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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2270)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

- Total revenue of the Group for the year ended 31 December 2021 increased by 98.0% to approximately RMB253.3 million from approximately RMB127.9 million for the year ended 31 December 2020.
- Gross profit of the Group for the year ended 31 December 2021 increased by 65.0% to approximately RMB103.4 million from approximately RMB62.7 million for the year ended 31 December 2020. Gross profit margin decreased to 40.8% for the year ended 31 December 2021 from 49.0% compared to 2020.
- Profit after income tax for the year ended 31 December 2021 amounted to approximately RMB32.9 million compared to approximately RMB42.9 million for the year ended 31 December 2020. The adjusted profit after income tax (excluding listing expenses and equity-settled share option expenses) for the year ended 31 December 2021 increased by 25.0% to approximately RMB60.2 million from approximately RMB48.1 million for the year ended 31 December 2020.
- Basic earnings per share attributable to equity holders of the Company amounted to RMB7.33 cents for the year ended 31 December 2021 (2020: RMB9.54 cents). Diluted earnings per share attributable to equity holders of the Company amounted to RMB7.29 cents for the year ended 31 December 2021 (2020: RMB9.54 cents).

The board of directors (the "**Board**") of Desun Real Estate Investment Services Group Co., Ltd. (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2021 (the "**Reporting Period**"). The content of this annual results announcement has been prepared in accordance with applicable disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in relation to preliminary announcements of annual results, and has been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") issued by the International Auditing and Assurance Standards Board ("**IAASB**"). Such annual results have also been reviewed and confirmed by the Board and the audit committee of the Board (the "**Audit Committee**"). Unless otherwise stated, the financial data of the Company are presented in Renminbi ("**RMB**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
REVENUE	4	**253,296**	127,922
Cost of sales		**(149,866)**	(65,252)
Gross profit		**103,430**	62,670
Other income and gains	4	**6,237**	6,690
Administrative expenses		**(63,536)**	(18,657)
Reversal of/(provision for) impairment losses on trade receivables, net	13	**(2,647)**	329
Reversal of/(provision for) impairment losses on other receivables, net	14	**(1,260)**	76
Other expenses		**(1,807)**	(255)
Interest expenses	5	**(109)**	(24)
PROFIT BEFORE TAX	6	**40,308**	50,829
Income tax expense	7	**(7,365)**	(7,916)
PROFIT FOR THE YEAR		**32,943**	42,913
OTHER COMPREHENSIVE INCOME		**—**	—
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**32,943**	42,913
Attributable to:			
Owners of the parent		**33,440**	42,928
Non-controlling interests		**(497)**	(15)
		32,943	42,913
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	9	**RMB7.33 cents**	RMB9.54 cents
Diluted	9	**RMB7.29 cents**	RMB9.54 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	**2021** ***RMB'000***	2020 *RMB'000*
NON-CURRENT ASSETS			
Property and equipment		**144**	204
Investment properties	*10*	**1,330**	1,427
Right-of-use assets		**155**	387
Other intangible assets		**8,427**	8,075
Goodwill	*11*	**9,179**	9,179
Deferred tax assets	*12*	**674**	251
Total non-current assets		**19,909**	19,523
CURRENT ASSETS			
Inventories		**741**	—
Trade receivables	*13*	**89,686**	35,699
Prepayments, deposits and other receivables	*14*	**11,487**	8,167
Financial assets at fair value through profit or loss		**—**	130
Cash and cash equivalents		**251,063**	109,502
Total current assets		**352,977**	153,498
CURRENT LIABILITIES			
Contract liabilities	*4*	**24,622**	11,841
Trade payables	*15*	**17,743**	10,564
Other payables and accruals	*16*	**70,130**	58,294
Lease liabilities		**122**	236
Tax payable		**9,458**	9,093
Total current liabilities		**122,075**	90,028
NET CURRENT ASSETS		**230,902**	63,470
TOTAL ASSETS LESS CURRENT LIABILITIES		**250,811**	82,993

	Notes	**2021** *RMB'000*	2020 *RMB'000*
NON-CURRENT LIABILITIES			
Contract liabilities	*4*	**580**	1,200
Deferred tax liabilities	*12*	**988**	1,102
Lease liabilities		**—**	122
Total non-current liabilities		**1,568**	2,424
NET ASSETS		**249,243**	80,569
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*17*	**381**	—
Reserves		**248,625**	80,584
		249,006	80,584
Non-controlling interests		**237**	(15)
Total equity		**249,243**	80,569

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. CORPORATE AND GROUP INFORMATION

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

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

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

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

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

Information about subsidiaries

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

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

Entity name	Place and date of incorporation/establishment and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity interests attributable to the Company Direct	Indirect	Principal activities
成都德新尚裕物業管理有限公司 Chengdu Dexin Shangyu Property Management Co., Ltd.	PRC/Mainland China/ 5 December 2019	RMB5,000,000	—	100%	Property management
成都德正物業服務有限公司 Chengdu Dezheng Property Service Co., Ltd.	PRC/Mainland China/ 19 December 2019	RMB500,000	—	100%	Property management
成都中能物業管理有限責任公司 Chengdu Zhongneng Property Management Company Limited (“**Zhongneng**”)	PRC/Mainland China/ 16 May 2006	RMB5,000,000	—	100%	Property management
成都金捷資產管理有限公司 Chengdu Jinjie Asset Management Co., Ltd. (“**Chengdu Jinjie**”)	PRC/Mainland China/ 27 March 2013	RMB3,000,000	—	100%	Property management
成都璽悦居室內設計有限公司 Chengdu Xiyueju Interior Design Co., Ltd.	PRC/Mainland China/ 14 December 2020	RMB1,000,000	—	70%	Interior design
成都優貝空間創孵科技服務有限公司 Chengdu Ube Space Chuangfu Technology Service Co., Ltd.	PRC/Mainland China/ 20 October 2015	RMB5,000,000	—	100%	Property management
成都栢悦嘉誠商業管理有限公司 Chengdu Baiyue Jiacheng Business Management Co., Ltd. (“**Baiyue Jiacheng**”)	PRC/Mainland China/ 22 August 2018	RMB5,000,000	—	100%	Investment holding
成都璽福悦室內設計有限公司 Chengdu Xifuyue Interior Design Co., Ltd.	PRC/Mainland China/ 26 September 2021	RMB1,000,000	—	100%	Interior design

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

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

None of the subsidiaries has material non-controlling interests.

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

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

2.1 BASIS OF PREPARATION

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

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

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*[5]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contracts*[2,4]
Amendments to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 — Comparative Information*[2]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRSs Standards 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of property management services and value-added services. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no further operating segment information is presented.

Geographical information

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

Information about a major customer

During the year, revenue from contracts with customers of approximately RMB112,713,000 (2020: RMB60,511,000) was derived from services provided to companies in which the Ultimate Controlling Shareholders have control or jointly control, and have significant influence (collectively referred to as "**Fellow Entities**") and contributed 44% (2020: 47%) or more of the total revenue of the Group during the year.

4. REVENUE, OTHER INCOME AND GAINS

Revenue from contracts with customers

Revenue represents income from the property management services and value-added services during the year.

An analysis of revenue from contracts with customers is as follows:

Disaggregated revenue information

	2021	2020
	RMB'000	*RMB'000*
Types of goods or services		
Residential property management services	**44,588**	27,794
Non-residential property management services	**71,921**	33,641
	116,509	61,435
Value-added services to:		
Non-property owners	**115,749**	55,766
Property owners	**21,038**	10,721
	136,787	66,487
Total revenue from contracts with customers	**253,296**	127,922
Timing of revenue recognition		
Goods transferred at a point in time	**480**	491
Services transferred over time	**209,069**	115,790
Services transferred at a point in time	**43,747**	11,641
Total revenue from contracts with customers	**253,296**	127,922

Contract liabilities

The Group has the following revenue-related contract liabilities:

	2021	2020
	RMB'000	*RMB'000*
Contract liabilities		
— Related parties	**3,376**	476
— Third parties	**21,826**	12,565
	25,202	13,041

Contract liabilities are expected to be recognised as revenue:

	2021 *RMB'000*	2020 *RMB'000*
Within one year	**24,622**	11,841
After one year	**580**	1,200
	25,202	13,041

Contract liabilities of the Group mainly arise from the advance payments received from customers while the underlying services are yet to be provided. Such liabilities increased as a result of the growth of the Group's business.

Changes in contract liabilities during the years are as follows:

	2021 *RMB'000*	2020 *RMB'000*
Carrying amount at 1 January	**13,041**	6,927
Acquisition of subsidiaries	**—**	7,158
Revenue recognised that was included in the contract liabilities at 1 January	**(11,841)**	(6,605)
Revenue recognised that was included in the contract liabilities arising from acquisition of subsidiaries	**—**	(6,527)
Increase due to cash received, excluding amounts recognised as revenue during the year	**24,002**	12,088
	25,202	13,041

Performance obligations

Information about the Group's performance obligations is summarised below:

For property management services and certain value-added services to non-property owners, revenue is recognised when services are rendered to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange of those services. The service fee is received in advance or is due within 180 days of the demand note issue date for related companies or certain property owners. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Value-added services are rendered in a short period of time which is generally less than a year. The payment is received in advance or due immediately when the services are rendered to the customer. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

For the sale of goods, the performance obligation is satisfied upon delivery of goods. The payment is due immediately when the goods are delivered to the customer. There were no remaining performance obligations unsatisfied or partially satisfied as at 31 December 2021.

Other income and gains

An analysis of other income and gains is as follows:

	Notes	2021 *RMB'000*	2020 *RMB'000*
Other income			
Government grants	*(i)*	**138**	108
Additional input value-added tax deduction		**488**	257
Bank interest income		**3,433**	2,362
Interest income from loans to an independent party	*(ii)*	**—**	2,606
Fair value gains on financial assets at fair value through profit or loss		**—**	8
Others		**1,447**	1,349
		5,506	6,690
Gains			
Gain relating to an early termination of a lease	*(iii)*	**419**	—
Gain on exchange differences, net		**312**	—
		731	—
		6,237	6,690

Notes:

(i) Government grants mainly represent the subsidies compensated for the incurred operating expenses arising from providing property management services in an incubation industrial park.

(ii) During the year ended 31 December 2020, interest income related to loans to an independent party repayable within 6 to 12 months from the date when the loans were granted with a fixed interest rate of 13.75% per annum.

(iii) Gain arising from the early termination of office lease and exhibition hall lease during the year.

5. INTEREST EXPENSES

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

	2021 *RMB'000*	2020 *RMB'000*
Interest on lease liabilities	**109**	24

6. PROFIT BEFORE TAX

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

	Notes	2021 RMB'000	2020 RMB'000
Cost of services provided*		**149,430**	64,864
Cost of goods sold		**436**	388
Employee benefit expense*: (excluding directors' and chief executive's remuneration *(note 8)*):			
Wages and salaries		**79,095**	42,069
Equity-settled share option expense		**3,885**	—
Pension scheme contributions (defined contribution scheme)**		**13,707**	2,197
		96,687	44,266
Amortisation of other intangible assets***		**921**	278
Depreciation of property and equipment		**68**	322
Depreciation of investment properties	*10*	**97**	89
Depreciation of right-of-use assets		**722**	233
Lease payments not included in the measurement of lease liabilities		**909**	721
Provision for/(reversal of) impairment losses on trade receivables, net	*13*	**2,647**	(329)
Provision for/(reversal of) impairment losses on prepayments, deposits and other receivables, net	*14*	**1,260**	(76)
Equity-settled share option expense (included in directors' and executive's remuneration)		**5,440**	—
Listing expenses		**17,934**	5,233
Auditors' remuneration		**1,300**	142

* Employee benefit expenses of RMB72,748,000 were included in "Costs of services provided" in profit or loss during the year ended 31 December 2021 (2020: RMB37,463,000).

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

*** The amortisation of other intangible assets for the year is recorded in "Cost of sales" in profit or loss.

7. INCOME TAX

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

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

Except for certain subsidiaries as described below, PRC corporate income tax has been provided at the statutory tax rate of 25% on the taxable profits of the Group's PRC subsidiaries for the year end 31 December 2021.

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

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

	2021	2020
	RMB'000	*RMB'000*
Current — Mainland China		
Charge for the year	**8,319**	7,879
Overprovision in prior years	**(417)**	—
Deferred tax *(note 12)*	**(537)**	37
Total tax charge for the year	**7,365**	7,916

A reconciliation of tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective tax rate for each of the years is as follows:

	2021	2020
	RMB'000	*RMB'000*
Profit before tax	**40,308**	50,829
Less: losses incurred by the Company*	**5,505**	—
	45,813	50,829
Tax at the statutory rate of 25%	**11,453**	12,707
Lower tax rates for a specific province or enacted by local authorities	**(5,586)**	(5,265)
Tax losses where deferred tax assets were not recognised	**520**	13
Expenses not deductible for tax	**1,558**	455
Adjustments in respect of current tax of the previous year	**(417)**	—
Tax loss utilised utilized from previous years	**(163)**	6
Tax charge at the Group's effective rate	**7,365**	7,916

* Losses incurred by the Company mainly consist of share option expenses of RMB5,440,000 recorded at the Company. These expenses are not taxable or tax deductible pursuant to the rules and regulations of the Cayman Islands.

8. DIVIDENDS

At the meeting of the board of directors held on 29 March 2022, the board of directors resolved not to pay dividend for the year ended 31 December 2021.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The basic earnings per share is calculated by dividing the profit for the year attributable to owners of the parent by the weighted average number of ordinary shares. Diluted earnings per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. These profit and share data are presented in the tables below:

	2021	2020
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**33,440**	42,928
Share		
Weighted average number of ordinary shares outstanding for the computation of basic earnings per share	**456,164,384**	450,000,000
Effect of dilution:		
— share options	**2,839,393**	—
Weighted average number of ordinary shares outstanding for the computation of diluted earnings per share	**459,003,777**	450,000,000

10. INVESTMENT PROPERTIES

	2021	2020
	RMB'000	*RMB'000*
Cost	**1,990**	1,990
Accumulated depreciation	**(563)**	(474)
Carrying amount at 1 January	**1,427**	1,516
Depreciation provided during the year	**(97)**	(89)
Carrying amount at 31 December	**1,330**	1,427

The Group's investment properties consist of one residential and one commercial property in Mainland China. The Company uses the cost model to measure its investment properties.

As at 31 December 2020, the fair values of the investment properties were estimated to be approximately RMB2,502,000. The valuation was performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professionally qualified valuer. Selection criteria of the external valuer include market knowledge, reputation, independence and whether professional standards are maintained.

The valuation of the residential property was determined using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is the price per square metre.

The valuation of the commercial property was determined using the income approach by reference of achievable rental income in the existing market. The most significant input into this valuation approach is the rental income per month.

The fair value measurement hierarchy of the above investment properties requires certain significant unobservable inputs (Level 3).

11. GOODWILL

	2021	2020
	RMB'000	*RMB'000*
Cost and carrying amount at 1 January	**9,179**	—
Acquisition of a subsidiary	**—**	9,179
Cost and carrying amount at 31 December	**9,179**	9,179

During the year ended 31 December 2020, the Group acquired Zhongneng and its subsidiary ("**Zhongneng Group**") from independent third parties. Zhongneng Group is engaged in providing property management services in Sichuan, the PRC.

Goodwill acquired in business combination is allocated, at acquisition, to the cash-generating unit ("**CGU**") of Zhongneng Group that are expected to benefit from the business combination. The recoverable amount of the CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period prepared by management. The long-term growth rate used to extrapolate the cash flows during the terminal period is 3%.

Assumptions were used in the value-in-use calculation of the CGU for 31 December 2021 and 2020. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted revenue — The budgeted revenue is based on the existing charge rates and revenue-bearing gross floor area of the properties.

Pre-tax discount rate — The pre-tax discount rate reflects the risk relating to the CGU, and is determined using the capital asset pricing model with reference to the beta coefficient and debt ratio of certain publicly listed companies conducting business in the same industry. The pre-tax discount rate used in the value-in-use calculation for the CGU was 21.09% as at 31 December 2021. This key assumption is consistent with the external information sources.

Management believes that a reasonable possible change in the above key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

12. DEFERRED TAX

Deferred tax assets

	2021	2020
	RMB'000	*RMB'000*
Impairment of financial assets:		
At beginning of year	**251**	3
Acquisition of subsidiaries	**—**	323
Deferred tax credited/(charged) to profit or loss *(note 7)*	**423**	(75)
At end of year	**674**	251

Deferred tax liabilities

	2021	2020
	RMB'000	*RMB'000*
Fair value adjustments arising from acquisition of a subsidiary		
At beginning of year	**1,102**	—
Acquisition of subsidiaries	**—**	1,140
Deferred tax credited to profit or loss *(note 7)*	**(114)**	(38)
At end of year	**988**	1,102

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2021 and 2020, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. This is because the Company controls the dividend policy of the Mainland China subsidiaries and the directors of the Company determined that the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so such retained profits are not likely to be distributed in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB79,402,000 as at 31 December 2021 (2020: RMB44,903,000).

As at 31 December 2021, the Group had unused tax losses arising in Mainland China from PRC entities subject to income tax of RMB1,783,000 (2020: RMB904,000), which will expire in four or five years for offsetting against future profits. Deferred tax assets have been not recognised in respect of these tax losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that future taxable profits will be available against which the tax losses can be utilised.

13. TRADE RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables due from:		
Related parties	**64,252**	20,872
Third parties	**29,043**	15,789
	93,295	36,661
Impairment	**(3,609)**	(962)
	89,686	35,699

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

Revenue from property management service on a lump sum basis is received in accordance with the terms of the relevant property service agreements and due for payment upon the rendering of services. Payment is received in advance or due within 5–30 days of the demand note issue date. Value-added services are due for payment upon rendering the services on a monthly, quarterly or half yearly basis depending on the nature of the services rendered and payment is due within 180 days from the demand note date. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management.

All trade receivables are non-interest-bearing.

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

	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**85,484**	33,922
1 to 2 years	**3,809**	1,598
2 to 3 years	**303**	156
Over 3 years	**90**	23
	89,686	35,699

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

	2021	2020
	RMB'000	*RMB'000*
At beginning of year	**962**	23
Acquisition of subsidiaries	**—**	1,268
Provision for/(reversal of) impairment losses, net *(note 6)*	**2,647**	(329)
At end of year	**3,609**	962

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The expected credit loss rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e. by service type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group considered that the expected loss rate for trade receivables due from related parties as at 31 December 2021 was insignificant considering the good financial position and no history of default of the related parties. Therefore, no loss allowance provision for trade receivables and other receivables from related parties was recognised during the year.

Set out below is the information about the credit risk exposure on the Group's trade receivables due from independent third parties using a provision matrix:

31 December 2021

	Ageing based on demand note issue date				
	Less than 1 year	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**6.0%**	**27.8%**	**63.7%**	**74.1%**	**12.4%**
Gross carrying amount (RMB'000)	**22,587**	**5,274**	**835**	**347**	**29,043**
Expected credit losses (RMB'000)	**1,355**	**1,465**	**532**	**257**	**3,609**

31 December 2020

	Ageing based on demand note issue date				
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	4.1%	12.6%	50.8%	62.9%	6.1%
Gross carrying amount (RMB'000)	13,815	1,595	317	62	15,789
Expected credit losses (RMB'000)	561	201	161	39	962

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	**2021** **RMB'000**	2020 RMB'000
Due from related parties		**—**	614
Deposits	*(a)*	**3,079**	2,359
Staff advances		**340**	729
Property management costs recoverable from residents		**1,553**	314
Payments on behalf of residents	*(b)*	**1,120**	1,378
Cash in transit		**1,116**	539
Other receivables	*(c)*	**2,923**	849
Prepaid expenses		**3,469**	644
Deferred listing expenses		**—**	1,594
		13,600	9,020
Impairment allowance		**(2,113)**	(853)
		11,487	8,167

Notes:

(a) The amounts mainly represented the refundable deposits paid for performance and project tendering deposits. As at 31 December 2021, the credit risk of a deposit amounted to RMB1,000,000 has increased significantly and the loss rate was estimated to be 50% and an impairment of RMB500,000 was provided during the year.

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

(c) Included in other receivables at 31 December 2020 are interest-free loans amounting to RMB700,000 granted to independent individuals which had been past due for more than 2 years. Loans to individuals were considered credit impaired and a full impairment was provided by the Group.

Included in other receivables at 31 December 2021 are interest-free loans to independent individuals and an independent third party (collectively the "**Loans**") amounting to RMB700,000 and RMB1,230,000, respectively. Loans to individuals of RMB700,000 were considered credit impaired and a full impairment was provided by the Group. The management has assessed that the credit risk of the Loans to an independent third party increased significantly and impairment of RMB474,000 was provided.

(d) For staff advances, property management costs recoverable from residents and payments on behalf of residents, the expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The average loss rate applied as at 31 December 2021 was 14.6% (31 December 2020: 11.1%).

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

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

	2021	2020
	RMB'000	*RMB'000*
At beginning of year	**853**	—
Acquisition of subsidiaries	**—**	929
Provision for/(reversal of) impairment losses, net *(note 6)*	**1,260**	(76)
At end of year	**2,113**	853

All the financial assets at fair value through profit or loss are denominated in RMB.

15. TRADE PAYABLES

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

	2021	2020
	RMB'000	*RMB'000*
Within 3 months	**14,775**	8,543
3 to 12 months	**1,646**	1,677
Over 1 year	**1,322**	344
	17,743	10,564

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

16. OTHER PAYABLES AND ACCRUALS

	Note	2021 *RMB'000*	2020 *RMB'000*
Due to related parties		**2,561**	3,500
Consideration payables for acquisition of a subsidiary		**—**	7,040
Receipts on behalf from community residents	*(a)*	**12,941**	10,025
Payroll and social insurance payables		**26,767**	22,541
Deposits received		**5,952**	4,987
Other tax payable		**6,038**	4,306
Other payables and accrued expenses		**15,871**	5,895
		70,130	58,294

Note:

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

17. SHARE CAPITAL

	2021	2020
Number of ordinary shares		
Authorised:		
Ordinary shares of USD0.0001	**2,000,000,000**	500,000,000
Issued:		
Not fully paid ordinary shares of USD0.0001	**—**	50,000
Fully paid ordinary shares of USD0.0001	**600,000,000**	—
	600,000,000	50,000

	2021 *RMB*	2020 *RMB*
Amounts		
Issued:		
Not fully paid ordinary shares of USD0.0001	**—**	33
Fully paid ordinary shares of USD0.0001	**381,939**	—
	381,939	33
Equivalent to approximately (RMB'000)	**381**	*

* RMB33

A summary of movements in the Group's issued capital during the year is as follows:

	Notes	**Number of shares in issue**	**Issued capital** *RMB*
At 10 December 2020, 31 December 2020 and 1 January 2021	*(a)*	**50,000**	33
Capitalisation issue	*(b)*	**449,950,000**	286,430
Global offering	*(c)*	**150,000,000**	95,476
As at 31 December 2021		**600,000,000**	381,939

Notes:

(a) The Company was incorporated on 10 December 2020 with authorised share capital of USD50,000 divided into 500,000,000 shares of USD0.0001 at par value each. Upon its incorporation, one share of the Company was issued and allotted at par to an initial subscriber, an independent third party, and such share was transferred to Sky Donna at a cash consideration of USD0.0001 on the same date. On the same date, 41,376 shares, 2,420 shares, 2,500 shares, 2,300 shares, 483 shares and 920 shares (collectively, 49,999 shares) at the consideration of par value each were issued and allotted to Sky Donna, Pengna Holding Limited, Zhiyu Holding Limited, Binyang Holding Limited, Lvy Holding Limited and Zhirui Holding Limited, respectively.

(b) Pursuant to the written resolution of the shareholders of the Company passed on 28 November 2021, a total of 449,950,000 shares of USD0.0001 each were allotted and issued at par value to the shareholders whose names were on the register of members of the Company immediately prior to the Listing Date and such shares were allotted and issued by way of capitalisation of USD44,995 (approximately RMB286,000) from the Company's share premium account on the Listing Date.

(c) On 17 December 2021, 150,000,000 shares of USD0.0001 each of the Company were issued at HKD1.11 by way of placing and public offering and the Company's shares were listed on the Stock Exchange. The proceeds of HKD117,000 (approximately RMB95,000), representing the par value, have been credited to the Company's share capital, and the remaining proceeds of HKD166,500,000 (approximately RMB135,811,000) have been credited to the share premium account.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF PERFORMANCE

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

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

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

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

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

INDUSTRY REVIEW

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

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

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

BUSINESS REVIEW

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

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

PROPERTY MANAGEMENT SERVICES AND VALUE-ADDED SERVICES

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

Property Management Services

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

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

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

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

Notes:

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

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

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

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

Value-Added Services

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

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

FINANCIAL REVIEW

Revenue

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

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

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

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

Property management services

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

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

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

Value-added services

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

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

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

Cost of Sales

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

Our cost of sales increased by 129.7% to approximately RMB149.9 million for the year ended 31 December 2021 from approximately RMB65.3 million for the year ended 31 December 2020, primarily due to the increase of total GFA under management and the provision of new value-added service offerings. Our staff costs increased from approximately RMB37.5 million for the year ended 31 December 2020 to approximately RMB72.7 million for the year ended 31 December 2021 mainly due to (i) an increase in the number of employees as a result of the increase in our GFA under management resulted from our business expansion; and (ii) an increase in the average salary. Our subcontracting cost increased from approximately RMB12.1 million for the year ended 31

December 2020 to approximately RMB41.5 million for the year ended 31 December 2021 primarily because of improvement of service quality and that we dedicate more resources to management and other value-added services. Our other costs increased from approximately RMB2.0 million for the year ended 31 December 2020 to approximately RMB14.9 million for the year ended 31 December 2021 primarily due to (i) the material procurement costs incurred for our furnishing service which was a new value-added service we offered in 2021; and (ii) the overall increase of our material costs along with the increase of number of our projects undertaken.

Gross Profit and Gross Profit Margin

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

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

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

Property management services

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

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

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

Value-added services

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

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

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

Other Income and gains

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

Administrative Expenses

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

Other expenses

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

Finance costs

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

Profit before income tax

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

Income tax expenses

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

Profit for the year

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

Non-IFRS Measures

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

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

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

Notes:

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

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

Property and Equipment

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

Investment Properties

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

Right-of-Use Assets

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

Other Intangible assets

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

Goodwill

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

Trade Receivables

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

Prepayments, Deposits and Other Receivables

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

Trade Payables

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

Other Payables and Accruals

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

Contract Liabilities

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

Tax Payables

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

Lease Liabilities

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

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

Liquidity and Capital Resources

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

Proceeds from the Listing

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

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

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

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

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

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

Pledge of Assets

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

Material Acquisitions and Disposals of Assets

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

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

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

Gearing Ratio

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

Contingent Liabilities

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

Treasury Policies

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

Foreign Exchange Risk

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

Employees and Benefits Policies

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

Major Risks and Uncertainties

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

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

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

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

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

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

Future Outlook

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

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

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

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

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

Impact of COVID-19 pandemic on the Company

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

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

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

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

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

Event after the Reporting Period

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

On 6 January 2022, the Company further issued 13,328,000 ordinary shares of USD0.0001 each at a subscription price of HKD1.11 per share pursuant to the exercise of over-allotment options, resulting in a share premium of approximately RMB12,084,000, representing the difference between the subscription price and the nominal value of the Company's ordinary shares before netting off the share issue cost.

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

CORPORATE GOVERNANCE

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high standard of corporate governance. Details of the corporate governance practices will be disclosed in the Company's report for the year. The Board is of the view that, since the Listing Date and to 31 December 2021, the Company has complied with all the code provisions on the CG Code set out in Appendix 14 to the Listing Rules.

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

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

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

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

Shares of the Company became listed on the Stock Exchange on 17 December 2021 by way of global offering. Details of the global offering are set out in the prospectus of the Company dated 30 November 2021.

Save as disclosed above, from the Listing Date and up to the date of this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF ACCOUNTS

The audit committee of the Company (the "**Audit Committee**") was established with written terms of reference in compliance with Appendix 14 to the Listing Rules. The Audit Committee is delegated by the Board to be responsible for reviewing and monitoring the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit of the Group. The Audit Committee has reviewed the annual results and the consolidated financial statements of the Group for the year ended 31 December 2021 and reviewed with the management of the Group regarding the accounting principles and practices adopted by the Group, and discussed with them the internal controls and financial reporting matters.

The Audit Committee comprises Mr. Yan Hong, Mr. Chen Di and Mr. Fang Liqiang, who are independent non-executive Directors.

DIVIDEND

The Board resolved that no final dividend shall be declared for the year ended 31 December 2021.

CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting will be held on Friday, 17 June 2022 and for the purpose of determining the Shareholders' eligibility to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, 14 June 2022 to Friday, 17 June 2022, both days inclusive, during which period no transfer of the Shares will be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfer documents should be lodged for registration with Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 13 June 2022.

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Friday, 17 June 2022 and a notice convening the Annual General Meeting will be published and dispatched in the manner as required by the Listing Rules on the Stock Exchange in due course.

PUBLIC FLOAT

The Company has maintained sufficient public float as required under the Listing Rules throughout the period from the Listing Date to 31 December 2021.

SCOPE OF WORK OF AUDITOR

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2021, but represents an extract from the consolidated financial statements for the year ended 31 December 2021 which have been audited by the auditor of the Company, Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The financial information has been reviewed by the Audit Committee and approved by the Board.

PUBLICATION OF THE ANNUAL RESULTS AND 2021 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.desunhui.com), and the 2021 Annual Report containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

DEFINITIONS

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

"Annual General Meeting"	the annual general meeting to be convened by the Company on Friday, 17 June 2022
"Articles of Association" or "Articles"	articles of association of our Company adopted on 22 November 2021 with effect from the Listing Date, as amended from time to time
"Board"	the board of directors of the Company
"CEO" or "Chief Executive Officer"	chief executive officer of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chengdu Desun"	Chengdu Desun Real Estate Investment Property Service Co., Ltd (成都德商產投物業服務有限公司), formerly known as Chengdu Desun Investment Management Co., Ltd. (成都德商投資管理有限公司) at the time of establishment, a company incorporated in the PRC on 12 March 2010 and an indirect wholly owned subsidiary of our Company

"China" or "PRC"	People's Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires otherwise, references in this announcement to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"Company" or "Our Company"	Desun Real Estate Investment Services Group Co., Ltd. (德商產投服務集團有限公司) (formerly known as Desun Real Estate Investment Services Limited), an exempted company incorporated in the Cayman Islands with limited liability on 10 December 2020
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and, unless the context requires otherwise, refers to Mr. Zou Kang, Ms. Zou Jian, Sky Donna and Pengna Holding
"Desun Group"	Companies in which Mr. Zou Kang has control or joint control, and has significant influence
"Director(s)"	the directors of the Company
"GFA"	gross floor area
"GFA under management"	contracted GFA of properties that have been delivered, or are ready to be delivered, for which we have started to provide property management services
"Global Offering"	the Hong Kong public offering and the international offering of the Shares
"Group", "our Group", "our", "we" or "us"	the Company, its subsidiaries and consolidated affiliated entities from time to time or, where the context so requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries and consolidated affiliated entities, such subsidiaries and consolidated affiliated entities as if they were subsidiaries and consolidated affiliated entities of our Company at the relevant time
"Listing"	the listing of the shares on the Main Board of the Stock Exchange
"Listing Date"	17 December 2021

"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
"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
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the year ended 31 December 2021
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary shares in the share capital of our Company with a nominal value of US$0.0001 each
"Shareholder(s)"	holder(s) of our Share(s)
"Sky Donna"	Sky Donna Holding Limited, a company incorporated in the BVI on 4 December 2020 with limited liability, which is wholly owned by Mr. Zou Kang and is one of the Controlling Shareholders
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"value-added services for property owners"	include value-added services provided to property owners and tenants
"Zhongneng"	Chengdu Zhongneng Property Management Company Limited (成都中能物業管理有限責任公司), a company incorporated with limited liability in the PRC on 16 May 2006 and an indirect wholly owned subsidiary of our Company

"Zhongneng Group"	Zhongneng and its subsidiary

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

Hong Kong, 29 March 2022

As at the date of this announcement, the executive Directors are Mr. Zhang Zhicheng, Mr. Zhang Qiang, Ms. Xiong Jianqiu, Ms. Wan Hong and Mr. Wu Da, the non-executive Director is Mr. Zou Kang, and the independent non-executive Directors are Mr. Fang Liqiang, Mr. Chen Di and Mr. Yan Hong.