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(Incorporated in Hong Kong with limited liability)

(Stock code: 06626)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

RESULTS HIGHLIGHTS

- For the six months ended 30 June 2021, total revenue amounted to RMB958.2 million, representing an increase of 108.2% as compared with the corresponding period in 2020. Among which:
 - (i) revenue from non-commercial property management and value-added services amounted to RMB678.1 million, representing an increase of 113.1% as compared with the corresponding period in 2020; and
 - (ii) revenue from commercial property management and operational services amounted to RMB280.1 million, representing an increase of 97.1% as compared with the corresponding period in 2020;
- For the six months ended 30 June 2021, gross profit margin was 35.8%, representing an increase of 3.6 percentage points as compared with the corresponding period in 2020;
- For the six months ended 30 June 2021, profit attributable to owners of the Company amounted to RMB177.7 million, representing an increase of 134.0% as compared with the corresponding period in 2020;
- For the six months ended 30 June 2021, basic earnings per Share was RMB0.16, representing an increase of 128.6% as compared with the corresponding period in 2020; and
- As of 30 June 2021, GFA under management of the Group was 35.0 million sq.m., representing a growth of 44.6% as compared to that of 30 June 2020; and contracted GFA of the Group was 52.7 million sq.m., representing a growth of 33.9% as compared to that of 30 June 2020.

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Yuexiu Services Group Limited (the “**Company**”, and its subsidiaries, the “**Group**”) hereby announces the unaudited consolidated results of the Group for the six months ended 30 June 2021 (the “**Period**”).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2021

| | | Unaudited | |
|---|------|--------------------------|----------------------|
| | | Six months ended 30 June | |
| | | 2021 | 2020 |
| | Note | RMB'000 | RMB'000 |
| Revenue | 4 | 958,185 | 460,311 |
| Cost of sales | 5 | <u>(615,603)</u> | <u>(312,088)</u> |
| Gross profit | | 342,582 | 148,223 |
| Administrative expenses | 5 | (88,323) | (49,379) |
| Net impairment losses on financial assets | | (482) | (692) |
| Other income | | 6,629 | 32,310 |
| Other gains - net | | <u>282</u> | <u>127</u> |
| Operating profit | | 260,688 | 130,589 |
| Finance income | | 6,803 | 1,637 |
| Finance costs | | <u>(2,309)</u> | <u>(26,918)</u> |
| Finance income/(costs) - net | 6 | <u>4,494</u> | <u>(25,281)</u> |
| Share of profit of a joint venture | | <u>270</u> | <u>—</u> |
| Profit before income tax | | 265,452 | 105,308 |
| Income tax expenses | 7 | <u>(80,946)</u> | <u>(28,086)</u> |
| Profit for the period | | <u><u>184,506</u></u> | <u><u>77,222</u></u> |

| | Unaudited | |
|--|---------------------------------|----------------|
| | Six months ended 30 June | |
| | 2021 | 2020 |
| <i>Note</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Profit is attributable to: | | |
| – Owners of the Company | 177,691 | 75,924 |
| – Non-controlling interests | 6,815 | 1,298 |
| | <u>184,506</u> | <u>77,222</u> |
| Other comprehensive (loss)/income | | |
| <i>Items that may be reclassified to profit or loss</i> | | |
| – Exchange differences on translation of foreign operations | (743) | 2,555 |
| <i>Items that will not be reclassified to profit or loss</i> | | |
| – Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax | (2,129) | (694) |
| Other comprehensive (loss)/income for the period, net of tax | <u>(2,872)</u> | <u>1,861</u> |
| Total comprehensive income for the period | <u>181,634</u> | <u>79,083</u> |
| Total comprehensive income for the period is attributable to: | | |
| – Owners of the Company | 174,819 | 77,785 |
| – Non-controlling interests | 6,815 | 1,298 |
| | <u>181,634</u> | <u>79,083</u> |
| Earnings per share for profit attributable to the ordinary equity holder of the Company (expressed in RMB per share) | | |
| – Basic and diluted | 8 <u>0.16</u> | <u>0.07</u> |

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2021

| | | Unaudited | Audited |
|--|-------------|-------------------------|-------------------------|
| | | 30 June | 31 December |
| | | 2021 | 2020 |
| | <i>Note</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 43,924 | 41,084 |
| Right-of-use assets | | 81,083 | 100,017 |
| Intangible assets | | 341,916 | 343,908 |
| Interest in a joint venture | | 884 | — |
| Financial assets at fair value through other comprehensive income | | 31,993 | 34,784 |
| Deferred income tax assets | | 9,562 | 8,635 |
| Restricted cash | | 8,558 | 6,536 |
| | | <u>517,920</u> | <u>534,964</u> |
| Current assets | | | |
| Inventories | | 1,080 | 899 |
| Trade and other receivables and prepayments | 10 | 703,291 | 861,963 |
| Prepaid income taxes | | 21,773 | 11,191 |
| Cash and cash equivalents | | 3,191,315 | 994,629 |
| Restricted cash | | 1,025 | 7,061 |
| | | <u>3,918,484</u> | <u>1,875,743</u> |
| Total assets | | <u><u>4,436,404</u></u> | <u><u>2,410,707</u></u> |

| | | Unaudited | Audited |
|---|-------------|-------------------------|-------------------------|
| | | 30 June | 31 December |
| | | 2021 | 2020 |
| | <i>Note</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Equity | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | | 2,367,005 | 581,017 |
| Other reserves | | (369,218) | (366,346) |
| Retained earnings | | 577,644 | 399,953 |
| | | <u>2,575,431</u> | <u>614,624</u> |
| Non-controlling interests | | <u>155,881</u> | <u>146,056</u> |
| Total equity | | <u><u>2,731,312</u></u> | <u><u>760,680</u></u> |
| Liabilities | | | |
| Non-current liabilities | | | |
| Deferred income tax liabilities | | 44,016 | 35,765 |
| Lease liabilities | | 30,774 | 52,323 |
| Other payables | | — | 6,144 |
| | | <u>74,790</u> | <u>94,232</u> |
| Current liabilities | | | |
| Trade and other payables | 11 | 1,298,033 | 1,272,335 |
| Contract liabilities | | 222,645 | 163,183 |
| Lease liabilities | | 57,287 | 56,929 |
| Current income tax liabilities | | 52,337 | 63,348 |
| | | <u>1,630,302</u> | <u>1,555,795</u> |
| Total liabilities | | <u>1,705,092</u> | <u>1,650,027</u> |
| Total equity and liabilities | | <u><u>4,436,404</u></u> | <u><u>2,410,707</u></u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

Yuexiu Services Group Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) are primarily engaged in the provision of non-commercial property management and value-added services and commercial property management and operational services in the People’s Republic of China.

The Company is a limited liability company incorporated in Hong Kong on 8 October 2020. The address of its registered office is 26/F, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.

The Company’s shares are listed on The Stock Exchange of Hong Kong Limited on 28 June 2021.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting”.

The condensed consolidated interim financial information should be read in conjunction with the financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

3 Accounting policies

The accounting policies applied are consistent with those in the preparation of the Group’s financial statements for the year ended 31 December 2020, except for the estimation of income tax and adoption of new and amended standards as set out below:

- (a) The following amendments to existing standards and interpretation are mandatory for adoption for the financial year beginning 1 January 2021 for the Group:

| | |
|---|--|
| HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments) | Interest Rate Benchmark Reform – Phase 2 |
| HKFRS 16 (Amendments) | Covid-19-related Rent Concessions |

The Group has assessed the impact of the adoption of these amended standards and interpretation that are effective for the first time for this interim period. The adoption of these amended standards and interpretation did not result in any significant impact on the results and financial position of the Group.

- (b) The following new standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1 January 2021 and have not been early adopted:

| | | Effective for accounting periods beginning on or after |
|--|---|---|
| HKAS 16 (Amendments) | Property, Plant and Equipment: Proceeds before Intended Use | 1 January 2022 |
| HKAS 37 (Amendments) | Onerous Contracts - Cost of Fulfilling a Contract | 1 January 2022 |
| HKFRS 3 (Amendments) | Reference to the Conceptual Framework | 1 January 2022 |
| Annual improvements to HKFRS standards 2018-2020 | Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41 | 1 January 2022 |
| Revised Accounting Guideline 5 | Merger Accounting for Common Control Combination | 1 January 2022 |
| HKAS 1 (Amendments) | Classification of Liabilities as Current or Non-current | 1 January 2023 |
| HKAS 12 (Amendments) | Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction | 1 January 2023 |
| HKFRS 17 | Insurance Contracts | 1 January 2023 |
| Hong Kong Interpretation 5 (2020) | Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause | 1 January 2023 |
| HKFRS 10 and HKAS 28 (Amendments) | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |

The above new standards and amendments to existing standards are effective for annual periods beginning on or after 1 January 2022 and have not been applied in preparing these condensed consolidated interim financial information. None of these is expected to have a significant effect on the condensed consolidated interim financial information of the Group.

4. Segment information

The chief operating decision-maker has been identified as the executive directors. Management determines the operating segments based on the Group's internal reports, which are then submitted to the executive directors for performance assessment and resources allocation.

For management purpose, the executive directors considered the nature of the Group's services and determined that the Group has two reportable operating segments as follows:

Non-commercial property management and value-added services

The Group provides non-commercial property management and value-added services, covering (a) non-commercial property management services including cleaning, security, gardening and repair and maintenance services; (b) value-added services to non-property owners, including sales office and display unit management and pre-delivery support services, carpark space sales assistance services, ancillary property leasing services and preliminary planning and design consultancy services; (c) community value-added services to meet the needs of property owners and residents of residential properties under the Group's management including home-living services, space operation services and other community value-added services.

Commercial property management and operational services

The Group is engaged in (a) commercial operation and management services, covering commercial property management services and other value-added services; (b) market positioning consultancy and tenant sourcing services, including market positioning and management consultancy services and tenant sourcing services.

The executive directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of other income, other gains or losses, finance income/ (costs) – net and income tax expenses from the operating segments and other unallocated operating costs. Other information provided, except as noted below, to the executive directors are measured in a manner consistent with that in the condensed consolidated interim financial information.

Segment assets and liabilities are measured in the same way as in the financial statements. These assets and liabilities are allocated based on the operations of the segment. The Group's financial assets at fair value through other comprehensive income ("FVOCI"), prepaid income taxation, deferred income tax assets, deferred income tax liabilities, current income tax liabilities and other corporate assets and liabilities are not directly attributable to segments.

The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the condensed consolidated statement of comprehensive income.

During the six months ended 30 June 2021, other than ultimate holding company, fellow subsidiaries, associates and joint ventures of Yuexiu Property Company Limited (“**Yuexiu Property**”) and non-controlling interest of Yuexiu Property and its subsidiaries, the Group had a large number of customers and none of whom contributed 10% or more of the Group’s total revenue.

The following table presents revenue and profit information regarding the Group’s operating segments for the six months ended 30 June 2021 and 30 June 2020 respectively.

| | Non-commercial property management and value-added services RMB’000 | Commercial property management and operational services RMB’000 | Group RMB’000 |
|---|--|--|--------------------------|
| Six months ended 30 June 2021 | | | |
| Gross segment revenue | 678,062 | 280,123 | 958,185 |
| Revenue from external customers | 678,062 | 280,123 | 958,185 |
| Revenue from contracts with customers recognized | | | |
| – At a point in time | 91,374 | — | 91,374 |
| – Over time | 586,688 | 279,962 | 866,650 |
| Revenue from other sources | — | 161 | 161 |
| | 678,062 | 280,123 | 958,185 |
| Segment results | 142,896 | 86,288 | 229,184 |
| Other income | | | 6,629 |
| Other gains - net | | | 282 |
| Unallocated operating costs | | | 24,863 |
| Finance income - net | | | 4,494 |
| Income tax expenses | | | (80,946) |
| Profit for the period | | | 184,506 |
| Segment results include: | | | |
| Depreciation | 10,019 | 26,599 | 36,618 |
| Amortization | 5,323 | 491 | 5,814 |
| Net impairment (losses reversal)/losses on financial assets | (738) | 1,220 | 482 |
| Share of profit of a joint venture | 270 | — | 270 |

| | Non-commercial property management and value-added services RMB'000 | Commercial property management and operational services RMB'000 | Group RMB'000 |
|---|--|--|--------------------------|
| Six months ended 30 June 2020 | | | |
| Gross segment revenue | 318,169 | 142,142 | 460,311 |
| Revenue from external customers | 318,169 | 142,142 | 460,311 |
| Revenue from contracts with customers recognized | | | |
| – At a point in time | 45,097 | — | 45,097 |
| – Over time | 273,072 | 139,371 | 412,443 |
| Revenue from other sources | — | 2,771 | 2,771 |
| | 318,169 | 142,142 | 460,311 |
| Segment results | 92,227 | 5,925 | 98,152 |
| Other income | | | 32,310 |
| Other gains - net | | | 127 |
| Finance costs - net | | | (25,281) |
| Income tax expenses | | | (28,086) |
| Profit for the period | | | 77,222 |
| Segment results include: | | | |
| Depreciation | 6,102 | 37,106 | 43,208 |
| Amortization | 590 | 379 | 969 |
| Net impairment (losses reversal)/losses on financial assets | (667) | 1,359 | 692 |

An analysis of the Group's revenue by category for the six months ended 30 June 2021 and 2020 is as follows:

| | Six months ended 30 June | |
|--|---------------------------------|----------------|
| | 2021 | 2020 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Non-commercial property management and value-added services | | |
| – Property management services | 297,021 | 157,013 |
| – Value-added services to non-property owners | 196,590 | 101,662 |
| – Community value-added services | 184,451 | 59,494 |
| Commercial property management and operational services | | |
| – Commercial operation and management services | 216,257 | 123,680 |
| – Market positioning consultancy and tenant sourcing services | 63,866 | 18,462 |
| | <u>958,185</u> | <u>460,311</u> |

The segment assets and liabilities of the Group as at 30 June 2021 and 31 December 2020 are as follows:

| | Non-commercial property management and value-added services RMB'000 | Commercial property management and operational services RMB'000 | Total RMB'000 |
|----------------------------------|--|--|--------------------------|
| As at 30 June 2021 | | | |
| Segment assets | 1,739,266 | 825,256 | 2,564,522 |
| Financial assets at FVOCI | | | 31,993 |
| Prepaid income taxation | | | 21,773 |
| Deferred income tax assets | | | 9,562 |
| Other corporate assets | | | <u>1,808,554</u> |
| Total segment assets | | | <u><u>4,436,404</u></u> |
| Segment liabilities | 990,623 | 566,879 | 1,557,502 |
| Deferred income tax liabilities | | | 44,016 |
| Current income tax liabilities | | | 52,337 |
| Other corporate liabilities | | | <u>51,237</u> |
| Total segment liabilities | | | <u><u>1,705,092</u></u> |

| | Non-commercial property management and value-added services <i>RMB'000</i> | Commercial property management and operational services <i>RMB'000</i> | Total <i>RMB'000</i> |
|----------------------------------|---|---|---------------------------------|
| As at 31 December 2020 | | | |
| Segment assets | 1,510,379 | 843,813 | 2,354,192 |
| Financial assets at FVOCI | | | 34,784 |
| Prepaid income taxes | | | 11,191 |
| Deferred income tax assets | | | 8,635 |
| Other corporate assets | | | 1,905 |
| | | | <hr/> |
| Total segment assets | | | 2,410,707 |
| | | | <hr/> <hr/> |
| Segment liabilities | 897,280 | 646,069 | 1,543,349 |
| Deferred income tax liabilities | | | 35,765 |
| Current income tax liabilities | | | 63,348 |
| Other corporate liabilities | | | 7,565 |
| | | | <hr/> |
| Total segment liabilities | | | 1,650,027 |
| | | | <hr/> <hr/> |

5 Operating profit

The following items have been charged to the operating profit during the period:

| | Unaudited | |
|---------------------------------------|--------------------------|---------|
| | Six months ended 30 June | |
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Employee benefit expenses | 346,671 | 200,436 |
| Gardening and cleaning | 76,718 | 35,670 |
| Decoration costs | 45,496 | 2,581 |
| Commission fees | 45,136 | 15,309 |
| Depreciation and amortization charges | 42,432 | 44,177 |
| Maintenance and upgrade costs | 36,499 | 13,372 |
| Listing expenses | 24,859 | — |
| Utilities | 23,222 | 15,897 |
| Short-term lease payments | 12,329 | 13,767 |
| Cost of consumables | 12,278 | 4,248 |
| Promotion and advertising | 11,925 | 4,124 |
| Taxes and other levies expenses | 6,833 | 2,660 |

6 Finance income/(costs) - net

| | Unaudited | |
|---|--------------------------|----------|
| | Six months ended 30 June | |
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Finance income | | |
| Interest income from bank deposits | 6,803 | 1,637 |
| Finance costs | | |
| Interest expense of lease liabilities | (2,256) | (3,448) |
| Interest expense of amount due to a related party | (53) | (313) |
| Interest expense of bank borrowings | — | (23,157) |
| | (2,309) | (26,918) |
| Finance income/(costs) – net | 4,494 | (25,281) |

7 Income tax expenses

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profit for the period.
- (b) China enterprise income taxation is provided on the profit of the Group's subsidiaries in China at 25% (2020: 25%).

In addition, dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 is subject to corporate withholding income tax at tax rates ranging from 5% to 10%. During the period, withholding income tax was provided for dividend distributed and undistributed profits, recognised based on HKFRS, of the Group's subsidiaries in China at the tax rate of 5% (2020: 5%).

One of the subsidiary of the Group is qualified as a "High and New Technology Enterprise" from 2019 to 2021. It is subject to a reduced preferential enterprise income tax rate of 15%.

- (c) The amount of taxation charged to the condensed consolidated statement of comprehensive income comprises:

| | Unaudited | |
|---|---------------------------------|----------------|
| | Six months ended 30 June | |
| | 2021 | 2020 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Current taxation | | |
| Current income tax | 72,594 | 25,528 |
| Deferred taxation | | |
| Deferred income tax | (1,070) | (343) |
| Corporate withholding income tax on undistributed profits | 9,422 | 2,901 |
| | <u>80,946</u> | <u>28,086</u> |

8 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares during the period.

In determining the weighted average number of ordinary shares in issue during the periods ended 30 June 2020, 100,000 ordinary shares issued upon the incorporation of the Company on 8 October 2020 and 1,018,500,000 ordinary shares issued pursuant to the reorganization on 1 December 2020 were deemed to be issued on 1 January 2020 as if the Company had been incorporated by then.

The Company did not have any potential dilutive ordinary shares outstanding during the six months ended 30 June 2021. Diluted earnings per share is equal to basic earnings per share (six months ended 30 June 2020: same).

| | Unaudited | |
|--|---------------------------------|------------------|
| | Six months ended 30 June | |
| | 2021 | 2020 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Profit attributable to owners of the Company (RMB'000) | 177,691 | 75,924 |
| Weighted average number of ordinary shares (in thousands) | <u>1,096,116</u> | <u>1,018,600</u> |
| Basic and diluted earnings per share for profit attributable to the owners of the Company during the period (expressed in RMB per share) | <u>0.16</u> | <u>0.07</u> |

9 Dividends

No dividend had been paid or declared by the Company since its incorporation.

No interim dividend for the six months ended 30 June 2021 has been proposed by the board of directors (six months ended 30 June 2020: Nil).

10 Trade and other receivables and prepayments

As at 30 June 2021 and 31 December 2020, the ageing analysis of the trade receivables based on invoice date is as follows:

| | Unaudited | Audited |
|---|------------------|--------------------|
| | As at | As at |
| | 30 June | 31 December |
| | 2021 | 2020 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Trade receivables | | |
| 0-30 days | 227,854 | 337,572 |
| 31-180 days | 158,185 | 64,106 |
| 181-365 days | 25,844 | 17,734 |
| 1 to 2 years | 14,370 | 20,011 |
| 2 to 3 years | 6,638 | 13,684 |
| Over 3 years | 17,788 | 21,206 |
| | <hr/> | <hr/> |
| | 450,679 | 474,313 |
| Less: allowance for impairment of trade receivables | (25,604) | (27,462) |
| | <hr/> | <hr/> |
| | <u>425,075</u> | <u>446,851</u> |

11 Trade and other payables

As at 30 June 2021 and 31 December 2020, the ageing analysis of the trade payables based on invoice date is as follows:

| | Unaudited | Audited |
|-----------------------|------------------|--------------------|
| | As at | As at |
| | 30 June | 31 December |
| | 2021 | 2020 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Trade payables | | |
| Up to 1 year | 129,246 | 58,637 |
| 1 to 2 years | 4,998 | 8,226 |
| 2 to 3 years | 6,829 | 6,229 |
| Over 3 years | 7,797 | 7,858 |
| | <hr/> | <hr/> |
| | <u>148,870</u> | <u>80,950</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is an urban operation service provider in China (“**China**” or “**PRC**”) and a leading property management company in the Guangdong-Hong Kong-Macau Greater Bay Area (the “**Greater Bay Area**”). Its major businesses comprise (i) non-commercial property management and value-added services, which consist of property management services, value-added services to non-property owners and community value-added services; and (ii) commercial property management and operational services, which consist of commercial operation and management services and market positioning consultancy and tenant sourcing services.

In the first half of 2021, Guangzhou and surrounding cities experienced a recurrence of the COVID-19 pandemic (the “**Pandemic**”). In response to the Pandemic, the Group swiftly established a Pandemic prevention emergency team to provide property owners with sufficient anti-pandemic supplies and daily supplies in the few projects under its management affected by the Pandemic, and assisted medical staff to conduct door-to-door nucleic acid testing for the property owners. In addition, in respect of transit-oriented development (“**TOD**”) property management, the Group has also strengthened the disinfection and sterilisation of metro station facilities, indoor spaces and metro trains to provide a safe environment for the general public. Nevertheless, the Pandemic did not actually have any significant impact on the Group’s operating and financial performance in the first half of the year.

For the Period, the Group’s revenue amounted to RMB958.2 million, representing an increase of 108.2% as compared with RMB460.3 million for the six months ended 30 June 2020 (the “**Corresponding Period**”). The Group’s profit attributable to owners of the Company for the Period was RMB177.7 million, representing an increase of 134.0% as compared with RMB75.9 million for the Corresponding Period.

As of 30 June 2021, the Group had 226 projects under management with a total gross floor area (“**GFA**”) under management of 35.0 million sq.m. (30 June 2020: 24.2 million sq.m.), representing a growth of 44.6%. As of the same date, it was contracted to manage 276 projects with a total contracted GFA of 52.7 million sq.m. (30 June 2020: 39.4 million sq.m.), representing a growth of 33.9%. The table below sets forth the movement of the Group’s contracted GFA and GFA under management for the periods indicated.

| | Six months ended 30 June | | | |
|------------------------------------|---------------------------------|---------------------------------|---------------------------|---------------------------------|
| | 2021 | | 2020 | |
| | Contracted GFA | GFA under management | Contracted GFA | GFA under management |
| | <i>(sq.m. in thousands)</i> | | | |
| As of the beginning of the period | 49,909 | 32,648 | 36,427 | 21,934 |
| New engagements | 4,192 | 3,758 | 2,964 | 2,305 |
| Terminations | 1,370 | 1,370 | 2 | 2 |
| As at the end of the period | <u>52,731</u> | <u>35,036</u> | <u>39,389</u> | <u>24,237</u> |

As of 30 June 2021, projects contracted to be managed by the Group covered 20 cities across 11 provinces in the PRC and Hong Kong. The table below sets forth a geographical breakdown of the Group's contracted GFA and GFA under management as of the dates indicated.

| | As of 30 June | | | |
|------------------------|-----------------------------|---------------------------------|---------------------------|---------------------------------|
| | 2021 | | 2020 | |
| | Contracted GFA | GFA under management | Contracted GFA | GFA under management |
| | <i>(sq.m. in thousands)</i> | | | |
| Greater Bay Area | 38,159 | 26,467 | 27,347 | 18,129 |
| East China Region | 5,360 | 3,931 | 4,002 | 2,135 |
| Central China Region | 5,100 | 2,272 | 4,824 | 1,916 |
| North China Region | 3,749 | 2,366 | 3,149 | 2,057 |
| Southwest China Region | 363 | — | 67 | — |
| Total | <u>52,731</u> | <u>35,036</u> | <u>39,389</u> | <u>24,237</u> |

Non-commercial property management and value-added services

The Group provides a wide spectrum of property management services and value-added services to non-commercial properties, which primarily comprise residential properties, TOD properties, public premises and industrial parks. In particular, it offers:

- **Property management services.** The Group provides cleaning, security, gardening and repair and maintenance services to property owners, property owners' associations and/or residents for properties sold and delivered and property developers for undelivered portion of the properties.
- **Value-added services to non-property owners.** The Group provides value-added services to non-property owners which mainly include (i) sales office and display unit management and pre-delivery support services; (ii) carpark space sales assistance services; (iii) ancillary property leasing services; and (iv) preliminary planning and design consultancy services.
- **Community value-added services.** The Group provides community value-added services to meet the needs of property owners and residents of residential properties under its management. Such services mainly include (i) home-living services; (ii) space operation services; and (iii) decoration, turnkey and move-in furnishing services.

As of 30 June 2021, the Group had 184 non-commercial projects of a GFA under management of 32.1 million sq.m. (30 June 2020: 21.6 million sq.m.), representing a growth of 48.7%. For the Period, the average management fee of residential properties was RMB2.8/sq.m./month (Corresponding Period: RMB2.8/sq.m./month).

Commercial property management and operational services

The Group provides property management and operational services to commercial properties, which primarily comprise office buildings, shopping malls and wholesale markets. In particular, it offers:

- **Commercial operation and management services.** The Group provides commercial operation and management services to property owners, developers and tenants, which mainly consist of commercial property management services and other value-added services such as carpark management and operation services and space operation services (including advertising space leasing and common area leasing services).
- **Market positioning consultancy and tenant sourcing services.** The Group provides market positioning consultancy and tenant sourcing services to property developers and property owners, which primarily include market positioning and management consultancy services and tenant sourcing services.

As of 30 June 2021, the Group had 42 commercial projects of a GFA under management of 3.0 million sq.m. (30 June 2020: 2.7 million sq.m.), representing a growth of 11.3%. For the Period, the average management fees of office buildings and shopping malls were RMB23.5/sq.m./month (Corresponding Period: RMB23.0/sq.m./month) and RMB35.3/sq.m./month (Corresponding Period: RMB35.3/sq.m./month), respectively.

FUTURE OUTLOOK

Year 2021 is the first year of listing (the “**Listing**”) of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). At a new historical starting point, the Group will further define its strategic positioning and growth strategies with focus on “Good Service” of Yuexiu. Leveraging on the Listing platform, it will remain committed to scale-driven development, enhance the capability of operation and management and continue strengthening technological empowerment construction and management to drive the Group towards high-speed development with quality. In the second half year of 2021, the Group will focus on the following three key development directions:

The first is service enhancement. Property management services constitute the fundamentals and cornerstone of a property enterprise, as well as a critical factor for promoting the sustainable growth of the Company. Stick to its foundation, the Group will make the “Good Service” stronger and promote the “refined management + standardised service” practice nationwide. The Group aims to comprehensively enhance its operational efficiency and consolidate its service quality through standardisation in service, operation, personnel allocation, management and control, etc.

The second is scale expansion. The Group will leverage on its controlling shareholders’ unique background as state-owned enterprises rooted in the Greater Bay Area to continue strengthening its leading position in the area, actively expanding its presence in first-tier, new first-tier and second-tier cities in East China, Central China, North China and Southwest China regions and continue enlarging its geographical coverage. Meanwhile, founding on residential property management services, the Group will proactively expand its non-residential property management services such as TOD property management and commercial property management and endeavor to create “Residential + TOD + Commercial” property profile model. The Group will further enlarge its market share through “organic growth + external expansion + mergers and acquisitions”.

The third is profitability enhancement. In the wake of the consumption upgrade, to accommodate the needs of customers in various engagement scenarios and fulfill their aspiration for a better life, the Group will adopt a targeted approach in developing community value-added service products for home decoration business, leasing services and new retail in communities, strive to bring efficient and convenient life experience for customers, expand service boundary and optimise operation performance. Meanwhile, the Group will actively research and implement long-term incentive schemes and motivate inner vitality to drive corporate development and align the benefits of the Company with its shareholders.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2021, the Group's revenue amounted to RMB958.2 million (Corresponding Period: RMB460.3 million), representing an increase of 108.2% as compared with the Corresponding Period. The Group's revenue was derived from its two major business segments, namely non-commercial property management and value-added services and commercial property management and operational services. The significant increase in the Group's total revenue for the Period was mainly a combined effect from the increase in revenue from both of its business segments as detailed below.

The table below sets forth a breakdown of the Group's revenue by business segment for the periods indicated.

| | Six months ended 30 June | | | |
|---|--------------------------|---------------------|-----------------------|---------------------|
| | 2021 | | 2020 | |
| | <i>RMB'000</i> | <i>%</i> | <i>RMB'000</i> | <i>%</i> |
| Non-commercial property management and value-added services | 678,062 | 70.8 | 318,169 | 69.1 |
| Commercial property management and operational services | 280,123 | 29.2 | 142,142 | 30.9 |
| Total | <u>958,185</u> | <u>100.0</u> | <u>460,311</u> | <u>100.0</u> |

The table below sets forth the breakdown of the Group’s revenue by type of property developers for the periods indicated.

| | Six months ended 30 June | | | |
|---|---------------------------------|---------------------|-----------------------|---------------------|
| | 2021 | | 2020 | |
| | <i>RMB’000</i> | <i>%</i> | <i>RMB’000</i> | <i>%</i> |
| GZYG, Yuexiu Property and their respective joint ventures, associates or other related parties ⁽¹⁾ | 887,783 | 92.7 | 399,493 | 86.8 |
| Independent third parties ⁽²⁾ | 70,402 | 7.3 | 60,818 | 13.2 |
| Total | <u>958,185</u> | <u>100.0</u> | <u>460,311</u> | <u>100.0</u> |

Notes:

- (1) Includes properties developed by Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團股份有限公司) (“**GZYX**”), Yuexiu Property Company Limited (Stock code: 123) (“**Yuexiu Property**”), both being the controlling shareholders (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of the Company, and their respective joint ventures, associates or other related parties.
- (2) Includes properties developed by independent third party (entity or person who is not a connected person of the Company as defined in the Listing Rules) property developers.

During the Period, the Group’s revenue generated from GZYG, Yuexiu Property and their respective joint ventures, associates or other related parties increased by RMB488.3 million or 122.2% as compared to the Corresponding Period, mainly because in November 2020, the Group acquired Guangzhou Metro Environmental Engineering Co., Ltd.* (廣州地鐵環境工程有限公司) and Guangzhou Metro Property Management Co., Ltd.* (廣州地鐵物業管理有限責任公司) from Guangzhou Metro Group Co., Ltd.* (廣州地鐵集團有限公司) (“**GZ Metro**”) and commenced to provide property management and related services and to metro depots, metro lines and metro stations, and residential and commercial properties along the metro network; and new projects were delivered by related parties since July 2020.

The table below sets forth the geographical breakdown of the Group's revenue for the periods indicated.

| | Six months ended 30 June | | | |
|----------------|---------------------------------|---------------------|-----------------------|---------------------|
| | 2021 | | 2020 | |
| | <i>RMB'000</i> | <i>%</i> | <i>RMB'000</i> | <i>%</i> |
| PRC | 926,046 | 96.6 | 424,581 | 92.2 |
| Hong Kong, PRC | 32,139 | 3.4 | 35,730 | 7.8 |
| Total | <u>958,185</u> | <u>100.0</u> | <u>460,311</u> | <u>100.0</u> |

(I) Non-commercial property management and value-added services

For the Period, revenue from non-commercial property management and value-added services amounted to RMB678.1 million (Corresponding Period: RMB318.2 million), representing an increase of 113.1% as compared with the Corresponding Period. The increase is mainly attributable to the following factors:

- (i) the increase in number of non-commercial projects under its management to 184 from 130 and the GFA under management to 32.1 million sq.m. from 21.6 million sq.m., respectively as of 30 June 2021 as compared to 30 June 2020; and the increase in revenue from providing property management services and value added services to TOD properties after the acquisition from GZ Metro in November 2020, resulting in an increase in revenue from property management services to non-commercial properties;

- (ii) the increase in revenue from carpark space sales assistance services by RMB31.8 million, from preliminary planning and design consultancy services by approximately RMB34.5 million and from sales office and display unit management and pre-delivery support services by RMB32.5 million, partially offset by the decrease in revenue from ancillary property leasing services by RMB3.8 million, resulting in an increase of revenue from value-added services to non-property owners; and
- (iii) the increase in revenue from decoration, turnkey and furnishing services by RMB51.9 million, from home-living services by RMB67.3 million and from space operation services by RMB5.8 million, resulting in an increase of revenue from community value-added services.

The table below sets forth the breakdown of the Group's revenue from this business segment by type of services for the periods indicated.

| | Six months ended 30 June | | | |
|--|---------------------------------|---------------------|-----------------------|---------------------|
| | 2021 | | 2020 | |
| | <i>RMB'000</i> | <i>%</i> | <i>RMB'000</i> | <i>%</i> |
| Property management services | 297,021 | 43.8 | 157,013 | 49.3 |
| Value-added services to non-property owners | 196,590 | 29.0 | 101,662 | 32.0 |
| Community value-added services | 184,451 | 27.2 | 59,494 | 18.7 |
| Total | <u>678,062</u> | <u>100.0</u> | <u>318,169</u> | <u>100.0</u> |

(II) Commercial property management and operational services

For the Period, revenue from commercial property management and operational services amounted to RMB280.1 million (Corresponding Period: RMB142.1 million), representing an increase of 97.1% as compared to the Corresponding Period. The increase is mainly attributable to the following factors:

- (i) the increase in number of commercial projects under its management to 42 from 34 and the GFA under management to 3.0 million sq.m. from 2.7 million sq.m., respectively, as of 30 June 2021 as compared to 30 June 2020, including but not limited to the opening of office tower of Guangzhou International Commercial Center (廣州環貿中心) in 2021; the change of the service fee model of one of its projects from commission basis to lump-sum basis since August 2020; and the absence of effect from the Pandemic on revenue from carpark management and value-added services to commercial properties for the Period as compared to the Corresponding Period, resulting in an increase in revenue from property management services to commercial properties; and
- (ii) the additional provision of tenant sourcing, tenant management and consultancy services to Guangzhou International Commercial Center (廣州環貿中心) during the Period; the provision of market research and positioning services to a number of new projects during the Period; the increase in commission fee rate of tenant sourcing services for certain project; and the absence of rent reduction policy adopted by property owners for the Pandemic for the Period as compared to the Corresponding Period, resulting in an increase in revenue from market positioning, consultancy and tenant sourcing services.

The table below sets forth the breakdown of the Group's revenue from this business segment by type of services for the periods indicated.

| | Six months ended 30 June | | | |
|---|---------------------------------|---------------------|-----------------------|---------------------|
| | 2021 | | 2020 | |
| | <i>RMB'000</i> | <i>%</i> | <i>RMB'000</i> | <i>%</i> |
| Commercial operation and management services | 216,257 | 77.2 | 123,680 | 87.0 |
| Market positioning, consultancy and tenant sourcing service | 63,866 | 22.8 | 18,462 | 13.0 |
| Total | <u>280,123</u> | <u>100.0</u> | <u>142,142</u> | <u>100.0</u> |

Cost of sales

Cost of sales of the Group represents costs and expenses directly attributable to the provision of its services, which mainly comprises staff costs, subcontracting costs, depreciation and amortisation and maintenance. During the Period, cost of sales of the Group was RMB615.6 million (Corresponding Period: RMB312.1 million), representing an increase of 97.3% as compared to the Corresponding Period, which was in line with the business expansion of the Group for the Period. During the Period, the Group adopted cost-saving measures. While continuing to pursue management driven by smart technologies, the Group also implemented stricter cost control measures provided that good service quality is maintained.

For the Period, staff costs amounted RMB295.1 million (Corresponding Period: RMB157.5 million), representing 47.9% of the total cost of sales (Corresponding Period: 50.5%). Percentage of staff costs over total cost of sales dropped as compared to the Corresponding Period mainly due to (i) the increase in usage of intelligent management systems by the Group in its properties and car parks under management, which reduced the manpower demand; and (ii) the continuous optimisation of organisational structure and evaluation system to improve staff efficiency.

Gross profit and gross profit margin

The following table sets forth the gross profit and gross profit margin of the Group by business segments for the periods indicated.

| | Six months ended 30 June | | | |
|---|---------------------------------|---------------------|-----------------------|---------------------|
| | 2021 | | 2020 | |
| | Gross profit | Gross profit | Gross profit | Gross profit |
| | <i>RMB'000</i> | % | <i>RMB'000</i> | % |
| Non-commercial property management and value-added services | 245,507 | 36.2 | 111,556 | 35.1 |
| – Property management services | 72,739 | 24.5 | 33,892 | 21.6 |
| – Value-added services to non-property owners | 98,668 | 50.2 | 56,311 | 55.4 |
| – Community value-added services | 74,100 | 40.2 | 21,353 | 35.9 |
| Commercial property management and operational services | 97,075 | 34.7 | 36,667 | 25.8 |
| – Commercial operation and management services | 67,778 | 31.3 | 32,198 | 26.0 |
| – Market positioning, consultancy and tenant sourcing service | 29,297 | 45.9 | 4,469 | 24.2 |
| Total | <u>342,582</u> | <u>35.8</u> | <u>148,223</u> | <u>32.2</u> |

The overall gross profit margin of the Group is primarily affected by its business mix, average property management fee rates it charges for property management services, geographic concentration of GFA under management and cost control capabilities. The Group's gross profit increased from RMB148.2 million for the Corresponding Period to RMB342.6 million for the Period. The overall gross profit margin of the Group increased from 32.2% for the Corresponding Period to 35.8% for the Period. The increase in gross profit and gross profit margin of the Group was primarily due to the economies of scale from business expansion, the development of business and projects with relatively higher profit margin and the constant efforts in improving cost management.

The gross profit margin for non-commercial property management and value-added services remained stable at 35.1% and 36.2%, respectively, for the six months ended 30 June 2020 and 2021.

The gross profit margin for commercial property management and operational services increased significantly from 25.8% for the Corresponding Period to 34.7% for the Period. The increase in gross profit margin for the segment was primarily due to (i) the higher profit margin of the market research and positioning services it provided to a number of new projects during the Period; and (ii) the continuous optimisation of staffing and resources allocation, and cost control through automation and smart management in 2021.

Administrative expenses

Administrative expenses of the Group mainly comprise staff costs, consultancy service fees, depreciation and amortisation, travelling and entertainment expenses, and bank charges. For the Period, administrative expenses of the Group amounted to RMB88.3 million, representing an increase of 78.9% as compared with that of RMB49.4 million for the Corresponding Period, primarily due to (i) the incur of listing expenses and related consultancy fees during the Period; and (ii) the increase in management staff costs which is in line with the business expansion for the Period.

Other income

For the six months ended 30 June 2020 and 2021, other income of the Group primarily consisted of interest income from loan to related parties, government grants, and the value-added tax deduction for certain subsidiaries of the Group in life services industry. For the Period, other income of the Group amounted to RMB6.6 million (Corresponding Period: RMB32.3 million), representing a decrease of 79.5% as compared to the Corresponding Period, primarily due to the absence of interest income from loan to related parties during the Period as compared to the Corresponding Period. Such loan to related parties was settled in June 2020.

Other gains – net

Net other gains primarily consists of foreign exchange gain, net, and gain or loss on disposal of equipment. For the Period, the Group had net other gains of RMB282,000 (Corresponding Period: net other gains of RMB127,000).

Finance income/costs – net

Net finance income/costs of the Group consists of interest expense derived from borrowing and lease liabilities, partially offset by interest income received from bank deposits. For the Period, net finance income amounted to RMB4.5 million (Corresponding Period: net finance costs of RMB25.3 million). Finance income for the Period increased by RMB5.2 million as compared to the Corresponding Period primarily due to the increase in bank deposits. Finance costs decreased by RMB24.6 million for the Period as compared to the Corresponding Period primarily due to the absence of interest expenses from bank borrowings of RMB23.2 million and the decrease in lease liabilities during the Period as compared to the Corresponding Period.

Income tax expenses

For the Period, income tax expenses of the Group were RMB80.9 million (Corresponding Period: RMB28.1 million), representing an increase of 188.2% as compared to the Corresponding Period, primarily due to the increase in profit before income tax as a result of the continuous business expansion of the Group and its costs-saving measures as detailed above.

Profit for the Period

For the Period, net profit of the Group amounted to RMB184.5 million (Corresponding Period: RMB77.2 million), representing an increase of 138.9% as compared to the Corresponding Period. Net profit margin for the Period was 19.3%, representing an increase of 2.5 percentage points as compared with that of 16.8% for the Corresponding Period, mainly attributable to the continuous business expansion of the Group and its costs-saving measures as detailed above.

During the Period, profit attributable to owners of the Company was RMB177.7 million (Corresponding Period: RMB75.9 million), representing an increase of 134.0% as compared to the Corresponding Period. Basic earnings per share amounted to RMB0.16 (Corresponding Period: RMB0.07). Excluding the listing expenses of RMB24.9 million, the adjusted profit attributable to owners of the Company for the Period amounted to RMB202.6 million, representing an increase of 166.9% as compared to the Corresponding Period.

Rights-of-use assets

The Group's right-of-use assets are mainly related to the lease contracts for buildings and parking lots it used for operations. As of 30 June 2021, the Group's right-of-use assets amounted to RMB81.1 million (31 December 2020: RMB100.0 million). Such decrease of right-of-use assets was primarily attributable to depreciation over time.

Financial assets at fair value through other comprehensive income

As of 30 June 2021, the Group had financial assets at fair value through other comprehensive income of RMB32.0 million (31 December 2020: RMB34.8 million), which comprised the Group's investments in 5% equity interests of Guangzhou Construction & Development Property Holdings Mingte Network Development Co., Ltd (廣州市城建開發集團名特網絡發展有限公司), which is principally engaged in development and installation of intelligence management systems and informationisation services and 10% equity interests of Guangzhou Yuetou Commercial Factoring Co., Ltd. (廣州越投商業保理有限公司), which is principally engaged in provision of commercial factoring and other related financial services in the PRC.

Trade and other receivables

The Group's trade receivables decreased to RMB425.1 million as of 30 June 2021 from RMB446.9 million as of 31 December 2020, representing a decrease of 4.9%. While the Group's revenue for the Period increased as compared to the Corresponding Period, its trade receivables as at the end of the Period decreased as compared to the end of last year. This was mainly attributable to the measures taken by the Group to strengthen collection of trade receivables.

The Group's other receivables represent amounts due from related parties and prepayments on behalf of residents and tenants in relation to its provision of property management services. The Group's other receivables decreased to RMB262.0 million as of 30 June 2021 from RMB399.0 million as of 31 December 2020, representing a decrease of 34.3% mainly due to the settlement of non-trade receivables from related parties during the Period.

Trade and other payables

The Group's trade payables increased to RMB148.9 million as of 30 June 2021 from RMB81.0 million as of 31 December 2020, representing an increase of 83.9% mainly because of the continuous business expansion of the Group.

The Group's other payables primarily consist of advances received from property owners and tenants for settlement of costs to be incurred in relation to property management services provided under a commission basis, and performance guarantee deposits received from other service providers and renovation and utility security deposits received from property owners and tenants. The Group's other payables as of 31 December 2020 and 30 June 2021 were RMB985.6 million and RMB992.9 million, respectively, mainly due to a combined effect from the settlement of non-trade amounts due to related parties and the increase of other payables resulting from business expansion during the Period.

Liquidity and capital resources

The Group finances its working capital mainly by its cash and cash equivalents, cashflows from its operating activities and a portion of the proceeds from the Global Offering. The Group has adopted comprehensive treasury policies and internal control measures to review and monitor its financial resources and has maintained stable financial condition and sufficient liquidity throughout. The Group's net current assets position improved significantly from RMB319.9 million as of 31 December 2020 to RMB2,288.2 million as of 30 June 2021.

As of 30 June 2021, the Group's cash and cash equivalents amounted to RMB3,191.3 million (31 December 2020: RMB994.6 million). The increase was mainly attributable to the receipt of proceeds from the Listing and the capital injection by Guangzhou Metro Investment Finance (HK) Limited of RMB330 million by subscribing shares of the Company (the "Shares") in February 2021.

As of 30 June 2021, the Group had no bank borrowings (31 December 2020: Nil) or loans from related party (31 December 2020: RMB6.1 million). Such loan due to a related party as at 31 December 2020 in non-trade nature was settled in April 2021. As of 30 June 2021, the Group had lease liabilities of RMB88.1 million (31 December 2020: RMB109.3 million).

The gearing ratio is calculated based on total bank borrowings divided by total equity, multiplied by 100%. Since the Group had no bank borrowings as of 31 December 2020 and 30 June 2021, the gearing ratios as of both aforesaid dates were nil.

Proceeds from the Listing

The Shares were listed on the Main Board of the Stock Exchange by way of global offering (the “**Global Offering**”) on 28 June 2021 (the “**Listing Date**”). Pursuant to the Global Offering, 369,660,000 Shares were issued on the Listing Date and 43,410,500 additional Shares were issued on 26 July 2021 according to the partial exercise of the over-allotment option (the “**Over-allotment Option**”) as described in the prospectus of the Company dated 16 June 2021 (the “**Prospectus**”).

After deducting the underwriting fees and commissions, incentive fee and other relevant expenses, the net proceeds from the Listing and the exercise of the Over-allotment Option amounted to HK\$1,961.3 million (equivalent to RMB 1,632.0 million). As described in the Prospectus, the Group intended to use such net proceeds as follows: (i) RMB979.2 million for strategic acquisitions and investments; (ii) RMB244.8 million for further development of the Group’s value-added services; (iii) RMB244.8 million for developing information technology systems and smart communities; and (iv) RMB163.2 million for replenishing working capital and for general corporate purposes.

As of 30 June 2021, the Group did not use any net proceeds from the Global Offering. The unused proceeds are expected to be used in accordance with the purposes and the timeline as disclosed in the Prospectus and are currently held as bank deposits.

The principal operating entities of the Group are based in the PRC and conduct their operating activities in RMB. Foreign exchange risk mainly arises from the proceeds from the Global Offering held by the Group. The Group adopts a balanced strategy to control its foreign exchange risk in respect of its bank deposits denominated in Hong Kong dollars. It is expected that a part of the bank deposits will be converted into RMB in batches in order to have a higher interest income and reduce the foreign exchange exposure, while other part of the bank deposits will not be converted into RMB in order to meet needs for payment of cash dividend and day-to-day working capital of operations outside the PRC (including Hong Kong, the PRC) in the future.

Pledge of assets

As of 30 June 2021, no assets of the Group were pledged as securities for liabilities.

Major acquisition and disposals

During the Period, the Company did not have any major acquisition or disposal of subsidiaries and associated companies.

Major investments

As of 30 June 2021, the Group did not hold any significant investment.

Contingent liabilities

As of 30 June 2021, the Group did not have any material contingent liabilities.

Capital commitment and capital expenditure

As of 30 June 2021, the Group did not have any capital commitment.

The Group's capital expenditure for the year 2021 is expected to be financed by proceeds from the Global Offering and working capital generated from the operating activities of the Group.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2021, the Group had a total of 11,029 full-time employees in the PRC and Hong Kong, PRC. Total staff costs for the Period amounted to RMB346.7 million.

The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice and individual performance of the employees. Pursuant to relevant laws and regulations, the Group provides contributions to social insurance (including pension insurance, medical insurance, unemployment insurance, maternity insurance and occupational injury insurance) and housing provident funds for its employees in the PRC and mandatory provident funds to its employees in Hong Kong, the PRC. In order to recruit and retain high-quality employees with considerable expertise and rich experience to support business development, the Group has established a series of policies and measures to acquire and train talents suitable for its development. For example, comprehensive training programs were provided to its employees including “Yuexiu Property Management Training & Development Academy”, which provides employees with different positions and needs with various training sessions and online courses, including management skill enhancement, qualification test tutoring, as well as professional skill training.

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of maintaining a high standard of corporate governance to protect and enhance the benefits of the shareholders of the Company and has applied the principles of the code provisions of the Code on Corporate Governance Practices (the “**CG Code**”) contained in Appendix 14 to the Listing Rules. During the period from the Listing Date to 30 June 2021, the Company has complied with all code provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) in Appendix 10 to the Listing Rules as the code of conduct for the Directors in their dealings in the Company’s securities. Having made specific enquires with each Director, all Directors confirmed that they had complied with the required standard as set out in the Model Code throughout the period from the Listing Date to 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

EVENTS AFTER THE REPORTING PERIOD

The Over-allotment Option described in the Prospectus has been partially exercised by the Joint Representatives (on behalf of the International Underwriters) (as defined in the Prospectus) on 21 July 2021, pursuant to which an aggregate of 43,410,500 additional Shares were issued and allotted by the Company on 26 July 2021 at HK\$4.88 per Share (excluding brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), being the Offer Price per Share under the Global Offering, representing approximately 11.74% of the total number of the Offer Shares initially available under the Global Offering before the exercise of the Over-allotment Option.

Apart from the aforementioned matters, there were no other significant events affecting the Group since 30 June 2021 and up to the date of this announcement.

AUDIT COMMITTEE

The audit committee of the Company, comprising Ms. Hui Lai Kwan (Chairlady), Mr. Hung Shing Ming and Mr. Chan Yuen Hang Kenneth, has discussed with the management and external auditors the accounting principles and policies adopted by the Group, and has reviewed the unaudited interim consolidated financial statements of the Group for the Period.

INTERIM DIVIDEND

The Board resolved not to declare interim dividend for the Period.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

This interim results announcement is published on the websites of the Company (www.yuexiuserVICES.com) and the Stock Exchange (www.hkexnews.hk). The Company's interim report for the Period will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

By order of the Board of
Yuexiu Services Group Limited
Yu Tat Fung
Company Secretary

Hong Kong, 12 August 2021

As at the date of this announcement, the Board comprises:

Executive Directors: *Wu Wei, Mao Liangmin and Zhang Jin*

Non-executive Directors: *Lin Feng (Chairman), Yao Xiaosheng and Yang Zhaoxuan*

Independent Non-executive *Hung Shing Ming, Hui Lai Kwan and Chan Yuen Hang Kenneth*
Directors:

* for identification purpose only