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股份代号：2215.HK

Dexin Services Group Limited

德信服务集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2215)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2022 amounted to RMB958.6 million, representing an increase of 10.1% as compared with 2021.

- Gross profit for the year ended 31 December 2022 amounted to RMB271.4 million, representing a decrease of 9.3% as compared with 2021.

- Gross profit margin for the year ended 31 December 2022 was 28.3%, representing a decrease of 6.1% as compared with 2021.

- Profit for the year ended 31 December 2022 amounted to RMB125.1 million, representing an increase of 13.6% as compared with 2021.

- Basic earnings per share for the year ended 31 December 2022 amounted to RMB0.122 per share, representing an increase of 3.4% as compared with 2021.

- As of 31 December 2022, the Group had 34.5 million sq.m. of GFA under management, representing an increase of 11.0% from 31 December 2021. The Group's contracted GFA was 48.7 million sq.m., representing a year-on-year increase of 5.1%.

- The Board does not recommend any final dividend for the year ended 31 December 2022 (2021: HK$0.059 per share).

The board (the "**Board**") of directors (the "**Directors**") of Dexin Services Group Limited (the "**Group**" or "**Dexin Services**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2022 ("**Reporting Period**"), together with the comparative figures for the year ended 31 December 2021. The annual results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	**2022** *RMB'000*	2021 *RMB'000*
Revenue	*5*	**958,597**	870,422
Cost of sales		**(687,223)**	(571,340)
Gross profit		**271,374**	299,082
Other income	*6*	**34,711**	14,494
Other gains/(losses) — net	*7*	**6,523**	(11,583)
Selling and marketing expenses		**(15,864)**	(14,111)
Administrative expenses		**(136,041)**	(146,322)
(Impairment loss)/reversal of impairment on trade and other receivables		**(6,732)**	682
Share of result of associates		**(131)**	—
Share of result of a joint venture		**27**	—
Operating profit		**153,867**	142,242
Interest income		**10,783**	3,782
Finance costs		**(1,981)**	(598)
Finance income — net	*8*	**8,802**	3,184
Profit before taxation		**162,669**	145,426
Income tax expenses	*9*	**(37,609)**	(35,376)
Profit and total comprehensive income for the year	*10*	**125,060**	110,050
Profit and total comprehensive income for the year attributable to:			
— Owners of the Company		**122,023**	98,222
— Non-controlling interests		**3,037**	11,828
		125,060	110,050
Earnings per share			
— Basic and diluted (RMB)	*12*	**0.122**	0.118

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment and right-of-use assets		**10,876**	11,673
Intangible assets		**2,978**	2,403
Deferred income tax assets		**8,730**	7,369
Investment in associates		**2,809**	2,450
Loan and other receivables	*13*	**315,000**	5,880
		340,393	29,775
Current assets			
Inventories		**7,949**	8,349
Trade and other receivables and prepayments	*13*	**756,692**	449,579
Pledged bank deposit		**—**	250,851
Cash and cash equivalents		**209,855**	499,983
		974,496	1,208,762
Current liabilities			
Trade and other payables	*14*	**329,246**	249,562
Contract liabilities		**107,353**	107,753
Borrowing		**55,000**	—
Lease liabilities		**1,190**	3,420
Current income tax liabilities		**39,878**	17,022
		532,667	377,757
Net current assets		**441,829**	831,005
TOTAL ASSETS LESS CURRENT LIABILITIES		**782,222**	860,780

	Notes	2022 RMB'000	2021 RMB'000
Non-current liabilities			
Lease liabilities		**1,026**	569
		1,026	569
NET ASSETS		**781,196**	860,211
Capital and reserves			
Share capital	*15*	**8,115**	8,462
Reserves		**756,429**	827,195
Equity attributable to owners of the Company		**764,544**	835,657
Non-controlling interests		**16,652**	24,554
TOTAL EQUITY		**781,196**	860,211

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1 GENERAL INFORMATION

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

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

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

2 BASIS OF PREPARATION

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

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

3 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. 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 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 year ended 31 December 2022 and 31 December 2021.

5 REVENUE

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

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers:		
Property management services	**609,696**	507,083
Value-added services to non-property owners	**188,978**	180,914
Community value-added services	**159,923**	182,425
	958,597	870,422

For the years ended 31 December 2022 and 2021, revenue from entities controlled by the Ultimate Controlling Shareholder and joint ventures and associates of the Ultimate Controlling Shareholder contributed to 27% and 29% 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 2022 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 2022 and 2021.

	2022	2021
	RMB'000	*RMB'000*
Timing of revenue recognition		
Over time	**850,046**	764,910
At a point in time	**108,551**	105,512
	958,597	870,422

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

	2022	2021
	RMB'000	*RMB'000*
Government grants *(Note (a))*	**20,026**	12,530
Income from financial guarantee contract	**14,297**	—
Value-added tax deductibles	**388**	1,964
	34,711	14,494

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

7 OTHER GAINS/(LOSSES) — NET

	2022	2021
	RMB'000	*RMB'000*
Recognition of financial guarantee contract	**(30,000)**	—
Derecognition of financial guarantee contract	**30,000**	—
Exchange gains/(losses)	**3,622**	(12,504)
Gain on disposal of a subsidiary	**4,273**	—
Others (losses)/gains	**(1,372)**	921
	6,523	(11,583)

8 FINANCE INCOME — NET

	2022	2021
	RMB'000	*RMB'000*
Finance income:		
Interests income from loan receivables	**5,011**	—
Interests income from bank deposits	**5,772**	3,782
	10,783	3,782
Finance costs:		
Interest expenses for borrowings	**(1,873)**	(369)
Interest expenses of lease liabilities	**(108)**	(229)
	(1,981)	(598)
	8,802	3,184

9 INCOME TAX EXPENSES

	2022	2021
	RMB'000	*RMB'000*
Current tax — PRC Enterprise Income Tax ("**EIT**")		
— Provision for the year	**39,125**	35,303
Deferred tax	**(1,516)**	73
	37,609	35,376

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

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

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

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

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

10 PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2022	2021
	RMB'000	*RMB'000*
Auditor's remuneration	**2,700**	3,000
Depreciation of property, plant and equipment and right-of-use assets	**7,793**	10,688
Amortisation of intangible assets	**628**	554
Listing expenses	**7,419**	13,123
Impairment loss/(reversal) of impairment on trade and other receivables	**6,732**	(682)
Loss on disposal/written off of property, plant and equipment	**39**	31
Staff costs including directors' emoluments:		
Wages, salaries and bonuses	**245,280**	224,482
Social insurance expenses and housing benefits *(Note (i))*	**46,851**	35,572
Other employee benefits	**12,875**	13,387
Total staff costs	**305,006**	273,441

Note:

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

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

11 DIVIDENDS

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 RMB51,769,000) was approved by the Company's shareholders annual general meeting on 6 July 2022.

The directors do not recommend or declare the payment of any dividend for the year ended 31 December 2022.

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 RMB122,023,000 (2021: RMB98,222,000) and on the weighted average number of shares in issue during the year of approximately 1,001,234,899 (2021: 873,040,255).

In determining the weighted average number of ordinary shares in issue for the year ended 31 December 2021, the ordinary shares issued as on the date of incorporation of the Company and the correspondence capitalisation issue 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 Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) (formerly known as Shengquan Property Services Co., Ltd. (盛全物業服務股份有限公司)), an indirect wholly-owned subsidiary of our Company).

No diluted loss per share is presented as the Company had no potential ordinary shares outstanding for the years ended 31 December 2022 and 2021.

13 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2022	2021
	RMB'000	*RMB'000*
Current:		
Trade receivables		
— Related parties *(Note (a))*	**111,510**	29,945
— Third parties *(Note (a))*	**258,777**	169,034
Less: allowance for impairment of trade receivables	**(25,208)**	(17,642)
	345,079	181,337
Other receivables		
— Deposits	**268,424**	79,975
— Payments on behalf of property owners	**59,200**	27,476
— Others	**46,098**	1,324
Less: allowance for impairment of other receivables	**(4,920)**	(5,056)
	368,802	103,719
Prepayments		
— Prepayments for inventories	**21,265**	19,204
— Other prepayments	**19,844**	8,361
	41,109	27,565
Loan receivables	**1,702**	137,656
Less: allowance for impairment of loan receivables	**—**	(698)
	1,702	136,958
	756,692	449,579
Non-current:		
Loan receivables *(Note (b))*	**315,000**	—
Prepayments		
— 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.

(b) As at 31 December 2022, loan to a third party with an aggregate principal amount of approximately RMB315,000,000 are secured by certain car park spaces with value not less than RMB630,000,000, interest bearing at 8% per annum and are repayable in December 2024.

As at 31 December 2022 and 2021, the ageing analysis of the trade receivables based on recognition date of trade receivables were as follows:

	2022	2021
	RMB'000	*RMB'000*
0 to 180 days	**237,110**	145,674
181 to 365 days	**35,711**	7,127
1 to 2 years	**70,706**	30,987
2 to 3 years	**13,441**	5,481
3 to 4 years	**7,419**	5,664
Over 4 years	**5,900**	4,046
	370,287	198,979

14 TRADE AND OTHER PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Trade payables		
— Related parties	**92**	25
— Third parties	**120,859**	86,977
	120,951	87,002
Other payables		
— Deposits	**31,468**	35,143
— Amounts temporarily received from/on behalf of property owners	**136,035**	79,336
— Amounts due to related parties	**457**	740
— Amounts due to non-controlling interests	**5,665**	1,172
— Payables for listing expenses	**—**	1,231
— Accrued payroll	**14,866**	24,428
— Other taxes payables	**14,797**	15,116
— Other accrued expenses	**5,007**	5,394
	208,295	162,560
	329,246	249,562

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

	2022 *RMB'000*	2021 *RMB'000*
Within 1 year	**111,601**	72,841
After 1 year but within 2 years	**6,129**	13,075
After 2 year but within 3 years	**2,775**	1,022
Over 3 years	**446**	64
	120,951	87,002

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 1 January 2021	38,000,000	380,000	334
Addition *(a)*	4,962,000,000	49,620,000	43,613
At 31 December 2021, 1 January 2022 and 31 December 2022	5,000,000,000	50,000,000	43,947
Issued and fully paid:			
At 1 January 2021	1,053	11	—
Capitalisation issue on 21 June 2021 *(b)*	749,998,947	7,499,989	6,241
Company's listing *(c)*	266,851,000	2,668,510	2,221
At 31 December 2021	**1,016,851,000**	**10,168,510**	**8,462**
Repurchases and cancellation of shares *(d)*	**(37,990,000)**	**(379,900)**	**(347)**
At 31 December 2022	**978,861,000**	**9,788,610**	**8,115**

(a) Pursuant to the written resolutions passed by the shareholders of the Company (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.

(b) 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 of the Company (the "**Global Offering**"), the Directors are authorised to capitalise 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.

(c) 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. 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.

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

16 FINANCIAL GUARANTEE CONTRACT

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

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

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

17 EVENTS AFTER THE REPORTING PERIOD

As of 31 December 2022, there was no significant event for the Group after the end of the Reporting Period.

CHAIRMAN'S STATEMENT

On behalf of the Board, I hereby present the results report of the Group for the year ended 31 December 2022 (the "**Reporting Period**").

2022 was a year of growth amid under resistance for the entire real estate industry. Over the past year, the COVID-19 epidemic resurgence subsisted throughout the year with economic situation improving from the mist of the COVID-19 epidemic and kept on fluctuating. The real estate industry entered into a new development cycle due to the volatility of related industries. Looking back into 2022, we braved new changes actively, made progress amid stability and sought high-quality development to achieve fruitful results. The Group has been awarded the "Top 100 Property Management Service Companies in the PRC" by China Index Academy for nine consecutive years, moved up to 24th on the ladder and maintained its leading position in the property service market in Eastern China.

Only in hard times can courage be manifested and only sharpening one's edge can lead to success. In 2022, the Group maintained its strategic focus, enhanced refined management as well as quality and efficiency improvement and achieved continuous and steady growth in revenue and scale, and continued to demonstrate its development resilience.

During the year, the Group conducted new deliveries of multiple high-quality projects. Especially in Guangzhou, Chengdu and other first-tier and new first-tier cities, the Group completed its first project delivery after establishing its presence and successfully embraced the occupancy of over 20,000 new property owners. As of 31 December 2022, the GFA under management of the Group reached 34.54 million sq.m., representing a year-on-year increase of approximately 11.0%. We further penetrated into the Yangtze River Delta region, tightly constructed market network, improved regional density to achieve intensive management and firmly deployed on central cities focusing on core economic belts, thereby boosting certainties to the continuous high-quality development of the Group. The Group further displayed its competitive advantages in obtaining projects through market-based competitions. As of 31 December 2022, 64.8% of the GFA under management were properties developed by independent third-party developers. The Group successfully took over various representative and landmark urban projects, including the Sports Centre of Shangcheng District in Hangzhou, a soccer arena for the 2022 Hangzhou Asian Games, the aviation logistics centre of Wuhan Tianhe International Airport in Hubei, an aviation hub in Central China, and Huzhou Museum in Zhejiang, a national class-2 museum.

The Group continued to step up its efforts in the non-residential service sector and carried out layout planning on differentiated business structures to enhance profitability. "Dexin space", a high-end service brand created by the Group, offered professional services to urban premium business and office buildings and industrial parks. Take the Hangzhou Entrepreneurship and Innovation Demonstration Base of Peking University and Xingyun Kunpeng Centre, a key building in Yuhang District, Hangzhou, as examples, the Group participated in the asset operation and management of these projects, further improved the additional value of project services and extended service industry chains. The Group vigorously deployed on urban services, participated in the urban renovation, achieved the comprehensive improvement and renovation of old communities and served projects including Jiru Homeland in Hangzhou as well as Minsheng Garden, Minfu Garden, Minhe Garden and other communities in Huzhou with a total area of over 520,000 sq.m. Meanwhile, we also successfully took over the integrated project on urban and rural services in Lvling Town in Heze, Shandong and operated pilot sites offering innovative services.

The Group actively fulfilled its corporate social responsibility. In response to the COVID-19 epidemic resurgence during the year, the Group launched four caring measures through the "Companion" platform. Faced with the unexpected lockdown of Shanghai and the adjustments of epidemic prevention and control measures at the end of the year, all of the Group's grass-roots employees and our management held their positions and provided emergency assistance and warm-hearted services, safeguarding the health and safety of tens of thousands of household families. As an official provider of property management services to the Hangzhou Asian Games, the Group has maintained a strong sense of social responsibility. The Group's corporate spirit is highly compatible with the spirit of the Asian Games. The Group successfully held the Huzhou Deqing Mogan Mountain Bamboo Sea Marathon, practised low-carbon environmental protection and the "green, intelligent, economical and civilised" concept of the Asian Games. During the preparation period of the Asian Games (the "**Asian Games**"), the Group provided environmental, safety, engineering and customer services to protect the Hangzhou Asian Games in all aspects and helped facilitate the Asian Games sentiment. Adhering to the leadership of Party building, the Group integrated the grass-roots Party building with serving the public and promoted the construction of pilot sites on "Red Properties". It has successfully established the brand of Party building, namely the "4V Party Building in Establishing Companion Communities", and created the Support Zancheng Community (贊成贊城小區), the first Red Property in Yuhang District, Hangzhou. The model of "Red Butler Service Day" developed by the Group has become a red prototype reported on the headline of Jinhua Daily, in Jinhua, Zhejiang. The Group motivated employees to build a party member volunteer team and actively participate in public welfare activities. It developed the "Children's Blue Sky" programme with Zhejiang Women and Children's Foundation and Dexin Blue Charity to provide pairing assistance for children in difficulties in Chun'an County, Zhejiang Province. Together with the Civil Affairs Bureau of Yuhang District, Hangzhou City, the Group participated in the "Lightening the Micro Wish of Troubled and Left-behind Children in Villages in Five

Western Towns" to assist left-behind children in Pingyao Town, Hangzhou City, and worked together with Huzhou College to establish the Huzhou College Education Development Foundation for providing more quality opportunities to college students.

Times flies and spring comes after winter. In 2022, we focused on the development of our principal businesses, innovated service scenarios, intensified the building of enterprise service capability and continuously improved service quality, constantly improving the satisfaction and sense of happiness of property owners.

The Group continuously optimised the experience of property owners through "the one city with one demonstration initiative", "quality officer plan" and other actions to improve service quality and property owners, satisfaction. It actively responded to the Hangzhou municipal government on "building an aesthetic home", one of the top 10 practical works on people's livelihood, and successfully built various aesthetic communities such as Dexin Morning Mansion (德信早安) and Dexin Zhenyuan (德信臻園). The Group developed various municipal premier residential projects in Hangzhou, Wenzhou, Jinhua and Hefei, leading the benchmark on local service quality.

Customer demand has become the focus for the in-depth development of value-added services. Through the analysis on community customer groups, the Group achieved precise connection of property owners' resources with value-added services and enhanced the construction of the "15-minute community life circle". In terms of home decoration business, the Group launched the door and window systems renovation, storage cabinets customisation and other businesses through cooperating with leading enterprises in the industrial chains, which was popular among the owners of newly-delivered properties. In terms of the community retail business, the Group continued to optimise business models and supply chains, realised the upgrading of Best Neighborhood Selections (桔鄰甄選) 2.0, the new retail platform, with more high-quality resources to improve the coverage in communities and build various popular community products.

Refined management and control has become the main development theme of the Group under the new situation. With the target of "stimulating frontline management and strengthening on-site management", we reduced management burdens and established a three-tier coordinated management mechanism in the headquarters, regions and projects aspects to form a management layout with headquarters empowerment, regional construction and projects response. Meanwhile, it insisted on the empowerment with technology to facilitate cost reduction and efficiency enhancement. The Group implemented the overall budget management system and improved the management and operation efficiency of the Group through opening and integrating the Group's existing four-grid system (四格系統), Companion cloud platform, NC Cloud financial system and other online platforms.

FUTURE PROSPECTS

The development of industry will embrace the co-existence of crisis and opportunities in 2023. In facing market turbulence, the Group is optimistic about the value of industry development and proposes focusing on four major strategies for high-quality development. The Group will continue to solidify the foundation of profitability for corporate development while enhancing satisfaction of property owners.

Firstly, it will focus on the improvement of the service capability on fundamental property management, refocus on the "quality-based" development line, continue to strive for excellence in quality management, and promote the upgrading of services and products with the satisfaction of property owners as the core. Meanwhile, it will concentrate on constructing the core business units of value-added services, strengthen the diversified business pattern, continue to refine the established business lines and consolidate the second growth curve of the enterprise.

Secondly, it will focus on core markets, insist on the development strategy of "cultivating in the Yangtze River Delta and mapping out in the central cities of China" and vigorously improve the coverage density of core urban projects. It will adhere to seeking development in market expansion, display the advantages of independent third-party market-based operation and inject strong impetus for the growth in scale and the generation of profit.

Thirdly, it will focus on core profit and seek to increase operating revenue with undivided attention. On top of meeting the demand of property owners, it will drive business upgrades and enhance our profitability, achieving growth in profit as well as revenue to reinforce the resilience for corporate development. In the meantime, the Group will also focus on forging competitive strengths with a special emphasis on developing specialised subsidiaries such as those providing services to commercial and official properties and green landscape management services in close tandem with market development trends, with a view to stimulating new niches for profit growth through the enhancement of specialised capabilities;

Fourthly, it will focus on precision management and promote organisational reform and technological empowerment to reduce management costs. It will insist on efficiency improvement through enhanced management, advance flat management and improve the sensitivity and responsiveness in making business decisions and staff efficiency.

Persevere the toughest and lofty the farthest. As we bid farewell to winter and welcome the spring season, we must all persist in efficiency enhancement through management initiatives, and also quest for qualitative development. While consistently improving our service quality and project quality, we will also actively embark on innovative businesses and procure breakthrough and innovation in business units under the strategic direction of "profit as fundamental aim, market as means, service as product and quality as reputation", in an effort to forge the Group into a "provider of relations-oriented services for future urban life" underpinned by qualitative development and stable ongoing growth. In 2023 and at the moment of changes in the operating environment, Dexin Services will march ahead with determined efforts. We will live up to today and not be afraid of tomorrow.

Dexin Services Group Limited
Hu Yiping
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Operation review

Business model of the Group

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

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

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

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

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

Property Management Services

In 2022, the Group adhered to the strategic vision of being a service provider of future urban life relationship, achieved rapid growth in contracted gross floor area ("**GFA**") and GFA under management and constantly expanded the increase in the GFA under management. As of 2022, we had a total GFA under management of approximately 34.5 million sq.m., representing an increase of approximately 3.4 million sq.m. or growth rate of 11.0% as compared with approximately 31.1 million sq.m. in 2021. 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 our property management contracted GFA and GFA under management as of the years indicated:

	For the year ended 31 December 2022				For the year ended 31 December 2021			
	Contracted projects		**Projects under management**		Contracted projects		Projects under management	
	Number of projects	**GFA** *(sq.m.'000)*	**Number of projects**	**GFA** *(sq.m.'000)*	Number of projects	GFA *(sq.m.'000)*	Number of projects	GFA *(sq.m.'000)*
As of the beginning of the period	**309**	**46,363**	**233**	**31,110**	241	38,032	175	24,905
Newly contracted	**50**	**11,061**	**34**	**4,211**	80	10,531	49	5,994
Reserve conversion	**0**	**0**	**21**	**2,761**	0	0	21	2,411
Acquisition	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Termination	**(42)**	**(8,726)**	**(33)**	**(3,539)**	(12)	(2,200)	(12)	(2,200)
As of the end of the period	**317**	**48,698**	**255**	**34,543**	309	46,363	233	31,110

A majority of our revenue from property management services is generated from the services provided to properties developed by independent third-party property developers. As of 31 December 2022, we had 159 properties under our management that were developed by independent third-party property developers with a total GFA under management of approximately 22.4 million sq.m.

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

	As of 31 December					
	2022			2021		
	GFA	**Revenue**	**Percentage**	GFA	Revenue	Percentage
	sq.m. '000	***RMB'000***		*sq.m. '000*	*RMB'000*	
Properties developed by Dexin Group	**8,655**	**208,419**	**34.2%**	6,884	138,664	27.4%
Jointly developed properties	**3,502**	**90,030**	**14.8%**	3,660	100,610	19.8%
Properties developed by independent third-parties	**22,386**	**311,247**	**51.0%**	20,566	267,809	52.8%
Total	**34,543**	**609,696**	**100.0%**	31,110	507,083	100.0%

Our Geographical Presence

Zhejiang Province and the Yangtze River Delta Region are among the most economically developed regions in the PRC, with higher urbanisation rates and resident disposable income. Most of our service projects are concentrated in cities with higher competitive pricing levels. We continue to expand into first-tier and second-tier cities nationwide, and continue to increase the GFA under management and income from core cities outside Zhejiang Province and the Yangtze River Delta Region, further intensifying our competitive strength in the property industry. For the year ended 31 December 2022, we have expanded our geographic presence to 41 cities in China.

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

	As of 31 December					
	2022			2021		
	GFA	**Revenue**	**Percentage**	GFA	Revenue	Percentage
	sq.m. '000	***RMB'000***		*sq.m. '000*	*RMB'000*	
Zhejiang Province	**21,142**	**452,936**	**74.3%**	19,679	383,898	75.7%
Yangtze River Delta Region (excluding Zhejiang Province)	**10,137**	**132,719**	**21.8%**	9,393	110,742	21.8%
Other regions	**3,264**	**24,041**	**3.9%**	2,038	12,443	2.5%
Total	**34,543**	**609,696**	**100.0%**	31,110	507,083	100.0%

Portfolio of Properties under Management

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

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

	As of 31 December					
	2022			2021		
	GFA	**Revenue**	**Percentage**	GFA	Revenue	Percentage
	sq.m. '000	***RMB'000***		*sq.m. '000*	*RMB'000*	
Residential properties	**25,545**	**428,510**	**70.3%**	22,655	359,120	70.8%
Non-residential properties	**8,998**	**181,186**	**29.7%**	8,455	147,963	29.2%
Total	**34,543**	**609,696**	**100.0%**	31,110	507,083	100.0%

Value-added Services to Non-property Owners

For the year ended 31 December 2022, revenue from value-added services to non-property owners amounted to RMB189.0 million, increasing by 4.5% compared to that for the year ended 31 December 2021. This was attributable to the Group's prudent consideration of the payment rate of business partners to maintain year-on-year growth in revenue from value-added services to non-property owners for the Reporting Period given the higher gross profit margin for value-added services to non-property owners compared to basic property services despite the ongoing downside of the real estate industry.

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	Revenue *RMB'000*	**Percentage**	Revenue *RMB'000*	Percentage
Sales office management services	**114,191**	**60.4%**	88,077	48.7%
Preliminary planning and design consultancy services	**48,762**	**25.8%**	54,366	30.1%
Property inspection and repair services	**8,984**	**4.8%**	12,013	6.6%
Commercial consulting services	**17,041**	**9.0%**	26,458	14.6%
	188,978	**100.0%**	180,914	100.0%

Community Resources Value-added Services

In terms of community value-added services, our customers mainly include property owners, residents and property developers, and we offer a wide variety of community value-added services to make the living more convenient and to foster community attachment and sense of belonging. These services primarily include (i) smart community solutions; (ii) property sales and assistance services; (iii) value-added services in public areas; (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 RMB159.9 million, representing a decrease of 12.3% as compared with RMB182.4 million for 2021.

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	Revenue	**Percentage**	Revenue	Percentage
	RMB'000		*RMB'000*	
Smart community solutions	**28,807**	**18.0%**	48,632	26.6%
Property sales and assistance services	**25,974**	**16.3%**	54,467	29.9%
Community resources value-added services	**30,893**	**19.2%**	19,661	10.8%
Clubhouse services	**12,484**	**7.8%**	12,984	7.1%
Home decoration services	**25,654**	**16.0%**	23,781	13.0%
Community retail and home services	**36,111**	**22.7%**	22,900	12.6%
	159,923	**100.0%**	182,425	100.0%

Smart community solutions are those provided to residential and non-residential property developers by us through customised software meeting their specific requirements for property management. Revenue from new contracts reduced year-on-year owing to the conditions of the real estate industry during the year. For the year ended 31 December 2022, revenue from smart community solutions amounted to RMB28.8 million, decreasing by RMB19.8 million compared to RMB48.6 million for the year ended 31 December 2021.

Property sales and assistance services include primarily the provision of property sales and assistance services to property developers and owners, assisting property developers to market real estate properties to owners and residents living in properties under our management. Revenue from property services decreased as the size of market transactions contracted owing to the conditions of the real estate industry during the year, while our car park sales service was also affected. For the year ended 31 December 2022, revenue from property sales and assistance services amounted to RMB26.0 million, decreasing by RMB28.5 million compared to RMB54.5 million for the year ended 31 December 2021.

Community resources value-added services include primarily our provision of certain value-added services to owners, assisting owners to lease public areas and public facilities to third parties. The Group has further tapped the value of community resources and enhanced cooperation with strategic supplies to increase the rate of community resource utilisation on an ongoing basis. For the year ended 31 December 2022, revenue from community resources value-added services amounted to RMB30.9 million, increasing by RMB11.2 million compared to RMB19.7 million for the year ended 31 December 2021.

Community retail and home service are mainly catered to the ever-changing demands of owners and residents, as the Group provides services such as cleaning, repair and maintenance and community business to owners and residents through its subsidiary Julin. For the year ended 31 December 2022, revenue from community retail and home service amounted to RMB36.1 million, increasing by RMB13.2 million compared to RMB22.9 million for the year ended 31 December 2021. With a primary focus on seasonal products required by owners, the Group consistently enhanced its service quality to ensure more comfort and convenience in living for owners and residents, as it reported growth in the user coverage of its services-at-doorstep and production value per residential unit.

FINANCIAL REVIEW

Revenue

For the Reporting Period, revenue of the Group amounted to RMB958.6 million (2021: RMB870.4 million), representing an increase of 10.1% as compared with that of 2021. Revenue growth was primarily attributable to the Group's business expansion and the increase in GFA under management. 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			
	2022		2021	
	RMB'000	***Percentage***	*RMB'000*	*Percentage*
Property management services	**609,696**	**63.6%**	507,083	58.2%
Value-added services to non-property owners	**188,978**	**19.7%**	180,914	20.8%
Community value-added services	**159,923**	**16.7%**	182,425	21.0%
Total	**958,597**	**100.0%**	870,422	100.0%

Property management services remained the largest source of revenue for the Group. For the year ended 31 December 2022, revenue from property management services reached RMB609.7 million, accounting for 63.6% of the Group's total revenue. The growth in revenue was attributable to the rapid growth in GFA under management. With a deepened focus on its development strategy for Zhejiang Province and Yangtze River Delta region, the Group was committed to expanding basic services for third-party customers.

Cost of Sales

The cost of sales of the Group is primarily comprised of (i) staff cost; (ii) security, cleaning and greening costs; and (iii) utilities and maintenance costs. For the year ended 31 December 2022, the cost of sales of the Group was RMB687.2 million, representing an increase of 20.3% as compared with 2021. This was attributable to the Group's efforts to further increase its market share, service quality, and business growth.

Gross Profit and Gross Profit Margin

Based on the abovementioned factors, the gross profit of the Group was RMB271.4 million for the Reporting Period, representing a decrease of 9.3% as compared with RMB299.1 million in 2021. The gross profit margin decreased from 34.4% for 2021 to 28.3% in the Reporting Period.

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

	For the year ended 31 December		
	2022	2021	Change
Property management services	**25.1%**	26.4%	-1.3%
Value-added services to non-property owners	**35.3%**	42.3%	-7.0%
Community value-added services	**32.1%**	48.6%	-16.5%
Total	**28.3%**	34.4%	-6.1%

The Group's gross profit margin for 2022 decreased 6.1%, affected primarily by decline in domestic real estate industry environment, the average property management fee rate for property management service, geographical concentration of GFA under management and cost control ability.

Gross profit margin of value-added services to non-property owners decreased from 42.3% for the previous year to 35.3% for the year under review, reflecting decrease in the overall gross profit margin of this segment owing to higher service cost incurred by us as affected primarily by conditions of the domestic real estate industry.

Gross profit margin of community resources value-added services decreased from 48.6% for the previous year to 32.1% for the year as we were required to commit higher cost to obtain income owing primarily to the decline of the domestic real estate industry amidst recurring COVID–19 epidemic outbreaks and slowdown in the overall demand for services in the commercial market, resulting in decrease in gross profit margin for community resources value-added services.

Selling and marketing expenses

The selling and marketing expenses of the Group increased from RMB14.1 million for 2021 to RMB15.9 million for the Reporting Period, representing an increase of 12.4%.

Administrative expenses

The administrative expenses of the Group decreased from RMB146.3 million for 2021 to RMB136.0 million for the Reporting Period, representing a decrease of 7.0%, which was primarily attributable to the realignment of our organisation framework and optimisation of staff allocation to achieve cost reduction.

Net impairment losses on trade and other receivables

The net impairment losses on trade and other receivables changed from reversal of impairment loss RMB0.7 million for 2021 to impairment loss for the Reporting Period RMB6.7 million. The increase in net impairment reflected primarily a higher amount of impairment provision for amount receivable from related parties made by the Group for prudence purposes as compared with the corresponding period of last year in view of changing credit risks owing to the ongoing decline of the property industry during the year.

Other income

Other income increased from RMB14.5 million for 2021 to RMB34.7 million for the Reporting Period, which was primarily due to the increase in revenue from government grants and the increase in interest from guarantee contracts that we received for the benefit of our Shareholders.

Other net gains

During the Reporting Period, the Group recorded other net gains of RMB6.5 million (2021: other net losses of RMB11.6 million), which was mainly due to the effect of foreign exchange gains (losses in 2021) and gain on disposal of subsidiary during the Reporting Period.

Finance income-net

The finance income-net of the Group increased from RMB3.2 million for 2021 to RMB8.8 million for the Reporting Period, representing an increase of 176.4%. Such increase is primarily attributable to the increase in interests income from bank deposits and interests receivables on loan receivables.

Income tax expenses

The income tax expenses of the Group increased from approximately RMB35.4 million for 2021 to RMB37.6 million for the Reporting Period, representing a significant increase of 6.3%. 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 during the Reporting Period was RMB125.1 million, representing an increase of 13.6% as compared with RMB110.1 million in 2021. Net profit margin was 13.0%, representing an increase of 0.4% as compared with that of 2021.

The basic and diluted earnings per share of the Company was RMB0.122 per share.

Trade and other receivables and prepayments

As of 31 December 2022, trade and other receivables and prepayments amounted to RMB756.7 million, representing an increase by RMB307.1 million compared to RMB449.6 million as of 31 December 2021.

As of 31 December 2022, trade receivables amounted to RMB345.1 million, increasing by RMB163.8 million compared to RMB181.3 million as of 31 December 2021. The increase in trade receivables was primarily attributable to the expansion in scale of the Group's business during the year.

As of 31 December 2022, other receivables amounted to RMB368.8 million, increasing by RMB265.1 million compared to RMB103.7 million as of 31 December 2021. The increase in other receivables was primarily attributable to the Group's payment of security deposit to Dexin China Holdings Company Limited and its subsidiaries ("**Dexin China Group**") for acquiring of exclusive leasing and sales rights on parking spaces. For details of the transaction, please refer to the circular of the Company dated 16 September 2022.

Trade and other payables

Trade payables include mainly amounts payable for commodities or services in the ordinary course of business, including procurement of external labour service, materials and energy. Other payables include amounts received on behalf of other parties on a temporary basis, deposits received and other expenses payables. As at 31 December 2022, the Group's trade and other payables amounted to RMB329.2 million, increasing by 31.9% compared to RMB249.6 million as at 31 December 2021, which was primarily attributable to the Group's business expansion and the increase in service subcontracting to independent third-party service providers following the growth of GFA under management.

LIQUIDITY AND CAPITAL RESOURCES

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

The Group's principal sources of liquidity come from the proceeds from our business operations. The majority of the Group's cash and cash equivalents are denominated in RMB, which amounted to RMB209.9 million as at 31 December 2022, representing a decrease of 72.1% from the cash and cash equivalents as well as restricted fund of RMB750.8 million as at 31 December 2021.

As of 31 December 2022, the Group's current ratio (current assets divided by current liabilities) was 1.8 times (31 December 2021: 3.2 times).

As of 31 December 2022, the Group's bank borrowings amounted to RMB55.0 million (31 December 2021: nil) and the gearing ratio (total borrowings divided by total equity) was 0.07 (31 December 2021: nil).

Foreign exchange risk

Substantially all of the Group's revenues and expenditures are denominated in RMB. As of 31 December 2022, the Group has not entered into any hedging transaction. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign exchange rates and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL COMMITMENTS

As of 31 December 2022, the Group did not have any capital commitments contracted for but not provided for.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As of 31 December 2022, the Company, its subsidiaries and associates did not pay for any financial guarantees, provide guarantees or mortgage for loans, nor have other significant contingent liabilities.

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

On 21 December 2021, Hangzhou Junde (a wholly-owned subsidiary of the Company), Deqing Xinhan and Hangzhou Kaichuan entered into an equity transfer agreement, pursuant to which Hangzhou Junde agreed to acquire 39.2% of the equity capital of Hangzhou Kaichuan together with the shareholders' loan (in the amount of RMB9.8 million) for a total consideration of RMB15.7 million from Deqing Xinhan, which was registered in relation to the transfer of equity interests of Hangzhou Kaichuan on 7 April 2022. On 26 October 2022, Hangzhou Junde (a wholly-owned subsidiary of the Company) entered into an equity transfer agreement, pursuant to which Hangzhou Junde agreed to dispose its interest in Hangzhou Kaichuan at a consideration of RMB5.88 million to an independent third party. As at 31 December 2022, the shareholders' loan was fully repaid and the disposal was completed.

On 20 October 2022, Dexin Shengquan Property Services Co., Ltd. transferred its 100% equity interest in Hangzhou Rongyun Business Service Co., Ltd. to Dexin Holding Group Limited for an amount of RMB1.0 million. As at 31 December 2022, the transaction was completed.

FUTURE PLANS FOR MATERIAL INVESTMENTS

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

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

As of 31 December 2022, 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 31 December 2022, the Group had a total of 2,815 employees (31 December 2021: 2,908 employees).

For the year ended 31 December 2022, the Group's staff cost amounted to approximately RMB305.0 million. the Group's employee remuneration policy has been determined by reference to factors including remuneration rates of the local markets, overall remuneration rates of the industry, inflation, corporate operational efficiency and staff performance, among others. We offer competitive remuneration packages to employees. The Group also contributes to social security insurance for its employees in Mainland China, including medical insurance, work-related injury insurance, retirement insurance, maternity insurance, unemployment insurance and housing provident funds in accordance with pertinent PRC laws and regulations. The Board reviews its remuneration policy, including the level and structure of remuneration, from time to time. The Group conducts employee performance appraisal on an annual/quarterly basis, the results of which are adopted for assessment regarding annual/quarterly salary adjustment, promotion, reward and commendation.

The Group places a strong emphasis on the standards of talents, as it formulates comprehensive internal staff training programmes on a regular basis, organised by way of a combination of online and offline formats to meet the needs of staff under different learning scenarios. Online training is facilitated through a learning map set up to deliver job position-specific courses covering all ranks from junior staff to senior management, while tools such as mobile learning platforms and video conferencing are employed to meet learning requirements subject to different timing and space. Offline training is organised mainly by way of training camps for key talents, in which different types of talents compatible with the Company's business development are swiftly trained through a combination of learning and practice sessions based on talent stocktaking and job competence models, as a dynamic mechanism underpinned by "stocktaking — movement — development" has been formed. To expand its team of back-up talents, the Group has entered into cooperation in designated training with Zhejiang Shuren University and other colleges to develop talents of the new generation. Well-experienced staff have been appointed as mentor to provide bespoke training and counseling during new staff induction and training of back-up personnel. This arrangement has safeguarded the ability of junior staff to perform their duties and enhanced the management level of management officers at all grades, thereby providing timely and effective support for the Group's business development. Moreover, the Group has established an occupational safety and health system and implemented the GB/T45001 — 2020/ISO 45001: 2018 occupational health and safety management system and provides workplace safety training to employees on a regular basis to enhance their awareness for work safety.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company have been listed on the Main Board of The Stock Exchange since 15 July 2021 (the "**Listing Date**"). The net proceeds amounted to HK$763.5 million. Reference is made to the announcement of the Company dated 16 December 2022 and the supplemental announcement of the Company dated 22 March 2023 (the "**Announcements**"). The prospectus of the Company dated 29 June 2021 originally indicated that approximately 65.0% of the net proceeds would be used for the expansion of business scale and increase in market share through multiple channels, and the net proceeds that would be applied for this purpose amounted to approximately HK$496.0 million. The unutilised portion of the net proceeds originally intended for such purpose in the amount of HK$426.6 million is not required for immediate use by the Group at the moment. Having considered the commercial benefits to the Group in deploying the unutilised net proceeds as a loan secured by the Charged Assets (the "**Charged Assets**"), which comprise car parking spaces, located at Dexin Airport City, Xiaoshan District, Hangzhou City, Zhejiang Province, the PRC, which have an appraised market value of approximately RMB630 million as valued by the property valuer using the market approach which compares recent market evidence of similar properties located in the neighbourhood area of the Charged Assets; this allows the Group to improve the efficiency and the effectiveness of the Group's temporarily idle funds with better investment returns.

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

Usages	**Planned use of net proceeds as disclosed in the Prospectus** *HKD million*	**Unutilised as at 1 January 2022** *HKD million*	**Unutilised net proceeds as at 16 December 2022** *HKD million*	**Revised allocation of unutilised net proceeds as at 16 December 2022** *HKD million*	**Unutilised proceeds as of 31 December 2022** *HKD million*	**Expected timetable of the proceeds to be utilised**
1. Expand our business scale and improve market share through multiple channels	496.0	476.8	426.6	83.7	83.7	By December 2024
2. Diversify and expand our service offerings	76.4	76.4	7.1	7.1	7.1	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	70.2	70.2	66.9	By December 2024
4. Improve human resource management and enhance corporate culture	38.3	35.3	12.7	12.7	12.7	By December 2024
5. Working capital and other general corporate purposes	76.4	69.5	7.5	7.5	4.3	By December 2024
6. Provide loans to borrowers	0	0	0	342.9	0	
	763.5	732.8	524.1	524.1	174.7	

Having considered (i) the commercial benefits to the Group in deploying the unutilised net proceeds as a loan (which is collateralised) will allow the Group to improve the efficiency and the effectiveness of the Group's temporarily idle funds with better investment returns; (ii) the fact that the value of the Charged Assets far exceeds the principal value of the Loan; (iii) taking into account the due diligence and risk assessment conducted on the Borrower; and (iv) other factors mentioned in the Announcements, the Board is of the view that such proposed change in the use of net proceeds is fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

The Board also confirms that enhanced internal control measures will be put into place to ensure that the Group's cash flow position will be closely monitored, and that there are no material changes in the nature of the business of the Company as set out in the Prospectus.

Parking Space Leasing and Sales Agency Services

On 9 June 2022, the Company entered into the Parking Space Leasing and Sales Agency Services Framework Agreement (the "**Parking Space Leasing and Sales Agency Services Framework Agreement**") with Dexin China, 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 (the "**Parking Space Leasing and Sales Agency Services**").

The initial term of the Parking Space Leasing and Sales Agency Services Framework Agreement commenced from the date on which it is considered and approved at the extraordinary general meeting dated 11 October 2022 to 31 December 2024, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The amount received in respect of the Parking Space Leasing and Sales Agency Services under the Parking Space Leasing and Sales Agency Services Framework Agreement for the year ended 31 December 2022 income was RMB8 million with deposits paid RMB250 million. In addition, the Company paid deposits of RMB250 million to Dexin China for the parking spaces sales and leasing agency during the year.

The deposits charged for the parking spaces sales and leasing agency of the Company regarding the annual cap in respect of the Parking Space Leasing and Sales Agency Services Framework Agreement for the year ended 31 December 2022 and each of the two years ending 31 December 2024 is RMB250 million, RMB300 million and RMB300 million, respectively. Therefore, the deposit amount paid in respect of the Parking Space Leasing and Sales Agency Services under the Parking Space Leasing and Sales Agency Services Framework Agreement for the year ended 31 December 2022 has not exceeded the annual cap for the year ended 31 December 2022 under the Parking Space Leasing and Sales Agency Services Framework Agreement. For details of the transaction, please refer to the announcement of the Company dated 9 June 2022 and the circular of the Company dated 16 September 2022.

Loan Agreement With Hangzhou Ruiyang

On 16 December 2022, Shanghai Xuquan Trading Co., Ltd.* (上海栩全商貿有限公司), an indirect wholly-owned subsidiary of the Company as the lender, entered into a loan agreement with Hangzhou Ruiyang Supply Chain Management Co., Ltd.* (杭州瑞揚供應鏈管理有限公司), a business partner of the Company, and an independent third party as the borrower. Pursuant to the loan agreement, the lender has agreed to advance to the borrower a loan in the principal amount of up to RMB315 million, bearing an interest rate of 8% per annum and secured by the Charged Assets. For the details of the loan, please refer to the announcements of the Company dated 16 December 2022 and 22 March 2023.

OTHER INFORMATION

FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2022.

ANNUAL GENERAL MEETING

The forthcoming 2022 annual general meeting of the Company will be held on Wednesday, 24 May 2023 and its notice and all other relevant documents will be published and despatched to the Shareholders in April 2023.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 19 May 2023 to Wednesday, 24 May 2023, both days inclusive, during which period no transfer of Shares will be effected, in order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM to be held on Wednesday, 24 May 2023. All transfers of Shares accompanied by the relevant Share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 18 May 2023.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

The shares of the Company were listed on the Stock Exchange on the Listing Date and during the year ended 31 December 2022, the Company has repurchased a total of 46,090,000 Shares on the Stock Exchange at an aggregate consideration of HK$136,974,650. As at the date of this announcement, all the Shares repurchased in 2022 have been cancelled.

Trading Month	**Number of Shares Repurchased**	**Highest Price Per Share Paid** *(HK$)*	**Lowest Price Per Share Paid** *(HK$)*	**Total Consideration Paid** *(HK$)*
July	27,390,000	3.05	2.94	81,782,250
September	10,600,000	3.00	2.95	31,702,400
December	8,100,000	2.90	2.90	23,490,000
Total	46,090,000			136,974,650

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS

The independent non-executive Directors have reviewed the continuing connected transactions and confirmed that the continuing connected transactions have been entered into:

a) in the ordinary and usual course of business of the Group;

b) on normal commercial terms or better; and

c) according to terms and conditions that are fair and reasonable and in the interests of the Shareholders as a whole.

The Group has engaged its auditor (the "**Auditor**") to report on the aforesaid continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

In accordance with Rule 14A.56 of the Listing Rules, the Auditor has issued a letter of unqualified opinion letter containing its findings and conclusions in respect of the aforesaid continuing connected transactions and confirmed that nothing has come to its attention in relation to the disclosed continuing connected transactions.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining and strengthening high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness, in order to safeguard and protect the interests of its shareholders and to enhance corporate value and accountability system. The Company has adopted the principles and code provisions of the Corporate Governance Code ("**CG Code**") as contained in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company since the Listing Date.

Throughout the period since the Listing Date and up to 31 December 2022, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code, except for the deviation from code provisions C.5.3 and D.1.2. According to the code provision C.5.3, notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. According to the code provision D.1.2, management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13. The Board confirmed that such deviation from the code provisions was unintentional and it will continue to review and monitor the practices of the Company for the purpose of complying with the Corporate Governance Code and maintaining a high standard of corporate governance practices of the Company, and disclose its compliance with the Corporate Governance Code in the future announcements and financial reports.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. The provisions of the Listing Rules regarding directors' compliance with the code of conduct for securities transactions shall apply to the Company from the Listing Date. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code throughout the period since the Listing Date and up to 31 December 2022.

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

REVIEW OF THE ANNUAL RESULT BY AUDIT COMMITTEE

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

SCOPE OF WORK OF AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been compared by the Auditor, Zhonghui Anda CPA Limited ("**Zhonghui Anda**"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Zhonghui Anda in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Zhonghui Anda on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual result announcement for the year is published on the website of the Hongkong Stock Exchange (www.hkexnews.hk) and the Company's website (www.dexinfuwu.com). The annual report of the Company for the Reporting Period containing all the information required under Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

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

Hangzhou, the PRC, 24 March 2023

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.