东原仁知
DOWELL SERVICE

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

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

(Stock Code: 2352)

(1) ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024; AND (2) FURTHER CHANGE IN USE OF NET PROCEEDS

RETROSPECTIVE RESTATEMENT OF FINANCIAL INFORMATION OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2023

On 21 June 2024, the Company acquired approximately 90.73% equity interests in Shanghai Evergreen, and retrospectively restated the financial data of the Company for the year ended 31 December 2023. Please refer to (i) the announcements of the Company dated 19 April 2024 and 29 April 2024; and (ii) the circular of the Company dated 3 June 2024 for details of such acquisition. Please also refer to notes 1, 3 and 19 to the consolidated financial statements in this announcement for details.

FINANCIAL HIGHLIGHTS

1. The Group's revenue was approximately RMB1,530.2 million, representing an increase of approximately 0.1% as compared with approximately RMB1,528.2 million for the year ended 31 December 2023.

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

   (a) revenue from City Operation Services was approximately RMB879.5 million, accounting for approximately 57.5% of total revenue, representing an increase of approximately 0.8%, as compared with approximately RMB872.1 million for the year ended 31 December 2023;

   (b) revenue from Lifestyle Services was approximately RMB213.6 million, accounting for approximately 14.0% of total revenue, representing a decrease of approximately 3.8%, as compared with approximately RMB222.0 million for the year ended 31 December 2023; and

(c) revenue from FATH and Other Comprehensive Services was approximately RMB437.1 million, accounting for approximately 28.5% of total revenue, representing an increase of approximately 0.7%, as compared with approximately RMB434.1 million for the year ended 31 December 2023.

3. Gross profit was approximately RMB207.9 million, representing a decrease of approximately 2.3% as compared with approximately RMB212.9 million for the year ended 31 December 2023. Gross profit margin was approximately 13.6%, representing a decrease of approximately 0.3 percentage points from approximately 13.9% for the year ended 31 December 2023.

4. Loss for the Reporting Period was approximately RMB61.6 million, and loss attributable to owners of the Company for the Reporting Period was approximately RMB66.9 million.

5. The Board recommended the declaration of a Final Dividend of RMB0.03 per share (tax inclusive) for the year ended 31 December 2024 (for the year ended 31 December 2023: RMB0.03 per share (tax inclusive)).

The board (the "**Board**") of directors (the "**Directors**") of DOWELL SERVICE GROUP CO. LIMITED* 東原仁知城市運營服務集團股份有限公司 (the "**Company**") is pleased to announce the consolidated financial results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2024 (the "**Reporting Period**") prepared in accordance with the relevant requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), together with the comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000 (Restated, Note 19(a))*
Revenue	*6*	**1,530,201**	1,528,257
Cost of sales		**(1,322,324)**	(1,315,379)
Gross profit		**207,877**	212,878
Selling and marketing expenses		**(35,367)**	(38,321)
Administrative expenses		**(168,991)**	(168,985)
Net impairment losses on financial assets		**(79,275)**	(9,547)
Other income	*8*	**8,247**	9,613
Other (losses)/gains, net	*9*	**(149)**	348
Operating (loss)/profit		**(67,658)**	5,986
Finance income		**888**	814
Finance costs		**(6,761)**	(7,227)
Finance costs, net	*10*	**(5,873)**	(6,413)
Share of results of investments accounted for using the equity method		**8,026**	7,506
(Loss)/profit before income tax expense		**(65,505)**	7,079
Income tax credit/(expense)	*11*	**3,862**	(3,645)
(Loss)/profit for the year		**(61,643)**	3,434
(Loss)/profit and total comprehensive (expense)/income for the year attributable to:			
– Owners of the Company		**(66,882)**	2,529
– Non-controlling interests		**5,239**	905
		(61,643)	3,434
		RMB	*RMB*
(Loss)/earnings per share attributable to the owners of the Company			
– Basic and diluted	*12*	**(0.998)**	0.038

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000 (Restated, Note 19(a))
Non-current assets			
Property, plant and equipment	14	**50,349**	59,814
Intangible assets	15	**287,648**	298,089
Right-of-use assets		**74,371**	76,897
Deferred income tax assets		**23,991**	20,496
Long-term prepayments		**9,729**	4,324
Contract costs		**13,342**	13,984
Investments accounted for using the equity method		**24,642**	20,705
		484,072	494,309
Current assets			
Contract assets	6(a)	–	1,439
Dividend receivables		**7,900**	9,900
Trade, bills and other receivables	16	**642,374**	688,596
Inventories		**37,796**	43,281
Prepayments		**40,315**	32,231
Current income tax receivables		**7,295**	1,735
Restricted cash		**2,805**	352
Cash and cash equivalents		**261,696**	256,597
		1,000,181	1,034,131
Current liabilities			
Trade payables	18	**317,902**	300,132
Borrowings		–	9,262
Accrued and other payables	18	**303,474**	293,864
Contract liabilities	6(a)	**336,384**	295,657
Lease liabilities		**11,815**	16,760
Financial liabilities at fair value through profit or loss		**1,200**	1,000
Deferred revenue		**1,179**	824
Current income tax liabilities		**4,378**	4,646
		976,332	922,145
Net current assets		**23,849**	111,986
Total assets less current liabilities		**507,921**	606,295

	Notes	2024	2023
		RMB'000	*RMB'000*
			(Restated, Note 19(a))
Non-current liabilities			
Lease liabilities		**79,192**	74,566
Financial liabilities at fair value through profit or loss		**–**	1,000
Deferred revenue		**8,360**	6,863
Deferred income tax liabilities		**11,166**	17,000
		98,718	99,429
Net assets		**409,203**	506,866
Capital and reserves			
Share capital	*17*	**66,991**	66,991
Reserves		**254,965**	280,068
Retained earnings		**61,282**	135,482
Equity attributable to owners of the Company		**383,238**	482,541
Non-controlling interests		**25,965**	24,325
Total equity		**409,203**	506,866

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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

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

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

During the year ended 31 December 2024, the Group acquired 90.73% of the equity interests of Shanghai Evergreen Social Care Enterprise Development Co., Ltd.* ("Shanghai Evergreen") from Shanghai Dixuan Industries Co., Ltd.* ("Shanghai Dixuan"), which is a subsidiary of Dima Holdings. The acquisition was accounted for as business combination under common control (Note 19(a)).

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

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS ("HKFRSs")

(a) Adoption of new or amendments to HKFRSs – effective 1 January 2024

Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

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

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

Amendments to HKAS 21 and HKFRS 1	Lack of exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendment to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

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

Amendments to HKFRS 9 and HKFRS 7

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

HKFRS 18

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

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

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for the financial liabilities at fair value through profit or loss, which are measured at fair value.

(c) Functional and presentation currency

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

(d) Application of business combination under common control

On 21 June 2024, the Group acquired 90.73% of the equity interests of Shanghai Evergreen from Shanghai Dixuan, which is a subsidiary of Dima Holdings, at a purchase consideration of RMB28,000,000. The acquisition is considered as a business combination involving entities under common control and has been accounted for by using merger accounting method. As a result, the comparative figures of the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows and related notes were restated using the principles of merger accounting as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), as if Shanghai Evergreen had been combined with the Group from the earliest date when Shanghai Evergreen first came under the control of Dima Holdings.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

(a) Allowance on doubtful receivables

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

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade, bills and other receivables and related impairment losses in the periods in which such estimate has been changed.

(b) Current and deferred income tax

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

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

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

The Group tests annually whether goodwill and customer relationships (under intangible assets) has suffered any impairment, in accordance with the accounting policies, where the recoverable amounts of the CGUs is determined based on value-in-use ("VIU") calculations. These calculations require the use of estimates.

(d) Estimation of the useful life of customer relationships

Customer relationships identified on respective acquisition dates are recognised as intangible assets (Note 15). Customer relationships primarily related to the existing contracts of acquirees on the acquisition date. The Group estimates the useful life and determines the amortisation period of the customer relationships to be 8 to 10 years based on the expected contract periods (including renewal) for property management services with customers based on the historical renewal pattern and the industry practice.

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

(e) Fair value measurement

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

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

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

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

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

At each reporting date, the Group measures financial liabilities at FVTPL.

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

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

(g) Estimated incremental borrowing rate for leases

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

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

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

(i) Net realisable value of inventories

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

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

5. SEGMENT INFORMATION

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

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

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

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

As at 31 December 2024 and 2023, all of the assets of the Group were located in the PRC.

6. REVENUE

Revenue mainly comprises proceeds from the 3 categories of city operations services, lifestyle services and FATH and other comprehensive services. An analysis of the Group's revenue by category for the years ended 31 December 2024 and 2023 are as follows:

	2024 Revenue ***RMB'000***	**2024 Cost of sales** ***RMB'000***	2023 Revenue *RMB'000* (Restated)	2023 Cost of sales *RMB'000* (Restated)
Revenue from customers recognised over time				
City operations services	**879,487**	**773,697**	872,149	767,858
Lifestyle services	**143,104**	**112,643**	146,893	114,896
FATH and other comprehensive services	**422,611**	**368,694**	417,960	361,037
	1,445,202	**1,255,034**	1,437,002	1,243,791
Revenue from customers recognised at point in time				
Lifestyles services	**70,489**	**55,567**	75,135	59,052
FATH and other comprehensive services	**14,510**	**11,723**	16,120	12,536
	84,999	**67,290**	91,255	71,588
	1,530,201	**1,322,324**	1,528,257	1,315,379
Revenue recognised on gross basis/net basis:				
Revenue recognised on gross basis	**1,511,445**	**1,305,968**	1,507,132	1,294,354
Revenue recognised on net basis	**18,756**	**16,356**	21,125	21,025
	1,530,201	**1,322,324**	1,528,257	1,315,379

Information about major customers

Revenue from major customers, each of whom accounted for 10% or more of the total revenue is set out as below:

	2024 ***RMB'000***	2023 *RMB'000* (Restated)
Customer A	N/A	154,887

Customer A presents entities controlled by Dima Holdings and joint ventures and associates of Dima Holdings which accounted for 10% or more the Group's total revenue for the year ended 31 December 2023. None of the customers contributed 10% or more of the Group's revenue during the year ended 31 December 2024.

(a) Contract assets and liabilities

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

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Contract assets		
– FATH and other comprehensive services	**–**	1,439

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Contract liabilities		
– City operations services	**272,906**	239,294
– Lifestyle services	**40,592**	36,205
– FATH and other comprehensive services	**22,886**	20,158
	336,384	295,657

(b) Changes in contract assets and liabilities

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

(c) Revenue recognised in relation to contract liabilities

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

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
– City operations services	**239,294**	181,906
– Lifestyle services	**36,205**	42,856
– FATH and other comprehensive services	**20,158**	14,829
	295,657	239,591

(d) Unsatisfied performance obligations

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

	2024	2023
	RMB'000	*RMB'000*
Aggregate amount of the transaction price allocated to long-term pre-delivery services that are partially or fully unsatisfied	**8,506**	17,569

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

	2024		2023	
	RMB'000		*RMB'000*	
Less than 1 year	**7,986**	**94%**	16,437	94%
1 to 2 years	**520**	**6%**	1,132	6%
	8,506		17,569	

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

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

(e) Contract costs

Assets recognised from incremental costs to obtain contracts

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

	2024	2023
	RMB'000	*RMB'000*
Assets recognised from incremental costs to obtain a contract	**13,342**	13,984
Amortisation recognised as cost of providing services	**11,584**	7,811

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

7. EXPENSES BY NATURE

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

	2024 *RMB'000*	2023 *RMB'000* (Restated)
Amortisation of intangible assets *(Note 15)*	**13,725**	13,284
Auditors' remuneration		
– Audit services	**1,850**	1,800
Bank charges	**2,942**	2,952
Cleaning costs	**180,418**	179,976
Community activity expense	**8,918**	5,426
Cost of inventories recognised as expenses	**51,697**	55,381
Depreciation of property, plant and equipment *(Note 14)*	**18,616**	20,805
Depreciation of right-of-use assets	**16,175**	14,028
Employee benefit expenses	**735,230**	740,990
Greening and gardening costs	**22,315**	19,897
Maintenance costs	**79,360**	98,550
Office expenses	**17,486**	12,562
Other expenses	**54,597**	51,258
Other taxes	**6,050**	5,767
Professional expenses	**30,435**	30,912
Promotion expenses	**3,112**	6,930
Provision for impairment on inventories	**2,077**	1,333
Security costs	**198,297**	175,366
Short-term lease expenses	**6,415**	7,818
Travel and entertainment expenses	**14,521**	14,066
Utilities	**62,446**	63,584
	1,526,682	1,522,685

8. OTHER INCOME

	2024 *RMB'000*	2023 *RMB'000* (Restated)
Government subsidies	**8,247**	9,613

Government subsidies represented mainly rewards from local government without attached conditions.

9. OTHER (LOSS)/GAINS, NET

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Net (losses)/gain from disposal of property, plant and equipment	**(166)**	51
Net losses from disposal of right-of-use assets	**(19)**	(13)
Net exchange gains/(losses)	**60**	(231)
Others	**(24)**	541
	(149)	348

10. FINANCE COSTS, NET

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Finance income:		
– Bank interest income	**888**	814
Finance cost:		
– Interest expenses on borrowings	**(197)**	(351)
– Interest expenses on factoring arrangements	**(33)**	(161)
– Interest expenses on lease liabilities	**(6,531)**	(6,715)
	(6,761)	(7,227)
Finance costs, net	**(5,873)**	(6,413)

11. INCOME TAX (CREDIT)/EXPENSE

The amount of income tax (credit)/expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Current tax – PRC Enterprise Income Tax (the "PRC EIT")		
– For the year	**10,205**	6,710
– (Over)/under-provision in prior year	**(4,509)**	1,068
	5,696	7,778
Deferred income tax		
– Credited for the year	**(9,558)**	(4,133)
Income tax (credit)/expense	**(3,862)**	3,645

12. (LOSS)/EARNINGS PER SHARE

(a) Basic

The basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity owners of the Company by the weighted average number of ordinary shares during the year.

The weighted average number of ordinary shares used to calculate the basic (loss)/earnings per share amounts for the years ended 31 December 2024 and 2023 was based on 66,990,867 ordinary shares of the Company issued throughout the years ended 31 December 2024 and 2023.

	2024	2023
		(Restated)
(Loss)/profit attributable to equity owners of the Company *(RMB'000)*	**(66,882)**	2,529
Weighted average number of ordinary shares in issue *(in thousands)*	**66,991**	66,991
Basic (loss)/earnings per share for (loss)/profit attributable to equity owners of the Company during the year *(expressed in RMB per share)*	**(0.998)**	0.038

(b) Diluted

Diluted (loss)/earnings per share amount is the same as basic (loss)/earnings per share amount as there were no potential dilutive ordinary shares outstanding for the years ended 31 December 2024 and 2023.

13. DIVIDENDS

	2024	2023
	RMB'000	*RMB'000*
Dividend recognised as distribution during the year:		
Final dividend paid, RMB0.030 for 2023 (2022: RMB0.14) per share	**2,010**	9,379
Interim dividend paid, RMB0.036 (2023: Nil) per share	**2,411**	–
	4,421	9,379

The final dividend of RMB0.030 in respect of the year ended 31 December 2024 (2023: RMB0.030) per share, amounting to approximately RMB2,010,000 (2023: RMB2,010,000) has been recommended by the Board and will be subject to the approval of the shareholders at the forthcoming annual general meeting of the Company.

As at 31 December 2024 and 2023, there was no dividend payable.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Electronic equipment *RMB'000*	Furniture and fixtures *RMB'000*	Vehicles *RMB'000*	Leasehold improvements *RMB'000*	Total *RMB'000*
Cost						
At 1 January 2023 (Restated)	643	35,229	8,667	6,134	48,992	99,665
Additions (Restated)	–	4,369	1,269	2,788	8,937	17,363
Disposals/written-off (Restated)	–	(2,194)	(133)	(268)	–	(2,595)
At 31 December 2023 (Restated)	643	37,404	9,803	8,654	57,929	114,433
Additions	–	1,708	1,808	135	6,336	9,987
Disposals/written–off	–	(2,265)	(173)	(744)	–	(3,182)
At 31 December 2024	643	36,847	11,438	8,045	64,265	121,238
Depreciation and impairment						
At 1 January 2023 (Restated)	143	22,068	3,711	907	8,902	35,731
Provided for the year (Restated)	21	4,794	1,561	1,151	13,278	20,805
Eliminated on disposal/written-off (Restated)	–	(1,654)	(123)	(140)	–	(1,917)
At 31 December 2023 (Restated)	164	25,208	5,149	1,918	22,180	54,619
Provided for the year	20	4,336	1,632	1,265	11,363	18,616
Eliminated on disposal/written-off	–	(1,983)	(49)	(314)	–	(2,346)
At 31 December 2024	184	27,561	6,732	2,869	33,543	70,889
Carrying values						
At 31 December 2024	459	9,286	4,706	5,176	30,722	50,349
At 31 December 2023 (Restated)	479	12,196	4,654	6,736	35,749	59,814

Depreciation expenses were charged to the following categories in the consolidated statement of profit or loss and other comprehensive income (Note 7):

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Cost of sales	**17,739**	17,127
Administrative expenses	**830**	2,782
Selling and marketing expenses	**47**	896
	18,616	20,805

No property, plant and equipment were restricted or pledged for the Group's borrowings as at 31 December 2024 and 2023.

15. INTANGIBLE ASSETS

	Software *RMB'000*	Customer relationships *RMB'000*	Goodwill *RMB'000*	Total *RMB'000*
Cost				
At 1 January 2023 (Restated)	13,124	97,105	212,068	322,297
Additions	6,090	–	–	6,090
At 31 December 2023 (Restated)	19,214	97,105	212,068	328,387
Additions	3,284	–	–	3,284
At 31 December 2024	22,498	97,105	212,068	331,671
Depreciation and impairment				
At 1 January 2023 (Restated)	3,489	13,525	–	17,014
Provided for the year (Restated)	2,177	11,107	–	13,284
At 31 December 2023 (Restated)	5,666	24,632	–	30,298
Provided for the year	2,617	11,108	–	13,725
At 31 December 2024	8,283	35,740	–	44,023
Carrying values				
At 31 December 2024	14,215	61,365	212,068	287,648
At 31 December 2023 (Restated)	13,548	72,473	212,068	298,089

16. TRADE, BILLS AND OTHER RECEIVABLES

	2024 *RMB'000*	2023 *RMB'000* (Restated)
Trade and bills receivables		
Trade receivables due from related parties	**248,983**	305,529
Trade receivables due from third parties	**464,653**	374,749
Bills receivables due from third parties	**186**	–
	713,822	680,278
Less: Provision for impairment of trade and bills receivables	**(118,820)**	(43,477)
	595,002	636,801
Other receivables		
Other receivables due from related parties	**2,878**	13,147
Other receivables due from third parties		
– Payments on behalf of property owners	**1,093**	4,459
– Deposits	**26,893**	22,260
– Advances to employees	**8,450**	6,341
– Others	**12,084**	7,009
	51,398	53,216
Less: Provision for impairment of other receivables	**(4,026)**	(1,421)
	47,372	51,795
	642,374	688,596

The Group's trade, bills and other receivables at respective balance sheet dates were denominated in RMB.

(i) The aging analysis of trade and bills receivables, based on the invoice date as of the end of the reporting period is as follows:

	2024 *RMB'000*	2023 *RMB'000* (Restated)
Less than 1 year	**555,961**	419,737
1 to 2 years	**87,255**	202,985
2 to 3 years	**52,636**	41,354
Over 3 years	**17,970**	16,202
	713,822	680,278

As at 31 December 2024, the Group's maximum exposure to credit risk was the carrying value of each class of trade, bills and other receivables mentioned above. The Group does not hold any collateral or repossessed as security.

As at 31 December 2023, the Group's maximum exposure to credit risk was the carrying value of each class of trade, bills and other receivables mentioned above less than RMB59,090,000 of trade receivables secured by certain of commercial properties pledged by a related party. In respect of the secured trade receivables with the carrying amount of RMB59,090,000, the fair value of collateral of such trade receivables could be objectively ascertained to cover the outstanding amount of balances based on market value of collateral. Management requested additional collateral as appropriate and monitors the market value of collateral during its review of the adequacy of the impairment allowance. The amount and type of collateral required depend on an assessment of the credit risk of the customer or counterparty. Estimates of the fair value of collateral were based on the market value for the corresponding assets at the time of pledged. It was the Group's policy to dispose of repossessed properties. The proceeds were used to reduce or repay the outstanding balances. In general, the Group does not retain repossessed properties for business purposes. As at 31 December 2023, the Group did not hold any repossessed properties. The Group was entitled to sell or repledge collateral when there was default by the customers. There had not been any significant changes in the quality of collateral held for trade and bills receivables. The main type of collateral obtained was the commercial properties located in the PRC. The impairment provision had taken into account the credit quality of the underlying assets, the financial strength of the borrowers as well as collateral and other credit enhancements.

As at 31 December 2024 and 2023, the fair values of short-term trade and other receivables approximated their carrying amounts due to their short-term maturities.

17. SHARE CAPITAL AND PAID-IN CAPITAL

	At 31 December 2024		**At 31 December 2023**	
	Number	**Amount**	**Number**	**Amount**
	'000	***RMB'000***	***'000***	***RMB'000***
Shares				
H shares of RMB1 each	**66,991**	**66,991**	66,991	66,991

Movements in the issued share capital during the year were as follows:

	Number	Amount
	'000	*RMB'000*
As at 1 January 2023, 31 December 2023 and 2024	**66,991**	66,991

18. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	2024 *RMB'000*	2023 *RMB'000* (Restated)
Trade payables		
Trade payables due to related parties	**14,612**	8,510
Trade payables due to third parties		
– Payables for labour costs	**239,453**	213,126
– Payables for construction costs	**38,500**	25,739
– Payables for consumables	**25,337**	52,757
	317,902	300,132
Accruals and other payables		
Accruals and other payables due to related parties		
– Others	**16,574**	23,771
Accruals and other payables due to third parties		
– Outstanding cash consideration payable for business combinations	**–**	5
– Employee benefit payables	**75,816**	83,712
– Deposits	**67,198**	57,360
– Temporary receipts from property owners	**21,880**	27,391
– Other taxes payables	**26,027**	29,859
– Dividend payable to the non-controlling interest of a subsidiary	**7,598**	6,139
– Cash collected on behalf of property owners	**74,258**	51,595
– Accrued operating expenses	**12,217**	11,880
– Others	**1,906**	2,152
	303,474	293,864

As at 31 December 2024 and 2023, the ageing analysis of the trade payables of the Group based on invoice date is as follows:

	2024 *RMB'000*	2023 *RMB'000* (Restated)
Less than 1 year	**258,151**	240,592
1 to 2 years	**34,666**	37,721
2 to 3 years	**15,694**	17,347
Over 3 years	**9,391**	4,472
	317,902	300,132

19. BUSINESS COMBINATIONS UNDER COMMON CONTROL

(a) Transaction for the year ended 31 December 2024

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

The acquisition is considered as a business combination involving entities under common control and has been accounted for by using merger accounting method. As a result, the consolidated statement of financial position as at 31 December 2023 and the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2023 have been restated to include the results of the acquired entity during that period.

The adoption of merger accounting for the year ended 31 December 2023 has resulted in a decrease in the Group's total comprehensive income and profit attributable to the owners of the Company for the year ended 31 December 2023 by RMB18,488,000 and RMB16,438,000 respectively.

The effect of merger accounting restatement described above on the consolidated statement of profit or loss and comprehensive income for the year ended 31 December 2023 by line items is as follows:

	31 December 2023 *RMB'000*	Merger accounting adjustment *RMB'000*	31 December 2023 *RMB'000* (Restated)
Revenue	1,483,834	44,423	1,528,257
Cost of sales	(1,272,057)	(43,322)	(1,315,379)
Gross profit	211,777	1,101	212,878
Selling and marketing expenses	(37,026)	(1,295)	(38,321)
Administrative expenses	(154,771)	(14,214)	(168,985)
Net impairment losses on financial assets	(9,248)	(299)	(9,547)
Other income	7,461	2,152	9,613
Other (loss)/gains – net	(927)	1,275	348
Operating profit/(loss)	17,266	(11,280)	5,986
Finance income	789	25	814
Finance costs	(840)	(6,387)	(7,227)
Finance costs – net	(51)	(6,362)	(6,413)
Share of results of investments accounted for using the equity method	7,506	–	7,506
Profit/(loss) before income tax expense	24,721	(17,642)	7,079
Income tax expense	(2,799)	(846)	(3,645)
Profit/(loss) for the year	21,922	(18,488)	3,434
Profit/(loss) and total comprehensive income/(expense) for the year attributable to:			
Owner of the Company	18,967	(16,438)	2,529
Non-controlling interests	2,955	(2,050)	905
	21,922	(18,488)	3,434
Earnings per share – Basic and diluted *(RMB)*	0.283		0.038

The effect of merger accounting restatement described above on the consolidation of statement of financial position as at 31 December 2023 by line items is as follows:

	As at 31 December 2023 *RMB'000*	Merger accounting adjustment *RMB'000*	As at 31 December 2023 *RMB'000* (Restated)
Non-current assets			
Property, plant and equipment	30,993	28,821	59,814
Intangible assets	273,498	24,591	298,089
Right-of-use assets	15,471	61,426	76,897
Deferred income tax assets	19,560	936	20,496
Long-term prepayments	4,324	–	4,324
Contract costs	13,984	–	13,984
Investments accounted for using the equity method	20,705	–	20,705
	378,535	115,774	494,309
Current assets			
Contract assets	1,439	–	1,439
Dividend receivables	9,900	–	9,900
Trade, bills and other receivables	674,529	14,067	688,596
Inventories	43,046	235	43,281
Prepayments	30,590	1,641	32,231
Current income tax receivables	1,372	363	1,735
Restricted cash	352	–	352
Cash and cash equivalents	255,368	1,229	256,597
	1,016,596	17,535	1,034,131
Current liabilities			
Trade payables	292,664	7,468	300,132
Borrowings	9,262	–	9,262
Accruals and other payables	280,575	13,289	293,864
Contract liabilities	280,579	15,078	295,657
Lease liabilities	5,967	10,793	16,760
Financial liabilities at fair value through profit or loss	1,000	–	1,000
Deferred revenue	–	824	824
Current income tax liabilities	4,514	132	4,646
	874,561	47,584	922,145
Net current assets	142,035	(30,049)	111,986
Total assets less current liabilities	520,570	85,725	606,295

	As at 31 December 2023 *RMB'000*	Merger accounting adjustment *RMB'000*	As at 31 December 2023 *RMB'000* (Restated)
Non-current liabilities			
Lease liabilities	9,495	65,071	74,566
Financial liabilities at fair value through profit or loss	1,000	–	1,000
Deferred revenue	–	6,863	6,863
Deferred income tax liabilities	16,636	364	17,000
	27,131	72,298	99,429
Net assets	493,439	13,427	506,866
Capital and reserves			
Share capital	66,991	–	66,991
Reserves	229,085	50,983	280,068
Retained earnings	176,206	(40,724)	135,482
Equity attributable to owners of the Company	472,282	10,259	482,541
Non-controlling interests	21,157	3,168	24,325
Total equity	493,439	13,427	506,866

(b) Transaction for the year ended 31 December 2023

On 31 January 2023, the Group acquired 99% of the equity interests of Shanghai Xuanhai Technology Co., Ltd. from Shenzhen Dirui Smart Technology Co., Ltd., which is a subsidiary of Dima Holdings, at a purchase consideration of RMB1.

The acquisition is considered as a business combination involving entities under common control and has been accounted for by using merger accounting method. The Group's consolidated financial statements for the year ended 31 December 2022 included in Annual Report 2023 had been restated to include the results of the acquired entity.

20. EVENTS AFTER THE REPORTING PERIOD

On 20 November 2024, Chongqing Dowell Enterprise Management Consultation Co., Ltd*, ("Chongqing Dowell"), a wholly-owned subsidiary of the Company, as purchaser and Chengdu Dowell Haina Zhiye Co., Ltd., a wholly-owned subsidiary of Dima, as vendor, entered into an equity transfer agreement, pursuant to which Chongqing Dowell conditionally agreed to acquire the entire equity interest in the Chengdu Dongyuhong Commercial Management Co., Ltd.* ("Chengdu Dongyuhong"), a subsidiary of Chengdu Dowell Haina Zhiye Co., Ltd., at the consideration of RMB59,500,000.

Chengdu Dongyuhong is principally engaged in business management and real estate consulting. It holds approximately 83.48% ownership of 3rd to 11th floor of a building situated in Chengdu City. The property has a gross area of approximately 8,474.10 square metres, and is used as an elderly care centre. Since the operation of Chengdu Dongyuhong does not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

The acquisition of Chengdu Dongyuhong has been accounted for as acquisition of assets.

The effect of the acquisition is summarised as follows:

	RMB'000
Cash consideration	59,500

The acquisition-related costs are insignificant and are included in other expenses.

	RMB'000
Assets acquired at the date of acquisition	
Property, plant and equipment (Buildings)	34,736
Right-of-use assets (Land use right)	24,764
	59,500

The acquisition was approved by the extraordinary general meeting of the Company on 22 January 2025. Further details are set out in the announcements of the Company dated 20 November 2024 and 22 January 2025 and the circular of the Company dated 6 January 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Summary and review for 2024

In 2024, in light of the complex and challenging external environment and increasingly fierce market competition, the Group poised for innovation, adhered to an innovation-driven approach and was strategically focused. While continuously deepening its traditional advantage areas, the Group actively expands into the comprehensive non-residential sector, develops specialised service capabilities, and lays out new business tracks to drive the upgrading and iteration of service content. The Group is committed not only to innovating its own services, but also to empowering the overall development of the property industry, working together with industry partners to reach new heights. As at 31 December 2024, the Group managed 625 property projects with an aggregated gross floor area ("**GFA**") under management of approximately 62.0 million square metres ("**sq.m.**") across 80 cities in the People's Republic of China (the "**PRC**"). Additionally, the Group was contracted to manage 648 property projects with an aggregated GFA of approximately 69.4 million sq.m. in 82 cities.

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

Against the backdrop of intensified market competition in property services, the Group sustained confidence and brought returns to shareholders, partners, and employees through its robust strategic focus and ongoing external development efforts. In May 2024, the Group was awarded the title of "2024 Top 100 Property Management Enterprises in China" by the China Index Academy, with its overall industry strength ranking improving by one position as compared to 2023, at 15th.

Business model

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

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

2. lifestyle services, including, among others:

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

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

   (c) utility maintenance services; and

   (d) other lifestyle services

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

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

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

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

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

   (d) digital and intelligent technology services;

(e) maintenance and rectification services;

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

(g) other related comprehensive value-added services

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

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

City Operations Services

Overview

The Group manages residential and non-residential properties sourced from Dima Group, Affiliated Companies and Independent Third Parties (as defined below). During the Reporting Period, the Group's revenue from City Operations Services amounted to approximately RMB879.5 million, representing an increase of approximately 0.8%, as compared to the corresponding period of 2023, which is mainly due to the slight increase in the GFA under management during the Reporting Period.

Sustaining business scale and size of property portfolio

The Group adheres to solidify its market position and expand its property portfolio and business scale through multiple channels, such as organic growth and strategic acquisitions and investment. During the Reporting Period, the GFA under management of projects sourced from Dima Group reached approximately 17.6 million sq.m., representing an increase by approximately 4.8% as compared to the same as at 31 December 2023. The GFA under management of projects sourced from Independent Third Parties was approximately 31.5 million sq.m., representing a decrease by approximately 1.4% as compared to the same as at 31 December 2023.

By source of property projects:

The table below sets out the Group's total revenue from City Operations Services during the two years ended 31 December 2024, and GFA under management and number of projects based on the sources from which the Group obtained the relevant property projects as at 31 December 2023 and 2024.

	Year ended 31 December 2024		**As at 31 December 2024**		Year ended 31 December 2023		As at 31 December 2023	
	Revenue	**(%)**	**Number of projects**	**GFA under management(5)**	Revenue *(restated)*	(%)	Number of projects	GFA under management(5)
	(RMB'000)			***('000 sq.m.)***	*(RMB'000)*			*('000 sq.m.)*
Property projects sourced from Dima Group (1) (2)	**397,199**	**45.1**	**103**	**17,579**	417,766	47.9	99	16,780
Property projects sourced from Affiliated Companies (1) (3)	**50,887**	**5.8**	**20**	**3,909**	49,563	5.7	20	3,909
Property projects sourced from Independent Third Parties (1) (4)	**431,401**	**49.1**	**260**	**31,509**	404,820	46.4	228	31,950
Total	**879,487**	**100.0**	**383**	**52,997**	872,149	100.0	347	52,639

Notes:

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

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

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

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

5. This includes GFA where the City Operations Services were provided by joint ventures and/or associate companies of the Group. As at 31 December 2024, the total GFA under management of property projects managed by joint ventures and/or associate companies of the Group were approximately 4.7 million sq.m.

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

As at 31 December 2024, the Group's GFA under management of residential properties was approximately 39.8 million sq.m, accounting for approximately 75.0% of the Group's City Operations Service's GFA under management, which grew by approximately 4.5 percentage points as compared to the same period in 2023.

As at 31 December 2024, the Group's GFA under management of non-residential properties was approximately 13.2 million sq.m, accounting for approximately 25.0% of the Group's City Operations Service's GFA under management, which decreased by approximately 4.5 percentage points as compared to the same period in 2023.

The table below sets forth the Group's total revenue from City Operations Services during the two years ended 31 December 2024, and GFA under management and number of projects as at 31 December 2023 and 2024:

	Year ended 31 December 2024		**As at 31 December 2024**		Year ended 31 December 2023		As at 31 December 2023	
	Revenue	**%**	**Number of projects**	**GFA under management**	Revenue *(restated)*	%	Number of projects	GFA under management
	(RMB'000)			***('000 sq.m.)***	*(RMB'000)*			*('000 sq.m.)*
Residential properties	**600,755**	**68.3**	**247**	**39,752**	603,122	69.2	229	37,106
Non-residential properties	**278,732**	**31.7**	**136**	**13,245**	269,027	30.8	118	15,533
Total	**879,487**	**100.0**	**383**	**52,997**	872,149	100.0	347	52,639

Sustaining geographical presence

By geographical presence:

As at 31 December 2024, the Group operated across China and managed 383 property projects with an aggregated GFA under management of approximately 53.0 million sq.m. in 60 cities in China.

The table below sets out the Group's total revenue from City Operations Services during the two years ended 31 December 2024, and GFA under management and number of projects as at 31 December 2023 and 2024:

	Year ended 31 December 2024	**As at 31 December 2024**		Year ended 31 December 2023	As at 31 December 2023	
	Revenue	**Number of projects**	**GFA under management**	Revenue *(restated)*	Number of projects	GFA under management
	(RMB'000)		***('000 sq.m.)***	*(RMB'000)*		*('000 sq.m.)*
Chongqing	**241,825**	**91**	**11,771**	235,305	83	10,748
Sichuan Province	**171,702**	**78**	**10,899**	165,605	67	10,187
Hubei Province	**140,997**	**43**	**8,911**	129,573	39	7,851
Zhejiang Province	**105,369**	**43**	**5,936**	101,782	43	5,818
Hunan Province	**68,786**	**36**	**4,651**	91,377	37	8,629
Shanghai	**32,067**	**12**	**1,339**	32,469	11	1,296
Jiangsu Province	**29,845**	**15**	**1,053**	31,039	13	1,862
Others	**88,896**	**65**	**8,437**	84,999	54	6,248
Total	**879,487**	**383**	**52,997**	872,149	347	52,639

Lifestyle Services

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

During the Reporting Period, revenue derived from Lifestyle Services decreased by approximately 3.8% to approximately RMB213.6 million as compared to about RMB222.0 million in the same period last year, mainly due to the decline in willingness to purchase real estate resulting from the overall slowdown in the real estate industry, resulting in a decrease in revenue derived from car parking spaces and property sales services. During the Reporting Period, revenue derived from Lifestyle Services accounted for approximately 14.0% of total revenue representing a decrease of about 0.5 percentage points as compared with the same period of 2023.

FATH and Other Comprehensive Services

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

As at 31 December 2024, the Group operated across China and managed 242 foreign-related and medical-related service projects, with an aggregated GFA under management of approximately 9.0 million sq.m. in 30 cities in China.

The table below sets out the Group's revenue attributable to FATH and Other Comprehensive Services for the two years ended 31 December 2024, including the respective GFA under management and number of projects based on each Foreign and Medical Related Services categories of the Group as at 31 December 2023 and 2024:

	Year ended 31 December 2024		**As at 31 December 2024**		Year ended 31 December 2023		As at 31 December 2023	
	Revenue	**%**	**Number of projects**	**GFA under management**	Revenue *(restated)*	%	Number of projects	GFA under management
	(RMB'000)			***('000 sq.m.)***	*(RMB'000)*			*('000 sq.m.)*
Comprehensive foreign affairs related services	**188,223**	**43.0**	**195**	**6,996**	177,159	40.8	185	5,889
Comprehensive medical related services	**88,627**	**20.3**	**47**	**2,036**	71,596	16.5	41	1,671
Comprehensive digital and intelligent technology services	**11,216**	**2.6**	**–**	**–**	23,029	5.3	–	–
Comprehensive Elderly Care Services	**53,276**	**12.2**	**–**	**–**	45,047	10.4	–	–
Comprehensive consultation management services	**95,779**	**21.9**	**–**	**–**	117,249	27.0	–	–
Total	**437,121**	**100.0**	**242**	**9,032**	434,080	100.0	226	7,560

As at 31 December 2024, the Group's GFA under management for comprehensive foreign affairs related services was approximately 7.0 million sq.m. and the Group's GFA under management for comprehensive medical related services was approximately 2.0 million sq.m..

During the Reporting Period, revenue derived from comprehensive foreign affairs related services increased by approximately 6.2%, to approximately RMB188.2 million as compared to approximately 177.2 million in the same period last year, mainly attributable to the continuous expansion in the Group's business, including the increase in the number of property projects and GFA under management for such services during the Reporting Period.

During the Reporting Period, revenue derived from comprehensive medical related services increased by approximately 23.8% to approximately RMB88.6 million as compared to approximately RMB71.6 million in the same period last year, primarily due to expansion of the Group's comprehensive medical care related services in hospitals.

During the Reporting Period, revenue derived from comprehensive digital and intelligent technology services decreased by approximately 51.3% to approximately RMB11.2 million as compared to approximately RMB23.0 million in the same period last year, mainly due to (i) completion of the Group's digital and smart projects during the Reporting Period; and (ii) a decrease in corresponding ongoing projects as compared to last year.

During the Reporting Period, revenue derived from Comprehensive Elderly Care Services increased by approximately 18.3% to approximately RMB53.3 million as compared to approximately RMB45.0 million in the same period last year, mainly due to an increase in occupancy rate of the Group's elderly care projects during the Reporting Period.

During the Reporting Period, revenue derived from comprehensive consultation management services decreased by approximately 18.3% to approximately RMB95.8 million as compared to RMB117.2 million in the same period last year, primarily attributable to the decrease in completion of the Group's provision of Sales Assistance Services, Preliminary Planning Services and maintenance and rectification services during the Reporting Period, resulting in a corresponding decrease in the revenue derived from such services.

During the Reporting Period, revenue derived from FATH and Other Comprehensive Services accounted for approximately 28.5% of total revenue, representing an increase of approximately 0.1 percentage points as compared with the same period of 2023.

RETROSPECTIVE RESTATEMENT OF FINANCIAL INFORMATION OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2023

On 21 June 2024, the Company acquired approximately 90.73% equity interests in Shanghai Evergreen, and retrospectively restated the financial data of the Company for the year ended 31 December 2023. Please refer to (i) the announcements of the Company dated 19 April 2024 and 29 April 2024; and (ii) the circular of the Company dated 3 June 2024 for details of such acquisition. Please also refer to notes 1, 3 and 19 to the consolidated financial statements in this announcement for details.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue increased by approximately RMB2.0 million or approximately 0.1% to approximately RMB1,530.2 million from approximately RMB1,528.2 million for the year ended 31 December 2023. The increase in revenue for the Reporting Period was mainly attributable to the expansion in the Group's business scale.

The table below sets out a breakdown of the Group's total revenue by business lines during the two years ended 31 December 2024:

	Year ended 31 December			
	2024		2023	
	Revenue	**Percentage**	Revenue *(restated)*	Percentage
	(RMB'000)	***(%)***	*(RMB'000)*	*(%)*
City Operations Services	**879,487**	**57.5**	872,149	57.1
Lifestyle Services	**213,593**	**14.0**	222,028	14.5
FATH and Other Comprehensive Services	**437,121**	**28.5**	434,080	28.4
Total	**1,530,201**	**100.0**	1,528,257	100.0

Cost of sales

During the Reporting Period, the Group's cost of sales increased by approximately RMB6.9 million or approximately 0.5% to approximately RMB1,322.3 million from approximately RMB1,315.4 million for the year ended 31 December 2023. The increase was mainly attributable to the increase in the Group's subcontracting costs since the Group outsourced more labour intensive services, such as security services.

Gross profit

As a result of the aforementioned key factors, the Group's gross profit decreased by approximately 2.3% from approximately RMB212.9 million for the year ended 31 December 2023 to approximately RMB207.9 million for the year ended 31 December 2024.

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

	Year ended 31 December	
	2024	2023 *(restated)*
City Operations Services	**12.0%**	12.0%
Lifestyle Services	**21.2%**	21.7%
FATH and Other Comprehensive Services	**13.0%**	13.9%
Overall gross profit margin	**13.6%**	13.9%

During the Reporting Period, the Group's gross profit margin was approximately 13.6%, representing a decrease of approximately 0.3 percentage points from approximately 13.9% for the year ended 31 December 2023. The decrease was mainly attributable a decrease in revenue from businesses with higher gross profit margins as a result of an increase in competition in the industry.

The gross profit margin of City Operations Services was approximately 12.0% and remained stable during the Reporting Period as compared to the year ended 31 December 2023.

The gross profit margin of Lifestyle Services was approximately 21.2%, representing a decrease from approximately 21.7% for the year ended 31 December 2023. The decrease was mainly attributable to the decrease in revenue derived from car parking spaces and property sales services, which has higher gross profit margin.

The gross profit margin of FATH and Other Comprehensive Services was approximately 13.0%, representing a decrease from approximately 13.9% for the year ended 31 December 2023. The decrease was mainly attributable to continuous provision of quality foreign-related comprehensive services to certain customers whom had budget cuts, which resulted in a decrease in gross profit margin.

Other income

During the Reporting Period, the Group's other income amounted to approximately RMB8.2 million, representing a decrease of approximately 14.2% from approximately RMB9.6 million for the year ended 31 December 2023. The decrease was primarily due to reduction in government subsidies during the Reporting Period.

Other net (losses)/gains

During the Reporting Period, the Group recorded other net losses of approximately RMB0.1 million, as compared to other net gains of approximately RMB0.3 million for the year ended 31 December 2023.

Selling and marketing expenses

The Group's selling and marketing expenses primarily consist of promotion expenses and employee benefit expenses. During the Reporting Period, the Group's selling and marketing expenses decreased to approximately RMB35.4 million, as compared to approximately RMB38.3 million for the year ended 31 December 2023. Such decrease was due to the Group's active implementation of cost reduction and efficiency enhancement policies.

Administrative expenses

During the Reporting Period and the year ended 31 December 2023, the Group's administrative expenses remained stable and amounted to approximately RMB169.0 million.

Net impairment losses on financial assets

The Group's net impairment losses on financial assets primarily included the impairment provisions for losses arising from potential bad debts and bad debts written off in respect of trade, bills and other receivables. During the Reporting Period, the Group's net impairment losses on financial assets amounted to approximately RMB79.3 million, as compared to approximately RMB9.5 million for the year ended 31 December 2023, which was mainly due to prudent considerations made by the Company for the provision of impairment of trade receivables and other receivables from the Group's real estate developer customers and certain third party customers which encountered liquidity issues due to continuous sluggish performance of the real estate industry.

Finance cost, net

During the Reporting Period, the Group's net finance cost amounted to approximately RMB5.9 million, representing a decrease of approximately 8.4% from approximately RMB6.4 million for the year ended 31 December 2023. Such fluctuation was mainly due to (i) the decrease in interest expense on the Group's lease liabilities; and (ii) the decrease in interest expense due to the repayment of borrowings by the Group during the Reporting Period.

(Loss)/profit before income tax expense

Loss before income tax of the Group amounted to approximately RMB65.5 million for the Reporting Period. as compared to profit before income tax expense of approximately RMB7.1 million for the year ended 31 December 2023. Such change from profit to loss was mainly attributable to the aforementioned impairment of trade receivables and other receivables.

Income tax (credit)/expense

During the Reporting Period, the Group's income tax credit amounted to approximately RMB3.9 million, as compared to income tax expense of approximately RMB3.6 million for the year ended 31 December 2023. Such change resulted from the loss recorded by the Group during the Reporting Period, which resulted in deferred income asset.

Intangible assets

The Group's intangible assets mainly comprised customer relationships and goodwill of the Group during the Reporting Period. As at 31 December 2024, the Group's intangible assets remained stable at approximately RMB287.6 million.

Trade, bills and other receivables

As at 31 December 2024, the carrying amounts of the Group's trade and bills receivables amounted to approximately RMB713.8 million, representing an increase of approximately 4.9% from approximately RMB680.3 million as at 31 December 2023. As at 31 December 2024, the provision for impairment of trade and bills receivables amounted to approximately RMB118.8 million, representing an increase of approximately 173.3% from approximately RMB43.5 million as at 31 December 2023. As at 31 December 2024, the carrying amounts of the Group's other receivables amounted to approximately RMB51.4 million, representing a decrease of approximately 3.4% from approximately RMB53.2 million as at 31 December 2023. As at 31 December 2024, the provision for impairment of other receivables amounted to approximately RMB4.0 million, representing an increase of approximately 183.3% from approximately RMB1.4 million as at 31 December 2023. The increase in the carrying amount of trade and bills receivables was mainly due to an increase in the number of trade receivable turnover days as a result of the Group's certain customers implementing tighter cash flow measures. The Group will continue to pay attention to the balance of trade receivables, increase risk control measures and carry out specific measures for recollection of trade receivables.

Contract assets

The Group's contract assets mainly represents the Group's right to consideration for work performed but unbilled for provision of maintenance and renovation services. As at 31 December 2024, the Group did not have any contract assets as it did not have any completed but unbilled projects.

Trade payables

As at 31 December 2024, the Group's trade payables amounted to approximately RMB317.9 million, representing a year-on-year increase of approximately 5.9% from approximately RMB300.1 million as at 31 December 2023, mainly due to the Group adjusting its cost structure and payment cycle during the Reporting Period.

Contract liabilities

The Group's contract liabilities mainly represent the advance payments made by customers while the underlying services, primarily City Operations Services, have yet to be provided and thus the relevant revenue has not been recognised. As at 31 December 2024, the Group's contract liabilities amounted to approximately RMB336.4 million, representing an increase of approximately 13.8% from approximately RMB295.7 million as at 31 December 2023, which was mainly due to the Group's policy of optimising prepayment of property management fees during the Reporting Period, resulting in an increase in the number of customers who paid property management fees in advance.

LIQUIDITY AND CAPITAL RESOURCES

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

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

As at 31 December 2024, cash and cash equivalents of the Group was approximately RMB261.7 million, as compared with approximately RMB256.6 million as at 31 December 2023.

As at 31 December 2024, the Group's total equity amounted to approximately RMB409.2 million, representing a decrease of approximately 19.3% from RMB506.9 million as at 31 December 2023.

CAPITAL MANAGEMENT

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

At the end of the Reporting Period, the gearing ratio (defined as total debt divided by total equity) of the Group increased to approximately 22.2% from approximately 19.8% at 31 December of 2023.

BORROWINGS AND PLEDGE OF ASSETS

As at 31 December 2024, the Group did not have any outstanding borrowings (as at 31 December 2023: approximately RMB9.3 million, which had interests rates ranging from 3.35% to 5.5% per annum).

As at 31 December 2024, the Group did not have any pledge of assets.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any material contingent liabilities (31 December 2023: nil).

CAPITAL COMMITMENTS

As at 31 December 2024, the Company had no capital commitments.

OUTLOOK FOR 2025

In 2025, the Group will continue to adhere to its brand development strategy of "Big Property • Full Value", focusing on long-term sustainable development based on quality. By capitalising on urban renewal trends and people's aspirations for a better life, the Group aims to promote urban development towards refinement, specialisation, and intelligence, aspiring to become a respected urban comprehensive service provider with unique business value.

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

In terms of market strategy, the Group will focus on urban deepening, business sector specialisation, and quality improvement, dedicated in building a green market platform. It will implement the "Four Transformations" strategy of "service standardisation, standardised products, product branding, and brand value enhancement," forming competitive flagship products that improve market recognition, reduce difficulty in obtaining new customers, and enhance customer recognition. By planning a high-quality market development structure, deeply exploring surrounding resources, enriching value-added service content, and expanding community extension services, e.g. home improvement and rental sales, the Group aims to enhance users' experience and customer loyalty, creating safer communities with a warm neighborhood feel and cultural value.

In terms of capability building, the Group will focus on developing a high-performance team with strong incentives, assessments, and capabilities, comprehensively enhancing market personnel's skills in business communication, project negotiation, project inspection, and professional analysis. By retaining internal talent and attracting industry elites, the Group will build a high-quality talent pool that combines internal and external resources while optimising the compensation structure for market personnel to stimulate team vitality. Additionally, the Group will strengthen opportunity exploration and project channel construction, implementing a bi-directional strategy for urban clients, deepening cooperation with key channels, continuously improving the institutional system, and optimising the marketing toolkit. By continuously upgrading the full-process information system for marketing, the Group will enhance operational efficiency and service capability, providing robust support for market expansion.

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

The Group will actively explore new business opportunities, focusing on developing integrated facilities management (IFM) capabilities in specialised areas. By integrating facility management, resource optimisation, and service innovation, the Group will provide customised service solutions to its clients. Building on this, the Group will explore emerging business opportunities, such as catering and nutrition catering, offering healthy, nutritious, and efficient dining services tailored to specific venues, e.g. industrial parks and medical institutions, to meet diversified market demands. At the same time, the Group will continue to expand into the Southeast Asian market, leveraging the benefits of rapid regional economic development to deeply explore local market potential and identify new business growth opportunities, facilitating breakthroughs and strategic layouts in new business areas and injecting new momentum into the Group's long-term sustainable development.

Additionally, the Group will establish an online WeChat ecosystem and offline locations and stalls, combining horizontal and vertical reasonable mechanism design with user-friendly system tools to accumulate user data, expand the coverage of new retail businesses, and drive quality growth in this sector.

With respect to healthcare sector, the Group will comprehensively promote services around home elderly care, community elderly care, institutional elderly care, and hospital logistics services, tailoring service solutions for clients. Beyond basic property-related services, it will also provide centralised delivery management, environmental and medical waste management, medical fabric washing and distribution leasing and sales, and patient care center services, creating an integrated service system and one-stop logistics service center which is demand oriented.

Moreover, the Group's sub-brand, "Evergreen" (常青社), focuses on integrated medical and elderly care services, aiming to create vibrant senior wellness apartments and care institutions for elderly individuals, providing comprehensive solutions covering clothing, food, housing, and transportation to create a high-quality, refined elderly living experience.

(3) Enhance technological empowerment to support digital transformation

The Group will drive service product innovation through cutting-edge technologies, such as the Internet, big data, cloud computing, and artificial intelligence, accelerating the digital and intelligent transformation to create high-tech smart properties and continuously enhance service capabilities. The Group will launch the "Xuanhai Technology" sub-brand, using AIoT (The Artificial Intelligence of Things) technology to empower traditional industries, facilitating intelligent upgrades and building comprehensive solutions covering smart properties, smart communities, smart parks, and smart cities. This solution will provide one-stop smart services across various aspects, including security management, life services, traffic management, government affairs management, public services, and industrial management, creating a safe, convenient, and intelligent future living experience for urban residents and enhancing the quality of urban life.

The Group fully embraces artificial intelligence technology, engages in deep cooperation with iFLYTEK（科大訊飛）and Feishu（飛書）to continuously implement intelligent applications tailored to diversified business and management scenarios. At the same time, the Group will comprehensively refine its data assets, utilising big data technology to build a new generation of data middle platform, gradually launch data metrics covering all business scenarios and employing AI technology for automated operational analysis, laying a solid foundation for the Group's digital operations and empowering the realisation and implementation of strategic goals.

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

The Group consistently prioritizes customer-centricity, focusing on the business needs of people and cities, and is dedicated in providing a better quality and more efficient service experience. The Group will maintain customer satisfaction as its core goal, continuously upgrading service quality to offer more detailed, comprehensive, and caring integrated services to a diversified clientele, meeting personalised needs in different scenarios, and building an excellent service reputation.

In terms of operational models, the Group will be guided by operational goals, optimising the grading standards for service products, upgrading the management system, integrating quality supplier resources, and establishing a "highly integrated collaborative operation" model to comprehensively enhance its service capacity and efficiency. The Group will strengthen the management of project lifecycle nodes, ensuring that each link precisely meets customers' needs. By establishing a regular customer feedback mechanism, the Group will listen to customers' voices, and ensure every suggestion is promptly responded to and implemented, creating a more agile and efficient operational system. For different business formats and client groups, the Group will develop differentiated operational control measures, implement positive customer management systems, enhance brand perception, and continuously improve brand image and owner loyalty, creating long-term value for customers.

Additionally, the Group will continue to implement the Amoeba business model（阿米巴經營模式）, combining actual operating scenarios of front-line business units to establish a self-operated mechanism that deeply explores operational potential, stimulating team awareness and vitality. By decentralising operational responsibilities to the front line, the Group can respond more flexibly to market changes, optimise resource allocation, reduce operational costs, enhance overall operational efficiency, and continuously strengthen brand influence and market competitiveness.

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

In terms of organisational change, the Group will continue optimising its organisational structure by identifying issues in organisational control and structure systematically, clarifying job roles and functional interfaces, and promoting organisational streamlining and efficient collaboration. The Group will reduce structural redundancy, enhance operational efficiency, and accelerate the establishment of a human resources shared services center to create a standardised shared operational mechanism, improving service ratio and further reducing management costs, thereby enhancing overall organisational management effectiveness.

In talent development, the Group will continue to solidify its talent management and training system, using the "Original Aspiration Together" platform to build consensus among talents and focusing on "Elite Together" to delve into key businesses, promoting dual enhancement of individual capabilities and team collaboration. The Group will gradually improve its team-building efforts, aligning them with project development needs to achieve a comprehensive upgrade from individual capabilities to organisational capabilities. Additionally, the Group will fully implement the "Wings of Original" talent development program, constructing a "Dowell Competency Model" to ensure new employees meet competency standards within a year, laying a solid talent foundation for the Group's long-term development and achieving closed-loop management of the talent supply chain to provide ongoing talent support for the Group's strategic goals.

In terms of cultural identity, the Group will focus on the "Original Aspiration Together", " Ba Zhang Community" and " Dowell Community of Knowledge" as its core platforms to strengthen cultural guidance and atmosphere creation. By utilising digital tools such as the "Dowell broadcasting account" and Feishu, the Group will establish efficient cultural communication channels to promote comprehensive implementation of cultural concepts. By creating a forward-looking cultural atmosphere, the Group will unify consensus among all employees, enhancing team cohesion and centripetal force, injecting powerful cultural momentum into the Group's high-quality development.

In the future, the Group will continue to focus on enhancing organisational capability, leveraging talent development, and strengthening cultural identity, creating an efficient, collaborative, and vibrant organisational ecosystem that provides solid organisational support and cultural backing for the realisation of the Group's strategic goals.

USE OF PROCEEDS RAISED FROM INITIAL PUBLIC OFFERING AND OVER–ALLOTMENT OPTION AND FURTHER CHANGE IN USE OF NET PROCEEDS

The H shares of the Company (the "**H Shares**") were successfully listed on the Stock Exchange on 29 April 2022 (the "**Listing Date**") with 16,666,667 new H Shares issued and, upon the partial exercise of over-allotment option, 16,990,867 H Shares were issued in aggregate. Net proceeds from initial public offering and partial exercise of over-allotment option (the "**Net Proceeds**") amounted to approximately HK$139.8 million in total, after deducting the underwriting fees and relevant expenses. As at 31 December 2024, the Group has used approximately HK$131.4 million of the Net Proceeds.

As disclosed in the Company's announcements (the "**UOP Announcements**") dated 23 June 2022, 23 August 2022 and 13 December 2023 regarding, among others, change in use of Net Proceeds, the Board resolved to alter the timeframe for the use of the Net Proceeds. Please refer to the UOP Announcements for further details.

On 31 March 2025, the Board resolved to reallocate the balance of the Net Proceeds of approximately HK$7.7 million attributable to strategic investments, cooperation and acquisition for general working capital purposes due to: (i) the underperformance of the real estate industry, which affected the property management industry to varying degrees; and (ii) subsequent to the year ended 31 December 2024, the Company has not identified any target companies that would meet the Group's investment requirements, and it is unlikely that the Company will be able to utilise the funds attributable originally attributable to the strategic investments, cooperation and acquisition category in the foreseeable future. The Board will continuously assess the plan for the use of the Net Proceeds and may revise or amend such plan when necessary to cope with the changing market conditions.

The table below sets out the details of actual usage of the Net Proceeds as at 31 December 2024 and details of the change of the Net Proceeds:

		Net Proceeds (HK$ million)						
				Used		Unused		
Item	Percentage	Available Net Proceeds from listing of H Shares on the Stock Exchange and partial exercise of the over-allotment option	Available Net Proceeds as at 31 December 2023	During the Reporting Period	From the Listing Date and up to 31 December 2024	As at 31 December 2024 (before change in use of Net Proceeds)	As at 31 December 2024 (after change in use of Net Proceeds)	Remaining balance expected to be fully used by
Strategic investments, cooperation and acquisition	65.0%	90.9	8.1	0.4	83.2	7.7	0	N/A
Improve service quality and extend service offering	16.5%	23.0	0	0	23.0	0	0	N/A
Upgrade and develop intelligent systems	8.5%	11.9	2.3	2.3	11.9	0	0	N/A
General working capital	10.0%	14.0	1.4	0.7	13.3	0.7	8.4	N/A
Total	100.0%	139.8	11.8	3.4	131.4	8.4	8.4	

MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Group entered into an equity transfer agreement (as supplemented by a supplemental agreement) on 19 April 2024 to acquire approximately 90.73% of the equity interests in Shanghai Evergreen Social Care Enterprise Development Co., Ltd.*（上海常青社康養企業發展有限公司）(“**Shanghai Evergreen**”) at the consideration of RMB28.0 million. Shanghai Evergreen and its subsidiaries (collectively, “**Shanghai Evergreen Group**”) are principally engaged in the medical care and elderly care services industry in the PRC. Relying on the four main elderly care products of residential community, institutional elderly care, nursing and rehabilitation institutions and specialised institutions, the Shanghai Evergreen Group focuses on the layout of high-end institutional elderly care and community home elderly care projects. The Shanghai Evergreen Group currently operates more than 14 elderly care institutional projects, manages more than 50 community service stations, operates more than 3,000 beds and has more than 20,000 customers. As at the date of this announcement, the acquisition of Shanghai Evergreen had been completed and Shanghai Evergreen had become a direct non-wholly-owned subsidiary of the Company. Further details regarding the acquisition of Shanghai Evergreen are disclosed in the announcements of the Company dated 19 April 2024 and 29 April 2024 and the circular of the Company dated 3 June 2024.

The Group also entered into another equity transfer agreement on 20 November 2024 to acquire the entire equity interests in Chengdu Dongyuhong Commercial Management Co., Ltd.*(成都東煜宏商業管理有限公司)(“**Chengdu Dongyuhong**”) at the consideration of RMB59.5 million. Chengdu Dongyuhong is principally engaged in business management and real estate consulting, and holds approximately 83.48% ownership of 3rd to 11th Floor, Building 1, No. 4 of Xinhong North Branch Road, Chenghua District, Chengdu City, the PRC, which is used as an elderly care centre by the Group. As at the date of this announcement, the acquisition of Chengdu Dongyuhong had been completed and Chengdu Dongyuhong had become an indirect wholly-owned subsidiary of the Company. Further details regarding the acquisition of Chengdu Dongyuhong are disclosed in the announcement of the Company dated 20 November 2024 and the circular of the Company dated 6 January 2025.

Save as disclosed above, there were no other material investments, acquisitions or disposal of subsidiaries, associated companies or joint ventures during the Reporting Period.

EXCHANGE RATE RISK

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

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the Reporting Period and up to the date of this announcement, save for completion of the acquisition of Chengdu Dongyuhong, there were no significant events affecting the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had 5,903 employees (31 December 2023: 5,760 employees (restated)). During the Reporting Period, the total staff costs recognised as expenses were approximately RMB735.2 million (as at 31 December 2023: RMB741.0 million (restated)).

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

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

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

CORPORATE GOVERNANCE

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

AUDIT COMMITTEE REVIEW

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

The primary duties of the Audit Committee include, among others, (i) providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and risk management systems of the Group; (ii) overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (iii) developing and reviewing the Company's policies and practices on corporate governance, compliance with legal and regulatory requirements and requirements under the Listing Rules; and (iv) developing, reviewing and monitoring the code of conduct applicable to the employees of the Group and Directors. The Audit Committee consists of three members, including Ms. Luo Shaoying, Mr. Wang Susheng and Mr. Song Deliang. The Audit Committee is chaired by Mr. Song Deliang, an independent non-executive Director who possesses appropriate professional accounting and related financial management expertise. The Audit Committee has reviewed the Company's annual financial results for the year ended 31 December 2024 and confirmed that it has complied with all applicable accounting principles, standards and requirements, and made sufficient disclosures. The Audit Committee has also discussed the matters of audit and financial reporting.

SCOPE OF WORK OF BDO LIMITED

The financial figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, and the related notes thereto for the year ended 31 December 2024 as set out in this annual results announcement have been agreed by the Company's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by BDO Limited.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the Reporting Period. The Company did not hold any treasury shares during the year ended 31 December 2024.

FINAL DIVIDEND

In view of the business growth of the Group and the support of the shareholders of the Company, the Board recommended the declaration of a final cash dividend ("**Final Dividend**") of RMB0.03 per share (tax inclusive) for the year ended 31 December 2024 (for the year ended 31 December 2023: RMB0.03 per share (tax inclusive)).

The dividend distribution plan shall be subject to the approval of the shareholders of the Company at the annual general meeting to be held on Tuesday, 10 June 2025 (the "**AGM**") and such dividend is expected to be paid by Friday, 8 August 2025. The Final Dividend payable to the Shareholders shall be declared in RMB and paid in HK dollars, the exchange rate of which will be calculated based on the average exchange rate of RMB against HK dollars published by the People's Bank of China seven days prior to the AGM. Upon approval at the AGM, the Final Dividend will be paid by Friday, 8 August 2025.

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

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and its implementing rules which came into effect on 1 January 2008, and amended on 24 February 2017 and 29 December 2018, the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprise to H Shareholders which are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), which was promulgated by the State Administration of Taxation and came into effect on 6 November 2008, etc., where a PRC domestic enterprise distributes dividends for 2008 and subsequent years for financial periods beginning from 1 January 2008 to non-resident enterprise shareholders, it is required to withhold 10% enterprise income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the Final Dividend as enterprise income tax, distribute the Final Dividend to all non-resident enterprise Shareholders whose names appear on the H Share register of members of the Company, i.e. any Shareholders who hold H Shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or Shareholders registered in the name of other organisations and groups on Friday, 13 June 2025. After receiving dividends, the non-resident enterprise Shareholders may apply to the relevant tax authorities for enjoying treatment of taxation treaties (arrangement) in person or by proxy or by the Company, and provide information to prove that it is an actual beneficiary under the requirements of such taxation treaties (arrangement). After the tax authorities have verified that there is no error, it shall refund the tax difference between the amount of tax levied and the amount of tax payable calculated at the tax rate under the requirements of the relevant taxation treaties (arrangement).

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

If the individual holders of H Shares are residents of countries or regions that have a tax rate lower than 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders. If such Shareholders wish to claim refund of the amount in excess of the individual income tax payable under the relevant tax treaties, the Company may apply, on behalf of such Shareholders and according to the relevant tax treaties, for the relevant agreed preferential tax treatment, provided that the relevant Shareholders submit the relevant documents and information in a timely manner required by the Administrative Measures for Non-resident Taxpayers Claiming Tax Treaty Benefits (State Taxation Administration Announcement 2019, No. 35) (《非居民納稅人享受協定待遇管理辦法》(國家稅務總局公告2019年第35號)) and the provisions of the relevant tax treaties. The Company will assist with the tax refund subject to the approval of the competent tax authorities.

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

If the individual holders of H Shares are residents of countries or regions that have a tax rate of 20% under the tax treaties with the PRC, or that have not entered into any tax treaties with the PRC, or otherwise, the Company will withhold and pay individual income tax at the rate of 20% on behalf of such Shareholders. Shareholders are recommended to consult their tax advisors regarding the ownership and disposal of H Shares in the PRC and in Hong Kong and other tax effects.

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

ANNUAL GENERAL MEETING

The AGM has been scheduled to be convened on Tuesday, 10 June 2025. Shareholders of the Company should refer to details regarding the AGM in the circular and the notice of AGM and form of proxy to be published on the websites of the Company and the Stock Exchange in due course.

RECORD DATE FOR DETERMINING THE RIGHT TO ATTEND THE AGM AND ENTITLEMENT OF THE FINAL DIVIDEND

For the purpose of determining the rights to attend and vote at the AGM, the record date will be fixed at the close of business of Thursday, 29 May 2025. In order to be eligible to attend and vote at the AGM, all transfer documents of the Company accompanied by the relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 29 May 2025.

For the purpose of determining the entitlement to the proposed Final Dividend (subject to the approval by the shareholders of the Company at the AGM), the record date will be fixed at the close of business of Friday, 13 June 2025. In order for holders of H Shares to qualify for the proposed Final Dividend, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's H Share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 13 June 2025.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the Company's website at www.dowellservice.com and the Stock Exchange's website at www.hkexnews.hk. The annual report of the Company for the year ended 31 December 2024 will be despatched to the shareholders of the Company as required and will be available on the said websites in due course.

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

Hong Kong, 31 March 2025

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

* *For identification purposes only*