u>	<u>23,159</u>
		<u>159,634</u>	<u>163,330</u>

Notes:

- (a) The amounts mainly represent the advances received on behalf from property owners and tenants for settlement of utility charges.
- (b) As at 30 June 2024 and 31 December 2023, all other payables and accruals were non-interest bearing, unsecured and repayable on demand.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 17. INVENTORIES

As at 30 June 2024 and 31 December 2023, the inventories mainly consist of carparking spaces available for sale.

## 18. SHARE CAPITAL

		Number of shares	
<b>Authorised:</b>			
Ordinary shares of USD0.0001 each:			
At 1 January 2023 and 31 December 2023 (audited),			
and 1 January 2024 and 30 June 2024 (unaudited)			2,000,000,000
		<b>Number of shares</b>	<b>Nominal value</b>
	Note		RMB'000
<b>Issued and fully paid:</b>			
Ordinary shares of USD0.0001 each			
At 1 January 2023		616,793,600	391
Exercise of share options		(a) 3,465,600	2
At 31 December 2023 (audited),			
1 January 2024 and 30 June 2024 (unaudited)		(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 Hong Kong Stock Exchange at a total consideration of HKD3,168,000 (equivalent to approximately RMB2,871,000).

On 2 January 2024, 5 February 2024 and 7 June 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 and 16,479,429 shares of the Company, respectively, on the Hong Kong Stock Exchange at a total consideration of HKD73,616,000 (equivalent to approximately RMB66,901,000).

As at 30 June 2024, the total number of issued ordinary shares of the Company include 58,880,000 shares (31 December 2023: 2,746,571 shares) held for the Share Award Scheme by the trustees of the Company, representing approximately 9.49% (31 December 2023: 0.44%) of the issued share capital of the Company.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 19. RELATED PARTY TRANSACTIONS AND BALANCES

### (a) Transactions with related parties

As at 30 June 2024, all ten Debts Settlement Agreements had been executed. The Group acquired the part of the Settlement Properties totalling RMB51,640,000 and recognised as inventory of the Group. Trade receivable of the same amount had been offset accordingly.

In addition to the transaction detailed elsewhere in the interim condensed consolidated financial statements, the Group had other transactions with related parties during the Reporting Period as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Rendering of property management services and value-added services	10,425	26,472
Purchase of inventories	45,400	220
Lease payments for office premises	322	363
Loan to a related party	—	2,000
Loans from related parties	544	13,379
Loan from an associate	16,162	—

These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 19. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

### (b) Balances with related parties

In addition to the balances detailed elsewhere in the interim condensed consolidated financial statements, the Group had the following balances with related parties as at the end of the reporting period:

#### *Due from related parties*

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade in nature		60,438	107,871
Impairment		(879)	(2,578)
		<u>59,559</u>	<u>105,293</u>
Non-trade in nature			
— Fellow Entities	(i)	8,074	7,209
— Non-controlling shareholder of a subsidiary	(ii)	2,000	2,000
		<u>10,074</u>	<u>9,209</u>
		<u>69,633</u>	<u>114,502</u>
Analysed into:			
— Current portion		66,881	111,750
— Non-current portion		2,752	2,752
		<u>69,633</u>	<u>114,502</u>

#### Notes:

- (i) Non-trade amounts due from the Fellow Entities were unsecured, interest free and had no fixed terms of repayment as at 30 June 2024.
- (ii) The non-trade amount due from the non-controlling shareholder of a subsidiary is an unsecured loan due for repayment in December 2025, and bears interest at the rate of 12% per annum.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 19. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

### (b) Balances with related parties *(continued)*

#### *Due to related parties*

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Non-trade nature:			
— Fellow Entities	(i)	1,026	1,956
— Non-controlling shareholders of subsidiaries	(ii)	23,177	23,437
— Associate	(iii)	14,368	—
		<b>38,571</b>	<b>25,393</b>
Analysed into:			
— Current portion		1,026	1,956
— Non-current portion		37,545	23,437
		<b>38,571</b>	<b>25,393</b>

#### Notes:

- (i) The non-trade amounts due to the Fellow Entities are unsecured, interest-free and have no fixed terms of repayment.
- (ii) Other than an amount of approximately RMB10.1million, which is unsecured, interest-free and due for repayment on 31 August 2025, the remaining balances due to non-controlling shareholders of subsidiaries are unsecured loans with repayment due between December 2025 and June 2026, and bear interest at a rate of 12% per annum.
- (iii) As at 30 June 2024, the Group had outstanding unsecured other borrowings from an associate with a contractual undiscounted amount of approximately RMB16.2 million (31 December 2023: Nil) which were interest-free and due from repayment on 1 March 2027, 12 March 2027 and 14 April 2027.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 19. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

### (b) Balances with related parties *(continued)*

#### *Due to related parties (continued)*

#### *Lease liabilities due to a related party*

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
A fellow entity	<u>161,851</u>	<u>164,586</u>

### (c) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	1,707	2,699
Equity-settled share option expense, net of reversal/ (equity-settled share option expense, net of reversal)	2,793	(403)
Pension scheme contributions	<u>102</u>	<u>210</u>
Total compensation paid to key management personnel	<u>4,602</u>	<u>2,506</u>

## 20. SHARE OPTION SCHEME

### (a) Movements in share options

The following share options were outstanding under the share award scheme during the Reporting Period:

	Weighted average exercise price HKD	Number of options
At 1 January 2024	0.546	18,607,776
Forfeited during the Period	—	—
Exercised during the Period	—	—
At 30 June 2024	<u>0.546</u>	<u>18,607,776</u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 20. SHARE OPTION SCHEME (continued)

### (b) Outstanding share options

The following table discloses the details of the share options outstanding at 30 June 2024:

Numbers of share options	Exercise price per share HKD	Fair value per share HKD	Exercise period
7,443,110	0.546	0.630	22 December 2024 or after to 22 December 2033
5,582,333	0.546	0.618	22 December 2025 or after to 22 December 2033
<u>5,582,333</u>	0.546	0.602	22 December 2026 or after to 22 December 2033
<u>18,607,776</u>			

## 21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>Financial assets:</b>		
<i>Financial assets at amortised cost</i>		
Trade receivables	162,333	164,826
Prepayments, deposits and other receivables	39,162	33,693
Restricted deposits	981	981
Cash and cash equivalents	<u>132,105</u>	<u>210,086</u>
	<u>334,581</u>	<u>409,586</u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>Financial liabilities:</b>		
<i>Financial liabilities at amortised cost</i>		
Trade payables	38,096	44,630
Other payables and accruals	108,133	75,718
Interest-bearing bank loans	9,750	10,000
	<u>155,979</u>	<u>130,348</u>
<b>Financial instruments:</b>		
Lease liabilities	254,247	256,723

Management has assessed that the fair values of cash and cash equivalents, trade receivables, prepayments, deposits and other receivables, trade payables and other payables, approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the non-current portion of restricted deposits, prepayments, deposits and other receivables, other payables and accruals, and lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for the non-current portion of restricted deposits, prepayments, deposits and other receivables, other payables and accruals, and lease liabilities as at 30 June 2024 were assessed to be insignificant.

## 22. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 29 August 2024.