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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)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The Group is affected by the novel coronavirus (COVID-19) outbreak and some of the audit procedures required to be performed by the auditors will not be able to complete before the date of this announcement. The unaudited results for the year ended 31 December 2021 as set out in this announcement have not been agreed with the auditors in accordance with the requirements under Rule 13.49(2) of the Listing Rules. The unaudited annual results in this announcement have been reviewed and agreed by the Audit Committee of the Company and approved by the Board.

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2021, total revenue amounted to approximately RMB870.4 million, representing a year-on-year increase of approximately 25.7%.
- For the year ended 31 December 2021, gross profit of the Group was approximately RMB299.1 million, representing an increase of approximately 26.8% as compared with RMB235.8 million of the same period in 2020.
- For the year ended 31 December 2021, the Company's profit for the year was RMB111.9 million, representing a year-on-year increase of 5.7%.
- As of 31 December 2021, the GFA under management of the Group was 31.1 million sq.m., representing a year-on-year increase of 24.9%; the contracted GFA of the Group was 46.4 million sq.m., representing a year-on-year increase of 21.9%.
- The Board proposed the declaration of final dividend of HKD0.059 per share.

The board (the “**Board**”) of directors (the “**Directors**”) of Dexin Services Group Limited (the “**Company**”) is pleased to announce the unaudited consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2021 (“**Reporting Period**”), together with the audited comparative figures for the year ended 31 December 2020 as below:

UNAUDITED ANNUAL RESULTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
	Note	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Revenue	4	870,422	692,319
Cost of sales	5	(571,340)	(456,562)
Gross profit		299,082	235,757
Selling and marketing expenses	5	(14,111)	(7,914)
Administrative expenses	5	(143,322)	(97,746)
Net impairment reversal/(losses) on financial assets		1,241	(2,656)
Other income	6	14,494	6,432
Other (losses)/gains — net	7	(11,583)	1,917
Operating profit		145,801	135,790
Finance income		3,782	2,779
Finance costs		(598)	(2,248)
Finance income — net	8	3,184	531
Profit before income tax		148,985	136,321
Income tax expenses	9	(37,126)	(30,514)
Profit for the year		111,859	105,807
Profit and total comprehensive income attributable to:			
— Owners of the Company		100,031	97,190
— Non-controlling interests		11,828	8,617
		111,859	105,807
Earnings per share (expressed in RMB per share)			
— Basic and diluted earnings per share	11	0.115	0.136

CONSOLIDATED BALANCE SHEET

		As at 31 December	
	<i>Note</i>	2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Audited)
Assets			
Non-current assets			
Property, plant and equipment and right-of-use asset		11,673	13,327
Intangible assets		2,403	2,015
Deferred income tax assets		5,619	7,442
Investment in associates		2,450	1,470
Trade and other receivables and prepayments	12	5,880	—
		28,025	24,254
Current assets			
Inventories		8,349	7,647
Trade and other receivables and prepayments	12	450,138	180,048
Financial assets at fair value through profit or loss		—	3,540
Restricted cash		250,851	242
Cash and cash equivalents		499,983	229,212
		1,209,321	420,689
Total assets		1,237,346	444,943
Equity			
Share capital	13	8,462	—
Reserves		661,611	(167)
Retained earnings		167,393	76,037
		837,466	75,870
Non-controlling interests		24,554	12,558
Total equity		862,020	88,428

		As at 31 December	
	<i>Note</i>	2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
Liabilities			
Non-current liabilities			
Lease liabilities		<u>569</u>	<u>2,626</u>
Current liabilities			
Lease liabilities		3,420	2,925
Trade and other payables	14	246,562	207,269
Contract liabilities		107,753	111,845
Current income tax liabilities		<u>17,022</u>	<u>31,850</u>
		<u>374,757</u>	<u>353,889</u>
Total liabilities		<u>375,326</u>	<u>356,515</u>
Total equity and liabilities		<u><u>1,237,346</u></u>	<u><u>444,943</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Company’s shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 July 2021.

These consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS) and the disclosure requirements of the Hong Kong Companies Ordinance (HKCO) Cap. 622.

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

(c) Amendments to standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform — Phase 2
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The Group has assessed the impact of the adoption of these amended standards and interpretation that are effective for the first time for this year. The adoption of these amended standards and interpretation did not result in any significant impact on the results and financial portion of the Group.

(d) New standards and interpretations not yet adopted

The following new standards, amendments to standards and interpretation have been published but will only become effective for accounting period beginning on or after 1 January 2022 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-Scope Amendments	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRS Standards 2018–2020 Cycle	Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combinations	1 January 2022
HKFRS 4 (Amendments)	Intension of the Temporary Exception from Applying HKFRS 9	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17 (Amendments)	Amendments to HKFRS 17	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The above new standards and amendments to existing standards are effective for annual periods beginning on or after 1 January 2022 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a material impact on the consolidated financial statements of the Group in the current or future reporting periods and on foreseeable future transactions.

3 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 2021 and 2020, 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 year ended 31 December 2021 (31 December 2020: same).

4 REVENUE

Revenue mainly comprises proceeds from property management services and related value-added services. An analysis of the Group’s revenue by category for the years ended 31 December 2021 and 2020 is as follows:

	Year ended 31 December	
	2021	2020
	RMB’000	RMB’000
	(Unaudited)	(Audited)
Revenue from customers:		
Property management services	507,083	370,415
Value-added services to non-property owners	180,914	178,781
Community value-added services	182,425	143,123
	870,422	692,319
Timing of revenue recognition		
Over time	764,910	606,492
At a point in time	105,512	85,827
	870,422	692,319

For the years ended 31 December 2021 and 2020, revenue from entities controlled by the ultimate controlling shareholder and joint ventures and associates of the ultimate controlling shareholder contributed to 29% and 31% 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 during the year ended 31 December 2021.

5 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and administrative expenses are analysed as follows:

	Year ended 31 December	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Employee benefit expenses	273,441	195,709
Security charges	168,035	127,483
Greening and cleaning expenses	109,831	96,865
Raw materials and consumables used	63,438	25,314
Maintenance costs	24,645	18,874
Utilities	18,480	13,012
Office expenses	14,217	13,275
Listing expenses	13,123	12,285
Depreciation and amortisation charges	9,668	8,010
Traveling and entertainment expenses	8,183	3,956
Taxes and other levies	4,680	4,427
Community activities expenses	4,432	4,651
Auditors' remuneration	2,800	—
Cost of selling carpark space	—	24,832
Others	13,800	13,529
	<u>728,773</u>	<u>562,222</u>

6 OTHER INCOME

	Year ended 31 December	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Government grants (<i>Note (a)</i>)	12,530	5,708
Value-added tax deductibles	1,964	724
	<u>14,494</u>	<u>6,432</u>

(a) Government grants consisted mainly of financial subsidies granted by the local governments.

7 OTHER (LOSSES)/GAINS — NET

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Exchange losses	(12,504)	—
Net fair value gains on financial assets at fair value through profit or loss	280	2,548
Others	641	(631)
	<u>(11,583)</u>	<u>1,917</u>

8 FINANCE INCOME — NET

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Finance income:		
Interests income from bank deposits	3,782	1,191
Interests income from related parties	—	1,588
	<u>3,782</u>	<u>2,779</u>
Finance costs:		
Interest expenses for borrowings	(369)	(1,930)
Interest expenses of lease liabilities	(229)	(318)
	<u>(598)</u>	<u>(2,248)</u>
Finance income — net	<u><u>3,184</u></u>	<u><u>531</u></u>

9 INCOME TAX EXPENSES

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Current income tax		
— PRC corporate income tax	35,303	27,401
Deferred income tax		
— PRC corporate income tax	1,823	3,113
	<u>37,126</u>	<u>30,514</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 the 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.

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 withholding income tax with a rate 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 the 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.

10 DIVIDENDS

The Board of Directors of the Company proposed a final dividend of HKD0.059 per ordinary share out of the share premium account, totalling approximately HKD59,994,209. The payment of the final dividend is subject to (i) the audited annual results of the Group for the year ended 31 December 2021; and (ii) the approval of the Shareholders at the annual general meeting of the Company held in 2022. These financial statements do not reflect this dividend payable as a liability as at 31 December 2021.

11 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 years ended 31 December 2021 and 2020. In determining the weighted average number of ordinary shares in issue during the years ended 31 December 2021 and 2020, the ordinary shares issued as on the date of incorporation of the Company and the capitalisation issue (Note 13) were deemed to be issued on 1 January 2020 as if the Company has been incorporated by then.

	Year ended 31 December	
	2021	2020
	(Unaudited)	(Audited)
Profit attributable to shareholders of the Company (RMB'000)	100,031	97,190
Weighted average number of ordinary shares in issue (in thousands)	873,378	712,251
Basic earnings per share for profit attributable to the shareholders of the Company during the year (expressed in RMB per share)	0.115	0.136

The Company did not have any potential ordinary shares outstanding during the year ended 31 December 2021 and 2020. Diluted earnings per share was equal to basic earnings per share.

12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade receivables (<i>Note (a)</i>)	180,531	129,481
Other receivables	242,043	25,957
Prepayments	33,444	24,610
	<hr/>	<hr/>
Total trade and other receivables and prepayments	456,018	180,048
	<hr/>	<hr/>
Less: non-current portion of trade and other receivables and prepayments	(5,880)	—
	<hr/>	<hr/>
Current portion of trade and other receivables and prepayments	450,138	180,048
	<hr/>	<hr/>

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

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.

As at 31 December 2021 and 2020, the aging analysis of the gross trade receivables based on invoice dates or contractual terms were as follows:

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
0–180 days	152,289	90,180
181–365 days	9,589	11,035
1 to 2 years	21,974	19,255
2 to 3 years	5,418	18,910
3 to 4 years	5,664	2,678
Over 4 years	4,045	4,027
	<hr/>	<hr/>
	198,979	146,085
	<hr/>	<hr/>

13 SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary share HKD	Equivalent nominal value of ordinary shares RMB'000
Authorised:			
At 22 October 2020 (date of incorporation) (note (a))	38,000,000	380,000	334
Increase of authorised shares (note (b))	4,962,000,000	49,620,000	43,613
As at 31 December 2020 and 2021	5,000,000,000	50,000,000	43,947
Issued:			
At 22 October 2020 (date of incorporation) (note (a))	1,000	10	—
Addition (note (c))	53	1	—
As at 31 December 2020	1,053	11	—
As at 1 January 2021	1,053	11	—
Issue of shares in connection with the capitalisation issue (note (d))	749,998,947	7,499,989	6,241
Issue of shares in connection with the Company's listing (note (e))	266,851,000	2,668,510	2,221
As at 31 December 2021 (Unaudited)	1,016,851,000	10,168,510	8,462

- (a) As at the date of incorporation, the authorised share capital of the Company was HKD380,000 divided into 38,000,000 shares with a par value of HKD0.01 each. Upon the incorporation of the Company, 1,000 shares were issued at par to its then shareholder.
- (b) 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.
- (c) On 30 December 2020, the Company issued 53 shares with a cash consideration of HKD1 to Createwisdom International Limited and the authorised number of ordinary shares of the Company was increased 1,053 with a par value of HKD0.01 each.
- (d) 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 (equivalent to RMB6,242,000) 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.

(e) 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. Gross proceeds from the issue amounted to HKD816,564,000 (equivalent to RMB679,593,000). After deducting the underwriting fees and other capitalised listing expenses, net proceeds from the issue amounted to RMB661,565,000, of which, RMB2,221,000 was recorded as share capital and RMB659,344,000 was recorded as share premium.

14 TRADE AND OTHER PAYABLES

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade payables (<i>Note (a)</i>)	87,002	62,331
Other payables	159,560	144,938
	<hr/>	<hr/>
Total trade and other payables	246,562	207,269
	<hr/>	<hr/>

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

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 1 year	83,121	58,996
1 to 2 years	3,281	1,996
2 to 3 years	348	843
Over 3 years	252	496
	<hr/>	<hr/>
	87,002	62,331
	<hr/>	<hr/>

15 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 21 December 2021, the Group entered into a framework agreement to acquire the 39.2% equity interest in a third party company, Hangzhou Kaichuan investment management Co.,Ltd (“**Hanzhou Kaichuan**”), at a consideration of RMB5,880,000. The Group has prepaid all of the consideration in December 2021. Up to 30 March 2022, the transactions has not been completed. Upon the completion of the acquisition, Hangzhou Kaichuan will become a joint venture of the Group.

CHAIRMAN'S STATEMENT

On behalf of the Board, I hereby present the annual results of the Group for 2021.

It is an ancient saying that “everything flows like water and never stands still”. 2021 was a year full of changes and opportunities with turbulence in capital market and emergence of industries. The fierce competition on enterprise scale puts forward higher requirements for the independent expansion capacities of property management companies, meanwhile encourages them to explore differentiated development. As a key service industry “getting through the last mile”, in the year of “dark cloud bearing down on us”, the property management industry braved new changes and constantly highlighted the value of services. With relevant ancillary policies to further guide enterprises to transform towards the “property + life service” model, we made continuous efforts in innovation, constantly expanded industrial boundaries and actively fostered core business growth points.

This year, we strived in many aspects in continuing our expansion. In 2021, with the industry disturbed by turbulence, it has become a normal trend for property enterprises to seek for independent development and have “**less reliance on real estate industry**”. The independence of the property management industry has been continuously enhanced. We always adhered to the market development strategy on quality expansion, gave full play of our strong capability on market development and obtained high-quality third-party projects through tender and bidding, joint ventures and cooperation. In an intensely competitive industry, we met quality property developers, business operators, asset managers as well as local and urban investors and builders in our cooperation ecosystem. Our strategic cooperation benefit a win-win situation with complementary business types and strong alliance, whereby it facilitated us in seizing market opportunities and further expanding our market share in the region. As of 31 December 2021, our contracted GFA and GFA under management reached 46.36 million square metres and 31.11 million square metres, respectively. Among the new GFA under management during the year, 71% are from third parties, in which it enabled the Group to maintain our distinctive feature with outstanding market-based operation capability in the industry.

During the year, we adhered to our original aspirations and made solid progresses. Following the “**customer-centric**” service concept, we gathered our strengths and continued to work diligently to build an integrated service system radiating the full lifecycle of property management, propel the development of property management services towards standardisation and refinement and provide quality service to property owners beyond their expectations. We conducted spectacular works within restricted arena. By focusing on the theme of community governance and service innovation, we established cooperation with Rehe South Road Sub-district in Gulou District, Nanjing, in serving old communities and continuously penetrating into smart community and urban services. In addition, we constantly enhanced our service capability on the non-residential property segment and entered into cooperation agreement with The International Butler Academy (TIBA). Meanwhile, we launched “DOTHINK SPACE”, a high-end service brand, to facilitate the preservation and enhancement of the value of commercial and office

buildings. In 2021, we climbed up our ranking to the 25th place in the Top 100 Property Management Companies in the PRC organized by China Index Academy (CIA) evaluation. Leveraging our high-quality services and brand capabilities, we successfully signed contracts for The 19th Asian Games Hangzhou 2022 as an officially designated property service provider.

This year, we made intensive and meticulous efforts and embraced new changes. Getting close to and serving life have become new orientations of industrial changes. Property services gradually meet the increasingly refined demands of property owners. Under the policy general background of “promoting consumption and expanding internal demands” and “property service + life service”, the value-added community services enjoy tremendous development potential. We believe that we can create value through responding to changes and innovation. The Group has developed the “15-minute life circle” through innovative business models. By focusing on the core appeals in the full life cycle of people and in line with the expectations under government new policies, we deployed new retail, home decoration, asset management and other services from the life perspective. At the same time, considering the demands of the elderly and children under residential scenarios, we piloted the exploration of relevant business models on child and elderly care. Through the establishment of a new service ecosystem with online and offline linkage, we integrated more brand merchants and service resources, strengthened the ties and relationships with suppliers, enriched upstream and downstream service chains and enhanced platform ecological extension to bring more convenient experience to the families of property owners.

During the year, we achieved breakthroughs and forged ahead. By legging-up the boost, one can make progress. Leveraging the big data-based construction, we have established an intelligent community service system and piloted scenario-based applications. Our “Companion” big data centre is promoting the construction of the Internet of Things platform and has achieved work efficiency improvement and operating costs reduction in security enhancement in parks, energy consumption management on buildings and equipment and facilities operation monitoring. We also launched the contact-free delivery services by robots during the reoccurrence of the pandemic and were highly recognised by property owners. At the same time, we have also deeply participated in the construction of future communities in Zhejiang and the service scenarios with convenient technologies in various residential projects in Hangzhou and Wenzhou will be around the corner. Moreover, “carbon neutrality” and “carbon peak” will be the social theme and progress trend in the coming years. By virtue of technology empowerment, we will actively participate in technology application and innovation on energy conservation and consumption reduction and build demonstration scenarios for “carbon peak” and “carbon neutrality” services.

No man is an island, entire of itself; every man is a piece of the continent, a part of the main. For the demands for property services in the future, we believe that “relationship” is the link between people and the world. “Relationship” is not only the foundation and precondition for building a beautiful life, it is also a key to facilitate the upgrading of property services towards all-dimensional, all-asset and all-cycle direction. With our insight on relationship, we upgraded the brand system of Dexin Services and created the unique brand symbol — UI+ to make our market image clearer. We conducted our industrial chain layout in four dimensions, namely the relationship between people and space, people and life, among people as well as people and future, and proposed the development mission of being a “service provider of future urban life relationship”.

In addition, under the “carbon peak” and “carbon neutrality” policy background put forth by the government, we took the lead to respond to the policy requirements within the industry and released our first white paper on carbon neutrality. We also put forward the “T.H.I.N.K carbon neutrality management system on properties” to provide action ideas on transforming towards carbon neutrality in the lifecycle operation and management of the industry through five major segments, namely Technology — technology empowerment, Health — healthy life, Intelligence — intelligent brain, Neutral — natural compensation and Knowledge — knowledge publicity.

FUTURE PROSPECTS

The alternation of old and new is the theory of nature. Embarking on a new journey will redefine new development. With relevant ancillary policies further guiding enterprises to transform towards the “**property + life service**” model, the relationship between property and life will be further reshaped. Under the strategic vision of being a “**service provider of future urban life relationship**”, we will further temper and thicken the endogenous energy of property services, conduct continuous innovation, constantly expand industrial boundaries, actively foster core business growth points, focus on building the Group into a “service provider of future urban life relationship” with high-quality development and stable and continuous growth and strive to achieve the medium- and long-term objective of becoming one of leading property services providers in the PRC.

Dexin Services Group Limited
Hu Yiping
Chairman

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 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

The Group adhered to its strategic objective of rapid expansion of GFA under management and achieved fast growth in contracted GFA and GFA under management. For the year ended 31 December 2021, the Group had contracted GFA of approximately 46.4 million sq.m. and 309 contracted projects, representing an increase of 21.9% and 28.2% as compared to that the year ended 31 December 2020, respectively. For the year ended 31 December 2021, the Group's recorded revenue was represented by approximately 31.1 million sq.m. of GFA under management and 233 projects under management, representing an increase of approximately 24.9% and 33.1% as compared to that the year ended 31 December 2020, respectively.

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 2021				For the year ended 31 December 2020			
	Contracted projects		Projects under management		Contracted projects		Projects under management	
	Number of	GFA	Number of	GFA	Number of	GFA	Number of	GFA
	projects	(sq.m. '000)	projects	(sq.m. '000)	projects	(sq.m. '000)	projects	(sq.m. '000)
		(Unaudited)		(Unaudited)		(Audited)		(Audited)
As of the beginning of the period	241	38,032	175	24,905	201	31,113	144	20,652
Newly contracted	80	10,531	49	5,994	53	9,082	44	6,416
Reserve conversion	—	—	21	2,411	—	—	—	—
Termination	(12)	(2,200)	(12)	(2,200)	(13)	(2,163)	(13)	(2,163)
	<u>309</u>	<u>46,363</u>	<u>233</u>	<u>31,110</u>	<u>241</u>	<u>38,032</u>	<u>175</u>	<u>24,905</u>
As of the end of the period	<u>309</u>	<u>46,363</u>	<u>233</u>	<u>31,110</u>	<u>241</u>	<u>38,032</u>	<u>175</u>	<u>24,905</u>

A majority of our revenue from property management services is generated from the services provided to properties developed by independent third-party property developers. For the year ended 31 December 2021, we had 147 properties under our management that were developed by independent third-party property developers with a total GFA under management of approximately 20.6 million sq.m.

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

	As of 31 December 2021			As of 31 December 2020		
	GFA under management <i>sq.m.'000</i> (Unaudited)	Revenue <i>RMB'000</i> (Unaudited)	Percentage % (Unaudited)	GFA under management <i>sq.m.'000</i> (Audited)	Revenue <i>RMB'000</i> (Audited)	Percentage % (Audited)
Properties developed by Dexin Group	6,884	138,664	27.4	5,639	98,822	26.7
Jointly developed properties	3,660	100,610	19.8	3,115	54,997	14.8
Properties developed by independent third party property developers	<u>20,566</u>	<u>267,809</u>	<u>52.8</u>	<u>16,151</u>	<u>216,596</u>	<u>58.5</u>
	<u><u>31,110</u></u>	<u><u>507,083</u></u>	<u><u>100.0</u></u>	<u><u>24,905</u></u>	<u><u>370,415</u></u>	<u><u>100.0</u></u>

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 2021, we have expanded our geographic presence to 38 cities in China.

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

	As of 31 December 2021			As of 31 December 2020		
	GFA under management <i>sq.m.'000</i> (Unaudited)	Revenue <i>RMB'000</i> (Unaudited)	Percentage % (Unaudited)	GFA under management <i>sq.m.'000</i> (Audited)	Revenue <i>RMB'000</i> (Audited)	Percentage % (Audited)
Zhejiang Province	19,679	383,898	75.7	17,159	264,690	71.5
Yangtze River Delta						
Region	9,393	110,742	21.8	7,228	95,920	25.9
Others	2,038	12,443	2.5	518	9,805	2.6
	<u>31,110</u>	<u>507,083</u>	<u>100.0</u>	<u>24,905</u>	<u>370,415</u>	<u>100.0</u>

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. As of 31 December 2021, we have 38 new non-residential projects. 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 and further enlarge our customer base.

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

	As of 31 December 2021			As of 31 December 2020		
	GFA under management <i>sq.m.'000</i> (Unaudited)	Revenue <i>RMB'000</i> (Unaudited)	Percentage % (Unaudited)	GFA under management <i>sq.m.'000</i> (Audited)	Revenue <i>RMB'000</i> (Audited)	Percentage % (Audited)
Residential	22,655	359,120	70.8	18,894	252,100	68.1
Non-residential	8,455	147,963	29.2	6,011	118,315	31.9
	<u>31,110</u>	<u>507,083</u>	<u>100.0</u>	<u>24,905</u>	<u>370,415</u>	<u>100.0</u>

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. During the Reporting Period, revenue from value-added services to non-property owners was approximately RMB180.9 million, representing an increase of 1.2% as compared with the same period in 2020, which remained stable in general.

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	Revenue <i>RMB'000</i> (Unaudited)	Percentage % (Unaudited)	Revenue <i>RMB'000</i> (Audited)	Percentage % (Audited)
Sales office management services	88,077	48.7	89,571	50.1
Preliminary planning and design consultancy services	54,366	30.1	68,129	38.1
Property inspection and repair services	12,013	6.6	13,205	7.4
Commercial consulting services	26,458	14.6	7,876	4.4
	<u>180,914</u>	<u>100.0</u>	<u>178,781</u>	<u>100.0</u>

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) 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 approximately RMB182.4 million, representing an increase of 27.5% as compared with approximately RMB143.1 million of the same period in 2020. Such increase is primarily attributable to the fact that revenue from home decoration services as well as community retail and home services business increased during the Reporting Period.

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	Revenue <i>RMB'000</i> (Unaudited)	Percentage % (Unaudited)	Revenue <i>RMB'000</i> (Audited)	Percentage % (Audited)
Smart community solutions	48,632	26.6	49,216	34.4
Property sales and assistance services	54,467	29.9	50,437	35.2
Community resources value-added services	19,661	10.8	16,324	11.4
Clubhouse services	12,984	7.1	12,373	8.6
Home decoration services	23,781	13.0	6,351	4.4
Community retail and home services	22,900	12.6	8,422	6.0
	<u>182,425</u>	<u>100.0</u>	<u>143,123</u>	<u>100.0</u>

FINANCIAL REVIEW

Revenue

For the Reporting Period, revenue of the Group amounted to approximately RMB870.4 million, representing an increase of 25.7% as compared with approximately RMB692.3 million of the same period in 2020. 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:

	For the year ended 31 December 2021		For the year ended 31 December 2020		Change
	Revenue <i>RMB'000</i> (Unaudited)	Percentage % (Unaudited)	Revenue <i>RMB'000</i> (Audited)	Percentage % (Audited)	
Property management services	507,083	58.2	370,415	53.5	36.9%
Value-added services to non-property owners	180,914	20.8	178,781	25.8	1.2%
Community value-added services	182,425	21.0	143,123	20.7	27.5%
	<u>870,422</u>	<u>100.0</u>	<u>692,319</u>	<u>100.0</u>	<u>25.7%</u>

Property management services remained the largest source of revenue for the Group. For the year ended 31 December 2021, revenue from property management services reached approximately RMB507.1 million, accounting for 58.2% of the Group's total revenue. The growth in revenue was attributable to the rapid growth in GFA under management due to the increase of properties delivered and its efforts to expand the customer base of its third party customers. The increase in revenue from community value-added services was mainly attributed to the increase in revenue from home decoration services as well as community retail and home services.

Cost of Sales

Cost of sales of the Group is primarily comprised of staff cost, subcontracting expenses, greening and landscaping costs, electricity and water expenses, taxes and surcharges. In 2021, cost of sales of the Group was approximately RMB571.3 million, representing an increase of approximately 25.1% as compared to approximately RMB456.6 million for the same period in 2020. The increase in cost of sales was mainly due to the rapid growth of the Group's business scale.

Gross Profit and Gross Profit Margin

In 2021, gross profit of the Group was approximately RMB299.1 million, representing an increase of approximately 26.8% as compared to approximately RMB235.8 million for the same period in 2020. In 2021, gross profit margin of the Group was 34.4%, representing an increase of approximately 0.3 percentage point as compared to 34.1% for the same period in 2020, which was mainly due to the increase in gross profit as a result of economies of scale.

The following table sets forth the gross profit margin by business line for the years indicated:

	For the year ended 31 December 2021 Gross profit margin % (Unaudited)	For the year ended 31 December 2020 Gross profit margin % (Audited)	Change
Property management services	26.4	26.3	0.1%
Value-added services to non-property owners	42.3	42.0	0.3%
Community value-added services	48.6	44.2	4.4%
	<u>34.4</u>	<u>34.1</u>	<u>0.3%</u>

In particular, our gross profit margin from community value-added services increased by 4.4 percentage points, which was primarily due to the upgrading of our purchase and resell service model to a commission-based service model, which had substantially reduced our cost for providing such services.

Selling and Marketing Expenses

In 2021, the selling and marketing expenses of the Group amounted to approximately RMB14.1 million, representing an increase of approximately 78.5% as compared to approximately RMB7.9 million for the same period in 2020. Such increase was mainly 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

In 2021, the administrative expenses of the Group amounted to approximately RMB143.3 million, representing an increase of approximately 46.7% as compared to approximately RMB97.7 million for the same period in 2020, which was mainly due to the increase in expenses resulting from business expansion.

Net Impairment Reversal/(Losses) on Financial Assets

In 2021, the net impairment reversal on financial assets of the Group amounted to approximately RMB1.2 million, as compared to net impairment loss of approximately RMB2.7 million for the same period in 2020. Such changes in the net impairment losses was attributable to the reversal of loss allowance on other receivables of RMB3.0 million, which was partially offset by the provision of impairment loss on trade receivables of RMB1.8 million during the year ended 31 December 2021.

Other Income

In 2021, other income and gains of the Group amounted to approximately RMB14.5 million, representing an increase of approximately 126.6% as compared to approximately RMB6.4 million for the same period in 2020. Such increase was mainly due to the increase in government grants.

Other (losses)/gains — net

In 2021, the Group recorded other losses — net of approximately RMB11.6 million, representing a decrease of approximately RMB13.5 million as compared to other gains — net of approximately RMB1.9 million for the same period in 2020, which was mainly due to the effect of translation of exchange losses recorded in current period.

Finance Income — net

In 2021, the finance income — net of the Group amounted to approximately RMB3.2 million, representing an increase of approximately RMB2.7 million or 540% as compared to approximately RMB0.5 million for the same period in 2020. Such increase was mainly due to the increase in interest income from bank deposits.

Income tax expenses

In 2021, income tax expenses of the Group increased by approximately 21.6% from approximately RMB30.5 million for the same period in 2020 to approximately RMB37.1 million. The increase in income tax expenses was mainly due to the increase in profit before tax.

Profit for the year

Based on the reasons above, the net profit of the Group for 2021 was approximately RMB111.9 million, representing an increase of approximately 5.8% as compared with approximately RMB105.8 million for the same period in 2020. Net profit margin was 12.9%, representing a decrease of 2.4% as compared with 15.3% for the same period in 2020. The basic and diluted earnings per share of the Company was RMB0.115 per share.

Trade and other receivables and prepayments

As of 31 December 2021, trade and other receivables and prepayments amounted to RMB456.0 million, representing an increase of 153.3% from RMB180.0 million as of 31 December 2020, which was primarily attributable to the increase of trade receivables and business expansion during the Reporting Period.

Trade and other payables

As of 31 December 2021, the Group's trade and other payables amounted to approximately RMB246.6 million, representing an increase of approximately RMB39.3 million or 19.0% from approximately RMB207.3 million as of 31 December 2020. The increase was mainly due to the growth of the Group's business scale and the increase in subcontracting services to independent third-party service providers resulting from increase in the GFA under management.

LIQUIDITY AND CAPITAL RESOURCES

The Group pursues a prudent treasury management policy, actively manages its liquidity position and have sufficient standby bank credit facilities 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 and a portion of the proceeds from the Global offering. The Group's cash and cash equivalents and restricted fund amounted to approximately RMB750.8 million as at 31 December 2021, representing an increase of RMB521.3 million or 227.1% from RMB229.5 million for the same period in 2020.

As of 31 December 2021, the Group's current ratio (current assets divided by current liabilities) was 3.2 times (31 December 2020: 1.2 times). The increase in current ratio was mainly due to the proceeds received from Global Offering and the increase in trade and other receivables and prepayments. As of 31 December 2021, the Group did not have any bank borrowings and the gearing ratio (total borrowings divided by total equity) was nil (31 December 2020: nil).

Foreign exchange risk

Substantially all of the Group's assets, revenues and expenditures are denominated in RMB, except for cash and cash equivalent and restricted fund denominated in Hong Kong dollars and in United State Dollars. No other significant assets, revenues and expenditures are denominated in other currencies. As of 31 December 2021, the Group has not entered into agreements or procurement instruments to hedge the exchange rate risk of the Group. 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 2021, the Group did not have any capital commitment.

CONTINGENT LIABILITIES

As of 31 December 2021, the Company, its subsidiaries and associates did not have any financial guarantees, mortgage nor guarantees for loans, nor other significant contingent liabilities.

PLEDGE OF ASSETS

As of 31 December 2021, the Group did not pledge any of its assets (2020: nil).

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.

EMPLOYEE AND REMUNERATION POLICY

As of 31 December 2021, the Group had a total of 2,908 employees (31 December 2020: 3,054 employees). The Group has adopted a system of determining the remuneration of employees based on their performance. We offer employees competitive remuneration packages that include basic salaries, discretionary bonuses, performance-based payments and year-end bonuses. The Group also contributes to social insurance for its employees, including medical insurance, work-related injury insurance, retirement insurance, maternity insurance, unemployment insurance and housing provident funds. For the year ended 31 December 2021, the total employee salaries and benefit expenses of the Group amounted to approximately RMB273.4 million (31 December 2020: RMB195.7 million).

We also focus on improving the skills of our employees by providing them with continuous and systematic training based on their positions and strengths so as to enhance their future expertise in property management and related areas. As at 31 December 2021, the Group provided approximately 8,913 classroom training and professional lectures to its employees, and the total number of training participants was approximately 47,736.

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 HKD763.5 million.

As disclosed in the prospectus of the Company dated 29 June 2021 (the “**Prospectus**”), the following table sets forth a breakdown of the proposed utilisation of the net proceeds:

	Percentage of the total net proceeds	Amount of net proceeds <i>HKD million</i>	Actual use of proceeds for the year ended 31 December 2021 <i>HKD million</i>	Unutilised amount as at 31 December 2021 <i>HKD million</i>	Expected timetable of the proceeds to be utilised
1. Expand our business scale and improve market share through multiple channels	65%	496.0	19.2	476.8	By December 2024
2. Diversify and expand our service offerings	10%	76.4	0.0	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	1.6	74.8	By December 2024
4. Improve human resource management and enhance corporate culture	5%	38.3	3.0	35.3	By December 2024
5. Working capital and other general corporate purposes	10%	76.4	6.9	69.5	By December 2024
Total	100%	763.5	30.7	732.8	

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

OTHER INFORMATION

PURCHASE, SALES OR REDEMPTION 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.

FINAL DIVIDEND

The Board has recommended a final dividend of HKD0.059 per Share for the year ended 31 December 2021 (the “**Final Dividend**”), amounting to a total of approximately HKD59,994,209 which is expected to be distributed on or before 29 July 2022 to Shareholders.

The payment of the Final Dividend is subject to (i) the audited annual results of the Group for the year ended 31 December 2021 upon completion of the auditing process; and (ii) the approval of the Shareholders at the annual general meeting of the Company to be held in 2022 (the “**AGM**”). The date of the AGM, the date of book closure, the record dates for qualifying to attend the AGM and receive Final Dividends will be announced in due course.

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 14 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.

Throughout the period since the Listing Date and up to 31 December 2021, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code. The Board will continue to review and monitor the practices of the Company for the purpose of complying with the Corporate Governance Code and maintaining a high standard of corporate governance practices of the Company, and disclose its compliance with the Corporate Governance Code in the future announcements and financial reports.

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 10 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 specific enquiry by the Company, that they have complied with the Model Code throughout the period since the Listing Date and up to 31 December 2021.

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.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The Audit Committee comprises of three members, namely Mr. Jia Shenghua, Mr. Rui Meng, and Mr. Yang Xi, who are independent non-executive Directors. Mr. Rui Meng was appointed as the chairman of the Audit Committee and has the appropriate professional qualifications or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

REVIEW OF UNAUDITED ANNUAL RESULTS

Certain auditing procedures on the annual results for the year ended 31 December 2021 has not been completed due to (i) the arrangements for certain management personnel and employees of the Group to undergo quarantine in the latest outbreak of the COVID-19 epidemic; and (ii) the delay in obtaining certain external confirmations from third parties and conducting interviews with certain third parties for audit purposes. The unaudited annual results for the year ended 31 December 2021 presented herein have not been agreed with the Company’s auditor, PricewaterhouseCoopers. An announcement relating to the audited results for the year ended 31 December 2021 will be made when the auditing process is completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants. The unaudited annual results for the year ended 31 December 2021 contained herein have been reviewed and agreed by the Audit Committee.

FURTHER ANNOUNCEMENT

The Group is affected by the novel coronavirus (COVID-19) outbreak and some of the audit procedures required to be performed by the auditors will not be able to complete before the date of this announcement. The unaudited results for the year ended 31 December 2021 as set out in this announcement have not been agreed with the auditors in accordance with the requirements under Rule 13.49(2) of the Listing Rules. Upon completion of the audit process, subject to the consent of the auditors, the Company will make further announcements regarding the audited results for the year ended 31 December 2021 and material differences, if any, from the unaudited annual results included in this announcement. In addition, if there is other significant development in the completion of the audit process, the Company will make further announcements as necessary, including the expected completion date of the audit process once confirmed.

PUBLICATION OF UNAUDITED ANNUAL RESULTS AND ANNUAL REPORT

This unaudited annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.dexinfuwu.com). The annual report of the Company for the year ended 31 December 2021 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and published on the above websites in due course. The Company will make further announcement(s) in relation to (i) the audited results for the year ended 31 December 2021 as agreed with the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein; (ii) the proposed date on which the forthcoming Annual General Meeting will be held; and (iii) the arrangement to ascertain shareholders' eligibility to attend and vote at the AGM (including the period during which the register of members of the Company will be closed). In addition, the Company will make further announcement as and when necessary if there is other material development in relation to the completion of the auditing process.

The Audit Committee has reviewed and agreed the accounting principles and practices adopted by the Group and discussed the financial reporting matters and internal control systems, including the review of the Group's unaudited consolidated results for the year ended 31 December 2021.

The auditing process of the financial information of the Group for the year ended 31 December 2021 contained herein has not been fully completed. Therefore, the unaudited results contained herein have yet to be agreed with the Auditors as required under Rule 13.49(2) of the Listing Rule, and are subject to adjustments. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 30 March 2022

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.