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## **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)**

## **UNAUDITED INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021**

### **FINANCIAL HIGHLIGHTS**

- Revenue for the Reporting Period amounted to approximately RMB456.4 million, representing an increase of 67.9% as compared with the 2020 Interim Period.
- Gross profit for the Reporting Period amounted to approximately RMB165.5 million, representing an increase of 90.9% as compared with the 2020 Interim Period.
- Gross profit margin for the Reporting Period was 36.3%, representing an increase of 4.4% as compared with the 2020 Interim Period.
- Profit for the Reporting Period amounted to approximately RMB72.6 million, representing an increase of 81.5% as compared with the 2020 Interim Period.
- Earnings per share for the Reporting Period amounted to approximately RMB0.09 per share, representing an increase of 80.0% as compared with the 2020 Interim Period.
- The Board does not recommend the payment of interim dividend for the Reporting Period.

The board (the “**Board**”) of directors (the “**Directors**”) of Dexin Services Group Limited (the “**Company**” or “**Dexin Services**”) is pleased to announce the unaudited interim consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2021 (the “**Reporting Period**”), together with the comparative figures for the corresponding period of 2020 (the “**2020 Interim Period**”). These interim results have been reviewed by the Company’s audit committee.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
	Note	2021 RMB’000 (Unaudited)	2020 RMB’000 (Unaudited)
Revenue	5	456,432	271,850
Cost of sales		(290,901)	(185,147)
Gross profit		165,531	86,703
Selling and marketing expenses		(4,277)	(2,857)
Administrative expenses		(69,563)	(34,690)
Net impairment losses on financial assets		(2,729)	(3,472)
Other income		3,715	3,799
Other gains-net		236	1,808
<b>Operating profit</b>		<b>92,913</b>	<b>51,291</b>
Finance income		990	2,075
Finance costs		(113)	(1,788)
Finance income — net	6	877	287
<b>Profit before income tax</b>		<b>93,790</b>	<b>51,578</b>
Income tax expenses	7	(21,164)	(11,598)
<b>Profit for the period</b>		<b>72,626</b>	<b>39,980</b>
<b>Profit and total comprehensive income attributable to:</b>			
— Owners of the Company		65,146	37,564
— Non-controlling interests		7,480	2,416
		<b>72,626</b>	<b>39,980</b>
Earnings per share (expressed in RMB per share)			
— Basic and diluted earnings per share	8	0.09	0.05

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
	<i>Note</i>		
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		12,053	13,327
Intangible assets		2,004	2,015
Deferred income tax assets		6,668	7,442
Investment in an associate		1,470	1,470
		<u>22,195</u>	<u>24,254</u>
<b>Current assets</b>			
Inventories		7,722	7,647
Trade and other receivables and prepayments	9	274,439	180,048
Financial assets at fair value through profit or loss		—	3,540
Cash and cash equivalents		254,129	229,212
Restricted cash		242	242
		<u>536,532</u>	<u>420,689</u>
<b>Total assets</b>		<u><u>558,727</u></u>	<u><u>444,943</u></u>
<b>Equity</b>			
<b>Capital and reserves attributable to the owners of the Company</b>			
Share capital	12	—	—
Reserves		(167)	(167)
Retained earnings		141,183	76,037
		<u>141,016</u>	<u>75,870</u>
Non-controlling interests		<u>20,038</u>	<u>12,558</u>
<b>Total equity</b>		<u><u>161,054</u></u>	<u><u>88,428</u></u>

		As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
	<i>Note</i>		
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<u>2,053</u>	<u>2,626</u>
<b>Current liabilities</b>			
Lease liabilities		2,437	2,925
Trade and other payables	10	241,764	207,269
Contract liabilities		131,182	111,845
Current income tax liabilities		<u>20,237</u>	<u>31,850</u>
		<u>395,620</u>	<u>353,889</u>
<b>Total liabilities</b>		<u>397,673</u>	<u>356,515</u>
<b>Total equity and liabilities</b>		<u><u>558,727</u></u>	<u><u>444,943</u></u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 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 and its subsidiaries (the “**Group**”) are primarily engaged in the provision of property management services, value-added services to non-property owners and community value-added services in the People’s Republic of China (the “**PRC**”) (the “**Listing Business**”).

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.

This interim condensed consolidated financial information is presented in Renminbi (“**RMB**”), unless otherwise stated. This interim condensed consolidated financial information has been approved for issue by the Board on 23 August 2021.

This interim condensed consolidated financial information has not been audited.

## 2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with HKAS 34 “Interim Financial Reporting”.

The interim condensed consolidated financial information should be read in conjunction with the accountant’s report of the Company dated 30 June 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), and any public announcements made by the Company during the six months ended at 30 June 2021.

## 3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those applied in preparation of the accountant’s report of the Company for these years ended at 31 December 2018, 2019 and 2020, except for the adoption of new and amended standards as set out below.

### (a) New and amended standards adopted by the Group

Amendments to IFRS 9, IAS 39, IFRS 7, Interest Rate Benchmark Reform  
IFRS 4 and IFRS 16

The adoption of these standards, amendments to standards and interpretations disclosed did not have significant impact on the results or financial position of the Group.

(b) **New standards and amendments not yet effective for the financial period beginning on 1 January 2021 and not early adopted by the Group**

		<b>Effective for annual years beginning on or after</b>
Amendments to HKAS 1	Classification of Liabilities as Current or non-current	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds Before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements	Annual Improvements to HKFRS Standards 2018–2020 Cycle	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments. The adoption of these new and amended standards and interpretation is not expected to have a material impact to the results or financial position 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 six months ended 30 June 2021, 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 during the six months ended 30 June 2021 and 2020.

As at 30 June 2021 and 31 December 2020, all of the non-current assets of the Group were located in the PRC.

## 5 REVENUE

Revenue recognised during the reporting periods:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Revenue from customers:</b>		
Property management services	242,255	165,669
Value-added services to non-property owners	109,340	68,129
Community value-added services	104,837	38,052
	<u>456,432</u>	<u>271,850</u>
<b>Timing of revenue recognition</b>		
Over time	393,259	254,691
At a point in time	63,173	17,159
	<u>456,432</u>	<u>271,850</u>

## 6 FINANCE INCOME — NET

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Finance income</b>		
Interests income from bank deposits	990	487
Interests income from related parties	—	1,588
	<u>990</u>	<u>2,075</u>
<b>Finance costs</b>		
Interest expenses for borrowings	—	(1,615)
Interest expenses of lease liabilities	(113)	(173)
	<u>(113)</u>	<u>(1,788)</u>
<b>Finance income — net</b>	<u>877</u>	<u>287</u>

## 7 INCOME TAX EXPENSES

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax	20,390	11,101
Deferred income tax	774	497
	<u>21,164</u>	<u>11,598</u>

### PRC corporate income tax

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 2018 to November 2021.

### Hong Kong 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.

### PRC dividend withholding income tax

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.

### Overseas income tax

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.



## 8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2021 and 2020. In determining the weighted average number of ordinary shares in issue during the six months ended 30 June 2021 and 2020, the ordinary shares issued as on the date of incorporation of the Company and the capitalisation issue (Note 12) were deemed to be issued on 1 January 2020 as if the Company has been incorporated by then.

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company ( <i>RMB'000</i> )	65,146	37,564
Weighted average number of ordinary shares ( <i>in thousands</i> )	750,000	750,000
Basic and diluted earnings per share for profit attributable to the owners of the Company during the period ( <i>expressed in RMB per share</i> )	0.09	0.05

The Company did not have any potential ordinary shares outstanding during the six months ended 30 June 2021 and 2020. Diluted earnings per share was equal to basic earnings per share.

## 9 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Trade receivables, net of provision ( <i>Note (a)</i> )	207,689	129,481
Other receivables, net of provision	38,032	25,957
Prepayments	28,718	24,610
Trade and other receivables and prepayments	274,439	180,048

- (a) Trade receivables mainly arise from property management services income.

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 resident upon the issuance of demand note.

Ageing analysis of the gross trade receivables based on recognition dates were as follows:

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
0–180 days	157,916	90,180
181–365 days	29,708	11,035
1 to 2 years	14,909	19,255
2 to 3 years	16,605	18,910
3 to 4 years	3,063	2,678
Over 4 years	3,808	4,027
	<u>226,009</u>	<u>146,085</u>

# 10 TRADE AND OTHER PAYABLES

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Trade payables ( <i>Note (a)</i> )	74,165	62,331
Other payables	<u>167,599</u>	<u>144,938</u>
	<u>241,764</u>	<u>207,269</u>

(a) Ageing analysis of the trade payables based on recognition date were are follows:

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Up to 1 year	68,118	58,996
1 to 2 years	3,946	1,996
2 to 3 years	1,496	843
Over 3 years	605	496
	<u>74,165</u>	<u>62,331</u>

## 11 DIVIDENDS

The Board does not recommend the payment of an interim dividend for six months ended 30 June 2021 (six months ended 30 June 2020: nil).

## 12 SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary share <i>HKD</i>	Equivalent nominal value of ordinary shares <i>RMB'000</i>
<b>Authorised:</b>			
As at 22 October 2020 (date of incorporation)	38,000,000	380,000	334
Addition	<u>4,962,000,000</u>	<u>49,620,000</u>	<u>43,613</u>
Authorised ordinary shares	<u>5,000,000,000</u>	<u>50,000,000</u>	<u>43,947</u>
<b>Issued:</b>			
As at 22 October 2020 (date of incorporation)	1,000	10	—
Addition	<u>53</u>	<u>1</u>	<u>—</u>
As at 30 June 2021 and 31 December 2020	<u>1,053</u>	<u>11</u>	<u>—</u>

As at the date of incorporation, the authorised share capital of the Company was HK\$380,000 divided into 38,000,000 shares with a par value of HKD0.01 each.

Pursuant to the written resolutions passed by the shareholders on 21 June 2021, the authorised share capital of the Company was increased from HKD380,000 to HKD50,000,000, divided into 5,000,000,000 shares with a par value of HKD0.01 each.

**(i) Capitalisation issue**

Pursuant to the written resolutions of the shareholder passed on 21 June 2021, conditional on the share premium account of the Company being credited as a result of the global offering, the Directors are authorized to capitalize an amount of HKD7,499,989.47 standing to the credit of the share premium account of the Company by applying such sum towards the paying up in full at par a total of 749,998,947 shares for allotment and issue to holders of shares whose names appear on the register of members of the Company on the date of passing such resolutions in proportion to their then existing respective shareholding in the Company.

**(ii) The Company's listing**

On 15 July 2021, the Company issued a total of 250,000,000 ordinary shares at a price of HKD3.06 per share as a result of the completion of the global offering (the “**Global Offering**”).

16,851,000 shares were issued upon the exercise of the over-allotment option in connection with the Global Offering on 11 August 2021 at a price of HKD3.06 per share.

Number of total issued shares of the Company was increased to 1,016,851,000 shares upon completion of the capitalisation issue, the Global Offering and the exercise of over-allotment option.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

**Deeply rooted in the Yangtze River Delta Region.** Our Group has been deeply rooted in the Yangtze River Delta Region over the years, especially in several regions in Zhejiang Province with important market positions. We have successfully expanded our business to cities in the Yangtze River Delta Region and other parts of the People's Republic of China (the “PRC”) that have high growth potential. As of 31 December 2020, the gross floor area (the “GFA”) under our Group's management amounted to approximately 24.9 million sq.m., which ranked 13th among the Top 100 Property Management Service Companies headquartered in the Yangtze River Delta Region and 4th among the Top 100 Property Management Service Companies headquartered in Zhejiang Province. In the first half of 2021, our management scale continued to grow. As of 30 June 2021, we had 198 projects under management with the GFA under management of approximately 27.0 million sq.m. in the Yangtze River Delta Region and Zhejiang Province. The Group was ranked 25th among Top 100 Property Management Companies in the PRC by China Index Academy (“CIA”) in terms of comprehensive strength, and was successively shortlisted as “2021 Property Management Companies with Greatest Potential (2021年中國物業服務企業潛力獨角獸)”, “Top 100 Most Valuable Brand of China Property Management Service Providers (中國物業服務企業品牌價值100強)” and “Top 30 Most Valuable Brand of Property Management Service Providers in East China (華東物業服務企業品牌價值30強)”.

We are primarily engaged in property management services, value-added services to non-property owners, and community value-added services. Persisting in our philosophy of “Your Life Companion”, we have strived to constantly improve our revenue structure and steadily enhance our operating efficiency through a diversified portfolio of properties and services. The Group's revenue for the Reporting Period amounted to approximately RMB456.4 million, representing an increase of 67.9% as compared with the 2020 Interim Period. Profit for the Reporting Period amounted to approximately RMB72.6 million, representing an increase of 81.5% as compared with the 2020 Interim Period.

**Strong group support and independent business development capabilities.** With our strong business development capabilities in place, our growth is driven by our close and extensive collaboration with Dexin Group, thereby laying the foundation for our continuing growth. On the other hand, we have achieved excellent results from our business with the third-party property developer, hence maximizing the potential synergies of our existing business operations. In the Reporting Period, to secure engagements from independent third-party property developers, we have adopted a market-oriented approach of which we have invested a significant amount of resources and set up dedicated investment and expansion departments at headquarters and regional level to execute our investment and expansion strategies, which are expected to capture future opportunities in the industry and expand our cooperation with independent third-party property developers. As of 30 June 2021, we have entered into 279 contracted

projects covering 37 cities, with the contracted area of approximately 43.3 million sq.m., which is mainly distributed in new first-tier and second-tier cities such as Xi'an, Chengdu, Wuhan and other central cities. In the future, as projects will be successively carried out, they will generate stronger revenue momentum in terms of basic properties and value-added services. By virtue of excellent quality and market reputation, in the first half of 2021, we rapidly expanded our property management service portfolio and increased our business scale and market share through a combination of organic expansion and independent third-party developers, as well as strategic joint venture opportunities, with diversified business scope.

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

	As of 30 June 2021				As of 31 December 2020			
	Contracted projects		Projects under management		Contracted projects		Projects under management	
	Number of properties	GFA	Number of properties	GFA	Number of properties	GFA	Number of properties	GFA
As of the beginning of the Reporting Period	241	38,032	175	24,905	201	31,113	144	20,652
New engagements	39	5,533	30	3,340	53	9,082	44	6,416
Acquisitions	—	—	—	—	—	—	—	—
Terminations	1	244	1	244	13	2,163	13	2,163
As of the end of the Reporting Period	<u>279</u>	<u>43,321</u>	<u>204</u>	<u>28,001</u>	<u>241</u>	<u>38,032</u>	<u>175</u>	<u>24,905</u>

**Diversified property and service portfolio.** As a majority of residential properties managed by us targets mid-end to high-end customers with home upgrade needs, we focus on providing quality property management services that meet the demands of the owners of such properties. Our business expansion also includes non-residential properties. In the first half of 2021, we continued to diversify our non-residential property portfolio. As of 30 June 2021, we added 13 new non-residential projects, and then further extended our services to industrial parks and municipal facilities.

**Smart community solutions that improve management efficiency.** The Ministry of Housing and Urban-Rural Development with a number of other ministries jointly issued the Opinions on Supporting Property Management Companies to Develop and Integrate Online and Offline Services (《關於推動物業服務企業加快發展線上線下生活服務的意見》) in 2020. We offer smart community solutions through our subsidiary, Hangzhou Xier Technology Co., Ltd., including (i) community management tools on visitors, traffic, security and energy management; and (ii) data processing capacity that turns data collected during business operations into information that can be used to analyze and enhance the living experiences of their customers, thus to reduce our dependence on labor. Moreover, its building management system monitors energy consumption level in real time, enabling us to optimize utility use and save energy by timely identifying energy waste in our business operations. Taking into account these themes in the service area, including living, entertainment, care, environment, security, comfort and convenience, we continued to develop the “Dexin Life App”, and a “Smart Companion Service System” by utilizing our information technology capabilities. With the “four” technical solutions adopted, including intelligent equipment, online mobility, real-time dynamics, and digital visualization, this system focused on achieving and improving smart quality control, smart services, smart IoT and smart data, which helped reduce labor costs and improve service quality, thereby further improving the level of satisfaction of property owners. Revenue from the smart community solutions purchased by the developers from us for our contracted properties under management in the Reporting Period was approximately RMB24.5 million, representing an increase of 7.9% as compared with the 2020 Interim Period.

**Experienced and professional management team.** We continued to strengthen the corporate culture of “Right Attitude, Right Direction, Right Product” (樹正氣走正道做正品), under which the whole senior management and frontline managers have been taking practical actions to fulfil the duties of services. A series of training programs, such as “Eaglet Program” (雛鷹計劃), “Falcon Program” (獵鷹計劃), “Hawk Program” (戰鷹計劃) and “Eagle Program” (雄鷹計劃), are rolled out for new recruits for specific projects, which aimed to improve our frontline and fundamental service capabilities.

In addition, considering the rapid development in the industry, Dexin Services continued with scientific and technological innovation and talent upgrade to ensure that it has a diversified talent pool to provide customers with better services. In recognizing talents as the most valuable assets, we always provide a wealth of diverse learning resources. Therefore, everyone in Dexin Services, including interns, new recruits, or professionals, can fully develop their future-focused professional skills and professionalism, and eventually has an extraordinary career journey. Dexin Services has signed university-enterprise cooperation agreements with tertiary educational institutions such as Xiamen University, pursuant to which our collaboration with more tertiary institutions will help broaden students’ horizon in order to cultivate high-quality and high-level remarkable talents with interdisciplinary knowledge mindsets and capabilities.

## **PROSPECTS AND STRATEGIES**

Looking into the second half of 2021, we believe that the scale expansion remains to be an important theme of industry development, as a result of the advancing momentum of capital and the accelerating business concentration. The level of technological applications is deepened to promote the smart applications, improve service quality, and optimize integration costs, which also represents an important avenue to improve our profitability.

### **To increase the density of regional projects under the strategy of focusing on market development in cities**

We will continue to focus on the market development in Zhejiang Province and further expand our market presence in the Yangtze River Delta Region. Specifically, by taking advantage of our strong market operation capability in Hangzhou, Wenzhou and Jinhua, where we have more projects, we will participate in more tenders for second-hand projects and increase our management density in the regions. Meanwhile, to open up new market shares, we are penetrating into and establishing business outposts in towns and counties in proximity to the cities where we already have business presence in the Yangtze River Delta Region. Furthermore, we plan to continue our expansion into central cities that demonstrate rapid economic development and urbanization, such as Zhengzhou, Wuhan and Xi'an.

### **To enhance product and service capacities by strategically developing unique features**

As a leading brand operating property services in the marketized manner, Dexin Services has successfully secured projects in a diversity of business types, including residential properties, commercial offices, urban infrastructure, industrial parks, schools and hospitals. In upholding our service philosophy of “Your Life Companion”, we will further upgrade our residential service standards, and establish a more professional service system and commercial operation system in property types such as commercial offices and urban infrastructure which have higher profit margins, so as to cultivate our competitive operational capabilities. We aspire to develop premium benchmark projects to improve customer satisfaction and expand brand awareness.

### **To counter unstable pandemic conditions by upgrading our technology-enabled services**

We plan to increase investments in empowering properties with technologies in the second half of the year by introducing the “Dexin Living Home” (德信生活家) application to improve business processes and user experiences, while simultaneously enhancing efficiency of operation management at lower costs. Our subsidiary Xier Technology will also further upgrade its Smart Park Solutions products by using AI technology and smart hardware devices to improve contactless service standards, including remote infrared temperature screening and barcode-based access control, to meet the management requirements for the normalized pandemic prevention and control.



## **To strengthen community value-added services while developing new business lines**

In terms of community value-added services, the Group will promote innovation in the smart living service business based on the high-frequency living needs of property owners to maintain the Company's profitability. We plan to leverage the technical advantages of our national high-tech enterprise status to provide the developers and government with integrated solutions for smart communities, including hardware and software, thereby becoming a solution provider, service provider and project implementation provider for smart living in the future; meanwhile, we will expand property sales and assistance services by utilizing our close ties with property developers and good understanding of property owners; and we will integrate supply chain resources based on customer needs to create a one-stop platform for integrated user services, forming a diversified service system to cover the life of property owners.

## **FINANCIAL REVIEW**

### **Revenue**

For the Reporting Period, revenue of the Group amounted to approximately RMB456.4 million (2020 Interim Period: RMB271.9 million), representing an increase of 67.9% as compared with the 2020 Interim Period. The Group's revenue was derived from three major business lines: (i) property management services; (ii) value-added services to non-property owners; and (iii) community 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:

	<b>For the six months ended 30 June</b>			
	<b>2021</b>		<b>2020</b>	
	<i>(RMB in thousands, except for percentages)</i>			
Property management services	<b>242,255</b>	<b>53.0%</b>	165,669	60.9%
Value-added services to non-property owners	<b>109,340</b>	<b>24.0%</b>	68,129	25.1%
Community value-added services	<b>104,837</b>	<b>23.0%</b>	38,052	14.0%
<b>Total</b>	<b>456,432</b>	<b>100.0%</b>	271,850	100.0%

## Property Management Services

During the Reporting Period, revenue from property management services amounted to approximately RMB242.3 million, representing an increase of 46.2% as compared with approximately RMB165.7 million in the 2020 Interim Period. As of 30 June 2021, the Group had a total GFA under management of approximately 28.0 million sq.m., representing an increase of 5.5 million sq.m. or 24.4% as compared with approximately 22.5 million sq.m. in the 2020 Interim Period. The increase was primarily attributable to the increase in projects delivered by Dexin Group, as well as the increase in business with independent third parties.

A majority of our revenue from property management services is generated from services provided to properties developed by independent third-party property developers. As of 30 June 2021, we had 125 properties under our management that were developed by independent third-party property developers with a total GFA under management of approximately 18.2 million sq.m..

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

	For the six months ended 30 June					
	2021			2020		
	GFA '000 sq.m.	Revenue RMB'000	Percentage	GFA '000 sq.m.	Revenue RMB'000	Percentage
Properties developed by Dexin Group	6,350	62,514	25.8%	5,320	43,475	26.2%
Jointly developed properties	3,412	40,375	16.7%	2,366	19,767	12.0%
Properties developed by independent third-party property developers	18,239	139,366	57.5%	14,862	102,427	61.8%
<b>Total</b>	<b>28,001</b>	<b>242,255</b>	<b>100%</b>	<b>22,548</b>	<b>165,669</b>	<b>100%</b>

## Our Geographical Presence

Zhejiang Province and the Yangtze River Delta Region are among the most economically developed regions in the PRC, with higher urbanization rates and resident disposable income. According to CIA, the average residential property management fees in the Yangtze River Delta Region and Zhejiang Province were RMB2.3 and RMB2.5 per sq.m. per month in 2019, respectively, both of which were higher than the national average of RMB2.1 per sq.m. per month in 2020. 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 the Yangtze River Delta Region and Zhejiang Province, further intensifying our competitive strength in the property industry.

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

	For the six months ended 30 June					
	2021			2020		
	GFA '000 sq.m.	Revenue RMB'000	Percentage	GFA '000 sq.m.	Revenue RMB'000	Percentage
Zhejiang Province	18,623	183,669	75.8%	14,267	111,858	67.5%
Yangtze River Delta Region (excluding Zhejiang Province)	8,394	53,753	22.2%	7,096	49,341	29.8%
Other regions	984	4,833	2.0%	1,185	4,470	2.7%
<b>Total</b>	<b>28,001</b>	<b>242,255</b>	<b>100%</b>	<b>22,548</b>	<b>165,669</b>	<b>100%</b>

### 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 properties and municipal facilities. We believe that by accumulating our experience and recognition for the quality of our property management services to both residential and non-residential properties, we will be able to continue to diversify our portfolio of properties under management and further enlarge our customer base. The following table sets forth the total GFA under management for the dates indicated:

	For the six months ended 30 June					
	2021			2020		
	GFA '000 sq.m.	Revenue RMB'000	Percentage	GFA '000 sq.m.	Revenue RMB'000	Percentage
Residential properties	20,426	166,548	68.7%	17,008	113,026	68.2%
Non-residential properties	7,575	75,707	31.3%	5,540	52,643	31.8%
<b>Total</b>	<b>28,001</b>	<b>242,255</b>	<b>100.0%</b>	<b>22,548</b>	<b>165,669</b>	<b>100.0%</b>

## **Value-added Services to Non-property Owners**

We offer a series of value-added services to non-property owners, which primarily include property developers. These services include (i) sales office management services; (ii) preliminary planning and design consultancy services; (iii) property inspection and repair services; and (iv) commercial consulting services. In the Reporting Period, revenue from value-added services to non-property owners was approximately RMB109.3 million, representing an increase of 60.5% compared with the 2020 Interim Period as a result of: (1) the increase in the value-added services businesses, such as the provision of sales office management services, as well as preliminary planning and design consultancy services to non-property owners; and (2) the newly commenced consulting services to operators of commercial complexes and serviced apartments from property management and operation perspectives since the second half of 2020, resulting in an increase in revenue from value-added services to non-property owners in the Reporting Period.

## **Community Value-added Services**

In terms of community value-added services, 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. Customers of our community value-added services primarily include property owners, residents and property developers. These services primarily include (i) smart community solutions; (ii) property sales and assistance services; (iii) common area 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 approximately RMB104.8 million, representing an increase of 175.1% as compared with approximately RMB38.1 million in the 2020 Interim Period. Such increase is primarily generated by the apartments property sales and assistance services commenced since the second half of 2020, in which we achieved greater growth attributable to our more mature team, alongside an increase in revenue from home decoration services during the Reporting Period.

## **Cost of Sales**

The cost of sales of the Group is primarily comprised of (i) staff cost; (ii) security, cleaning and greening costs; and (iii) utilities and maintenance costs. For the Reporting Period, the cost of sales of the Group was approximately RMB290.9 million, representing an increase of 57.2% as compared with the 2020 Interim Period. The growth rate of cost of sales is slightly lower than that of revenue, which is mainly attributable to the continuous control over operating cost and effective cost reduction.

## Gross Profit and Gross Profit Margin

Based on the abovementioned factors, the gross profit of the Group was approximately RMB165.5 million for the Reporting Period, representing a significant increase of 90.9% as compared with approximately RMB86.7 million in the 2020 Interim Period. The gross profit margin increased from 31.9% for the 2020 Interim Period to 36.3% in the Reporting Period.

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

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
Property management services	<b>27.4%</b>	25.3%
Value-added services to non-property owners	<b>41.7%</b>	41.8%
Community value-added services	<b>51.2%</b>	43.0%
<b>Total</b>	<b><u>36.3%</u></b>	<b><u>31.9%</u></b>

Our Group's gross profit margin increased by 4.4% as compared with the 2020 Interim Period, primarily due to (i) an increase in economies of scale resulting from the increase in the GFA under our management; (ii) an increase in gross profit in community value-added services; and (iii) the successful implementation of cost-control measures with enhanced management efficiency.

Our gross profit margin of property management services increased by 2.1%, primarily because of the increase in the average monthly property management fee for our newly delivered properties under management, as well as the increase in the efficiency of our economies of scale and cost-control measures.

Gross profit margin for community value-added services increased by 8.2%, primarily because we upgraded the purchase and resale service model to the commission-based service model, which greatly reduced the cost of such services provided by us.

## Other Income

Other income decreased from approximately RMB3.8 million for the 2020 Interim Period to approximately RMB3.7 million for the Reporting Period, primarily due to the decrease in government grants received.

**Other gains-net**

For the Reporting Period, the Group recorded other gains-net of approximately RMB0.2 million (2020 Interim Period: approximately RMB1.8 million), primarily due to the decrease of fair value gains on financial assets at fair value through profit or loss during the Reporting Period.

**Selling and Marketing Expenses**

The selling and marketing expenses of the Group increased from approximately RMB2.9 million for the 2020 Interim Period to approximately RMB4.3 million for the Reporting Period, representing an increase of 48.3%, primarily due to (i) an increase in the number of employees we hired due to our scale expansion; and (ii) an increase in expenses paid to sales support and marketing personnel in line with revenue growth and business expansion.

**Administrative Expenses**

The administrative expenses of the Group increased from approximately RMB34.7 million for the 2020 Interim Period to approximately RMB69.6 million for the Reporting Period, representing an increase of 100.6%, which is primarily due to (i) the increase in employee benefit expenses and (ii) the listing expenses of RMB12.4 million for our listing recognized in profit or loss during the Reporting Period.

**Net Impairment Loss on Financial Assets**

The net impairment loss on financial assets decreased from approximately RMB3.5 million for the 2020 Interim Period to approximately RMB2.7 million for the Reporting Period, primarily due to the greater efforts in collecting long-term trade receivables generated by property management services, sales office management services and preliminary planning and design consultancy services.

**Finance income-net**

The finance income-net of the Group increased from approximately RMB0.3 million for the 2020 Interim Period to RMB0.9 million for the Reporting Period, representing an increase of 200.0%. Such increase is primarily attributable to the increase in interest income from bank deposits.

## **Income Tax Expenses**

The income tax expenses of the Group significantly increased 82.8% from approximately RMB11.6 million for the 2020 Interim Period to approximately RMB21.2 million for the Reporting Period with the income tax rate of 22.6% (2020 Interim Period: 22.5%), which remained comparatively stable as compared with last year.

## **Profit**

As a result of the foregoing, the Group's net profit was approximately RMB72.6 million for the Reporting Period, representing an increase of 81.5% as compared with that of approximately RMB40.0 million for the 2020 Interim Period. Net profit margin was 15.9%, representing an increase of 1.2% as compared with that of 14.7% for the 2020 Interim Period. The profit attributable to the owners of the Company increased by approximately 73.1% from approximately RMB37.6 million for the 2020 Interim Period to approximately RMB65.1 million for the Reporting Period.

The basic and diluted earnings per share of the Company were RMB0.09 per share.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Group pursues a prudent treasury management policy and actively manages its liquidity position to cope with daily operation and any demands for capital for 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 amounts to RMB254.1 million as of 30 June 2021, representing an increase of 10.7% from RMB229.5 million as of 31 December 2020.

At of 30 June 2021, the Group's current ratio (current assets/current liabilities) was 1.4 times (31 December 2020: 1.2). As of 30 June 2021, the Group did not have any bank borrowings and the gearing ratio (total borrowings divided by total equity) was nil.

## **Trade and other receivables and prepayments**

As of 30 June 2021, trade and other receivables and prepayments amounted to RMB274.4 million, representing an increase of 52.4% from RMB180.0 million as of 31 December 2020, which was primarily attributable to the scale expansion and business growth of the Group.



### **Trade and other payables**

As of 30 June 2021, trade and other payables amounted to RMB241.8 million, representing an increase of 16.6% as compared with RMB207.3 million as of 31 December 2020, which was primarily attributable to the scale expansion of the Group due to the increase in the GFA under management and subcontracting of more services to independent third-party service providers.

### **Foreign exchange risk**

Substantially all of the Group's revenues and expenditures are denominated in RMB. As of 30 June 2021, the Group has not entered into any hedging transactions. 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 30 June 2021, the Group had no capital commitment.

### **CONTINGENT LIABILITIES AND PLEDGE OF ASSETS**

As of 30 June 2021, the Company, its subsidiaries and associates did not have any financial guarantees, mortgage nor guarantees for loans, nor other significant contingent liabilities.

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

During the Reporting Period, the Group did not make any significant investments and there was no other material acquisitions and disposal of subsidiaries, associates or joint ventures by the Group.

### **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**

The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 July 2021 (or the “**Listing Date**”). On the Listing Date, 250,000,000 shares of the Company were issued at a price of HK\$3.06 per share by way of the global offering. On 11 August 2021, the over-allotment option had been partially exercised by the sole global coordinator (on behalf of the international underwriters) to require the Company to allot and issue 16,851,000 additional shares at an issue price of HK\$3.06 per share. All the above shares of the Company when issued rank pari passu with other shares of the Company in issue in all respects.

## **EMPLOYEE AND REMUNERATION POLICY**

As of 30 June 2021, the Group had a total of 2,801 employees (31 December 2020: 3,054).

The Group has adopted a system of determining the remuneration of employees based on the performance of employees. The Group is committed to the continuous improvement of our employees’ skills by offering them a competitive remuneration structure and incentive scheme to motivate our employees. In terms of employee training, the Group provides consistent and systematic training to employees based on their positions and expertise, in order to enhance their future expertise in property management services and their related fields.

## **USE OF PROCEEDS FROM THE GLOBAL OFFERING**

The shares of the Company have been listed on the Main Board of the Stock Exchange since the Listing Date. The net proceeds received by the Company from the Global Offering (upon partial exercise of the over-allotment option), after deducting listing expenses, amounted to approximately HK\$763.5 million.

The following table sets forth the breakdown of the proposed use of the net proceeds as disclosed in the prospectus of the Company dated 29 June 2021 (the “**Prospectus**”):

Usage	Percentage of the total net proceeds (approximately)	Amount of net proceeds (HK\$ million)	Expected timetable of the proceeds to be utilized
1. Expand our business scale and market share through multiple channels	65%	496.0	By December 2024
2. Diversify and expand our service offerings	10%	76.4	By December 2024
3. Invest in information technologies and our internal management system(s) to improve service quality and customer experience	10%	76.4	By December 2024
4. Improve human resource management and enhance corporate culture	5%	38.3	By December 2024
5. Working capital and other general corporate purposes	10%	76.4	By December 2024
<b>Total</b>	<u>100%</u>	<u>763.5</u>	

The net proceeds have been and will be utilized in accordance with the purposes described in the Prospectus, and there is no material change or delay in the use of proceeds.

## **PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY**

The shares of the Company were listed on the Stock Exchange on the Listing Date and over-allotment option was partially exercised on 11 August 2021. Save as disclosed above, from the Listing Date to the date of this announcement, neither the Company nor its subsidiaries have purchased, redeemed or sold any of its listed securities.

## **INTERIM DIVIDENDS**

The Board does not recommend the payment of any interim dividend for the Reporting Period.

## **CORPORATE GOVERNANCE**

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company has adopted the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 14 to the Listing Rules as its own code to govern its corporate governance practices.

As the shares of the Company were not listed on the Stock Exchange as of 30 June 2021, the CG Code did not apply to the Company during the Reporting Period.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance, and our compliance with the CG Code will be disclosed in future announcements and financial reports.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding dealings in the securities of the Company by the Directors and the Company’s senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company’s securities.

The shares of the Company were listed on the Stock Exchange on the Listing Date. Upon specific enquiry, all Directors confirmed that they have complied with the Model Code from the Listing Date to the date of this announcement.

## **REVIEW OF FINANCIAL STATEMENTS**

### **Audit Committee**

The audit committee of the Company 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 unaudited condensed consolidated interim 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.

### **Auditor**

The interim results of the Group for the Reporting Period have not been audited but have been reviewed by the Company’s independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

## **PUBLICATION OF UNAUDITED INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim result announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.shengquanwuye.com](http://www.shengquanwuye.com)). The interim report of the Company for the Reporting Period containing all the information required under Appendix 16 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 of Directors  
**Dexin Services Group Limited**  
*Chairman*  
**Hu Yiping**

Hangzhou, the PRC, 23 August 2021

*As of the date of this announcement, the Board comprises Mr. Hu Yiping, Mr. Tang Junjie and Ms. Zhu Xiaoli as executive Directors; and Mr. Jia Shenghua, Mr. Rui Meng and Mr. Yang Xi as independent non-executive Directors.*