DoThink 德信服务
股份代号：2215.HK

Dexin Services Group Limited
德 信 服 务 集 团 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2215)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2023 amounted to RMB955.6 million, representing a decrease of 0.3% as compared with 2022.
- Gross profit for the year ended 31 December 2023 amounted to RMB226.0 million, representing a decrease of 16.7% as compared with 2022.
- Gross profit margin for the year ended 31 December 2023 was 23.7%, representing a decrease of 4.7% as compared with 2022.
- Profit for the year ended 31 December 2023 amounted to RMB62.5 million, representing a decrease of 50.0% as compared with 2022.
- Basic earnings per share for the year ended 31 December 2023 amounted to RMB0.065 per share, representing a decrease of 46.7% as compared with 2022.
- As of 31 December 2023, the Group had 39.2 million sq.m. of GFA under management, representing an increase of 13.6% from 31 December 2022. The Group's contracted GFA was 44.7 million sq.m., representing a year-on-year decrease of 8.2%.
- The Board does not recommend any final dividend for the year ended 31 December 2023 (2022: Nil).

The board (the "**Board**") of directors (the "**Directors**") of Dexin Services Group Limited (the "**Group**" or "**Dexin Services**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2023 ("**Reporting Period**"), together with the comparative figures for the year ended 31 December 2022. The annual results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Revenue	*5*	**955,580**	958,597
Cost of sales		**(729,541)**	(687,223)
Gross profit		**226,039**	271,374
Other income	*6*	**14,917**	34,711
Other gains — net	*7*	**50**	6,523
Selling and marketing expenses		**(13,773)**	(15,864)
Administrative expenses		**(130,479)**	(136,041)
Impairment loss on trade and other receivables		**(30,534)**	(6,732)
Share of result of associates		**(813)**	(131)
Share of result of a joint venture		**—**	27
Operating profit		**65,407**	153,867
Interest income		**23,311**	10,783
Finance costs		**(1,508)**	(1,981)
Finance income — net	*8*	**21,803**	8,802
Profit before taxation		**87,210**	162,669
Income tax expenses	*9*	**(24,713)**	(37,609)
Profit and total comprehensive income for the year	*10*	**62,497**	125,060
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**61,767**	122,023
Non-controlling interests		**730**	3,037
		62,497	125,060
Earnings per share			
— *Basic and diluted (RMB)*	*12*	**0.065**	0.122

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000
Non-current assets			
Property, plant and equipment and right-of-use assets		**11,265**	10,876
Intangible assets		**3,333**	2,978
Deferred income tax assets		**14,200**	8,730
Investment in associates		**501**	2,809
Loan and other receivables	*13*	**—**	315,000
		29,299	340,393
Current assets			
Inventories		**15,363**	7,949
Trade and other receivables and prepayments	*13*	**1,150,259**	756,692
Cash and cash equivalents		**229,728**	209,855
		1,395,350	974,496
Current liabilities			
Trade and other payables	*14*	**430,744**	329,246
Contract liabilities		**150,995**	107,353
Borrowings		**17,000**	55,000
Lease liabilities		**1,091**	1,190
Current income tax liabilities		**55,769**	39,878
		655,599	532,667
Net current assets		**739,751**	441,829
TOTAL ASSETS LESS CURRENT LIABILITIES		**769,050**	782,222

	Notes	**31 December 2023** *RMB'000*	31 December 2022 *RMB'000*
Non-current liabilities			
Borrowings		**10,000**	—
Lease liabilities		**17**	1,026
		10,017	1,026
NET ASSETS		**759,033**	781,196
Capital and reserves			
Share capital	*15*	**7,738**	8,115
Reserves		**735,028**	756,429
Equity attributable to owners of the Company		**742,766**	764,544
Non-controlling interests		**16,267**	16,652
TOTAL EQUITY		**759,033**	781,196

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1 GENERAL INFORMATION

Dexin Services Group Limited (the "**Company**") was incorporated in the Cayman Islands on 22 October 2020 as an exempted company with limited liability under the Companies Act. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 July 2021.

The Company is an investment holding company. The Company and its subsidiaries are collectively referred to as the "Group". The Company's ultimate holding company is Shengfu International Limited. The ultimate controlling shareholder of the Group is Mr. Hu Yiping (胡一平) ("**Mr. Hu**" or the "**Ultimate Controlling Shareholder**").

The consolidated financial statements are presented in Renminbi ("**RMB**"). RMB is the functional currency of the Company and the Company's subsidiaries.

2 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss that are measured at fair values at the end of each reporting period.

3 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. HKFRSs comprise Hong Kong Financial Reporting Standards (the "**HKFRS**"); Hong Kong Accounting Standards (the "**HKAS**"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

4 SEGMENT INFORMATION

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

During the years ended 31 December 2023 and 2022, the Group is principally engaged in the provision of property management services, community value-added services, and value-added services to non-property owners. 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 entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC for the year ended 31 December 2023 and 31 December 2022.

5 REVENUE

Revenue represents income from property management services, value-added services to non-property owners and community value-added services.

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers:		
Property management services	**740,845**	609,696
Value-added services to non-property owners	**106,090**	188,978
Community value-added services	**108,645**	159,923
	955,580	958,597

For the years ended 31 December 2023 and 2022, revenue from entities controlled by the Ultimate Controlling Shareholder and joint ventures and associates of the Ultimate Controlling Shareholder contributed to 12% and 27% of the Group's revenue, respectively. Other than entities controlled by the Ultimate Controlling Shareholder and joint ventures and associates of the Ultimate Controlling Shareholder, the Group had a large number of customers and none of whom contributed 10% or more of the Group's revenue for the years ended 31 December 2023 and 2022.

Disaggregation of revenue from contracts with customers:

The major operating entities of the Group are domiciled in the PRC. Accordingly, all the Group's revenues were derived in the PRC for the year ended 31 December 2023 and 2022.

	2023	2022
	RMB'000	*RMB'000*
Timing of revenue recognition		
Over time	**911,109**	850,046
At a point in time	**44,471**	108,551
	955,580	958,597

Unsatisfied performance obligations

For property management services and value-added services to non-property owners, 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 for not to disclose the remaining performance obligations for these type of contracts. The majority of the property management services contracts do not have a fixed term.

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

6 OTHER INCOME

	2023	2022
	RMB'000	*RMB'000*
Government grants *(note)*	**14,111**	20,026
Income from financial guarantee contract	**—**	14,297
Value-added tax deductibles	**806**	388
	14,917	34,711

Note: Government grants mainly consisted of financial support funds granted by the local governments.

7 OTHER GAINS — NET

	2023	2022
	RMB'000	*RMB'000*
Recognition of financial guarantee contract	**—**	(30,000)
Derecognition of financial guarantee contract	**—**	30,000
Exchange (losses)/gains	**(540)**	3,622
Gain on disposal of subsidiaries	**—**	4,273
Loss on deregister of subsidiaries	**(175)**	—
Gain on disposal of associates	**774**	—
Loss on disposal/written off of property, plant and equipment	**(55)**	(39)
Others gains/(losses)	**46**	(1,333)
	50	6,523

8 FINANCE INCOME — NET

	2023	2022
	RMB'000	*RMB'000*
Finance income		
Interests income from loan receivables	**23,023**	5,011
Interests income from bank deposits	**288**	5,772
	23,311	10,783
Finance costs		
Interest expenses for borrowings	**(1,399)**	(1,873)
Interest expenses on lease liabilities	**(109)**	(108)
	(1,508)	(1,981)
	21,803	8,802

9 INCOME TAX EXPENSES

	2023	2022
	RMB'000	*RMB'000*
Current tax — PRC Enterprise Income Tax ("**EIT**"):		
— Provision for the year	**30,183**	39,125
Deferred tax	**(5,470)**	(1,516)
	24,713	37,609

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and accordingly, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the BVI was incorporated under the International Business Companies Act of the BVI and, accordingly, is exempted from British Virgin Islands income tax.

Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was provided as the Group did not have assessable profit in Hong Kong.

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

The general corporate income tax rate in PRC is 25%, with the exception of any preferential treatments received, such as the 15% preferential tax rate that Hangzhou Xier Technology Co., Ltd. ("**Xier Technology**", a PRC subsidiary of the Group) can enjoy as a result of its qualification as a High and New Technology Enterprise ("**HNTEs**") from December 2021 to November 2024.

Pursuant to the Detailed Implementation Regulations for Implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding income tax rate may be applied when the immediate holding companies of the subsidiaries in Mainland China are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between Mainland China and Hong Kong. The Group has not accrued any withholding income tax for these undistributed earnings of its subsidiaries in Mainland China as the Group does not have a plan to distribute these earnings from its subsidiaries in Mainland China.

10 PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	2023	2022
	RMB'000	*RMB'000*
Auditor's remuneration	**2,454**	2,700
Depreciation of property, plant and equipment and right-of-use assets	**6,963**	7,793
Amortisation of intangible assets	**438**	628
Impairment loss on trade and other receivables	**30,534**	6,732
Loss on disposal/written off of property, plant and equipment	**55**	39
Staff costs including directors' emoluments:		
Wages, salaries and bonuses	**253,664**	245,280
Social insurance expenses and housing benefits *(Note (i))*	**40,895**	46,851
Other employee benefits	**6,727**	12,875
Total staff costs	**301,286**	305,006

Note:

(i) Employees of the Group's PRC subsidiaries are required to participate in a defined contribution scheme administered and operated by the local municipal governments. The Group's PRC subsidiaries contribute funds to the scheme to fund the retirement benefits of the employees. The contributions are calculated based on a certain percentage of the employees' salaries as agreed by the local municipal governments. The Group's PRC subsidiaries and its employees are required to make monthly contributions. The only obligation of the Group with respect to the defined contribution scheme is to make the required contribution to the scheme. There is no forfeited contribution under the defined contribution scheme available to reduce the existing level of contributions in future years.

The Group has no other material obligation for the payment of retirement benefits associated with these schemes beyond the annual contributions described above.

11 DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2023, nor has any dividend been proposed since the end of the reporting period (2022: nil).

12 EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the profit for the year attributable to the owners of the Company of approximately RMB61,767,000 (2022: RMB122,023,000) and on the weighted average number of shares in issue during the year of approximately 950,837,808 (2022: 1,001,234,899).

No diluted loss per share is presented as the Company had no potential ordinary shares outstanding for the years ended 31 December 2023 and 2022.

13 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Note	**2023**	2022
		RMB'000	*RMB'000*
Current:			
Trade receivables	*(a)*		
— Related parties		**95,968**	111,510
— Third parties		**321,142**	258,777
Less: allowance for impairment of trade receivables		**(38,139)**	(25,208)
		378,971	345,079
Other receivables			
— Deposits		**271,482**	268,424
— Payments on behalf of property owners	*(b)*	**93,612**	59,200
— Others		**42,255**	46,098
Less: allowance for impairment of other receivables		**(13,407)**	(4,920)
		393,942	368,802
Prepayments			
— Prepayments for inventories		**19,276**	21,265
— Other prepayments		**17,611**	19,844
		36,887	41,109
Loan receivables	*(c)(d)*	**340,459**	1,702
		340,459	1,702
		1,150,259	756,692
Non-current:			
Loan receivables	*(d)*	**—**	315,000

(a) Trade receivables mainly arise from property management services income to property owners and value-added services to non-property owners. Property management services income are received in accordance with the terms of the relevant services agreements. Service income from property management service is due for payment by the residents upon the issuance of demand note.

As at 31 December 2023 and 2022, the ageing analysis of the trade receivables based on recognition date of trade receivables before impairment were as follows:

	2023	2022
	RMB'000	*RMB'000*
0 to 180 days	**199,338**	237,110
181 to 365 days	**44,145**	35,711
1 to 2 years	**99,277**	70,706
2 to 3 years	**60,268**	13,441
3 to 4 years	**10,389**	7,419
Over 4 years	**3,693**	5,900
	417,110	370,287

(b) The balance represented mainly the payments on behalf of property owners in respect of utility costs of properties.

(c) As at 31 December 2023, loans to third parties with aggregate principle amount at approximately RMB25,459,000 are unsecured, interest bearing at 10% p.a. and repayable within one year.

(d) As at 31 December 2023 and 2022, loan to a third party with an aggregate principal amount of approximately RMB315,000,000 are secured by certain car parks space with value not less than RMB600,000,000, interest bearing at 5% (before 1 July 2023:8%) per annum and are repayable in December 2024.

14 TRADE AND OTHER PAYABLES

	Note	2023 RMB'000	2022 RMB'000
Trade payables	*(a)*		
— Related parties		**4,891**	92
— Third parties		**173,660**	120,859
		178,551	120,951
Other payables			
— Deposits	*(c)*	**43,088**	31,468
— Amounts temporarily received from/on behalf of property owners		**153,482**	136,035
— Amounts due to related parties	*(b)*	**3,972**	457
— Amounts due to non-controlling interests	*(b)*	**1,555**	5,665
— Accrued payroll		**18,335**	14,866
— Other taxes payables		**21,390**	14,797
— Other accrued expenses		**10,371**	5,007
		252,193	208,295
		430,744	329,246

Notes:

(a) The aging analysis of trade payables was as follow:

	2023 RMB'000	2022 RMB'000
Within 1 year	**171,246**	111,601
After 1 year but within 2 years	**5,059**	6,129
After 2 year but within 3 years	**1,277**	2,775
Over 3 years	**969**	446
	178,551	120,951

(b) Amounts due to related parties and non-controlling interests were unsecured, interest free and repayable on demand.

(c) The amounts mainly represented utility expenses collected from the property owners to be paid to related service providers and rental fee collected from leasees to be returned to the property owners.

15 SHARE CAPITAL

	Number of ordinary shares	Nominal value ordinary shares	Amount equivalent to *RMB'000*
Authorised:			
Shares of the Company with nominal value of HK$0.01 each			
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	5,000,000,000	50,000,000	43,947
Issued and fully paid:			
At 1 January 2022	1,016,851,000	10,168,510	8,462
Repurchases and cancellation of shares *(Notes a)*	(37,990,000)	(379,900)	(347)
At 31 December 2022	978,861,000	9,788,610	8,115
Cancellation of shares *(Notes a)*	(8,100,000)	(81,000)	(73)
Repurchases and cancellation of shares *(Note b)*	(33,453,000)	(334,530)	(304)
At 31 December 2023	937,308,000	9,373,080	7,738

Notes:

(a) During the year ended 31 December 2022, the Group repurchased a total of 46,090,000 ordinary shares listed on Stock Exchange. The total amount paid to repurchase these ordinary shares was approximately RMB119,908,000. As at 31 December 2022, 37,990,000 shares repurchased during the prior reporting period has been cancelled. Upon the cancellation of the 37,990,000 ordinary shares repurchased, the issued share capital of the Company was reduced by the par value of approximately RMB347,000, and the premium paid on the repurchase of these cancelled shares of RMB98,415,000, including transaction costs was deducted from share premium of the Company. The remaining 8,100,000 repurchased ordinary shares were subsequently cancelled in March 2023.

(b) During the year ended 31 December 2023, the Group repurchased and cancelled a total of 33,453,000 ordinary shares listed on Stock Exchange. The total amount paid to repurchase these ordinary shares was approximately RMB83,545,000. The issued share capital of the Company was reduced by the par value of approximately RMB304,000, and the premium paid on the repurchase of these cancelled shares of RMB83,241,000, including transaction costs was deducted from share premium of the Company.

16 FINANCIAL GUARANTEE CONTRACT

On 29 December 2021, Shanghai Xuquan Trading Co., Ltd. (上海栩全商貿有限公司) (the "**Shanghai Xuquan**"), an indirect wholly-owned subsidiary of the Company, entered into the guarantee agreement with Hangzhou Ruiyang Supply Chain Management Co., Ltd. (杭州瑞揚供應鏈管理有限公司) (the "**Hangzhou Ruiyang**"), a business partner and an independent third party of the Company, pursuant to which, Shanghai Xuquan shall provide a guarantee for the amount of RMB496 million borrowed by Hangzhou Ruiyang from Ping An Bank Co., Ltd. Hangzhou Branch (the "**Ping An Bank**") and receive 8% guarantee fee from Hangzhou Ruiyang.

On 29 December 2021 and 6 January 2022, Shanghai Xuquan entered into three pledge contracts with Ping An Bank to pledge the certificate of deposit of a total value of RMB300 million and RMB204.5 million, respectively. In December 2021 and January 2022, Shanghai Xuquan pledged the certificates of deposit to Ping An Bank of a total value of RMB250.6 million and RMB504.5 million, respectively, in order to provide guarantees for Hangzhou Ruiyang, for the amount of RMB496 million by way of pledge. Shanghai Xuquan will receive an aggregate of 10.1% of the total amount of the pledge contracts as the income (including the 2.1% interest income per year generated from the pledge contracts and 8% guarantee fee per year from the guarantee agreement). The financial guarantee contract was effective in January 2022 which was when the issuance of bills by Hangzhou Ruiyang and commencement of the borrowing happened.

During the year ended 31 December 2022, all guarantees in favour of Ping An Bank provided by the Shanghai Xuquan were released.

17 EVENTS AFTER THE REPORTING PERIOD

The Company entered major and connected transactions with Dexin China Holdings Co. Ltd ("**Dexin China**") in relation to (1) the acquisition of target parking spaces and (2) the equity acquisition of hotel property holding company on 24 August 2023. Pursuant to extraordinary general meeting held on 13 March 2024, these transactions were approved by independent shareholders of the Company. The completion of these transaction is subject to the approval from Dexin China's independent shareholders.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

ZHONGHUI ANDA CPA Limited has expressed qualified opinion on the audited consolidated financial statements of the Group for year ended 31 December 2023, an extract of which is as follows:

QUALIFIED OPINION

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year ended 31 December 2023 in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

Trade receivables, other receivables and deposit in relation to Dexin China Holding Company Limited and its subsidiaries, joint ventures and associates ("Dexin China")

Included in the trade receivables and other receivable are amounts due from Dexin China of approximately RMB92,718,000 and RMB1,407,000, respectively as at 31 December 2023. In addition, there is deposit paid to Dexin China of RMB250,000,000 as at 31 December 2023. In August 2023, the Group entered into agreements with Dexin China to acquire certain car parking spaces and equity interest of a company from Dexin China at cash consideration of RMB301,435,000 (the "**Transactions**"). Upon completion of the Transactions, Dexin China will refund the deposit of RMB250,000,000 to the Group or such deposit and receivables will be offset with the cash consideration. Pursuant to the extraordinary shareholders' meeting held on 13 March 2024, the Transactions were approved by the independent shareholders of the Company. However, the completion of the Transactions is subject to the approval from the independent shareholders of Dexin China in shareholders' meeting of which the date of meeting is still not yet fixed at the date of this report.

Due to the uncertainty of the approval of the Transactions by the independent shareholders of Dexin China and lack of evidence to support the financial ability of Dexin China, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of the unsettled trade and other receivable due from Dexin China as at 31 December 2023 of approximately RMB79,687,000 and RMB1,362,000 and the deposit paid to Dexin China of RMB250,000,000 as at 31 December 2023. There are no other satisfactory audit procedures that we could adopt to determine whether the relevant expected credit loss of RMB1,019,000 is appropriately provided. Any adjustments to these figures might have a consequential effect on the Group's financial performance for the year and the Group's financial position as at 31 December 2023.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the section of this report on the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

VIEWS OF THE BOARD AND THE AUDIT COMMITTEE ON THE QUALIFIED OPINION

The Board and the Audit Committee noted that the consolidated financial statements of the Company for the year ended 31 December 2023 were subject to the qualified opinion (the "**Qualified Opinion**") of ZHONGHUI ANDA CPA Limited, the independent auditor of the Company (the "**Independent Auditor**"), on the basis as set out in the section headed "Basis for Qualified Opinion" in the independent auditor's report (the "**Independent Auditor's Report**") under the section "Extract of the Independent Auditor's Report".

The Board and the Audit Committee did not express different views from that of the Independent Auditor on the basis of the qualifications as the unresolved qualifications for the year ended 31 December 2023, which might have consequential effect on the Group's financial performance for the year ended 31 December 2023 and the related disclosure thereof in the consolidated financial statements.

The Board will seek to promptly resolve the unresolved qualifications through proactively monitoring the status of Dexin China's independent shareholders approving the Transactions. In this connection, the management of Dexin China has informed our Company that preparations for Dexin China's shareholders meeting in connection with the Transactions are ongoing and Dexin China will endeavour to hold the meeting as soon as possible. The Company also notes Dexin China's recent announcement dated 21 March 2024 on legal actions commenced against it, but notes that the hearing is not scheduled until June 2024. The Company will provide updates to the shareholders where there are material developments on the Transactions, and where appropriate, will take robust efforts to protect the rights of the Company to recover the amounts due from Dexin China. However, currently the management was not in a position to give a concrete view on the outcome of the shareholders' meeting of Dexin China in respect of the Transactions, which would be subject to the vote of the independent shareholders at the shareholders' meeting of Dexin China to be convened.

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board, I hereby present the results of the Group for the twelve months ended 31 December 2023.

The year 2023 is destined to be an unforgettable year that witnessed economic adjustment, cyclic fluctuation in the real estate industry and unprecedented challenges in the property management industry. At the same time, along with the opening up of the pandemic and consumption recovery, people's desire for residential safety and pursuit of a better life became increasingly strong. Throughout the year, we encountered numerous ordinary but spectacular incidents, thanks to the silent contributions of property practitioners.

No matter how the industry has changed, the Group still adhered to our original aspiration of customer first. We followed the route of independent development and strived to overcome cyclical fluctuation. Through organisational innovation, operational efficiency improvement, service-centric and external expansion, the Group sought development amid stability and achieved breakthroughs amid development.

As the official cooperative supplier of the 19th Asian Games and the 4th Asian Para Games, the Group was honoured to participate in the successful event hosting of the Asian Games venues and was awarded the high-quality service certificate by the Asian Games Organising Committee. In 2023, the Group's revenue amounted to RMB955.6 million, which remained unchanged as compared to 2022. Thanks to our stable performance and officially recognised high-quality services, the Group ranked the 22nd among the "Top 100 Property Management Service Companies in the PRC in 2023" as awarded by China Index Academy and maintained our leading position in the property service market in Eastern China.

Keeping on marching forward amid difficulties

During the year, we anchored our independent and innovative progressive direction, insisted on high-quality development and focused on endogenous momentum to build a stable and resilient property service sector with a solid foundation. With our quality of services, the revenue from the property-based service amounted to RMB740.8 million, increased by 21.5% as compared with the corresponding year in 2022. The Group optimised its operation at a fast and steady pace through intensive development of Zhejiang, high-density coverage of non-residential areas and middle to high-end markets and joint venture cooperation in collaboration with state-owned enterprises. Under the strategic guidance of the Group of "cash outweighing profit and profit outweighing scale", the Group achieved growth by leveraging our resilience and strong endogenous momentum. During the year, future development was underpinned by the continuous upgrade of service capacity, constant breakthroughs in the commercial service and public service segments, and extension of "property + operation" services. The market layout of creating a high-end new operation service system and future community construction dual models was steadily opening up, thereby building the core engine for the transformation and upgrading of the Group's business.

Achieving grand goals through tactical methods

The Group adhered to focusing on the essence of property service and the synergic development of diversified business. We also encouraged the integration of basic property services with property owners' livelihood services. Under the strategic vision of "being the better life service provider", the Group endeavoured to excel in the industry and enhanced cohesive force to constantly improve property owners' satisfaction. As of 31 December 2023, the Group had a GFA under management of 39.2 million sq.m. and contracted GFA of 44.7 million sq.m., covering high-tech parks, metro, high-end urban landmark parks, scenic spots, and other new business forms. We strived for a modernised development in the entire industry chain, namely from basic property services to intelligent security, conference reception, and office conference services for national guests, from ordinary green maintenance to world events Grade 1 green maintenance standards, from single management to business solicitation, planning and operation, and urban space services, laying a solid foundation for quality and service upgrading.

Caring for people's everything is our original aspiration

The Group continuously built the 15-minute lifestyle circle by keeping abreast of the opportunities in the communistic era, transforming service concepts and entwining the core demands of the entire life cycle of people. By embracing the brand advocation of "Companion Service with Love (知己服務有愛相伴)" and focusing on creating more enriched life scenes, we forged a brand new "companion service center (知己生活中心)" from the customer perspective of "good looking, good fun, and good attention", conducted the space upgrading of customer service reception desk, and integrated such functions like cultural and artistic elements, learning and office work, product experience and parent-child interaction to enhance the living sentiment of the park. We continued to build the 15-minute community lifestyle circle by "Companion with Passion (知己送春風)" and offered "Happy Market (幸福市集)" to the doorways of property owners, enabling the former to become the flow pool. Through live commerce and front housekeeper delivery, we stuck culture and property service together. New strategies were developed through empowering cooperation with lighter assets and better benefits. Following the guidance of the property's Communist Party building, we combined our efforts to build an aesthetic home with communist aspirations and a heart of awe to support the stable operation of our business. In 2023, we actively built an aesthetic home and were awarded the title of red property in Zhejiang Province. A number of our projects were awarded as provincial-grade garden residential communities and municipal-grade property management demonstration communities.

FUTURE PROSPECTS

Embarking on a new journey after a break

The development of the industry will embrace the co-existence of crises and opportunities in 2024. The Group will always adhere to the human-oriented concept, adapt to changes for innovation and prepare well for future development. We will follow the principle of "customer needs are our starting points of service" and integrate the operation regime of UI+4S service relationship to build a foundation for quality and improve service efficiency. Through iterative upgrading of the endogenous service industry, we will open new chapters in the new year based on our diversified industry portfolio service including strengthening, extending and supplementing the chain.

We will insist on regional market cultivation and concentrated development in the service sector, endeavour to create intelligent scenes for daily life and office work and develop innovative service systems of AM (asset management) 、PM (property management) and IFM (integrated facility management) to rebuild values. We will commit to focusing on the responsibilities of respecting customers, strengthening organisational empowerment, trusting junior staff, nurturing culture, and performing social responsibilities to consolidate the organisation's foundation and generate a driving force. We will adhere to technological innovation and new technological applications to generate new quality productivity, which in turn will create valuable returns. We will stay firm in the innovation and upgrading of the urban public services to realise high-quality development. We will continue to explore service boundaries and strive to become a creator of opportunities for service aesthetics, a builder of smart construction scenes and a founder of a win-win value platform.

We believe we can achieve our goals with constant endeavour despite difficulties and focus on property owners and staff to constantly work hard to achieve the pursuit of a better life. We will join hands to overcome difficulties, walk tall with confidence, serve in quality and march forward with courage. We look forward to sharing glories and dreaming of building the future together to create quality equity returns and achieve sustainable growth in shareholder values.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

Business model of the Group

The Group has three business lines: (i) property management services; (ii) value-added services to non-property owners; and (iii) community resources value-added services, which constitute a comprehensive service product for our clients, covering the entire property management value chain.

- **Property management services.** The Group provides property developers, property owners and residents with a wide range of property management services. The property management services of the Group primarily comprise (i) security services; (ii) cleaning services; (iii) gardening services; and (iv) common area facility repair and maintenance services for residential properties and non-residential properties.

- **Value-added services to non-property owners.** The Group provides a full range of property-related business solutions to non-property owners, which primarily include property developers. The value-added services to non-property owners of the Group primarily comprise (i) the provision of sales office management services; (ii) the provision of preliminary planning and design consultancy services; (iii) the provision of property inspection and repair services; and (iv) the provision of commercial consulting services.

- **Community value-added services.** The Group also offers various community value-added services to property owners and residents, including (i) smart community solutions; (ii) property sales and assistance services; (iii) community resources value-added services; (iv) clubhouse services; (v) home decoration services; and (vi) community retail and home services.

We believe that the property management services business line is the foundation of the Group to generate revenue, expand business scale and increase customer group for community value-added services to property owners and residents. The Group's value-added services to non-property owners facilitate its early access to property development projects and the establishment and development of business relationships with property developers, thereby enhancing the Group's competitiveness and securing contracts for property management services. The Group's community value-added services business line is conducive to strengthen the relationship between the Group and customers and improve customer satisfaction and loyalty. We believe that the three business lines of the Group will continue helping the Group to gain bigger market share and expand its business scope in the PRC.

PROPERTY MANAGEMENT SERVICES

In 2023, the Group adhered to the strategic vision of being a service provider of future urban life relationship, achieved steady growth in the GFA under management and constantly expanded the GFA under management. As of 2023, we had a total GFA under management of approximately 39.2 million sq.m., representing an increase of approximately 4.7 million sq.m. or a growth rate of 13.6% as compared with approximately 34.5 million sq.m. in 2022. The increase was primarily attributable to the increase in projects delivered by Dexin China, as well as the increase in business with independent third parties.

The following table sets forth our property management contracted GFA and GFA under management as of the years indicated:

	For the year ended 31 December 2023				For the year ended 31 December 2022			
	Contracted projects		**Projects under management**		Contracted projects		Projects under management	
	Number of projects	**GFA** *(sq.m. '000)*	**Number of projects**	**GFA** *(sq.m. '000)*	Number of projects	GFA *(sq.m. '000)*	Number of projects	GFA *(sq.m. '000)*
As of the beginning of the year	**317**	**48,698**	**255**	**34,543**	309	46,363	233	31,110
Newly contracted	**55**	**5,965**	**38**	**4,249**	50	11,061	34	4,211
Reserve conversion	**0**	**0**	**41**	**5,555**	0	0	21	2,761
Acquisition	**0**	**0**	**0**	**0**	0	0	0	0
Termination	**(39)**	**(9,961)**	**(37)**	**(5,104)**	(42)	(8,726)	(33)	(3,539)
As of the end of the year	**333**	**44,702**	**297**	**39,243**	317	48,698	255	34,543

A majority of our revenue from property management services is generated from the services provided to properties developed by independent third-party property developers. As of 31 December 2023, we had 161 properties under our management that were developed by independent third-party property developers with a total GFA under management of approximately 21.8 million sq.m.

The following table sets forth a breakdown of our total GFA under management by property type as of the dates indicated:

	As of 31 December					
	2023			2022		
	GFA	**Revenue**	**Percentage**	GFA	Revenue	Percentage
	sq.m. '000	***RMB'000***		*sq.m. '000*	*RMB'000*	
Properties developed by Dexin China	**13,163**	**259,028**	**35.0%**	8,655	208,419	34.2%
Jointly developed properties	**4,320**	**104,466**	**14.1%**	3,502	90,030	14.8%
Properties developed by independent third-parties	**21,760**	**377,351**	**50.9%**	22,386	311,247	51.0%
Total	**39,243**	**740,845**	**100.0%**	34,543	609,696	100.0%

Our Geographical Presence

Zhejiang Province and the Yangtze River Delta Region are among the most economically developed regions in the PRC, with higher urbanisation rates and resident disposable income. Most of our service projects are concentrated in cities with higher competitive pricing levels. We continue to expand into first-tier and second-tier cities nationwide, and continue to increase the GFA under management and income from core cities outside Zhejiang Province and the Yangtze River Delta Region, further intensifying our competitive strength in the property industry. For the year ended 31 December 2023, we had our geographic presence in 40 cities in China.

The following table sets forth our total GFA under management by region as of the dates indicated:

	As of 31 December					
	2023			2022		
	GFA	**Revenue**	**Percentage**	GFA	Revenue	Percentage
	sq.m. '000	***RMB'000***		*sq.m. '000*	*RMB'000*	
Zhejiang Province	**25,183**	**541,394**	**73.1%**	21,142	452,936	74.3%
Yangtze River Delta Region (excluding Zhejiang Province)	**8,575**	**126,147**	**17.0%**	10,137	132,719	21.8%
Other regions	**5,485**	**73,304**	**9.9%**	3,264	24,041	3.9%
Total	**39,243**	**740,845**	**100.0%**	34,543	609,696	100.0%

Portfolio of Properties under Management

While the majority of properties under our management are primarily attributable to residential properties, we continuously sought to provide property management services to non-residential properties in the Reporting Period. The non-residential properties under our management are diverse, including commercial complexes, office buildings, schools, hospitals, industrial parks and municipal facilities. We believe that by accumulating our experience and recognition for our quality property management services to both residential and non-residential properties, we will be able to continue to diversify our portfolio of properties and further enlarge our customer base.

The following table sets forth our total GFA under management as of the dates indicated:

	As of 31 December					
	2023			2022		
	GFA	**Revenue**	**Percentage**	GFA	Revenue	Percentage
	sq.m. '000	***RMB'000***		*sq.m. '000*	*RMB'000*	
Residential properties	**29,752**	**483,625**	**65.3%**	25,545	428,510	70.3%
Non-residential properties	**9,491**	**257,220**	**34.7%**	8,998	181,186	29.7%
Total	**39,243**	**740,845**	**100.0%**	34,543	609,696	100.0%

Value-added Services to Non-property Owners

For the year ended 31 December 2023, revenue from value-added services to non-property owners amounted to RMB106.1 million, decreasing by 43.9% compared to that for the year ended 31 December 2022. This was attributable to the ongoing downside of the real estate industry. Revenue from relevant value-added services to non-property owners decreased notably as demand for these services declined.

	For the year ended 31 December 2023		For the year ended 31 December 2022	
	Revenue	**Percentage**	Revenue	Percentage
	RMB'000	***%***	*RMB'000*	*%*
Sales office management services	**61,465**	**57.9%**	114,191	60.4%
Preliminary planning and design consultancy services	**37,614**	**35.5%**	48,762	25.8%
Property inspection and repair services	**6,917**	**6.5%**	8,984	4.8%
Commercial consulting services	**94**	**0.1%**	17,041	9.0%
	106,090	**100.0%**	188,978	100.0%

Community Value-added Services

In terms of community value-added services, our customers mainly include property owners, residents and property developers, and we offer a wide variety of community value-added services to make the living more convenient and to foster community attachment and sense of belonging. These services primarily include (i) smart community solutions; (ii) property sales and assistance services; (iii) community resources value-added services; (iv) clubhouse services; (v) home decoration services; and (vi) community retail and home services. During the Reporting Period, revenue from community value-added services was RMB108.6 million, representing a decrease of 32.1% as compared with RMB160.0 million for 2022.

	For the year ended 31 December 2023		For the year ended 31 December 2022	
	Revenue	**Percentage**	Revenue	Percentage
	RMB'000	*%*	*RMB'000*	*%*
Smart community solutions	**11,080**	**10.2%**	28,807	18.0%
Property sales and assistance services	**9,675**	**8.9%**	25,974	16.3%
Community resources value-added services	**31,641**	**29.1%**	30,893	19.2%
Clubhouse services	**2,338**	**2.2%**	12,484	7.8%
Home decoration services	**25,131**	**23.1%**	25,654	16.0%
Community retail and home services	**28,780**	**26.5%**	36,111	22.7%
	108,645	**100.0%**	159,923	100.0%

Smart community solutions are those provided to residential and non-residential property developers by us through customised software meeting their specific requirements for property management. Revenue from new contracts reduced year-on-year owing to the conditions of the real estate industry during the year. For the year ended 31 December 2023, revenue from smart community solutions amounted to RMB11.1 million, decreasing by RMB17.7 million compared to RMB28.8 million for the year ended 31 December 2022.

Property sales and assistance services include primarily the provision of property sales and assistance services to property developers and owners, assisting property developers to market real estate properties to owners and residents living in properties under our management. Revenue from property services decreased as the size of market transactions contracted owing to the conditions of the real estate industry during the year, while our car park sales service was also affected. For the year ended 31 December 2023, revenue from property sales and assistance services amounted to RMB9.7 million, decreasing by RMB16.3 million compared to RMB26.0 million for the year ended 31 December 2022.

Community resources value-added services include primarily our provision of certain value-added services to owners, assisting owners to lease public areas and public facilities to third parties. The Group continued to tap into the value of community resources and enhanced cooperation with strategic supplies to increase the rate of community resource utilisation on an ongoing basis. For the year ended 31 December 2023, revenue from community resources value-added services amounted to RMB31.6 million, increasing by RMB0.7 million compared to RMB30.9 million for the year ended 31 December 2022.

Community retail and home service are mainly catered to the ever-changing demands of owners and residents, as the Group provides services such as cleaning, repair and maintenance and community business to owners and residents through its subsidiary Hangzhou Julin Lifestyle Services Co., Ltd.. For the year ended 31 December 2023, revenue from community retail and home service amounted to RMB28.8 million, decreasing by RMB7.3 million compared to RMB36.1 million for the year ended 31 December 2022.

FINANCIAL REVIEW

Revenue

For the Reporting Period, revenue of the Group amounted to RMB955.6 million (2022: RMB958.6 million), representing a decrease of 0.3% as compared with that of 2022. Such decrease in revenue was primarily attributable to the decrease in the Group's business revenue from the value-added services to non-property owners and community resources value-added services.

The following table sets forth a breakdown of our revenue by business line during the years indicated, both in absolute amount and as a percentage of total revenue:

	For the year ended 31 December			
	2023		2022	
	RMB'000	***Percentage***	*RMB'000*	*Percentage*
Property management services	**740,845**	**77.5%**	609,696	63.6%
Value-added services to non-property owners	**106,090**	**11.1%**	188,978	19.7%
Community value-added services	**108,645**	**11.4%**	159,923	16.7%
Total	**955,580**	**100.0%**	958,597	100.0%

Property management services remained the largest source of revenue for the Group. For the year ended 31 December 2023, revenue from property management services reached RMB740.8 million, representing an increase of RMB131.1 million as compared with 2022. The growth in revenue was attributable to the rapid growth in GFA under management. With a deepened focus on its development strategy for Zhejiang Province and Yangtze River Delta region, the Group was committed to expanding basic services for third-party customers.

Cost of Sales

The cost of sales of the Group is primarily comprised of (i) staff costs; (ii) security, cleaning and greening costs; and (iii) utilities and maintenance costs. For the year ended 31 December 2023, the cost of sales of the Group was RMB729.5 million, representing an increase of RMB42.3 million as compared with 2022. This was attributable to the Group's efforts to further increase its market share, service quality, and business growth.

Gross Profit and Gross Profit Margin

Based on the abovementioned factors, the gross profit of the Group was RMB226.0 million for the Reporting Period, representing a decrease of RMB45.4 million as compared with RMB271.4 million in 2022. The gross profit margin decreased from 28.3% for 2022 to 23.7% in the Reporting Period.

The following table sets forth our gross profit margin by business segment for the periods:

	For the year ended 31 December		
	2023	2022	Change
Property management services	**23.4%**	25.1%	−1.7%
Value-added services to non-property owners	**16.6%**	35.3%	−18.7%
Community value-added services	**32.3%**	32.1%	+0.2%
Total	**23.7%**	28.3%	−4.7%

The Group's gross profit margin for 2023 decreased by 4.7%, affected primarily by a decline in the domestic real estate industry environment, the average property management fee rate for property management service, geographical concentration of GFA under management and cost control ability.

The gross profit margin of value-added services to non-property owners decreased from 35.3% for the previous year to 16.6% for the year under review, reflecting a decrease in the overall gross profit margin of this segment owing to higher service cost incurred by us and the operation of value-added services to non-property owners fell short of expectations during the Reporting Period.

The gross profit margin of community value-added services increased from 32.1% for the previous year to 32.3% for the year under review. The gross profit margin of that segment remained at a stable level as compared with that of the previous year.

Selling and marketing expenses

The selling and marketing expenses of the Group decreased from RMB15.9 million for 2022 to RMB13.8 million for the Reporting Period, representing a decrease of 13.2%.

Administrative expenses

The administrative expenses of the Group decreased by RMB5.5 million from RMB136.0 million for 2022 to RMB130.5 million for the Reporting Period, which was primarily attributable to the realignment of our organisation framework and optimisation of staff allocation to achieve cost reduction.

Impairment losses on trade and other receivables

The impairment losses on trade and other receivables changed from RMB6.7 million for 2022 to RMB30.5 million for the Reporting Period. The increase in impairment reflected primarily a higher amount of impairment provision for the amount receivable from third parties made by the Group for prudence purposes as compared with the corresponding period of last year in view of changing credit risks owing to the ongoing decline of the property industry during the year.

Other income

Other income decreased from RMB34.7 million for 2022 to RMB15.0 million for the Reporting Period. Such decrease was primarily due to the income from guarantee contracts received by us is no longer available.

Other net gains

During the Reporting Period, the Group recorded other net gains of RMB0.05 million (2022: RMB6.5 million). Such decrease was mainly due to the effect of foreign exchange difference during the Reporting Period.

Finance income-net

The finance income-net of the Group increased from RMB8.8 million for 2022 to RMB21.8 million for the Reporting Period, representing an increase of RMB13.0 million. Such an increase is primarily attributable to the increase in interest charges for providing loans to third parties.

Income tax expenses

The income tax expenses of the Group decreased from approximately RMB37.6 million for 2022 to RMB24.7 million for the Reporting Period, representing a decrease of 34.3%.

Profit for the year

Based on the reasons above, the net profit of the Group during the Reporting Period was RMB62.5 million, representing a decrease of 50.0% as compared with RMB125.1 million in 2022. Net profit margin was 6.5%, representing a decrease of 6.5% as compared with that of 2022.

The basic and diluted earnings per share of the Company was RMB0.065 per share.

Trade and other receivables and prepayments

As of 31 December 2023, trade and other receivables and prepayments amounted to RMB1,150.3 million, representing an increase of RMB393.6 million compared to RMB756.7 million as of 31 December 2022.

As of 31 December 2023, trade receivables amounted to RMB379.0 million, increasing by RMB33.9 million compared to RMB345.1 million as of 31 December 2022. Other receivables amounted to RMB393.9 million, increasing by RMB25.1 million compared to RMB368.8 million as of 31 December 2022, which was mainly due to business expansion and growth in basic property services of the Group. Loan receivables increased from RMB1.7 million in 2022 to RMB340.5 million in 2023, which was mainly attributable to the loan receivables from third parties of RMB315 million due at the end of 2024.

Trade and other payables

Trade payables include mainly amounts payable for commodities or services in the ordinary course of business, including procurement of external labour services, materials and energy. Other payables include amounts received on behalf of other parties on a temporary basis, deposits received and other expenses payables. As of 31 December 2023, the Group's trade and other payables amounted to RMB430.7 million, increasing by 30.8% compared to RMB329.2 million as of 31 December 2022, which was primarily attributable to the Group's business expansion and the increase in service subcontracting to independent third-party service providers following the growth of GFA under management.

LIQUIDITY AND CAPITAL RESOURCES

The Group pursues a prudent treasury management policy, and actively manages its liquidity position to cope with any demands for capital for daily operation and future development. Also, the Group actively reviews and manages its capital structure on a regular basis to maintain the advantages and security of a strong capital position and adjust the capital structure in response to changes in economic conditions.

The Group's principal sources of liquidity come from the proceeds from our business operations. The majority of the Group's cash and cash equivalents are denominated in RMB, which amounted to RMB229.7 million as at 31 December 2023, representing an increase of 9.5% from the cash and cash equivalents of RMB209.9 million as of 31 December 2022.

As of 31 December 2023, the Group's current ratio (current assets divided by current liabilities) was 2.1 times (31 December 2022: 1.8 times).

As of 31 December 2023, the Group's borrowings amounted to RMB27.0 million (31 December 2022: RMB55.0 million) and the gearing ratio (total borrowings divided by total equity) was 0.04 (31 December 2022: 0.07).

Foreign exchange risk

Substantially all of the Group's revenues and expenditures are denominated in RMB. As of 31 December 2023, the Group has not entered into any hedging transaction. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign exchange rates and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL COMMITMENTS

As of 31 December 2023, the Group did not have any capital commitments contracted for but not provided for.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As of 31 December 2023, the Company, its subsidiaries and associates did not pay for any financial guarantees, provide guarantees or mortgage for loans, nor have other significant contingent liabilities.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Group entered into an agreement for the disposal of 19% equity interest in an associate, Shandong Shuifa Yude City Services Company Limited (山東水發育德城市服務有限公司), to Sichuan Yushi Property Management

Company Limited (四川育世物業管理有限公司) at a consideration of RMB0.58 million, and for the disposal of 30% equity interest in an associate, Shandong Shuifa Yude City Services Company Limited, to Zhonghao Tianyuan Real Estate Company Limited (中昊天源置業有限公司), an independent third party at a consideration of RMB0.91 million. The transaction was completed as of 31 December 2023.

During the Reporting Period, Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) (an indirect wholly-owned subsidiary of the Company) transferred the 49% equity interest it held in Leqing Chengde Urban Service Co., Ltd. (樂清市城德城市服務有限公司) to Leqing Urban Development Group Co., Ltd. (樂清市城市發展集團有限公司) at a consideration of RMB0.78 million. The transaction was completed on 31 December 2023.

On 24 August 2023, Hangzhou Junde Commercial Operations Management Co., Ltd. (杭州駿德商業運營管理有限公司) (an indirect wholly-owned subsidiary of the Company) entered into four Underground Parking Space Use Rights Transfer Agreements with (i) Hangzhou Desheng Real Estate Co., Ltd. (杭州德昇置業有限公司) at a consideration of RMB52,825,000, (iii) Hangzhou Deyin Real Estate Co., Ltd. (杭州德銀置業有限公司) at a consideration of RMB21,450,000, (iii) Hangzhou Kaishen Enterprise Management Co., Ltd. (杭州凱燊企業管理有限公司) (an indirect wholly-owned subsidiary of Dexin China) at a consideration of RMB17,160,000, and (iv) Hangzhou Konggang Real Estate Co., Ltd. (杭州空港置業有限公司) at a consideration of RMB120,000,000, respectively (collectively, the "**Acquisition of the Target Parking Spaces**"). The transactions contemplated under the Underground Parking Space Use Rights Transfer Agreements were approved at the extraordinary general meeting on 13 March 2024. As at the date of this announcement, the transactions have not been completed. For further details, please refer to the announcements of the Company dated 24 August 2023, 23 February 2024, and 13 March 2024.

On 24 August 2023, Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) (Shengquan Property) (an indirect wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement with Deqing Moganshan Dexin Movie City Development Co., Ltd. (德清莫干山德信影視城開發有限公司) (Dexin Movie City) and Deqing Moganshan Ruijing Real Estate Co., Ltd. (德清莫干山瑞璟置業有限公司) (Deqing Moganshan Ruijing), pursuant to which, Shengquan Property has conditionally agreed to acquire and Dexin Movie City has conditionally agreed to sell the 100% equity interest in Deqing Moganshan Ruijing at a consideration of RMB90,000,000 (the "**Equity Acquisition**"). The principal asset of Deqing Moganshan Ruijing is Moganshan Yungu Dexin New Century Mingting Hotel (莫干山雲谷德信開元名庭酒店) located at No. 66 Sanmo Line, Moganshan Town, Deqing County, Huzhou, Zhejiang Province, the PRC. Upon Equity Acquisition completion, Deqing Moganshan Ruijing will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Company. The transactions contemplated under the Equity Transfer Agreement were approved at the extraordinary general meeting on 13 March 2024. As at the date of this announcement, the transactions have not been completed.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group intends to utilise part of the net proceeds raised from the listing to acquire or invest in other property management companies as part of our strategies to expand our business scale and market share. As of the date of this announcement, the Group did not have any other future plans for material investments or acquisition of capital assets.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

On 13 March 2024, the Company held an extraordinary general meeting at which the shareholders approved the transactions contemplated under certain Underground Parking Space Use Rights Transfer Agreements and the transactions contemplated under the Equity Transfer Agreement. Please refer to the announcements of the Company dated 24 August 2023 and 13 March 2024 and the circular of the Company dated 23 February 2024 for further details.

On 13 March 2024, the Company held another extraordinary general meeting at which the renewal of the Continuing Connected Transactions was approved by the shareholders. Please refer to the announcement of the Company dated 15 December 2023 and the circular of the Company dated 23 February 2024 for further details.

Save as disclosed herein, there are no significant events of the Group subsequent to 31 December 2023 and up to the date of this announcement.

EMPLOYEE AND REMUNERATION POLICY

As of 31 December 2023, the Group had a total of 2,942 employees (31 December 2022: 2,815 employees). Of which, the number of male and female were 1,490 and 1,452 employees, accounting for 50.6% and 49.4% respectively. The overall number of employees in the Group remained stable.

For the year ended 31 December 2023, the staff costs of the Group were approximately RMB301.3 million. The Group considered the creation of a high-performance and learning organisation as an important component of the Company's long-term development strategy.

In terms of building a high-performance organisation, the Group has identified "streamlining organisation and strengthening synergy" as the guiding principle of organisation development, and has pushed forward the streamlining organisation to enhance its streamlined level. Based on the model of strong headquarters construction, development of streamlined city companies and effective implementation of project clusters, the Group has enhanced the synergy between its functions and projects, and efficiently resolved problems through concentrating on the needs of the projects. Meanwhile, we take "human-based efficiency control, high resilience and compatibility, multidimensional empowerment and value incentive" as the core direction in talent building, and enhance the talent standard through talent selection, reasonable control in quantity, and high resilience and compatibility in quality. We adhere to three principles in terms of talent appointment, selecting those with self-driven awareness, with ability of versatile development, and taking operating and management objectives as mission. Through the talent training and retention to stimulate value creation, we put emphasis on the multidimensional empowerment and value creation in addition to the basic management of the project, so as to utilise the internal talent resources in an effective manner to adapt to the position requirements and establish a "high value, high performance" mechanism to drive high-quality talents.

In terms of building a learning organisation, through the construction of career development channels, the Group enabled its employees to learn and improve themselves with a direction of promoting both the overall goals of the Company and personal abilities and career development, achieving a win-win situation for both of our Group and our employees. During the year, the Group carried out the "2023 Dexin Shengquan Full Training Plan", which focused on talent cultivation through key training programs such as the "key talent echelon training", "professional skills improvement training for employees", and "knowledge base construction". Our reserve talent echelon training was conducted through the "721" learning model, which combines classroom learning, student mutual assistance, and practical exercises to facilitate ability improvement and action transformation. During the year, the Group comprehensively improved the professional skills of our employees through a dual model of "internal training" and "expatriate learning". The qualifications for enterprise independent vocational skill certification that our two subsidiaries applied were being approved and the work to improve occupational skill levels for employees such as property managers was carried out comprehensively, thereby increasing the proportion of senior talents of the Group. At the same time, in terms of knowledge base construction, the quality of the knowledge base were improved through internal precipitation and iteration. With the help of "Dexin University (德信大學)", an online learning platform, the dissemination of the knowledge base was expanded and learning efficiency was improved. Moreover, the Group continued to implement an occupational safety and health system by providing workplace safety training to employees regularly under the GB/T45001–2020/ISO4500: 2018 occupational health and safety management system requirements, thereby enhancing their awareness of work safety.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company have been listed on the Main Board of The Stock Exchange since 15 July 2021 (the "**Listing Date**"). The net proceeds amounted to HK$763.5 million. Reference is made to the announcement of the Company dated 16 December 2022 and the supplemental announcement of the Company dated 22 March 2023 (the "**Announcements**"). The prospectus (the "**Prospectus**") of the Company dated 29 June 2021 originally indicated that approximately 65.0% of the net proceeds would be used for the expansion of business scale and increase in market share through multiple channels, and the net proceeds that would be applied for this purpose amounted to approximately HK$496.0 million. The unutilised portion of the net proceeds originally intended for such purpose in the amount of HK$426.6 million is not required for immediate use by the Group at that moment. On 16 December 2022, Shanghai Xuquan Trading Co., Ltd.* (上海栩全商貿有限公司), an indirect wholly-owned subsidiary of the Company (the "**Lender**" and as the lender), entered into a loan agreement with Hangzhou Ruiyang Supply Chain Management Co., Ltd.* (杭州瑞揚供應鏈管理有限公司), a business partner of the Company and an independent third party (the "**Borrower**" and as the borrower). Pursuant to the loan agreement, the Lender has agreed to advance to the Borrower a loan in the principal amount of up to RMB315 million, bearing an interest rate of 8% per annum and secured by the Charged Assets (defined as below). The loans to be provided to the Borrower by the Lender will be financed by the net proceeds not utilized by the Company since 2021. Having considered the commercial benefits to the Group in deploying the unutilised net proceeds as a loan secured by the Charged Assets (the "**Charged Assets**"), which comprise car parking spaces, located at Dexin Airport City, Xiaoshan District, Hangzhou City, Zhejiang Province, the PRC, which have an appraised market value of approximately RMB630 million as valued by the property valuer; this allows the Group to improve the efficiency and the effectiveness of the Group's temporarily idle funds with better investment returns. In addition, the expected timetable for applying all the net proceeds utilized has been extended to on or before December 2024. For further information, please refer to the announcements of the Company dated 16 December 2022 and 22 March 2023.

The table below sets out the allocation of the net proceeds before the Announcements, the change in use and the revised position after the change in use:

Usages	Planned use of net proceeds as disclosed in the Prospectus	Revised allocation of unutilised net proceeds at 16 December 2022	Unutilised net proceeds at 1 January 2023	Utilised net proceeds during the Reporting Period	Unutilised net proceeds as of 31 December 2023	Expected timetable of the proceeds to be utilised
	HKD million	*HKD million*	*HKD million*	*HKD million*	*HKD million*	
1. Expand our business scale and improve market share through multiple channels	496.0	83.7	83.7	0.0	83.7	By December 2024
2. Diversify and expand our service offerings	76.4	7.1	7.1	7.1	0.0	By December 2024
3. Invest in information technologies and our internal management system(s) to improve service quality and customer experience	76.4	70.2	66.9	6.4	60.5	By December 2024
4. Improve human resource management and enhance corporate culture	38.3	12.7	12.7	4.9	7.8	By December 2024
5. Working capital and other general corporate purposes	76.4	7.5	4.3	4.3	0.0	By December 2024
6. Provide loans to borrowers	N/A	342.9	0.0	0.0	0.0	By December 2024
	763.5	524.1	174.7	22.7	152.0	

OTHER INFORMATION

FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2023 (2022: Nil).

ANNUAL GENERAL MEETING

The forthcoming 2023 annual general meeting ("**AGM**") of the Company will be held on Wednesday, 29 May 2024 and its notice and all other relevant documents will be published and despatched to the Shareholders in April 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 24 May 2024 to Wednesday, 29 May 2024, both days inclusive, during which period no transfer of Shares will be effected, in order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM. All transfers of Shares accompanied by the relevant Share certificates and transfer forms must be lodged with the Company's branch share registrar 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 no later than 4:30 p.m. on Thursday, 23 May 2024.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2023, the Company has repurchased a total of 33,453,000 Shares on the Stock Exchange at an aggregate consideration of HK$93,204,500. As at the date of this announcement, all the Shares repurchased during the Reporting Period have been cancelled.

Trading Month	Number of Shares Repurchased	Highest Price Per Share Paid *(HK$)*	Lowest Price Per Share Paid *(HK$)*	Total Consideration Paid *(HK$)*
April	8,253,000	2.94	2.74	24,021,700
May	12,877,000	2.87	2.69	36,375,660
July	12,323,000	2.70	2.60	32,807,140
Total	33,453,000			93,204,500

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining and strengthening high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness, in order to safeguard and protect the interests of its shareholders and to enhance corporate value and accountability system. The Company has adopted the principles and code provisions of the Corporate Governance Code ("**CG Code**") as contained in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company since the Listing Date.

Reference is made to the announcement dated 3 August 2023, where the Company supplemented certain information in the Corporate Governance Report as contained in the annual report of the Company for 2022, and where it was explained how the Company had improved its internal control system in light of certain non-compliance records with the Listing Rules. The Board has carried out a review of the risk management and internal control procedures as disclosed in the announcement, and consider that such systems remain effective in preventing breaches of Listing Rules of a similar nature. Further details on the work performed on the enhanced internal control measures will be included in the Company's annual report for the year ended 31 December 2023.

Save as mentioned above, for the year ended 31 December 2023, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions. The provisions of the Listing Rules regarding directors' compliance with the code of conduct for securities transactions shall apply to the Company from the Listing Date. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the Model Code for the year ended 31 December 2023.

The Model Code is also applicable to relevant employees who may have unpublished inside information about the Company in relation to their dealings in the Company's securities. To the best knowledge of the Company, there were no incidents of non-compliance with the Model Code by the Directors and relevant employees of the Company during the Reporting Period.

REVIEW OF THE ANNUAL RESULT BY AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee comprised three independent non-executive Directors, namely Mr. Rui Meng, Dr. Wong Wing Kuen Albert and Mr. Yang Xi. The Audit Committee had reviewed together with the management of the Company the accounting principles and policies adopted by the Group, discussed internal controls and financial reporting matters, including a review of the condensed consolidated annual results of the Group, for the Reporting Period, and confirmed that it has complied with all applicable accounting principles, standards and requirements and made full disclosure. There were no disagreements from the Auditor or the Audit Committee in respect of the accounting policies adopted by the Company.

SCOPE OF WORK OF AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been compared by the Auditor, Zhonghui Anda CPA Limited ("**Zhonghui Anda**"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Zhonghui Anda in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Zhonghui Anda on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual result announcement for the year is published on the website of the Hongkong Stock Exchange (www.hkexnews.hk) and the Company's website (www.dexinfuwu.com). The annual report of the Company for the Reporting Period containing all the information required under Appendix D2 to the Listing Rules will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

By order of the Board
Dexin Services Group Limited
Hu Yiping
Chairman and executive Director

Hangzhou, the PRC, 27 March 2024

As of the date of this announcement, the Board of Directors of the Company comprises Mr. Hu Yiping, Mr. Tang Junjie and Ms. Zheng Peng as executive Directors; and Dr. Wong Wing Kuen Albert, Mr. Rui Meng and Mr. Yang Xi as independent non-executive Directors.