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德信盛全服务
DEXIN SHENGQUAN SERVICE

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)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

References are made to the announcements of Dexin Services Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 25 March 2022, 30 March 2022, 26 April 2022 and 13 May 2022 respectively, in relation to, among others, delay in publication of the 2021 Audited Annual Results Announcement, the Unaudited Annual Results Announcement for the year ended 31 December 2021, change of auditor and further delay in publication of the Audited Annual Results Announcement and Annual Report (collectively, the "**Announcements**"). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

AUDITED ANNUAL RESULTS

The Board is pleased to announce that the Auditor, Zhonghui Anda CPA Limited ("**Zhonghui Anda**"), has completed its audit of the Group's annual results for the year ended 31 December 2021 in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Since the financial information contained in the Unaudited Results Announcement was neither audited nor agreed by Zhonghui Anda as at the date of its publication and no subsequent adjustments have been made to such financial information, Shareholders and potential investors of the Company are advised to pay attention to certain differences between the unaudited annual results for the year ended 31 December 2021 and the 2021 Audited Annual Results. Set forth below are major details and reasons for the material differences between these financial information in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules.

	Disclosure in the Unaudited Results Announcement	Disclosure in this announcement	Difference	Notes
	RMB'000	*RMB'000*	*RMB'000*	*Notes*
	(Unaudited)	(Audited)		
Revenue	870,422	870,422	—	
Cost of sales	(571,340)	(571,340)	—	
Gross profit	299,082	299,082	—	
Other income	14,494	14,494	—	
Other (losses)/gains — net	(11,583)	(11,583)	—	
Selling and marketing expenses	(14,111)	(14,111)	—	
Administrative expenses	(143,322)	(146,322)	3,000	*(iii)*
Reversal of impairment/(impairment loss) on trade and other receivables	1,241	682	559	*(i)*
Operating profit	145,801	142,242	3,559	
Interest income	3,782	3,782	—	
Finance costs	(598)	(598)	—	
Finance income/(costs) — net	3,184	3,184	—	
Profit before taxation	148,985	145,426	3,559	
Income tax expenses	(37,126)	(35,376)	(1,750)	*(ii)*
Profit and total comprehensive income for the year	111,859	110,050	1,809	
Profit and total comprehensive income for the year attributable to:				
Owners of the Company	100,031	98,222	1,809	
Non-controlling interests	11,828	11,828	—	
	111,859	110,050	1,809	
Earnings per share				
— Basic and diluted (RMB)	0.115	0.118	(0.003)	

	Disclosure in the Unaudited Results Announcement *RMB'000* (Unaudited)	Disclosure in this announcement *RMB'000* (Audited)	Difference *RMB'000*	*Notes*
Non-current assets				
Property, plant and equipment and right-of-use assets	11,673	11,673	—	
Intangible assets	2,403	2,403	—	
Deferred income tax assets	5,619	7,369	(1,750)	*(ii)*
Investment in associates	2,450	2,450	—	
Other receivables and prepayments	5,880	5,880	—	
	28,025	29,775	(1,750)	
Current assets				
Inventories	8,349	8,349	—	
Trade and other receivables and prepayments	450,138	449,579	559	*(i)*
Pledged bank deposit	250,851	250,851	—	
Cash and cash equivalents	499,983	499,983	—	
	1,209,321	1,208,762	559	
Current liabilities				
Trade and other payables	246,562	249,562	3,000	*(iii)*
Contract liabilities	107,753	107,753	—	
Lease liabilities	3,420	3,420	—	
Current income tax liabilities	17,022	17,022	—	
	374,757	377,757	3,000	
Net current assets	834,564	831,005	3,559	
TOTAL ASSETS LESS CURRENT LIABILITIES	862,589	860,780	1,809	

	Disclosure in the Unaudited Results Announcement *RMB'000* (Unaudited)	Disclosure in this announcement *RMB'000* (Audited)	Difference *RMB'000*	*Notes*
Non-current liabilities				
Lease liabilities — non current	569	569	—	
	569	569	—	
NET ASSETS	862,020	860,211	1,809	
Capital and reserves				
Share capital	8,462	8,462	—	
Reserves	829,004	827,195	1,809	
Equity attributable to owners of the Company	837,466	835,657	1,809	
Non-controlling interests	24,554	24,554	—	
TOTAL EQUITY	862,020	860,211	1,809	

(i) The difference represents an adjustment to reverse the net impairment loss of trade and other receivables.

(ii) The difference represents an adjustment for deferred tax on the reversal of net impairment loss on trade and other receivables and tax losses of the PRC subsidiaries of the Company.

(iii) The difference represents an adjustment for the Zhonghui Anda's audit fee for the year.

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce the consolidated annual results of 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:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	**Year ended 31 December 2021** *RMB'000*	2020 *RMB'000*
Revenue	*5*	**870,422**	692,319
Cost of sales		**(571,340)**	(456,562)
Gross profit		**299,082**	235,757
Other income	*6*	**14,494**	6,432
Other (losses)/gains — net	*7*	**(11,583)**	1,917
Selling and marketing expenses		**(14,111)**	(7,914)
Administrative expenses		**(146,322)**	(97,746)
Reversal of impairment/(impairment loss) on trade and other receivables		**682**	(2,656)
Operating profit		**142,242**	135,790
Interest income		**3,782**	2,779
Finance costs		**(598)**	(2,248)
Finance income/(cost) — net	*8*	**3,184**	531
Profit before taxation		**145,426**	136,321
Income tax expenses	*9*	**(35,376)**	(30,514)
Profit and total comprehensive income for the year	*10*	**110,050**	105,807
Profit and total comprehensive income for the year attributable to:			
— Owners of the Company		**98,222**	97,190
— Non-controlling interests		**11,828**	8,617
		110,050	105,807
Earnings per share			
— Basic and diluted (RMB)	*12*	**0.118**	0.136

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	**2021** *RMB'000*	2020 *RMB'000*
Non-current assets			
Property, plant and equipment and right-of-use assets		**11,673**	13,327
Intangible assets		**2,403**	2,015
Deferred income tax assets		**7,369**	7,442
Investment in associates		**2,450**	1,470
Other receivables and prepayments	*13*	**5,880**	—
		29,775	24,254
Current assets			
Inventories		**8,349**	7,647
Trade and other receivables and prepayments	*13*	**449,579**	180,048
Financial assets at fair value through profit or loss		**—**	3,540
Pledged bank deposit		**250,851**	242
Cash and cash equivalents		**499,983**	229,212
		1,208,762	420,689
Current liabilities			
Trade and other payables	*14*	**249,562**	207,269
Contract liabilities		**107,753**	111,845
Lease liabilities		**3,420**	2,925
Current income tax liabilities		**17,022**	31,850
		377,757	353,889
Net current assets		**831,005**	66,800
TOTAL ASSETS LESS CURRENT LIABILITIES		**860,780**	91,054

	Notes	2021 RMB'000	2020 RMB'000
Non-current liabilities			
Lease liabilities		**569**	2,626
		569	2,626
NET ASSETS		**860,211**	88,428
Capital and reserves			
Share capital	*15*	**8,462**	—
Reserves		**827,195**	75,870
Equity attributable to owners of the Company		**835,657**	75,870
Non-controlling interests		**24,554**	12,558
TOTAL EQUITY		**860,211**	88,428

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1 GENERAL INFORMATION

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

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

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

These consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

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

2 BASIS OF PRESENTATION

Prior to the completion of the reorganisation (the "**Reorganisation**") as described below, the listing business was principally operated by Dexin Shengquan Property Services Co., Ltd. ("**Shengquan Property**") and its subsidiaries and certain fellow subsidiaries controlled by Mr. Hu in the PRC (the "**Listing Business**"). The Listing Business is controlled by Mr. Hu.

Prior to the completion of the Reorganisation, Shengquan Property also held certain subsidiaries engaged in other business not relating to the Listing Business (the "**Excluded Business**"). The Listing Business and the Excluded Business are operated independently and managed by different management teams.

In preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Listing**"), the Reorganisation was undertaken pursuant to which the group companies engaged in the Listing Business and controlled by Mr. Hu were transferred to the Company. The Reorganisation involves the following major steps:

(a) In August and September 2020, Shengquan Property acquired certain fellow subsidiaries engaged in the Listing Business from the entities controlled by Mr. Hu at total consideration of RMB72,665,000.

(b) In September 2020, Shengquan Property disposed certain subsidiaries engaged in the Excluded Business to the entities controlled by Mr. Hu at a total consideration of RMB7,596,000.

(c) On 21 October 2020, one of the shareholders of Shengquan Property transferred 7.5% equity interest in Shengquan Property to a pre-IPO investor. Upon completion of the transfer, Shengquan Property was 74.3% indirectly held by a company controlled by Mr. Hu and 25.7% by two other shareholders.

(d) The Company was incorporated in the Cayman Islands on 22 October 2020 which is held 74.3% by Shengfu International Limited ("**Shengfu International**", an entity controlled by Mr. Hu) and 25.7% by two other shareholders.

(e) Shengping International Limited ("**Shengping International**") was incorporated in the BVI on 26 October 2020 and held by the Company.

(f) On 2 November 2020, Sheng Quan Holding (Hong Kong) Limited ("**Shengquan HK**") was incorporated in Hong Kong by Shengping International.

(g) On 1 November 2020, Zhi Da Xiao Rui (Hong Kong) Limited ("**Zhida Xiaorui**"), an entity controlled by another pre-IPO investor, agreed to inject HK$8,900,000 (equivalent to approximately RMB7,508,000) to Shengquan Property in return of 5% of its equity interest.

(h) On 16 November 2020, Zhejiang Shengquan Technology Co, Ltd. ("**Shengquan Technology**") was incorporated and held by Shengquan HK.

(i) On 16 November 2020, Shengquan Technology acquired 95% equity interest in Shengquan Property at a consideration of RMB55,800,000 from its then shareholders. Upon completion of the transaction, Shengquan Property was 95% owned by Shengquan Technology and 5% owned by Zhida Xiaorui.

(j) On 30 December 2020, the Company acquired the immediate holding company of Zhida Xiaorui and as exchange by issuing 5% shares of the Company. Upon completion of such equity transfer, the Company indirectly owns 100% equity interests of Shengquan Property and the Company was then owned as to 70.6% by Shengfu International.

After the completion of Reorganisation steps as described above, the Company became the holding company of the subsidiaries now comprising the Group.

Immediately prior to and after the Reorganisation, the Listing Business is conducted through Shengquan Property and its subsidiaries and certain fellow subsidiaries which were all ultimately controlled by Mr. Hu. The Listing Business has been ultimately controlled by Mr. Hu. Pursuant to the Reorganisation, the Listing Business are transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management and the ultimate owner of the Listing Business remained the same. The Group is presented using the carrying values of the Listing Business for both years presented.

3 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise Hong Kong Financial Reporting Standards (the "**HKFRS**"); Hong Kong Accounting Standards (the "**HKAS**"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

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

4 SEGMENT INFORMATION

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

During the years ended 31 December 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).

5 REVENUE

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

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with 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

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 for the years ended 31 December 2020 and 2021.

Disaggregation of revenue from contracts with customers:

The major operating entities of the Group are domiciled in the PRC. Accordingly, all the Group's revenues were derived in the PRC for the year ended 31 December 2021 and 2020.

	2021	2020
	RMB'000	*RMB'000*
Timing of revenue recognition		
Over time	**764,910**	606,492
At a point in time	**105,512**	85,827
	870,422	692,319

Unsatisfied performance obligations

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

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

6 OTHER INCOME

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

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

7 OTHER (LOSSES)/GAINS — NET

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Exchange losses	**(12,504)**	—
Net fair value gains on financial assets at fair value through profit or loss	**—**	2,548
Others	**921**	(631)
	(11,583)	1,917

8 FINANCE INCOME/(COST) — NET

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

9 INCOME TAX EXPENSES

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Current tax — PRC Enterprise Income Tax ("**EIT**")		
— Provision for the year	**35,303**	27,401
Deferred tax	**73**	3,113
	35,376	30,514

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

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

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

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

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

The reconciliation between income tax expense and the product of profit before tax at applicable tax rates is as follows:

	2021	2020
	RMB'000	*RMB'000*
Profit before taxation	**145,426**	136,321
Tax calculated at applicable income tax rate of 25%	**36,356**	34,080
Preferential income tax rates applicable to certain companies comprising the Group	**(1,622)**	(3,050)
Tax effect of income not taxable and expenses not deductible for tax purposes	**3,775**	(516)
Utilisation of tax losses previously not recognised	**(3,133)**	—
	35,376	30,514

10 PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

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

	2021	2020
	RMB'000	*RMB'000*
Auditor's remuneration	**3,000**	—
Depreciation of property, plant and equipment and right-of-used assets	**10,688**	7,855
Amortisation of intangible assets	**554**	155
Listing expenses	**13,123**	12,285
(Reversal of)/impairment loss on trade and other receivables	**(682)**	2,656
Loss on disposal/written off of property, plant and equipment	**31**	—
Staff costs including directors' emoluments:		
Wages, salaries and bonuses	**224,482**	166,985
Social insurance expenses and housing benefits *(Note (i))*	**35,572**	17,273
Other employee benefits	**13,387**	11,451
Total staff costs	**273,441**	195,709

Note:

(i) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the employee salary to the scheme to fund the retirement benefits of the employees.

The decrease of other employee benefits for the year ended 31 December 2020 was mainly due to the exemption of social insurance according to security relief policies issued by the Ministry of Human Resources and Social Security and local municipal departments affected by Coronavirus Disease 2019 ("**COVID-19**").

11 DIVIDENDS

The Board of Directors of the Company proposed a final dividend of HK$0.059 per ordinary share out of the share premium account, totalling approximately HK$59,994,000. 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.

12 EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the profit for the year attributable to the owners of the Company of approximately RMB98,222,000 (2020: RMB97,190,000) and on the weighted average number of shares in issue during the year of approximately 873,040,255 (2020: 716,582,598).

In determining the weighted average number of ordinary shares in issue for the year ended 31 December 2021 and 2020, the ordinary shares issued as on the date of incorporation of the Company and the corresponding capitalisation issue (note 15) of 712,249,712 shares were deemed to be issued on 1 January 2020 as if the Company has been incorporated by then. The ordinary shares of 37,749,288 were deemed to be issued on 20 November 2020 (the date of capital injected by a third party investor in Shengquan Property (note 2(g)).

No diluted loss per share is presented as the Company had no potential ordinary shares outstanding for the years ended 31 December 2021 and 2020.

13 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2021	2020
	RMB'000	*RMB'000*
Current:		
Trade receivables		
— Related parties *(Note (a))*	**29,945**	26,162
— Third parties *(Note (a))*	**169,034**	119,923
Less: allowance for impairment of trade receivables	**(17,642)**	(16,604)
	181,337	129,481
Other receivables		
— Deposits	**79,975**	12,416
— Payments on behalf of property owners	**27,476**	20,462
— Others	**1,324**	553
Less: allowance for impairment of other receivables	**(5,056)**	(7,474)
	103,719	25,957
Prepayments		
— Prepayments for inventories	**19,204**	17,485
— Prepayments for listing expenses	**—**	3,462
— Other prepayments	**8,361**	3,663
	27,565	24,610
Loan receivables	**137,656**	—
Less: allowance for impairment of loan receivables	**(698)**	—
	136,958	—
	449,579	180,048
Non-current:		
— Third parties	**5,880**	—

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

As at 31 December 2020 and 2021, the ageing analysis of the trade receivables based on recognition date of trade receivables were as follows:

	2021	2020
	RMB'000	*RMB'000*
0 to 180 days	**145,674**	90,180
181 to 365 days	**7,127**	11,035
1 to 2 years	**30,987**	19,255
2 to 3 years	**5,481**	18,910
3 to 4 years	**5,664**	2,678
Over 4 years	**4,046**	4,027
	198,979	146,085

14 TRADE AND OTHER PAYABLES

		2021	2020
	Note	***RMB'000***	*RMB'000*
Trade payables			
— Related parties	*(a)*	**25**	105
— Third parties		**86,977**	62,226
		87,002	62,331
Other payables			
— Deposits		**35,143**	28,137
— Amounts temporarily received from/on behalf of property owners		**79,336**	57,990
— Amounts due to related parties		**740**	338
— Amounts due to non-controlling interests		**1,172**	1,172
— Payables for listing expenses		**1,231**	11,207
— Accrued payroll		**24,428**	30,759
— Other taxes payables		**15,116**	13,262
— Other accrued expenses		**5,394**	2,073
		162,560	144,938
		249,562	207,269

Note:

(a) The aging analysis of trade payables based on the invoice date were as follow:

	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**72,841**	58,996
After 1 year but within 2 years	**13,075**	1,996
After 2 year but within 3 years	**1,022**	843
Over 3 years	**64**	496
	87,002	62,331

15 SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares	Amount equivalent to *RMB'000*
Authorised:			
Shares of the Company with nominal value of HK$0.01 each			
At 22 October 2020 (date of incorporation), 31 December 2020 and 1 January 2021 *(a)*	38,000,000	380,000	334
Addition *(b)*	4,962,000,000	49,620,000	43,613
At 31 December 2021	5,000,000,000	50,000,000	43,947
Issued and fully paid:			
At 22 October 2020 (date of incorporation) *(a)*	1,000	10	—
Addition *(c)*	53	1	—
As at 31 December 2020 and 1 January 2021	1,053	11	—
Capitalisation issue on 21 June 2021 *(d)*	**749,998,947**	**7,499,989**	**6,241**
Company's listing *(e)*	**266,851,000**	**2,668,510**	**2,221**
At 31 December 2021	**1,016,851,000**	**10,168,510**	**8,462**

(a) 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 HK$0.01 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 HK$380,000 to HK$50,000,000, divided into 5,000,000,000 shares with a par value of HK$0.01 each.

(c) On 30 December 2020, the Company issued 53 shares with a cash consideration of HK$1 to Createwisdom International Limited and the authorised number of ordinary shares of the Company was increased 1,053 with a par value of HK$0.01 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 HK$7,499,989.47 (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 HK$3.06 per share. Gross proceeds from the issue amounted to HK$816,564,000 (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.

16 FINANCIAL GUARANTEE CONTRACT

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

On 29 December 2021 and 6 January 2022, Shanghai Xuquan entered into the 3 pledge contracts with Ping An Bank to pledge the certificate of deposit of a total value of RMB300 million and 204.5 million, respectively. In December 2021 and January 2022, Shanghai Xuquan pledged the certificates of deposit to Ping An Bank of a total value of RMB250.6 million and RMB504.5 million, respectively, in order to provide guarantees for Hangzhou Ruiyang, for the amount of RMB496 million by way of pledge. Shanghai Xuquan will receive an aggregate of 10.1% of the total amount of the pledge contracts as the income (including the 2.1% interest income per year generated from the pledge contracts and 8% guarantee fee per year from the guarantee agreement). The financial guarantee contract was effective in January 2022 which is the issuance of bills by Hangzhou Ruiyang and commencement of the borrowing. For details of the financial guarantee contract, please refer to the announcement dated 22 April 2022.

Up to the date of this announcement, all guarantees in favour of Ping An Bank provided by the Shanghai Xuquan are released.

17 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 the date of this announcement, the transactions has 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.

As the saying goes, "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 new industries. The fierce competition on an enterprise scale imposes higher requirements for the independent expansion capacities of property management companies, while encouraging them to explore differentiated development. As a key service industry for "getting through the last mile", in a year of "dark clouds overshadowing 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 continuing our expansion in many aspects. In 2021, with the industry being 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 have always adhered to the market development strategy on quality expansion, gave full play to 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 fosters 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 (sq.m.) and 31.11 million sq.m., respectively. Among the new GFA under management during the year, 71% is from third parties, which enables 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, our ranking in the Top 100 Property Management Companies in the PRC organized by China Index Academy (CIA) evaluation moved up to the 25th place. Leveraging our high-quality services and brand capabilities, we successfully signed contracts for The 19th Asian Games Hangzhou 2022 as an officially designated property management 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 management services gradually meet the increasingly refined demands of property owners. Under the general policy background of "promoting consumption and expanding internal demands" and "property service + life service", the Group's community value-added 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 taking full advantage of 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 resurgence of the pandemic which 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 management 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, but also a key to facilitate the upgrading of property management 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 management 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 management 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 the provision of (i) sales office management services; (ii) preliminary planning and design consultancy services; (iii) property inspection and repair services; and (iv) 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 enlarge 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 strengthening 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 to help the Group 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 projects	**GFA** ***(sq.m.'000)*** **(Audited)**	**Number of projects**	**GFA** ***(sq.m.'000)*** **(Audited)**	Number of projects	GFA *(sq.m.'000)* (Audited)	Number of projects	GFA *(sq.m.'000)* (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)
As of the end of the period	**309**	**46,363**	**233**	**31,110**	241	38,032	175	24,905

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	**Revenue**	**Percentage**	GFA under management	Revenue	Percentage
	sq.m.'000	***RMB'000***	***%***	*sq.m.'000*	*RMB'000*	*%*
	(Audited)	**(Audited)**	**(Audited)**	(Audited)	(Audited)	(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	**20,566**	**267,809**	**52.8**	16,151	216,596	58.5
	31,110	**507,083**	**100.0**	24,905	370,415	100.0

Our Geographical Presence

Zhejiang Province and the Yangtze River Delta Region are among the most economically developed regions in the PRC, with higher urbanisation rates and resident disposable income. Most of our service projects are concentrated in cities with higher competitive pricing levels. We continue to expand into first-tier and second-tier cities nationwide, and continue to increase the GFA under management and income from core cities outside Zhejiang Province and the Yangtze River Delta Region, further intensifying our competitive strength in the property management service 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	**Revenue**	**Percentage**	GFA under management	Revenue	Percentage
	sq.m.'000	***RMB'000***	***%***	*sq.m.'000*	*RMB'000*	*%*
	(Audited)	**(Audited)**	**(Audited)**	(Audited)	(Audited)	(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
	31,110	**507,083**	**100.0**	24,905	370,415	100.0

Portfolio of Properties under Management

While the majority of properties under our management are primarily attributable to residential properties, we have 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. For the year ended 31 December 2021, we had 38 new non-residential projects. We believe that by accumulating our experience and recognition for the quality of our property management services provided 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	**Revenue**	**Percentage**	GFA under management	Revenue	Percentage
	sq.m.'000	***RMB'000***	***%***	*sq.m.'000*	*RMB'000*	*%*
	(Audited)	**(Audited)**	**(Audited)**	(Audited)	(Audited)	(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
	31,110	**507,083**	**100.0**	24,905	370,415	100.0

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 generally remained stable.

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	Revenue	**Percentage**	Revenue	Percentage
	RMB'000	***%***	*RMB'000*	*%*
	(Audited)	**(Audited)**	(Audited)	(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
	180,914	**100.0**	178,781	100.0

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 for the same period in 2020. Such increase is primarily attributable to the increase in revenue from home decoration services as well as community retail and home services business during the Reporting Period.

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	Revenue	**Percentage**	Revenue	Percentage
	RMB'000	***%***	*RMB'000*	*%*
	(Audited)	**(Audited)**	(Audited)	(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
	182,425	**100.0**	143,123	100.0

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 RMB692.3 million for 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		
	Revenue	**Percentage**	Revenue	Percentage	**Change**
	RMB'000	***%***	*RMB'000*	*%*	
	(Audited)	**(Audited)**	(Audited)	(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%**
	870,422	**100.0**	692,319	100.0	**25.7%**

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 its third party customer base. The increase in revenue from community value-added services was mainly attributable 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 primarily comprises 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 % (Audited)	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%
	34.4	34.1	0.3%

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 costs of 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 78.3% 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 RMB146.3 million, representing an increase of approximately 49.7% 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 RMB0.7 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 were attributable to the reversal of loss allowance on other receivables of RMB1.7 million, which was partially offset by the provision of impairment loss on trade receivables of RMB1.0 million during the year ended 31 December 2021.

Other Income

In 2021, other income 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 net (losses)/gains

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 currency exchange losses recorded in the Reporting 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 16.1% from approximately RMB30.5 million for the same period in 2020 to approximately RMB35.4 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 RMB110.1 million, representing an increase of approximately 4.1% as compared with approximately RMB105.8 million for the same period in 2020. Net profit margin was 12.6%, representing a decrease of 2.7% as compared with 15.3% for the same period in 2020. The basic and diluted earnings per share of the Company was RMB0.118 per share.

Trade and other receivables and prepayments

As of 31 December 2021, trade and other receivables and prepayments amounted to RMB449.6 million, representing an increase of 149.8% 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 RMB249.6 million, representing an increase of approximately RMB42.3 million or 20.4% 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 the increase in 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 of the Company on 15 July 2021 (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 as at 31 December 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 borrowings from banks or other financial institutions and the gearing ratio (total borrowings divided by total equity) was nil (31 December 2020: nil). As of 31 December 2021, the Group did not have any unused facilities from banks and other financial institutions (31 December 2020: nil).

Foreign exchange risk

Substantially all of the Group's assets, revenues and expenditures are denominated in Renminbi ("**RMB**"), except for cash and cash equivalent and restricted fund denominated in Hong Kong dollars ("**HKD**") and in United States dollars ("**USD**"). No other significant assets, revenues and expenditures are denominated in other currencies. Save as aforesaid, the Group did not have any other material direct exposure to foreign exchange fluctuations for the year ended 31 December 2021. 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 arrangements for significant foreign currency exposure should the need arise.

CAPITAL COMMITMENTS

As of 31 December 2021, the Group did not have any capital commitments that were contracted but not provided.

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

Apart from restricted cash amounting to RMB250,851,000, the Group did not pledge any of its assets as of 31 December 2021 (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 (any investments with a fair value of 5% or more of its total assets) and there were no material acquisitions and disposals 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 security 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 *HKD million*	Actual use of proceeds for the year ended 31 December 2021 *HKD million*	Unutilised amount as at 31 December 2021 *HKD million*	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 HKD59,994,000 which is expected to be distributed on or before 29 July 2022 to Shareholders.

The payment of the Final Dividend is subject to the approval of the Shareholders at the annual general meeting to be held in 2022 (the "**2021 AGM**").

ANNUAL GENERAL MEETING

The forthcoming 2021 AGM will be held on Wednesday, 6 July 2022 and its notice and all other relevant documents will be published and despatched to the Shareholders in June 2022.

CLOSURE OF REGISTER OF MEMBERS

(a) For determining the entitlement of the shareholders to attend and vote at the 2021 AGM

The register of members of the Company will be closed from Thursday, 30 June 2022 to Wednesday, 6 July 2022, both days inclusive and during which no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2021 AGM. In order to be eligible to attend and vote at the 2021 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 pm on Wednesday, 29 June 2022.

(b) For determining the entitlement to the proposed final dividend

The register of members of the Company will be closed from Monday, 18 July 2022 to Tuesday, 19 July 2022 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible for the proposed final dividend, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 15 July 2022.

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 (the "**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 to the date of this announcement, the Company has complied with all the applicable code provisions set out in the CG Code. The Board will continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company, and disclose its compliance with the CG 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 to the date of this announcement.

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 (the "**Audit Committee**") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee comprises 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. The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and auditing, internal controls and financial reporting matters, and the Company's policies and practices on corporate governance. The Audit Committee has also reviewed and discussed with the management the audited consolidated financial statements of the Group for the year ended 31 December 2021.

Scope of work of Zhonghui Anda

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2021 as set out in the Preliminary Results Announcement have been agreed by the Group's auditors, Zhonghui Anda, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Zhonghui Anda in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Zhonghui Anda on the Preliminary Results Announcement.

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

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk), as well as the website of the Company (www.dexinfuwu.com). The annual report will be despatched to the shareholders of the Company and will be made available on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 27 May 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.