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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2023 (the "**Reporting Period**") amounted to approximately RMB458.0 million, representing a decrease of 5.6% as compared with approximately RMB485.1 million in the corresponding period of 2022 (the "**2022 Interim Period**").

- Gross profit for the Reporting Period amounted to approximately RMB129.2 million, representing a decrease of 16.2% as compared with approximately RMB154.1 million in the 2022 Interim Period.

- Gross profit margin for the Reporting Period was 28.2%, representing a decrease of 3.6% as compared with 31.8% in the 2022 Interim Period.

- Profit for the Reporting Period amounted to approximately RMB63.3 million, representing a decrease of 28.6% as compared with approximately RMB88.6 million in the 2022 Interim Period.

- As of 30 June 2023, the Group had approximately 36.2 million sq.m. of GFA under management, representing an increase of approximately 11.0% from approximately 32.6 million sq.m. as of 30 June 2022.

- The Board declares no payment of dividend for the interim reporting period (2022 Interim Period: Nil).

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 2022 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 2023

		For the six months ended 30 June	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*3*	**458,022**	485,148
Cost of sales		**(328,847)**	(331,024)
Gross profit		**129,175**	154,124
Other income	*5*	**9,053**	18,068
Other gains — net	*6*	**197**	3,742
Share of result of associates		**(791)**	(4)
Share of result of a joint venture		**—**	(1)
Selling and marketing expenses		**(8,141)**	(6,997)
Administrative expenses		**(50,125)**	(58,668)
Impairment loss on trade and other receivables		**(10,156)**	(5,597)
Operating profit		**69,212**	104,667
Interest income		**12,142**	8,955
Finance costs		**(1,198)**	(783)
Finance income — net	*7*	**10,944**	8,172
Profit before taxation		**80,156**	112,839
Income tax expenses	*8*	**(16,901)**	(24,238)
Profit and total comprehensive income for the period	*9*	**63,255**	88,601

		For the six months ended 30 June	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		**63,015**	85,395
Non-controlling interests		**240**	3,206
		63,255	88,601
Earnings per share			
— *Basic and diluted (RMB)*	*11*	**0.065**	0.084

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023

	Notes	**30 June 2023 RMB'000 (unaudited)**	31 December 2022 RMB'000 (audited)
Non-current assets			
Property, plant and equipment and right-of-use assets		**9,130**	10,876
Intangible assets		**3,036**	2,978
Deferred income tax assets		**8,725**	8,730
Investment in associates		**523**	2,809
Loan and other receivables	*12*	**315,000**	315,000
		336,414	340,393
Current assets			
Inventories		**6,777**	7,949
Trade and other receivables and prepayments	*12*	**836,040**	756,692
Cash and cash equivalents		**196,820**	209,855
		1,039,637	974,496
Current liabilities			
Trade and other payables	*13*	**356,109**	329,246
Contract liabilities		**154,123**	107,353
Borrowings		**27,000**	55,000
Lease liabilities		**1,208**	1,190
Current income tax liabilities		**45,955**	39,878
		584,395	532,667
Net current assets		**455,242**	441,829
TOTAL ASSETS LESS CURRENT LIABILITIES		**791,656**	782,222

	Notes	**30 June 2023** *RMB'000* **(unaudited)**	31 December 2022 *RMB'000* (audited)
Non-current liabilities			
Lease liabilities		**540**	1,026
		540	1,026
NET ASSETS		**791,116**	781,196
Capital and reserves			
Share capital	*14*	**7,969**	8,115
Reserves		**766,255**	756,429
Equity attributable to owners of the Company		**774,224**	764,544
Non-controlling interests		**16,892**	16,652
TOTAL EQUITY		**791,116**	781,196

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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.

These condensed consolidated financial statements should be read in conjunction with the 2022 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 2022.

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 2023. 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	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers:		
Property management services	**341,844**	285,191
Value-added services to non-property owners	**59,801**	100,842
Community value-added services	**56,377**	99,115
	458,022	485,148

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 2023 and 2022.

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Over time	**433,083**	439,861
At a point in time	**24,939**	45,287
	458,022	485,148

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 2023 and 2022, 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 2023 and 2022.

As at 30 June 2023 and 31 December 2022, all of the non-current assets of the Group were located in the PRC.

5. OTHER INCOME

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grants *(note)*	**8,848**	2,838
Value-added tax deductibles	**205**	933
Income from financial guarantee contract	**—**	14,297
	9,053	18,068

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	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Recognition of financial guarantee contract	**—**	(30,000)
Derecognition of financial guarantee contract	**—**	30,000
Exchange (loss)/gain	**(302)**	2,419
Loss on disposal of an associate	**(11)**	—
Others	**510**	1,323
	197	3,742

7. FINANCE INCOME — NET

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance income		
Interests income from bank deposits	**150**	5,558
Interests income from borrowings	**11,992**	3,397
	12,142	8,955
Finance costs		
Interest expenses for borrowings	**(1,132)**	(711)
Interest expenses on lease liabilities	**(66)**	(72)
	(1,198)	(783)
	10,944	8,172

8. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax — PRC Enterprise Income Tax ("**EIT**"):		
— Provision for the period	**16,891**	25,610
Deferred tax	**10**	(1,372)
	16,901	24,238

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 2022 and 2023.

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:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Directors' remuneration	**1,494**	1,138
Depreciation of property, plant and equipment and right-of-use assets	**4,654**	5,276
Amortisation of intangible assets	**274**	241
Loss on disposal/written off of property, plant and equipment	**—**	1

10. DIVIDEND

The Board declares no payment of dividend for the interim reporting period (2022 Interim Period: Nil).

11. EARNINGS PER SHARE

The calculation of the basic earnings per share for the Reporting Period is based on the profit for the period attributable to the owners of the Company of approximately RMB63,015,000 (2022: RMB85,395,000) and on the weighted average number of shares in issue during the Reporting Period of approximately 963,744,000 (2022: 1,016,851,000).

No diluted earning per share is presented as the Company had no potential ordinary shares outstanding for the six months ended 30 June 2023 and 2022.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Notes	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Current:			
Trade receivables			
— Related parties	*(a)*	**97,447**	111,510
— Third parties	*(a)*	**316,366**	258,777
		413,813	370,287
Less: allowance for impairment of trade receivables		**(27,967)**	(25,208)
		385,846	345,079
Other receivables			
— Deposits		**271,367**	268,424
— Payments on behalf of property owners		**83,887**	59,200
— Others		**44,610**	46,098
Less: allowance for impairment of other receivables		**(12,334)**	(4,920)
		387,530	368,802
Prepayments			
— Prepayments for inventories		**21,375**	21,265
— Other prepayments		**41,289**	19,844
		62,664	41,109
Loan receivables		**—**	1,702
		—	1,702
		836,040	756,692
Non-current:			
Loan receivables	*(b)*	**315,000**	315,000

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 2023 and 31 December 2022, the aging analysis of the trade receivables based on recognition date of trade receivables were as follows:

	30 June 2023 *RMB'000* **(unaudited)**	31 December 2022 *RMB'000* (audited)
0 to 180 days	**197,679**	237,110
181 to 365 days	**90,202**	35,711
1 to 2 years	**71,918**	70,706
2 to 3 years	**41,269**	13,441
3 to 4 years	**8,219**	7,419
Over 4 years	**4,526**	5,900
	413,813	370,287

(b) As at 30 June 2023 and 31 December 2022, loan to a third party with an aggregate principal amount of approximately RMB315,000,000 are secured by certain carparks space with value not less than RMB630,000,000, bear interest at 8% per annum and are repayable in December 2024.

13. TRADE AND OTHER PAYABLES

	Note	**30 June 2023** *RMB'000* **(unaudited)**	31 December 2022 *RMB'000* (audited)
Trade payables	*(a)*		
— Related parties		**127**	92
— Third parties		**115,778**	120,859
		115,905	120,951
Other payables			
— Deposits		**36,934**	31,468
— Amounts temporarily received from/on behalf of property owners		**151,860**	136,035
— Amounts due to related parties		**2,361**	457
— Amounts due to non-controlling interests		**7,168**	5,665
— Accrued payroll		**15,429**	14,866
— Other taxes payables		**20,812**	14,797
— Other accrued expenses		**5,640**	5,007
		240,204	208,295
		356,109	329,246

Note:

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

	30 June 2023 *RMB'000* **(unaudited)**	31 December 2022 *RMB'000* (audited)
Within 1 year	**109,923**	111,601
After 1 year but within 2 years	**3,619**	6,129
After 2 year but within 3 years	**1,709**	2,775
Over 3 years	**654**	446
	115,905	120,951

14. SHARE CAPITAL

	Number of ordinary shares	**Nominal value ordinary shares**	**Amount equivalent to** *RMB'000*
Authorised:			
Shares of the Company with nominal value of HK$0.01 each			
At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	5,000,000,000	50,000,000	43,947
Issued and fully paid:			
At 1 January 2022 (Audited)	1,016,851,000	10,168,510	8,462
Repurchases and cancellation of shares *(Note a)*	(37,990,000)	(379,900)	(347)
At 31 December 2022 and 1 January 2023 (Audited)	978,861,000	9,788,610	8,115
Cancellation of shares *(Note a)*	(8,100,000)	(81,000)	(73)
Repurchases and cancellation of shares *(Note b)*	(8,253,000)	(82,530)	(73)
At 30 June 2023 (Unaudited)	962,508,000	9,625,080	7,969

Notes:

(a) During the year ended 31 December 2022, the Group repurchased a total of 46,090,000 ordinary shares listed on 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.

(b) During the period ended 30 June 2023, the Group repurchased a total of 21,130,000 ordinary shares listed on Stock Exchange. The total amount paid to repurchase these ordinary shares was approximately RMB53,335,000. As at 30 June 2023, 8,253,000 shares repurchased during the current reporting period has been cancelled. Upon the cancellation of the 8,253,000 ordinary shares repurchased, the issued share capital of the Company was reduced by the par value of approximately RMB73,000, and the premium paid on the repurchase of these cancelled shares of RMB20,902,000, including transaction costs was deducted from share premium of the Company. The remaining 12,877,000 repurchased ordinary shares were subsequently cancelled in July 2023.

15. EVENTS AFTER THE REPORTING PERIOD

Repurchase of shares

On 15 May 2023 and 16 May 2023, the Company repurchased 7,787,000 shares and 5,090,000 shares respectively. The total amount paid to acquire the shares was approximately HK$36,376,000 (equivalent to RMB32,360,000). As at 14 July 2023, all the repurchased shares have been cancelled and deducted from the share capital and share premium account.

Subsequent to the reporting date, on 4 July 2023, 12 July 2023, 13 July 2023, 20 July 2023, and 21 July 2023, the Company repurchased 2,800,000 shares, 2,047,000 shares, 3,171,000 shares, 1,655,000 shares, and 2,650,000 shares respectively. The total amount paid to acquire the shares was approximately HK$32,807,000 (equivalent to RMB28,836,000). As at 17 August 2023, all the repurchased shares have been cancelled and 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 2023.

During the first half of the year, we placed strategically focus on those cities where we have a presence, strengthened our principal business, consolidated those industries that we have already tapped into and stabilised our operations in peripheral regions. As of 30 June 2023, the GFA under the management of the Group reached 36.23 million sq.m., representing a year-on-year increase of 11.0% and maintained steadily. We will take more proactive measures in exploring featured customised services that are close to the demand of property owners. With the market developing and maturing, by leveraging our own advantages, we will accelerate exploring and deploying new business segments, such as IFM (integrated facility management) and urban services. Since 2023, we have secured the bidding for the "Hubei airport logistics centre service project", the international aviation hub in Central China, successfully explored new business scenarios, namely the "property services for Hangzhou Metro Line 6 and Line 16", and signed contracts with Henan Vocational Institute of Arts, edging into the university service sector from backend logistics services.

Only those who stay focused could achieve steady progress. With the industry "resuming normal rationally", we actively responded to government policies, focused appropriately, sustained business penetration, improved service quality, achieved information-based, intelligent and service-based property management, facilitated the construction of future communities with high quality and propelled the integrated implementation of public services in communities in the future. We know about ourselves in travelling through cycles and developed a new opportunity for restarting our future. In the first half of the year, the Group was honoured as the "Top 5 Listed Property Management Enterprises with Stable Operation in China". The Group has been among the Top 100 Property Management Service Companies in China for 10 consecutive years since 2014 and ranked 22nd among the Top 100 companies.

Refined management and control remained the main development theme of the Group during the first half of the year. We emphasised the management regime of "refining our headquarters, strengthening our regions and consolidating our projects", gradually formed a management layout with headquarters empowerment, regional construction and projects response, and enhanced flat management to improve per capita efficiency. At the same time, we facilitated efficiency enhancement and cost reduction through technology empowerment and the implementation of the overall budget management system initiated last year and have further improved the management and operation efficiency of the Group.

Focus on steady progress and go back to original aspirations. Offering outstanding services is our cornerstone to soliciting more customers. We continued the campaigns of "golden spanners and safe elevators" to develop the "strongest heart" for communities and the "most beautiful way back home" to offer scenery for property owners on their way home, allowing our property owners to obtain more feelings for our service offerings. Following the service concept of "Companion Service with Love (知己服務，有愛相伴)", Dexin Services, as an official provider of property management services to the Hangzhou Asian Games and Asian Para Games, jointly released the White Paper on Golden Standards for Asian Games (《亞運金牌標準白皮書》) with CPM Think Tank on the 100-day countdown occasion to the Hangzhou Asian Games to facilitate the glamourous event of Hangzhou.

Forge ahead with advancement and prepare well tirelessly. It is imperative to maintain strategic focus amid more serious market volatility. "Success is not counting on scale and achieving high-quality development" has become the development strategy of the Company. While balancing the scale under management and quality of services, we actively explore development paths that are more adaptive to our own characteristics and will inevitably blaze a path. As I just rode from the Bird's Nest in Beijing to the Big Lotus in Hangzhou in June, which covered over 1,500 kilometres in eight days. Riding is like a business operation. You feel difficult when you are riding uphill and the target is remote. As long as you persist, you will be paramount albeit how slow you are.

FUTURE PROSPECTS

Keep a footing on the present. In facing the tests in the new development cycle, we will focus on those sectors that are advantageous to us and seek stable development.

Return to the essence of services. We will concentrate on the quality improvement of fundamental property management services and enhance their density. We will focus on core advantageous businesses in value-added services, deepen the concentration of services and release their potential value.

Return to a rational scale. We will persist in the strategy of penetrating into the Yangtze River Delta region and focus on the coverage density of core high-quality urban projects. We will insist on independent and market-based development and deeply tap into existing markets, urban services and other blue ocean markets.

Return to efficiency improvement in management. We will improve the benefits, efficiency and effectiveness through refined management and lean operation.

Return to brand value. We will persist in the building of the community governance capability under the five-party governance regime and develop a "beneficent" brand of red properties governance. We will strengthen brand recognition, enhance user stickiness and capture high brand value.

We will bravely overcome various difficulties and move forward in our new journey with concerted efforts! Let us spare no pains in advancing toward a new future!

MANAGEMENT DISCUSSION AND ANALYSIS

Dexin Services is a leading comprehensive property management service provider in Zhejiang Province. In the first half of 2023, the Group maintained a stable operation with steady improvement in efficiency and quality. In terms of comprehensive strengths, the Company was recognised as Top 22 among the Top 100 Property Management Service Companies in the PRC in 2023 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 RMB458.0 million (2022 Interim Period: RMB485.1 million), representing a decrease of 5.6% as compared with the 2022 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			
	2023		2022	
	RMB'000	***Percentage***	*RMB'000*	*Percentage*
Property management services	**341,844**	**74.6%**	285,191	58.8%
Value-added services to non-property owners	**59,801**	**13.1%**	100,842	20.8%
Community value-added services	**56,377**	**12.3%**	99,115	20.4%
Total	**458,022**	**100%**	485,148	100.00%

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 RMB341.8 million, representing an increase of 19.9% as compared with approximately RMB285.2 million in the 2022 Interim Period. As at 30 June 2023, we had a total GFA under management of approximately 36.2 million sq.m., representing an increase of approximately 3.6 million sq.m. or growth rate of 11.0% as compared with approximately 32.6 million sq.m. in the 2022 Interim Period. The increase was primarily attributable to the increase in projects delivered by Dexin China Holdings Company Limited (the "**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							
	2023				2022			
	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	**317**	**48,699**	**255**	**34,543**	309	46,363	233	31,110
New engagements	**27**	**3,073**	**18**	**2,497**	21	1,967	14	1,385
Reserve transformation	**0**	**0**	**12**	**1,950**	0	0	6	480
Terminations	**(18)**	**(7,581)**	**(17)**	**(2,760)**	(4)	(332)	(4)	(332)
As of the end of the period	**326**	**44,191**	**268**	**36,230**	326	47,998	249	32,643

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 2023, we had 163 properties under our management that were developed by independent third-party property developers with a total GFA under management of approximately 36.2 million sq.m.

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

	As of 30 June					
	2023			2022		
	GFA	**Revenue**	**Percentage**	GFA	Revenue	Percentage
	sq.m. '000	***RMB'000***		*sq.m. '000*	*RMB'000*	
Properties developed by Dexin Group	**10,050**	**91,290**	**26.7%**	7,059	76,158	26.7%
Jointly developed properties	**3,550**	**65,910**	**19.3%**	3,791	45,623	16.0%
Properties developed by independent third-parties	**22,630**	**184,644**	**54.0%**	21,793	163,410	57.3%
Total	**36,230**	**341,844**	**100%**	32,643	285,191	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. As of 30 June 2023, our geographical presence has extended to 41 cities in China.

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

	As of 30 June					
	2023			2022		
	GFA	**Revenue**	**Percentage**	GFA	Revenue	Percentage
	sq.m. '000	***RMB'000***		*sq.m. '000*	*RMB'000*	
Zhejiang Province	**23,433**	**251,053**	**73.4%**	20,605	215,652	75.6%
Yangtze River Delta Region (excluding Zhejiang Province)	**9,927**	**61,863**	**18.1%**	9,714	62,189	21.8%
Other regions	**2,870**	**28,928**	**8.5%**	2,324	7,350	2.6%
Total	**36,230**	**341,844**	**100%**	32,643	285,191	100.0%

Portfolio of Properties under Management

While the majority of properties under our management primarily consists of residential properties, we continuously sought to provide property management services to non-residential properties in the Reporting Period. The types of 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 we manage and further enlarge our customer base.

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

	As of 30 June					
		2023			2022	
	GFA	**Revenue**	**Percentage**	GFA	Revenue	Percentage
	sq.m. '000	***RMB'000***		*sq.m. '000*	*RMB'000*	
Residential properties	**26,804**	**238,495**	**69.8%**	23,482	202,548	71.0%
Non-residential properties	**9,426**	**103,349**	**30.2%**	9,161	82,643	29.0%
Total	**36,230**	**341,844**	**100%**	32,643	285,191	100.0%

Value-added Services to Non-property Owners

	For the six months ended 30 June 2023	
	Revenue	**Percentage**
	RMB'000	
Sales office management services	37,746	63.1%
Preliminary planning and design consultancy services	17,200	28.8%
Property inspection and repair services	4,855	8.1%
Total	59,801	100.0%

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; and (iii) property inspection and repair services. For the Reporting Period, revenue from value-added services to non-property owners was approximately RMB59.8 million, representing a decrease of 40.7% compared with the 2022 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

	For the six months ended 30 June 2023	
	Revenue *RMB'000*	**Percentage**
Smart community solutions	4,604	8.2%
Property sales and assistance services	9,448	16.8%
Community resources value-added services	17,132	30.3%
Clubhouse services	1,286	2.3%
Home decoration services	9,888	17.5%
Community retail and home services	14,019	24.9%
Total	56,377	100.0%

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. Such services primarily include (i) smart community solutions; (ii) property sales and assistance services; (iii) community resources value-added services; (iv) clubhouse services; (v) home decoration services; and (vi) community retail and home services. For the Reporting Period, revenue from community value-added services was approximately RMB56.4 million, representing a decrease of 43.1% as compared with approximately RMB99.1 million in the 2022 Interim Period. Such decrease is primarily due to the reducing service demand from property owners arising from the economic environment.

Cost of Sales

The cost of sales of the Group primarily comprised (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 RMB328.8 million, representing a decrease of 0.7% as compared with the 2022 Interim Period. The decrease in cost of sales was mainly due to the corresponding cost reduction resulting from an overall decline in revenue.

Gross Profit and Gross Profit Margin

Based on the abovementioned factors, the gross profit of the Group was approximately RMB129.2 million for the Reporting Period, representing a decrease of 16.2% as compared with approximately RMB154.1 million in the 2022 Interim Period. The gross profit margin decreased from 31.8% for the 2022 Interim Period to 28.2% 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	
	2023	2022
Property management services	**25.1%**	25.1%
Value-added services to non-property owners	**35.1%**	40.6%
Community value-added services	**39.5%**	42.0%
Total	**28.2%**	31.8%

The Group's gross profit margin was affected by the combined gross profit margin of the three segments of basic property management services, community value-added services and value-added services to non-property owners. The Group's gross profit margin decreased from 31.8% in the 2022 Interim Period to 28.2% in the Reporting Period.

Other Income

Other income decreased from approximately RMB18.1 million for the 2022 Interim Period to approximately RMB9.1 million for the Reporting Period, as we no longer receive income from financial guarantee contract.

Other gains — net

For the Reporting Period, the Group recorded other gains — net of approximately RMB0.2 million (2022 Interim Period: approximately RMB3.7 million), primarily due to the effect of foreign exchange gains and losses.

Selling and Marketing Expenses

The selling and marketing expenses of the Group increased from approximately RMB7.0 million for the 2022 Interim Period to approximately RMB8.1 million for the Reporting Period, representing an increase of 16.3%, primarily due to 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 RMB58.7 million for the 2022 Interim Period to approximately RMB50.1 million for the Reporting Period, representing a decrease of 14.6%, which is primarily due to the organisational framework adjustment and staff deployment optimisation of the Group.

Impairment loss on trade and other receivables

The impairment loss on trade and other receivables increased from approximately RMB5.6 million for the 2022 Interim Period to RMB10.2 million for the Reporting Period, primarily due to sufficient estimated provision for bad debts of receivables made by the Group.

Finance income — net

The finance income-net of the Group increased from approximately RMB8.2 million for the 2022 Interim Period to RMB10.9 million for the Reporting Period, representing an increase of 33.9%. Such increase is primarily attributable to the increase in interests received from borrowings provided to a third party.

Income Tax Expenses

The income tax expenses of the Group decreased by 30.3% from approximately RMB24.2 million for the 2022 Interim Period to approximately RMB16.9 million for the Reporting Period. The effective income tax rate was 21.1% (2022 Interim Period: 21.5%), representing a decrease of 0.4% as compared with interim period of last year in general.

Profit for the Period

As a result of the foregoing, the Group's net profit was approximately RMB63.3 million for the Reporting Period, representing a decrease of 28.6% as compared with approximately RMB88.6 million for the 2022 Interim Period. Net profit margin was 13.8%, representing a decrease of 4.5% as compared with 18.3% for the 2022 Interim Period. The profit attributable to the owners of the Company decreased by approximately 26.2% from approximately RMB85.4 million for the 2022 Interim Period to approximately RMB63.0 million for the Reporting Period.

The basic and diluted earnings per share of the Company for the Reporting Period were RMB0.065 per share (2022 Interim Period: RMB0.084 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 RMB196.8 million as at 30 June 2023, representing a decrease of 6.2% from RMB209.9 million as at 31 December 2022.

At of 30 June 2023, the Group's current ratio (current assets/current liabilities) was 1.8 times (31 December 2022: 1.8 times).

As of 30 June 2023, the Group's borrowings were RMB27.0 million (31 December 2022: RMB55.0 million), and the gearing ratio (total borrowings divided by total equity) was 0.03 (31 December 2022: 0.07).

Trade and other receivables and prepayments

As of 30 June 2023, trade and other receivables and prepayments amounted to RMB836.0 million, representing an increase of 10.5% from RMB756.7 million as of 31 December 2022, which was primarily attributable to the scale expansion and business growth of the Group.

Trade and other payables

As of 30 June 2023, trade and other payables amounted to RMB356.1 million, representing an increase of 8.2% as compared with RMB329.2 million as of 31 December 2022, which was primarily attributable to the scale expansion of the Group due to expansion of business scale and growth of services of the Group.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company's Shares have been listed on the Main Board of the Stock Exchange since 15 July 2021 (the "**Listing Date**") and the net proceeds amounted to HK$763.5 million. Reference is made to the announcements of the Company dated 16 December 2022 and the supplemental announcement of the Company dated 22 March 2023 (the "**Announcements**"). It has been originally stated that in the prospectus of the Company dated 29 June 2021 (the "**Prospectus**") that approximately 65.0% of the net proceeds will be used to expand our business scale and market share through multiple channels and the amount of such net proceeds utilized for such purpose is approximately HK$496.0 million. The unutilised portion of the net proceeds of HK$426.6 million originally intended for this purpose was then not immediately utilized by the Group. Having considered the commercial benefits to the Group in deploying the unutilized amount of the net proceeds as a loan secured by the charged assets ("**Charged Assets**") (comprising car parking spaces, located at Dexin Airport City, Xiaoshan District, Hangzhou City, Zhejiang Province, the PRC, have an appraised market value of approximately RMB630 million as valued by the property valuer, which would allow the Group to improve the efficiency and the effectiveness of the Group's temporarily idle funds with better investment returns.

The table below sets forth the allocation of net proceeds before the Announcements, changes in usages and revised allocation after such changes:

Usages	Planned use of net proceeds as disclosed in the Prospectus *HK$ million*	Revised allocation of unutilised net proceeds as at 16 December 2022 *HK$ million*	Unutilised net proceeds as at 1 January 2023 *HK$ million*	Utilised net proceeds during the Reporting Period *HK$ million*	Unutilised net proceeds as of 30 June 2023 *HK$ million*	Expected timeline for utilising the net proceeds
1. Expand our business scale and improve market share through multiple channels	496.0	83.7	83.7	0.0	83.7	By December 2024
2. Diversify and expand our service offerings	76.4	7.1	7.1	7.1	0.0	By December 2024
3. Invest in information technologies and our internal management system(s) to improve service quality and customer experience	76.4	70.2	66.9	3.9	63.0	By December 2024
4. Improve human resource management and enhance corporate culture	38.3	12.7	12.7	2.3	10.4	By December 2024
5. Working capital and other general corporate purposes	76.4	7.5	4.3	4.3	0.0	By December 2024
6. Provide loans to borrowers	N/A	342.9	0.0	0.0	0.0	
	763.5	524.1	174.7	17.6	157.1	

FOREIGN EXCHANGE RISK

Substantially all of the Group's revenues and expenditures are denominated in RMB. As of 30 June 2023, 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 2023, the Group had no material capital commitments.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As of 30 June 2023, 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 for the disposal of 19% equity interest in an associate, Shandong Shuifa Yude City Services Company Limited, to Sichuan Yushi Property Management Company Limited (四川育世物業管理有限公司) at a consideration of RMB0.58 million, and for the disposal of 30% equity interest in an associate, Shandong Shuifa Yude City Services Company Limited, to Zhonghao Tianyuan Real Estate Company Limited (中昊天源置業有限公司), an independent third party at a consideration of RMB0.91 million.

FUTURE PLANS FOR MATERIAL INVESTMENTS

Saved as disclosed in "Use of Proceeds from the Global Offering" in this announcement, the Company did not have any future plans for material investments after the end of the Reporting Period.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed in the note 15 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 2023, the Group had a total of 2,592 employees (31 December 2022: 2,815).

For the six months ended 30 June 2023, the Group's staff cost amounted to approximately RMB153.4 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. 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 recognise 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 granted under the share option scheme since the Adoption Date.

PURCHASE, SALE OR REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2023, the Company has repurchased a total of 21,130,000 Shares on the Stock Exchange at an aggregate consideration of HK$60,397,360. As at the date of this announcement, all the Shares repurchased during the Reporting Period have been cancelled.

Trading Month	**Total number of Shares Repurchased**	**Highest Price Per Share Paid** *HK$*	**Lowest Price Per Share Paid** *HK$*	**Total Consideration Paid** *HK$*
April	8,253,000	2.94	2.74	24,021,700
May	12,877,000	2.87	2.80	36,375,660
Total	21,130,000			60,397,360

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2023.

INTERIM DIVIDENDS

The Board declares no payment of dividend for the interim reporting period (2022 Interim Period: Nil).

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 Part II of Appendix 14 to the Listing Rules as its own code to govern its corporate governance practices. For the six months ended 30 June 2023, the Company has complied with all the code provisions of the CG Code.

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.

Upon specific inquiries made by the Company to all Directors and its senior management, they have confirmed that they have complied with the Model Code during the six months ended 30 June 2023.

REVIEW OF FINANCIAL STATEMENTS BY THE 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 six months ended 30 June 2023, 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 results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.dexinfuwu.com). The interim report of the Company for the Reporting Period containing all the required information under the Listing Rules will be despatched to the shareholders of the Company and published on the aforesaid websites in September 2023.

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

Hangzhou, the PRC, 21 August 2023

As of the date of this announcement, the Board comprises Mr. Hu Yiping, Mr. Tang Junjie and Ms. Zheng Peng as executive Directors; and Dr. Wong Wing Kuen Albert, Mr. Rui Meng and Mr. Yang Xi as independent non-executive Directors.