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## **Dexin Services Group Limited**

### **德信服务集团有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2215)**

## **UNAUDITED INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022**

### **FINANCIAL HIGHLIGHTS**

- Revenue for the six months ended 30 June 2022 (the “**Reporting Period**”) amounted to approximately RMB485.1 million, representing an increase of 6.3% as compared with the corresponding period of 2021 (the “**2021 Interim Period**”).
- Gross profit for the Reporting Period amounted to approximately RMB154.1 million, representing a decrease of 6.9% as compared with the 2021 Interim Period.
- Gross profit margin for the Reporting Period was 31.8%, representing a decrease of 4.5% as compared with the 2021 Interim Period.
- Profit for the Reporting Period amounted to approximately RMB88.6 million, representing an increase of 22.0% as compared with the 2021 Interim Period.
- Earnings per share for the Reporting Period amounted to approximately RMB0.084 per share, representing a decrease of 3.4% as compared with the 2021 Interim Period.
- The Board does not recommend the payment of an interim dividend for the Reporting Period.

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

		<b>For the six months ended</b>	
		<b>30 June</b>	
	<i>Notes</i>	<b>2022</b>	2021
		<b>RMB’000</b>	RMB’000
		<b>(unaudited)</b>	(unaudited)
Revenue	3	<b>485,148</b>	456,432
Cost of sales		<b>(331,024)</b>	(290,901)
Gross profit		<b>154,124</b>	165,531
Other income	5	<b>18,068</b>	3,715
Other gains — net	6	<b>3,742</b>	236
Share of result of associates		<b>(4)</b>	—
Share of result of a joint venture		<b>(1)</b>	—
Selling and marketing expenses		<b>(6,997)</b>	(4,277)
Administrative expenses		<b>(58,668)</b>	(69,563)
Impairment loss on trade and other receivables		<b>(5,597)</b>	(2,729)
Operating profit		<b>104,667</b>	92,913
Interest income		<b>8,955</b>	990
Finance costs		<b>(783)</b>	(113)
Finance income — net	7	<b>8,172</b>	877
<b>Profit before taxation</b>		<b>112,839</b>	93,790
Income tax expenses	8	<b>(24,238)</b>	(21,164)
<b>Profit and total comprehensive income for the period</b>	9	<b>88,601</b>	72,626

		For the six months ended	
		30 June	
		2022	2021
		RMB'000	RMB'000
Notes		(unaudited)	(unaudited)
<b>Profit and total comprehensive income for the period attributable to:</b>			
	Owners of the Company	85,395	65,146
	Non-controlling interests	3,206	7,480
		<u>88,601</u>	<u>72,626</u>
<b>Earnings per share</b>			
	— Basic and diluted (RMB)	0.084	0.087
		<u>0.084</u>	<u>0.087</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2022**

		<b>30 June 2022</b>	<b>31 December 2021</b>
	<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(unaudited)</b>	<b>(audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment and right-of-use assets		<b>11,569</b>	11,673
Intangible assets		<b>2,449</b>	2,403
Deferred income tax assets		<b>8,741</b>	7,369
Investment in associates		<b>8,816</b>	2,450
Investment in a joint venture		<b>249</b>	—
Other receivables and prepayments	<i>12</i>	<b>1,000</b>	5,880
		<b>32,824</b>	29,775
<b>Current assets</b>			
Inventories		<b>8,579</b>	8,349
Trade and other receivables and prepayments	<i>12</i>	<b>523,053</b>	449,579
Financial assets at fair value through profit or loss		<b>1,000</b>	—
Pledged bank deposit		<b>242</b>	250,851
Cash and cash equivalents		<b>826,643</b>	499,983
		<b>1,359,517</b>	1,208,762
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>256,520</b>	249,562
Contract liabilities		<b>136,871</b>	107,753
Bank borrowings		<b>47,000</b>	—
Lease liabilities		<b>2,927</b>	3,420
Current income tax liabilities		<b>31,404</b>	17,022
		<b>474,722</b>	377,757
<b>Net current assets</b>		<b>884,795</b>	831,005
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>917,619</b>	860,780

		<b>30 June 2022</b>	<b>31 December 2021</b>
	<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(unaudited)</b>	<b>(audited)</b>
<b>Non-current liabilities</b>			
Lease liabilities		<u>1,605</u>	<u>569</u>
		<u>1,605</u>	<u>569</u>
<b>NET ASSETS</b>		<u><b>916,014</b></u>	<u><b>860,211</b></u>
<b>Capital and reserves</b>			
Share capital	15	<b>8,462</b>	8,462
Reserves		<u><b>891,131</b></u>	<u>827,195</u>
<b>Equity attributable to owners of the Company</b>		<b>899,593</b>	835,657
Non-controlling interests		<u><b>16,421</b></u>	<u>24,554</u>
<b>TOTAL EQUITY</b>		<u><b>916,014</b></u>	<u><b>860,211</b></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 1. GENERAL INFORMATION

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 Group is 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 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 condensed consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. RMB is the functional currency of the Company and the Company's subsidiaries.

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2021 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2021.

### 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2022. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("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 consolidated financial statements and amounts reported for the current period 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 condensed consolidated financial statements of the Group.

### 3. REVENUE

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

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Revenue from contracts with customers:</b>		
Property management services	285,191	242,255
Value-added services to non-property owners	100,842	109,340
Community value-added services	99,115	104,837
	<u>485,148</u>	<u>456,432</u>

#### 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 six months ended 30 June 2022 and 2021.

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Timing of revenue recognition</b>		
Over time	439,861	393,259
At a point in time	45,287	63,173
	<u>485,148</u>	<u>456,432</u>

### 4. SEGMENT INFORMATION

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

For the six months ended 30 June 2022 and 2021, the Group is principally engaged in the provision of property management services, community value-added services, and value-added services to non-property owners. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The principal operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC for the six months ended 30 June 2022 and 2021.

As at 30 June 2022 and 31 December 2021, all of the non-current assets of the Group were located in the PRC.

## 5. OTHER INCOME

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants ( <i>note</i> )	2,838	2,831
Value-added tax deductibles	933	884
Income from financial guarantee contract	14,297	—
	<u>18,068</u>	<u>3,715</u>

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

## 6. OTHER GAINS — NET

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net fair value gains on financial assets at fair value through profit or loss	—	279
Recognition of financial guarantee contract	(30,000)	—
Derecognition of financial guarantee contract	30,000	—
Exchange gain	2,419	—
Others	1,323	(43)
	<u>3,742</u>	<u>236</u>



## 7. FINANCE INCOME — NET

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Finance income</b>		
Interests income from bank deposits	5,558	990
Interests income from borrowings	<u>3,397</u>	<u>—</u>
	<u>8,955</u>	<u>990</u>
<b>Finance costs</b>		
Interest expenses for borrowings	(711)	—
Interest expenses on lease liabilities	<u>(72)</u>	<u>(113)</u>
	<u>(783)</u>	<u>(113)</u>
	<u><u>8,172</u></u>	<u><u>877</u></u>

## 8. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax — PRC Enterprise Income Tax (“EIT”):		
— Provision for the period	25,610	20,390
Deferred tax:	<u>(1,372)</u>	<u>774</u>
	<u><u>24,238</u></u>	<u><u>21,164</u></u>

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 period, 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**”) in 2021 and 2022.

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.

## 9. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

The Group’s profit for the period is stated after charging the following:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	2021
	<b>RMB’000</b>	RMB’000
	<b>(Unaudited)</b>	(Unaudited)
Directors’ remuneration	<b>1,138</b>	871
Depreciation of property, plant and equipment and right-of-used assets	<b>5,276</b>	4,340
Amortisation of intangible assets	<b>241</b>	374
Listing expenses	—	12,364
Loss on disposal/written off of property, plant and equipment	<b>1</b>	—

## 10. DIVIDEND

A final dividend of the year ended 31 December 2021 of HK\$0.059 (equivalent to RMB0.048) per ordinary share totalling approximately HK\$59,994,000 (equivalent to approximately RMB51,543,000) was approved by the Company’s shareholders annual general meeting on 6 July 2022.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

## 11. EARNINGS PER SHARE

The calculation of the basic earnings per share for the period is based on the profit for the period attributable to the owners of the Company of approximately RMB85,395,000 (2021: RMB65,146,000) and on the weighted average number of shares in issue during the period of approximately 1,016,851,000 (2021: 750,000,000).

In determining the weighted average number of ordinary shares in issue for the six months ended 30 June 2022 and 2021, the ordinary shares issued as on the date of incorporation of the Company and the corresponding capitalisation issue (note 15) of 749,998,947 shares were deemed to be issued on 1 January 2021 as if the Company had been incorporated by then.

No diluted earning per share is presented as the Company had no potential ordinary shares outstanding for the six months ended 30 June 2022 and 2021.

## 12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

		30 June 2022 <i>RMB'000</i> (unaudited)	31 December 2021 <i>RMB'000</i> (audited)
	Note		
<b>Current:</b>			
Trade receivables			
— Related parties	(a)	120,258	29,945
— Third parties	(a)	241,019	169,034
		<u>361,277</u>	<u>198,979</u>
Less: allowance for impairment of trade receivables		<u>(21,423)</u>	<u>(17,642)</u>
		<u>339,854</u>	<u>181,337</u>
Other receivables			
— Deposits		75,121	79,975
— Payments on behalf of property owners		48,294	27,476
— Others		5,947	1,324
Less: allowance for impairment of other receivables		<u>(5,942)</u>	<u>(5,056)</u>
		<u>123,420</u>	<u>103,719</u>
Prepayments			
— Prepayments for inventories		19,574	19,204
— Other prepayments		<u>9,264</u>	<u>8,361</u>
		<u>28,838</u>	<u>27,565</u>
Loan receivables		32,569	137,656
Less: allowance for impairment of loan receivables		<u>(1,628)</u>	<u>(698)</u>
		<u>30,941</u>	<u>136,958</u>
		<u>523,053</u>	<u>449,579</u>
<b>Non-current:</b>			
— Third parties		<u>1,000</u>	<u>5,880</u>

*Note:*

- (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 30 June 2022 and 31 December 2021, the aging analysis of the trade receivables based on recognition date of trade receivables were as follows:

	<b>30 June 2022 RMB'000 (unaudited)</b>	<b>31 December 2021 RMB'000 (audited)</b>
0 to 180 days	248,973	145,674
181 to 365 days	62,995	7,127
1 to 2 years	33,591	30,987
2 to 3 years	6,565	5,481
3 to 4 years	5,287	5,664
Over 4 years	3,866	4,046
	<b>361,277</b>	<b>198,979</b>

### 13. TRADE AND OTHER PAYABLES

	<b>30 June 2022 RMB'000 (unaudited)</b>	<b>31 December 2021 RMB'000 (audited)</b>
	<i>Note</i>	
Trade payables	(a)	
— Related parties	7	25
— Third parties	87,689	86,977
	<b>87,696</b>	<b>87,002</b>
Other payables		
— Deposits	35,604	35,143
— Amounts temporarily received from/on behalf of property owners	99,900	79,336
— Amounts due to related parties	1,295	740
— Amounts due to non-controlling interests	1,307	1,172
— Payables for listing expenses	—	1,231
— Accrued payroll	11,688	24,428
— Other taxes payables	16,502	15,116
— Other accrued expenses	2,528	5,394
	<b>168,824</b>	<b>162,560</b>
	<b>256,520</b>	<b>249,562</b>

*Note:*

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

	<b>30 June 2022 RMB'000 (unaudited)</b>	31 December 2021 RMB'000 (audited)
Within 1 year	<b>83,551</b>	72,841
After 1 year but within 2 years	<b>3,173</b>	13,075
After 2 year but within 3 years	<b>853</b>	1,022
Over 3 years	<b>119</b>	64
	<b>87,696</b>	87,002

#### 14. FINANCIAL GUARANTEE CONTRACT

On 29 December 2021, Shanghai Xuquan Trading Co., Ltd. (上海栩全商貿有限公司) (“**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) (“**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 (“**Ping An Bank**”) and receive 8% guarantee fee from Hangzhou Ruiyang.

On 29 December 2021 and 6 January 2022, Shanghai Xuquan entered into 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 Hangzhou Ruiyang issuance of bills and commencement of the borrowing.

During the six months ended 30 June 2022, all guarantees in favour of Ping An Bank provided by the Shanghai Xuquan were released.

## 15. SHARE CAPITAL

	Number of ordinary shares	Nominal value ordinary shares	Amount equivalent to RMB'000
<b>Authorised:</b>			
Shares of the Company with nominal value of HK\$0.01 each			
At 1 January 2021	38,000,000	380,000	334
Addition (Note (a))	<u>4,962,000,000</u>	<u>49,620,000</u>	<u>43,613</u>
At 31 December 2021 and 30 June 2022	<u>5,000,000,000</u>	<u>50,000,000</u>	<u>43,947</u>
<b>Issued and fully paid:</b>			
At 1 January 2021	1,053	11	—
Capitalisation issue on 21 June 2021 (Note (b))	749,998,947	7,499,989	6,241
Company's listing (Note (c))	<u>266,851,000</u>	<u>2,668,510</u>	<u>2,221</u>
At 31 December 2021 and 30 June 2022	<u>1,016,851,000</u>	<u>10,168,510</u>	<u>8,462</u>

### Notes:

- (a) Pursuant to the written resolutions passed by the shareholders of the Company 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.
- (b) Pursuant to the written resolutions of the shareholder of the Company 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 were authorized to capitalize an amount of HK\$7,499,989.47 (equivalent to RMB6,241,000) 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.
- (c) On 15 July 2021, the Company issued a total of 250,000,000 ordinary shares at a price of HK\$3.06 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. EVENTS AFTER THE REPORTING PERIOD**

### **Major and Continuing Connected Transactions**

On 9 June 2022, the Company entered into the parking space leasing and sales agency services framework agreement with Dexin China Holdings Company Limited, pursuant to which, the Group will provide exclusive parking spaces sales and leasing agency services in respect of the target parking spaces to Dexin China Group to facilitate the sales and leasing activities of parking space properties.

### **Repurchase of shares**

On 15 July 2022, 19 July 2022, 20 July 2022, 21 July 2022 and 25 July 2022, the Company repurchased 11,105,000 shares, 2,921,000 shares, 4,676,000 shares, 3,783,000 shares and 4,905,000 shares. The total amount paid to acquire the shares was approximately HK\$81,782,000 (equivalent to RMB69,819,000) and has been deducted from the share capital and share premium account.

## CHAIRMAN'S STATEMENT

On behalf of the Board, I hereby present the unaudited interim results of the Group for the six months ended 30 June 2022.

No change of soaring aspirations amidst vicissitudes and embrace the future with high spirit and determination. In the first six months of 2022, the economic situation experienced transmutation and vibration with many industries reaching their watershed and “shifting to slow growth”. It is a challenge of how an industry can safeguard no decline in service quality and enterprise can maintain its development pace under the current environment. Facing the “question of times” on development and stability, the Company firmly adhered to its main development focus, continued to iterate service quality and intensified stable development since its listing one year ago. It is time to renew and energise the ties with strengths, developed a new setup of corporate development with “stability”, responded to changes with confidence, sought development by embracing changes and improved capabilities with perseverance.

Only in hard times can courage be manifested and only sharpen one's edge can lead to success. Under the background of enormous industry changes during the first half of the year, the Company is still rosy about the long-term prospects of the property service industry and remains fully confident. All of its employees unswervingly anchored in the value chassis and constantly generated invincible and strong joint forces. With the strategic focus of “be timid before you become strong”, we proactively carried out reform and implemented measures to improve operation efficiency, continuously adapted to market fluctuations and marched forward in solid steps towards the Company's targets on operation and budget. In terms of market expansion, the Company continued to penetrate into core city clusters in the Yangtze River Delta region, tightly constructed market network and further improved the aggregation effect. With the takeover of newly-delivered projects in Wuhan, Chengdu, Suzhou and other cities, the Company successfully established presence in new regional markets. In the first six months of the year, the Company continued to maintain the advantages in the market-based operation capability and obtained more and more projects from third parties through market-based open competitions. Also, it vigorously expanded and developed commercial buildings, industrial buildings, urban services and other new types of businesses to achieve diversified development.



The road ahead is arduous and fraught with difficulties and relentless efforts are mandated. During the Reporting Period, the Company embraced new changes and reforms. In following industry development trends, the Company continuously refined service capability and introduced a series of new services, technologies and products. It improved service satisfaction through the iteration and upgrading of service systems. We developed the “Forever Young Programme (凍顏計劃)” for companion communities and offered exclusive UI butler standards and other featured services for commercial buildings. Entwining on the theme of “15-minute life circle”, the Company further consolidated the business foundations of community retails, asset operation, home decoration and other value-added businesses and developed a new pattern focusing on the tri-common development and progressive growth of “revenue, scale and brand” through high-quality and diversified development. In the first half of the year, the Company experienced the pandemic outbreak ordeal in Shanghai for two and a half months and also the phasal emergency lockdowns in Hangzhou, Quzhou and Jinhua in Zhejiang Province and Hefei in Anhui Province. However, we managed to achieve zero pandemic spread successfully in projects under management and recorded no significant service issues in communities during the quarantine.

It is more imperative to maintain strategic focus amid more serious market volatility. In facing market fluctuations, on the one hand, we will unwaveringly focus on the principal business of property services with full confidence, further temper endogenous power and expand industrial development boundaries to enhance corporate development resilience and improve enterprise capability in responding to crisis. On the other hand, we shall also devise plans with initiatives, face the challenges directly in efficiency enhancement and cost reduction and enhance cost control to improve enterprise operational efficiency. At the same time, we will constantly enhance customer stickiness, improve service quality and foster hardcore fans development.

Forge ahead with advancement and prepare well tirelessly. In facing the times with rapid changes, we still believe that with the further deepening of urbanisation in China, the property service industry is still of full of enormous development potential and robust vibrancy. In future, Dexin Services will continue to adhere to the strategic vision of being a “service provider of future urban life relationship”, strategically penetrate into the principal business of service, improve quality, upkeep existing capacity with incremental expansion, perform well in focusing on projects to enhance space efficiency. At the same time, we will vigorously develop new types of business, leverage on reasonable transmission mechanisms and calibrate product lines to develop new business growth drivers and branded product lines. We will respond to the questions of the industry, the times and the market with confidence, embracement of changes and perseverance and strive to achieve the medium- and long-term objective of becoming one of the leading property service provider in the PRC.

## MANAGEMENT DISCUSSION AND ANALYSIS

Dexin Services is a leading comprehensive property management service provider in Zhejiang Province. In the first half of 2022, the Group maintained a stable operation with steady improvement in efficiency and quality. In terms of comprehensive strengths, the Company was recognised as TOP24 among the Top 100 Property Management Service Companies in the PRC in 2022 by China Index Academy (“CIA”). Following the service concept of “Companion Service with Love (知己服務有愛相伴)”, we provide standardised and high-quality services for property owners and customers through diversified property and service portfolios. Our principal businesses include property management services, value-added services to non-property owners and community value-added services, covering the entire property management value chain.

## FINANCIAL REVIEW

### Revenue

For the Reporting Period, revenue of the Group amounted to approximately RMB485.1 million (2021 Interim Period: RMB456.4 million), representing an increase of 6.3% as compared with the 2021 Interim Period. The Group’s revenue was derived from three major business lines: (i) property management services; (ii) value-added services to non-property owners; and (iii) community value-added services.

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

	For the six months ended 30 June			
	2022		2021	
	<i>RMB'000</i>	<i>Percentage</i>	<i>RMB'000</i>	<i>Percentage</i>
Property management services	285,191	58.8%	242,255	53.0%
Value-added services to non-property owners	100,842	20.8%	109,340	24.0%
Community value-added services	99,115	20.4%	104,837	23.0%
<b>Total</b>	<b>485,148</b>	<b>100.0%</b>	<b>456,432</b>	<b>100.0%</b>

## Property Management Services

As an enterprise “having an operating business foothold in Zhejiang Province by deeply rooting into the Yangtze River Delta region and business presence nationwide”, we scaled up our business and increased market shares through endogenous expansion and strategic joint venture opportunities in the Reporting Period. For the Reporting Period, revenue from our property management services amounted to approximately RMB285.2 million, representing an increase of 17.7% as compared with approximately RMB242.3 million in the 2021 Interim Period. As at 30 June 2022, we had a total GFA under management of approximately 32.6 million sq.m., representing an increase of approximately 4.6 million sq.m. or growth rate of 16.4% as compared with approximately 28.0 million sq.m. in the 2021 Interim Period. The increase was primarily attributable to the increase in projects delivered by Dexin Group, as well as the increase in business with independent third parties.

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

	For the six months ended 30 June							
	2022				2021			
	Contracted projects		Projects under management		Contracted projects		Projects under management	
	<i>Number of projects</i>	<i>GFA</i>	<i>Number of projects</i>	<i>GFA</i>	<i>Number of projects</i>	<i>GFA</i>	<i>Number of projects</i>	<i>GFA</i>
	<i>(sq.m. '000)</i>		<i>(sq.m. '000)</i>		<i>(sq.m. '000)</i>		<i>(sq.m. '000)</i>	
As of the beginning of the Period	309	46,363	233	31,110	241	38,032	175	24,905
New engagements	21	1,967	14	1,385	39	5,533	30	3,340
Reserve transformation	0	0	6	480	—	—	—	—
Terminations	(4)	(332)	(4)	(332)	(1)	(244)	(1)	(244)
As of the end of the Period	<u>326</u>	<u>47,998</u>	<u>249</u>	<u>32,643</u>	<u>279</u>	<u>43,321</u>	<u>204</u>	<u>28,001</u>

A majority of our revenue from property management services is generated from services provided to properties developed by independent third-party property developers. As of 30 June 2022, we had 160 properties under our management that were developed by independent third-party property developers with a total GFA under management of approximately 21.8 million sq.m..

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

	As at 30 June					
	GFA '000 sq.m.	2022 Revenue RMB'000	Percentage	GFA '000 sq.m.	2021 Revenue RMB'000	Percentage
Properties developed by Dexin Group	7,059	76,158	26.7%	6,350	62,514	25.8%
Jointly developed properties	3,791	45,623	16.0%	3,412	40,375	16.7%
Properties developed by independent third-party property developers	21,793	163,410	57.3%	18,239	139,366	57.5%
<b>Total</b>	<b>32,643</b>	<b>285,191</b>	<b>100.0%</b>	<b>28,001</b>	<b>242,255</b>	<b>100.0%</b>

### 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 the Yangtze River Delta Region and Zhejiang Province, further intensifying our competitive strength in the property industry. As of 30 June 2022, our geographical presence has extended to 38 cities in China.

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

	As at 30 June					
	GFA '000 sq.m.	2022 Revenue RMB'000	Percentage	GFA '000 sq.m.	2021 Revenue RMB'000	Percentage
Zhejiang Province	20,605	215,652	75.6%	18,623	183,669	75.8%
Yangtze River Delta Region (excluding Zhejiang Province)	9,714	62,189	21.8%	8,394	53,753	22.2%
Other regions	2,324	7,350	2.6%	984	4,833	2.0%
<b>Total</b>	<b>32,643</b>	<b>285,191</b>	<b>100.0%</b>	<b>28,001</b>	<b>242,255</b>	<b>100.0%</b>

## Portfolio of Properties under Management

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

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

	As at 30 June					
	2022	Percentage	2021	Percentage	Percentage	Percentage
	GFA '000 sq.m.		GFA '000 sq.m.			
	Revenue RMB'000		Revenue RMB'000			
Residential properties	23,482	71.0%	20,426	68.7%		
Non-residential properties	9,161	29.0%	7,575	31.3%		
<b>Total</b>	<b>32,643</b>	<b>100.0%</b>	<b>28,001</b>	<b>100.0%</b>		

## Value-added Services to Non-property Owners

We offer a series of value-added services to non-property owners, which primarily include property developers. These services include: (i) sales office management services; (ii) preliminary planning and design consultancy services; (iii) property inspection and repair services; and (iv) commercial consulting services. In the Reporting Period, revenue from value-added services to non-property owners was approximately RMB100.8 million, representing a decrease of 7.8% compared with the 2021 Interim Period, which was due to the decreasing demand for services from co-developers due to the periodic effect of the PRC real estate market.

## Community Value-added Services

In terms of community value-added services, we offer a wide variety of community value-added services to make the living more convenient and to foster community attachment and sense of belonging. Customers of our community value-added services primarily include property owners, residents and property developers. These services primarily include (i) smart community solutions; (ii) property sales and assistance services; (iii) common area value-added services; (iv) clubhouse services; (v) home decoration services; and (vi) community retail and home services. During the Reporting Period, revenue from community value-added services was approximately RMB99.1 million, representing a decrease of 5.4% as compared with approximately RMB104.8 million in the 2021 Interim Period. Such decrease is primarily due to the reducing service demand from property owners due to the epidemic outbreak.

## Cost of Sales

The cost of sales of the Group is primarily comprised of (i) staff cost; (ii) security, cleaning and greening costs; and (iii) utilities and maintenance costs. For the Reporting Period, the cost of sales of the Group was approximately RMB331.0 million, representing an increase of 13.8% as compared with the 2021 Interim Period. The increase in cost of sales was mainly due to: (1) the increase in cost in line with the increase of the GFA under management and business scale during the period; and (2) we had invested more costs in cleaning, order and security as the epidemic outbreak continued.

## Gross Profit and Gross Profit Margin

Based on the abovementioned factors, the gross profit of the Group was approximately RMB154.1 million for the Reporting Period, representing a decrease of 6.9% as compared with approximately RMB165.5 million in the 2021 Interim Period. The gross profit margin decreased from 36.3% for the 2021 Interim Period to 31.8% in the Reporting Period.

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

	For the six months ended 30 June	
	2022	2021
Property management services	25.1%	27.4%
Value-added services to non-property owners	40.6%	41.7%
Community value-added services	42.0%	51.2%
<b>Total</b>	<b>31.8%</b>	<b>36.3%</b>

The Group's gross profit margin was affected by the combined gross profit margin of the three segments of basic property services, community value-added services and value-added services to non-property owners. The Group's gross profit margin decreased from 36.3% in the 2021 Interim Period to 31.8% in the current Reporting Period.

### **Other Income**

Other income increased from approximately RMB3.7 million for the 2021 Interim Period to approximately RMB18.1 million for the Reporting Period, primarily due to the interest income generated from guarantees we provided to a third party.

### **Other gains-net**

For the Reporting Period, the Group recorded other net gains of approximately RMB3.7 million (2021 Interim Period: approximately RMB0.2 million), primarily due to the increase in foreign exchange gains during the Reporting Period.

### **Selling and Marketing Expenses**

The selling and marketing expenses of the Group increased from approximately RMB4.3 million for the 2021 Interim Period to approximately RMB7.0 million for the Reporting Period, representing an increase of 62.8%, primarily due to 1) the increase in expenses paid to sales support and marketing personnel in line with revenue growth and business expansion, and 2) more sales and marketing expenses were invested for the brand building of the Company.

### **Administrative Expenses**

The administrative expenses of the Group decreased from approximately RMB69.6 million for the 2021 Interim Period to approximately RMB58.7 million for the Reporting Period, representing a decrease of 15.7%, which is primarily due to the decrease in listing expenses.

### **Impairment loss on trade and other receivables**

The impairment loss on trade and other receivables increased from approximately RMB2.7 million for the 2021 Interim Period to RMB5.6 million for the Reporting Period, primarily due to the increase in provision for bad debts.

### **Finance income-net**

The finance income-net of the Group increased from approximately RMB0.9 million for the 2021 Interim Period to RMB8.2 million for the Reporting Period, representing an increase of 811.1%. Such increase is primarily attributable to the increase in interest from bank deposits and interest income from borrowings.



## **Income Tax Expenses**

The income tax expenses of the Group increased 14.2% from approximately RMB21.2 million for the 2021 Interim Period to approximately RMB24.2 million for the Reporting Period. The effective income tax rate was 21.5% (2021 Interim Period: 22.6%), representing a decrease of 1.1% as compared with last year in general.

## **Profit**

As a result of the foregoing, the Group's net profit was approximately RMB88.6 million for the Reporting Period, representing an increase of 22.0% as compared with approximately RMB72.6 million for the 2021 Interim Period. Net profit margin was 18.3%, representing an increase of 2.4% as compared with 15.9% for the 2021 Interim Period. The profit attributable to the owners of the Company increased by approximately 31.2% from approximately RMB65.1 million for the 2021 Interim Period to approximately RMB85.4 million for the Reporting Period.

The basic and diluted earnings per share of the Company were RMB0.084 per share (2021 Interim Period: RMB0.087 per share).

## **LIQUIDITY AND CAPITAL RESOURCES**

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

The Group's principal sources of liquidity come from the proceeds from our business operations. The majority of the Group's cash and cash equivalents are denominated in RMB, which amounts to RMB826.9 million as of 30 June 2022, representing an increase of 10.1% from RMB750.8 million as of 31 December 2021.

At of 30 June 2022, the Group's current ratio (current assets/current liabilities) was 2.9 times (31 December 2021: 3.2 times).

As of 30 June 2022, the Group's bank borrowings was RMB47.0 million (31 December 2021: nil), and the gearing ratio (total borrowings divided by total equity) was 0.05 (31 December 2021: nil).

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

As of 30 June 2022, trade and other receivables and prepayments amounted to RMB523.1 million, representing an increase of 16.3% from RMB449.6 million as of 31 December 2021, which was primarily attributable to the scale expansion and business growth of the Group.



## Trade and other payables

As of 30 June 2022, trade and other payables amounted to RMB256.5 million, representing an increase of 2.8% as compared with RMB249.6 million as of 31 December 2021, which was primarily attributable to the scale expansion of the Group due to the increase in the GFA under management and subcontracting of more services to independent third-party service providers.

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company's Shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 15 July 2021 (the "**Listing Date**"). Net proceeds from the initial public offering (the "**Global Offering**") received by the Company were approximately HK\$694.6 million with 1,000,000,000 new ordinary Shares issued. On 15 July 2021, the Company also received an aggregate net proceeds of HK\$763.5 million with 16,851,000 additional ordinary Shares issued from the full exercise of Over-allotment Option. The total amount of net proceeds from the Global Offering of approximately HK\$763.5 million are proposed to be used for the purposes and in the amounts (adjusted on pro rata basis based on the actual net proceeds) as disclosed in the prospectus of the Company dated 29 June 2021 (the "**Prospectus**") as follows:

Purpose	Net proceeds <i>HK\$ million</i>	Unutilised on 1 January 2022 <i>HK\$ million</i>	Utilised during the Reporting Period <i>HK\$ million</i>	Unutilised on 30 June 2022 <i>HK\$ million</i>	Expected timeline for usage of unutilised proceeds
1. Expand our business scale and market share through multiple channels	496.0	476.8	49.6	427.2	By December 2024
2. Diversify and expand our service offerings	76.4	76.4	24.2	52.2	By December 2024
3. Invest in information technologies and our internal management system(s) to improve service quality and customer experience	76.4	74.8	3.6	71.2	By December 2024
4. Improve human resource management and enhance corporate culture	38.3	35.3	22.2	13.1	By December 2024
5. Working capital and other general corporate purposes	76.4	69.5	34.3	35.2	By December 2024
<b>Total</b>	<u>763.5</u>	<u>732.8</u>	<u>133.9</u>	<u>598.9</u>	

## Foreign exchange risk

Substantially all of the Group's revenues and expenditures are denominated in RMB. As of 30 June 2022, the Group has not entered into any hedging transactions. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign exchange rates and will consider hedging significant foreign currency exposure should the need arises.

## **CAPITAL COMMITMENTS**

As of 30 June 2022, the Group had no material capital commitment.

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

As of 30 June 2022, the Company, its subsidiaries and associates did not have any financial guarantees, guarantees nor mortgage for loans, nor other significant contingent liabilities.

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

During the Reporting Period, the Group entered into an agreement to acquire 26.9% equity interests held by Hangzhou Xier Technology Co., Ltd. (杭州悉爾科技有限公司) from Deqing Hongxiang Enterprise Management Partnership (Limited Partnership) (德清虹祥企業管理合夥企業(有限公司)) at a consideration of RMB33.3 million. As of 30 June 2022, the transaction has been completed.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS**

On 9 June 2022, the Company entered into the parking space leasing and sales agency services framework agreement with Dexin China Holdings Company Limited, pursuant to which, the Group will provide exclusive parking spaces sales and leasing agency services in respect of the target parking spaces to Dexin China Group to facilitate the sales and leasing activities of parking space properties.

## **SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD**

Save as disclosed in the note 16 to the condensed consolidated financial statements, there was no significant event for the Company, its subsidiaries or associates after the end of the Reporting Period.

## **EMPLOYEE AND REMUNERATION POLICY**

As of 30 June 2022, the Group had a total of 2,644 employees (31 December 2021: 2,908).

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

## **SHARE OPTION SCHEME**

On 21 June 2021 (the “**Adoption Date**”), the Company adopted the share option scheme (the “**Share Option Scheme**”), which falls within the ambit of, and is subject to, the requirements under Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to recognize and acknowledge the contributions that the eligible participants had or may make to the Group.

No options were granted, exercised, cancelled or lapsed by the Company under the Share Option Scheme nor were there outstanding share options under the share option scheme since the Adoption Date.

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

The shares of the Company were listed on the Stock Exchange on 15 July 2021 and over-allotment option was partially exercised on 11 August 2021. Therefore, as of 30 June 2022, neither the Company nor its subsidiaries have purchased, redeemed or sold any of its listed securities. On 15 July 2022, 19 July 2022, 20 July 2022, 21 July 2022 and 25 July 2022, the Company repurchased 11,105,000 shares, 2,921,000 shares, 4,676,000 shares, 3,783,000 shares and 4,905,000 shares. The total amount paid to acquire the shares was approximately HK\$81,782,000 (equivalent to RMB69,819,000) and has been deducted from the share capital and share premium account. As at the date of this announcement, all the repurchased shares have not yet been cancelled.

## **INTERIM DIVIDENDS**

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

## **CORPORATE GOVERNANCE**

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

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

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

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

## **REVIEW OF FINANCIAL STATEMENTS**

### **Audit Committee**

The audit committee of the Company had reviewed together with the management of the Company the accounting principles and policies adopted by the Group, discussed internal controls and financial reporting matters, including a review of the unaudited condensed consolidated interim results of the Group, for the Reporting Period, and confirmed that it has complied with all applicable accounting principles, standards and requirements and made full disclosure.

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

This interim result announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.shengquanwuye.com](http://www.shengquanwuye.com)). The interim report of the Company for the Reporting Period containing all the information required under Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and published on the aforesaid websites in September 2022.

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

Hangzhou, the PRC, 25 August 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.*