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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 2023

RESULTS HIGHLIGHTS

- For the six months ended 30 June 2023, total revenue amounted to RMB1,511.8 million, representing a year-on-year increase of 38.7%. Among which:
 - (i) revenue from non-commercial property management and value-added services amounted to RMB1,210.8 million, representing a year-on-year increase of 49.4%; and
 - (ii) revenue from commercial property management and operational services amounted to RMB301.1 million, representing a year-on-year increase of 7.7%;
- For the six months ended 30 June 2023, gross profit margin was 28.1%;
- For the six months ended 30 June 2023, profit attributable to owners of the Company amounted to RMB247.7 million, representing a year-on-year increase of 17.5%;
- As of 30 June 2023, contracted GFA and GFA under management of the Group was 77.5 million sq.m. and 58.8 million sq.m., respectively, representing a growth of 9.8% and 13.7%, respectively, as compared with 31 December 2022; and
- The Board proposed to declare an interim dividend for 2023 of HK\$0.089 per share (equivalent to RMB0.081 per share).

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 condensed consolidated results of the Group for the six months ended 30 June 2023 (the “**Period**”).

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

| | <i>Note</i> | Unaudited | |
|---|-------------|---------------------------------|----------------|
| | | Six months ended 30 June | |
| | | 2023 | 2022 |
| | | RMB'000 | RMB'000 |
| Revenue | 4 | 1,511,846 | 1,089,938 |
| Cost of sales | 5 | (1,086,884) | (744,655) |
| Gross profit | | 424,962 | 345,283 |
| Administrative expenses | 5 | (127,162) | (100,867) |
| Net impairment losses on financial and contract assets | | (2,954) | (1,711) |
| Other income | | 9,260 | 10,439 |
| Other (losses)/gains - net | | (2,435) | 11,032 |
| Operating profit | | 301,671 | 264,176 |
| Finance income | | 51,641 | 31,340 |
| Finance costs | | (2,444) | (1,640) |
| Finance income - net | 6 | 49,197 | 29,700 |
| Share of results of a joint venture | | 28 | 282 |
| Profit before income tax | | 350,896 | 294,158 |
| Income tax expenses | 7 | (94,447) | (78,485) |
| Profit for the period | | 256,449 | 215,673 |
| Profit is attributable to: | | | |
| – Owners of the Company | | 247,691 | 210,800 |
| – Non-controlling interests | | 8,758 | 4,873 |
| | | 256,449 | 215,673 |
| Earnings per share for profit attributable to the ordinary equity holders of the Company (expressed in RMB per share) | | | |
| – Basic and diluted | 8 | 0.16 | 0.14 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Unaudited | |
|--|---------------------------------|-----------------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| <i>Note</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Profit for the period | 256,449 | 215,673 |
| Other comprehensive income/(loss) | | |
| <i>Items that may be reclassified to profit or loss</i> | | |
| – Exchange differences on translation of foreign operations | 720 | 3,665 |
| <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 | 1,024 | (436) |
| Other comprehensive income for the period, net of tax | 1,744 | 3,229 |
| Total comprehensive income for the period | 258,193 | 218,902 |
| Total comprehensive income for the period is attributable to: | | |
| – Owners of the Company | 249,435 | 214,029 |
| – Non-controlling interests | 8,758 | 4,873 |
| | 258,193 | 218,902 |

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

| | Unaudited | Audited |
|--|------------------|--------------------|
| | 30 June | 31 December |
| | 2023 | 2022 |
| <i>Note</i> | RMB'000 | RMB'000 |
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | 35,590 | 36,515 |
| Right-of-use assets | 104,983 | 76,394 |
| Intangible assets | 339,038 | 344,253 |
| Interest in a joint venture | 961 | 933 |
| Financial assets at fair value through other comprehensive income | 33,397 | 32,156 |
| Deferred income tax assets | 11,402 | 10,858 |
| Restricted cash | 12,887 | 29,147 |
| | 538,258 | 530,256 |
| Current assets | | |
| Inventories | 9,848 | 6,301 |
| Contract assets | 45,013 | 37,518 |
| Trade receivables | 794,136 | 603,560 |
| Other receivables and prepayments | 393,421 | 381,217 |
| Prepaid income taxes | 19,028 | 24,097 |
| Cash and cash equivalents | 4,619,570 | 4,360,789 |
| Restricted cash | 19,092 | 4,108 |
| | 5,900,108 | 5,417,590 |
| Total assets | 6,438,366 | 5,947,846 |
| Equity | | |
| Equity attributable to owners of the Company | | |
| Share capital | 2,543,048 | 2,543,048 |
| Other reserves | (311,970) | (332,519) |
| Retained earnings | 1,096,239 | 1,012,036 |
| | 3,327,317 | 3,222,565 |
| Non-controlling interests | 179,214 | 168,661 |
| Total equity | 3,506,531 | 3,391,226 |

| | | Unaudited | Audited |
|-------------------------------------|-------------|-------------------------|------------------|
| | | 30 June | 31 December |
| | | 2023 | 2022 |
| | <i>Note</i> | RMB'000 | RMB'000 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Contract liabilities | | 463,388 | 439,308 |
| Deferred income tax liabilities | | 66,341 | 58,747 |
| Lease liabilities | | 59,938 | 38,062 |
| | | <u>589,667</u> | <u>536,117</u> |
| Current liabilities | | | |
| Trade payables | 11 | 438,847 | 353,107 |
| Other payables | | 1,316,501 | 1,233,528 |
| Contract liabilities | | 496,287 | 355,690 |
| Lease liabilities | | 48,507 | 40,774 |
| Current income tax liabilities | | 42,026 | 37,404 |
| | | <u>2,342,168</u> | <u>2,020,503</u> |
| Total liabilities | | <u>2,931,835</u> | <u>2,556,620</u> |
| Total equity and liabilities | | <u>6,438,366</u> | <u>5,947,846</u> |

NOTES TO THE 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 “**PRC**”).

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 Group was spun off from Yuexiu Property Company limited (“**Yuexiu Property**”) and separately listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 28 June 2021. After the listing of the Company, Yuexiu Property remains the controlling shareholder of the Group.

This interim financial information is presented in Renminbi (“**RMB**”), unless otherwise stated. This interim financial information was approved for issue by the board of directors on 22 August 2023.

This interim financial information has not been audited.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting”.

The financial information relating to the year ended 31 December 2022 that is included in the interim financial information for the six months ended 30 June 2023 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

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 2022, except for adoption of new and amended standards as set out below:

(a) The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023:

| | |
|--|--|
| HKFRS 17 (Amendments) | Insurance Contracts |
| HKAS 1 and HKFRS Practice Statement 2 (Amendments) | Disclosure of Accounting Policies |
| HKAS 8 (Amendments) | Definition of Accounting Estimates |
| HKAS 12 (Amendments) | Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction |

The Group has changed its accounting policies following the adoption of the HKAS 12 (Amendments). From the effective date on 1 January 2023, the Group recognised deferred income tax assets and deferred income tax liabilities for the temporary differences arising on leases that gave rise to equal amounts of taxable and deductible temporary differences on initial recognition date.

Except for HKAS 12 (Amendments), the other standards, amendments and interpretation did not have a material impact or are not relevant to the Group.

(b) New and amended standards and interpretation not yet adopted by the Group

Certain new and amended standards have been issued and are not effective for financial year beginning 1 January 2023 and have not been early adopted by the Group. None of these is expected to have a significant effect on the Group.

| | | Effective for accounting periods beginning on or after |
|--------------------------------------|---|---|
| HKAS 1 (Amendments) | Classification of Liabilities as Current or Non-current | 1 January 2024 |
| HKAS 1 (Amendments) | Non-current liabilities with covenants | 1 January 2024 |
| HKFRS 16 (Amendments) | Lease liability in sale and leaseback | 1 January 2024 |
| Hong Kong Interpretation 5 (Revised) | Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause | 1 January 2024 |
| HKFRS 10 and HKAS 28 (Amendments) | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |

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, preliminary planning and design consultancy services and other value-added 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, decoration 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.

Segment results represent the profit earned by each segment without other income, other gains/(losses) – net, unallocated operating costs, finance income - net and income tax expense. Revenue recognized at a point in time from contracts with customers mainly represents commission income from carpark space sales assistance services and revenue from sales of goods. Other revenue from contracts with customers is recognized over time.

Segment assets and liabilities are measured in the same way as in the interim financial information. 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 taxes, 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 interim condensed consolidated income statement.

The Group had a large number of customers, other than ultimate holding company, intermediate holding company, fellow subsidiaries, associates and joint ventures of Yuexiu Property and non-controlling interest of Yuexiu Property and its subsidiaries, none of the customers contributed 10% or more of the Group's revenue for the six-month period ended 30 June 2023 (six-month period ended 30 June 2022: Nil).

The following table presents revenue and results regarding the Group's operating and reportable segments for the six months ended 30 June 2023 and 30 June 2022 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 2023 | | | |
| Revenue from contracts with customers recognized | | | |
| – At a point in time | 343,751 | — | 343,751 |
| – Over time | 866,897 | 300,567 | 1,167,464 |
| Revenue from other sources | 142 | 489 | 631 |
| Total revenue | 1,210,790 | 301,056 | 1,511,846 |
| Segment results | 225,685 | 76,691 | 302,376 |
| Other income | | | 9,260 |
| Other losses - net | | | (2,435) |
| Unallocated operating costs | | | (7,502) |
| Finance income - net | | | 49,197 |
| Income tax expenses | | | (94,447) |
| Profit for the period | | | 256,449 |
| Segment results include: | | | |
| Depreciation | 15,904 | 19,707 | 35,611 |
| Amortization | 6,425 | — | 6,425 |
| Net impairment losses/(reversal of impairment losses) on financial and contract assets | 3,142 | (188) | 2,954 |
| Share of results of a joint venture | 28 | — | 28 |

| | Non-commercial property management and value-added services <i>RMB'000</i> | Commercial property management and operational services <i>RMB'000</i> | Group <i>RMB'000</i> |
|---|---|---|-------------------------|
| Six months ended 30 June 2022 | | | |
| Revenue from contracts with customers recognized | | | |
| - At a point in time | 99,376 | — | 99,376 |
| - Over time | 711,139 | 278,993 | 990,132 |
| Revenue from other sources | — | 430 | 430 |
| Total revenue | <u>810,515</u> | <u>279,423</u> | <u>1,089,938</u> |
| Segment results | <u>176,547</u> | <u>76,395</u> | <u>252,942</u> |
| Other income | | | 10,439 |
| Other gains - net | | | 11,032 |
| Unallocated operating costs | | | (9,955) |
| Finance income - net | | | 29,700 |
| Income tax expenses | | | <u>(78,485)</u> |
| Profit for the period | | | <u>215,673</u> |
| Segment results include: | | | |
| Depreciation | 16,853 | 22,808 | 39,661 |
| Amortization | 6,320 | — | 6,320 |
| Net impairment losses/(reversal of impairment losses) | | | |
| on financial assets | 2,786 | (1,075) | 1,711 |
| Share of results of a joint venture | <u>282</u> | <u>—</u> | <u>282</u> |

An analysis of the Group's revenue by category for the six months ended 30 June 2023 and 2022 is as follows:

| | Six months ended 30 June | |
|--|---------------------------------|------------------|
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Non-commercial property management and value-added services | | |
| – Property management services | 457,936 | 394,779 |
| – Value-added services to non-property owners | 352,380 | 171,833 |
| – Community value-added services | 400,474 | 243,903 |
| | <u>1,210,790</u> | <u>810,515</u> |
| Commercial property management and operational services | | |
| – Commercial operation and management services | 250,881 | 205,274 |
| – Market positioning consultancy and tenant sourcing services | 50,175 | 74,149 |
| | <u>301,056</u> | <u>279,423</u> |
| | <u>1,511,846</u> | <u>1,089,938</u> |

The segment assets and liabilities of the Group as at 30 June 2023 and 31 December 2022 are as follows:

| | Non-commercial property management and value- added services | | Commercial property management and operational services | | Total | |
|---------------------------------|--|---|---|---|-------------------------------------|---|
| | As at 30 June 2023 RMB'000 | As at 31 December 2022 RMB'000 | As at 30 June 2023 RMB'000 | As at 31 December 2022 RMB'000 | As at 30 June 2023 RMB'000 | As at 31 December 2022 RMB'000 |
| Segment assets | 4,193,766 | 3,572,655 | 1,058,848 | 966,418 | 5,252,614 | 4,539,073 |
| Financial assets at FVOCI | | | | | 33,397 | 32,156 |
| Prepaid income taxes | | | | | 19,028 | 24,097 |
| Deferred income tax assets | | | | | 11,402 | 10,858 |
| Other corporate assets | | | | | <u>1,121,925</u> | <u>1,341,662</u> |
| Total assets | | | | | <u>6,438,366</u> | <u>5,947,846</u> |
| Segment liabilities | 2,143,861 | 1,974,319 | 523,132 | 475,997 | 2,666,993 | 2,450,316 |
| Deferred income tax liabilities | | | | | 66,341 | 58,747 |
| Current income tax liabilities | | | | | 42,026 | 37,404 |
| Other corporate liabilities | | | | | <u>156,475</u> | <u>10,153</u> |
| Total liabilities | | | | | <u>2,931,835</u> | <u>2,556,620</u> |
| Capital expenditure | 10,196 | 60,033 | 56,215 | 32,545 | <u>66,411</u> | <u>92,578</u> |

5 Operating profit

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

| | Unaudited | |
|---|--------------------------|----------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Employee benefit expenses | 520,406 | 442,316 |
| Gardening and cleaning | 176,051 | 115,958 |
| Cost of goods sold | 119,089 | 38,447 |
| Subcontractor costs for decoration and other services | 104,231 | 26,524 |
| Maintenance costs | 70,924 | 56,036 |
| Depreciation and amortization charges | 42,036 | 45,981 |
| Utilities | 41,914 | 29,101 |
| Commission fees | 36,187 | 27,382 |
| Promotion and advertising | 35,581 | 6,996 |
| Short-term lease payments | 17,733 | 7,107 |
| Cost of consumables | 13,811 | 17,599 |
| Taxes and other levies expenses | 6,996 | 4,617 |

6 Finance income - net

| | Unaudited | |
|---------------------------------------|--------------------------|----------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Finance income | | |
| Interest income from bank deposits | 51,641 | 31,340 |
| Finance costs | | |
| Interest expense of lease liabilities | (2,444) | (1,640) |
| Finance income - net | 49,197 | 29,700 |

7 Income tax expenses

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the period.
- (b) The general enterprise income tax rate in the mainland China is 25%. Certain operations of the Group in the PRC were qualified as “Small Low-Profit Enterprise” and taxed at the reduced tax rate of 20% from 1 January 2008. During the six-month period ended 30 June 2023, the “Small Low-Profit Enterprise” whose taxable income less than RMB3 million enjoy the preferential income tax treatment with the income tax rate of 20% and are eligible to have their tax calculated based on 12.5% or 25% of their taxable income.

According to the new Enterprise Income Tax Law of the PRC, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the Hong Kong holding companies satisfied the requirements of the tax treaty arrangements between the mainland China and Hong Kong.

Guangzhou Yueguan Intelligent Technology Co., Ltd. is qualified as a “High and New Technology Enterprise” in 2019. It is subject to a reduced preferential enterprise income tax rate of 15% since 1 January 2019.

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

| | Unaudited | |
|---|---------------------------------|----------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| Current taxation | | |
| Current income tax | 87,614 | 70,039 |
| Corporate withholding income tax | — | 12,130 |
| | 87,614 | 82,169 |
| Deferred taxation | | |
| Deferred income tax | (4,631) | (1,118) |
| Corporate withholding income tax on undistributed profits | 11,464 | (2,566) |
| | 6,833 | (3,684) |
| | 94,447 | 78,485 |

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.

The Company had potential dilutive ordinary shares outstanding during the six-month period ended 30 June 2023 due to the share option scheme (six-month period ended 30 June 2022: Nil). Diluted earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares and potential ordinary shares during the six-month periods ended 30 June 2023 and 2022.

| | Unaudited | |
|--|--------------------------|------------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| Profit attributable to owners of the Company(RMB'000) | 247,691 | 210,800 |
| Weighted average number of ordinary shares (in thousands) | <u>1,522,030</u> | <u>1,522,030</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>0.14</u> |

Since the adjusted exercise price is higher than the average stock prices for the six-month period ended 30 June 2023, the inclusion of potential shares arising from share option scheme would be anti-dilutive. Accordingly, dilutive earnings per share for the six-month period ended 30 June 2023 is the same as basic earnings per share.

9 Dividends

| | Unaudited | |
|--|--------------------------|----------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| 2022 final, declared and unpaid, of HKD0.109 equivalent to RMB0.097 (2021: HKD0.102 equivalent to RMB0.087) per ordinary share | 147,627 | 132,766 |
| 2023 interim, proposed, of HKD0.089 equivalent to RMB0.081 (2022: Nil) | <u>123,846</u> | <u>—</u> |

The interim dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date. It will be recognised in shareholders' equity during the year ending 31 December 2023.

10 Trade receivables

As at 30 June 2023 and 31 December 2022, the ageing analysis of the trade receivables based on invoice date is as follows:

| | Unaudited | Audited |
|---|-----------------------|-----------------------|
| | As at | As at |
| | 30 June | 31 December |
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| 0-30 days | 352,077 | 272,534 |
| 31-180 days | 286,485 | 229,627 |
| 181-365 days | 134,154 | 64,069 |
| 1 to 2 years | 32,142 | 41,807 |
| 2 to 3 years | 8,469 | 7,611 |
| Over 3 years | 14,125 | 19,225 |
| | <hr/> 827,452 | <hr/> 634,873 |
| Less: allowance for impairment of trade receivables | <hr/> (33,316) | <hr/> (31,313) |
| | <hr/> 794,136 | <hr/> 603,560 |

11 Trade payables

As at 30 June 2023 and 31 December 2022, the ageing analysis of the trade payables based on invoice date is as follows:

| | Unaudited | Audited |
|--------------|-----------------------|-----------------------|
| | As at | As at |
| | 30 June | 31 December |
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Up to 1 year | 418,965 | 331,270 |
| 1 to 2 years | 3,651 | 4,140 |
| 2 to 3 years | 1,812 | 3,524 |
| Over 3 years | 14,419 | 14,173 |
| | <hr/> 438,847 | <hr/> 353,107 |

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Results overview

As of 30 June 2023, the Group:

- had 416 (31 December 2022: 387) contracted projects, with a total contracted gross floor area (“GFA”) of 77.5 million sq.m. (31 December 2022: 70.6 million sq.m.), representing an increase of 9.8% in contracted GFA; and
- had 346 (31 December 2022: 323) projects under management, with a total GFA under management of 58.8 million sq.m. (31 December 2022: 51.7 million sq.m.), representing an increase of 13.7% in GFA under management.

The table below sets forth the change in the Group’s number of contracted projects and projects under management as of the dates indicated.

| | As of 30 June 2023 | | As of 31 December 2022 | |
|-----------------------|---------------------|---------------------------|------------------------|---------------------------|
| | Contracted projects | Projects under management | Contracted projects | Projects under management |
| Total projects | 416 | 346 | 387 | 323 |

The table below sets forth the change in the Group's contracted GFA and GFA under management for the periods indicated.

| | Six months ended 30 June | | | |
|--------------------------------------|---------------------------------|---------------------------------|---------------------------|---------------------------------|
| | 2023 | | 2022 | |
| | Contracted GFA | GFA under management | Contracted GFA | GFA under management |
| | <i>(sq.m. in thousands)</i> | | | |
| As of the beginning of the period | 70,597 | 51,689 | 58,384 | 38,872 |
| New engagements | 8,260 | 8,440 | 5,007 | 5,442 |
| Terminations | (1,367) | (1,367) | (768) | (768) |
| As of the end of the period | <u>77,490</u> | <u>58,762</u> | <u>62,623</u> | <u>43,546</u> |

As of 30 June 2023, the Group's contracted projects covered 45 cities in the mainland China 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 2023 | | As of 31 December 2022 | |
|----------------------|-----------------------------|---------------------------------|-------------------------------|---------------------------------|
| | Contracted GFA | GFA under management | Contracted GFA | GFA under management |
| | <i>(sq.m. in thousands)</i> | | | |
| Greater Bay Area | 45,124 | 32,956 | 44,946 | 32,316 |
| East China Region | 9,181 | 7,783 | 9,111 | 7,848 |
| Central China Region | 10,280 | 8,077 | 8,039 | 5,592 |
| North China Region | 8,670 | 7,091 | 5,098 | 3,786 |
| West China Region | 4,235 | 2,855 | 3,403 | 2,147 |
| Total | <u>77,490</u> | <u>58,762</u> | <u>70,597</u> | <u>51,689</u> |

Non-commercial property management and value-added services

As of 30 June 2023, the Group:

- had 344 (31 December 2022: 327) contracted non-commercial projects, with a contracted GFA of 71.1 million sq.m. (31 December 2022: 64.8 million sq.m.); and
- had 284 (31 December 2022: 269) non-commercial projects under management, with a GFA under management of 54.2 million sq.m. (31 December 2022: 47.6 million sq.m.).

The table below sets forth the change in the Group's contracted non-commercial projects and non-commercial projects under management as of the dates indicated.

| | As of 30 June 2023 | | As of 31 December 2022 | |
|-------------------------|---------------------|---------------------------|------------------------|---------------------------|
| | Contracted projects | Projects under management | Contracted projects | Projects under management |
| Non-commercial projects | <u>344</u> | <u>284</u> | <u>327</u> | <u>269</u> |

The table below sets forth the Group's contracted GFA and GFA under management of non-commercial projects as of the dates indicated.

| | As of 30 June 2023 | | As of 31 December 2022 | |
|-------------------------|-----------------------------|----------------------|------------------------|----------------------|
| | Contracted GFA | GFA under management | Contracted GFA | GFA under management |
| | <i>(sq.m. in thousands)</i> | | | |
| Non-commercial projects | <u>71,095</u> | <u>54,201</u> | <u>64,799</u> | <u>47,588</u> |

For the Period, the average property management fee of residential projects remained stable at RMB2.7/sq.m./month (for the six months ended 30 June 2022 (the “Corresponding Period”): RMB2.7/sq.m./month).

The table below sets forth the Group’s average property management fee of residential projects for the periods indicated.

| | Six months ended 30 June | |
|----------------------|---------------------------------|-------------------|
| | 2023 | 2022 |
| | <i>(RMB/sq.m./month)</i> | |
| Residential projects | <u>2.7</u> | <u>2.7</u> |

The development of the Group’s value-added services was driven by five major business platforms:

- The new retail platform continued to optimise its products mix and innovate its business. It recorded a significant increase in the average revenue per household.
- The home decoration platform further enhanced the strength of its products, improved service quality and enhanced its market competitiveness.
- The property agency platform focused on building up its sales channel to expand market coverage and increase penetration into different communities by its stores, leading to significant growth in leasing and sales of existing properties.
- The community commercial service platform continued to refine its operations and successfully progressed external business expansion.
- The intelligent services platform won bids for multiple third-party projects, and expanded its businesses, including hardware equipment sales and communication engineering, while continuing to develop business models in relation to community intelligent services.

Commercial property management and operational services

As of 30 June 2023, the Group:

- had 72 (31 December 2022: 60) contracted commercial projects, with a contracted GFA of 6.4 million sq.m. (31 December 2022: 5.8 million sq.m.); and
- had 62 (31 December 2022: 54) commercial projects under management, with a GFA under management of 4.6 million sq.m. (31 December 2022: 4.1 million sq.m.).

The table below sets forth the change in the Group's number of contracted commercial projects and commercial projects under management as of the dates indicated.

| | As of 30 June 2023 | | As of 31 December 2022 | |
|---------------------|---------------------|---------------------------|------------------------|---------------------------|
| | Contracted projects | Projects under management | Contracted projects | Projects under management |
| Commercial projects | <u>72</u> | <u>62</u> | <u>60</u> | <u>54</u> |

The table below sets forth the Group's contracted GFA and GFA under management in its commercial projects as of the dates indicated.

| | As of 30 June 2023 | | As of 31 December 2022 | |
|---------------------|--------------------|----------------------|------------------------|----------------------|
| | Contracted GFA | GFA under management | Contracted GFA | GFA under management |
| Commercial projects | <u>6,395</u> | <u>4,561</u> | <u>5,798</u> | <u>4,101</u> |

(sq.m. in thousands)

For the Period, the average management fee for office buildings and shopping malls remained stable at RMB20.5/sq.m./month (Corresponding Period: RMB21.9/sq.m./month) and RMB36.6/sq.m./month (Corresponding Period: RMB36.8/sq.m./month) respectively.

The table below sets forth the Group’s average property management fee at commercial projects for the periods indicated.

| | Six months ended 30 June | |
|------------------|---------------------------------|-------------|
| | 2023 | 2022 |
| | <i>(RMB/sq.m./month)</i> | |
| Office buildings | 20.5 | 21.9 |
| Shopping malls | <u>36.6</u> | <u>36.8</u> |

The Group continued to refine its high-end commercial property management services, aiming to set a benchmark for differentiated services and provide customised, one-stop services. The Group actively developed and improved its facilities management business, including conference services, safety management, office environment and equipment management. The Group also developed innovative products and services, including Yue Coffee, Yue Space and MINI LAB.

For the period, the Group received various awards and recognitions, including:

- awarded the “14th amongst the Top 100 Property Management Companies in China for 2023 (2023中國物業服務百強企業第14位)”, “10th amongst China’s Listed Property Management Companies in terms of Overall Strength for 2023 (2023中國物業服務上市公司綜合實力第10位)”, “7th amongst China’s Property Management Exceptional Companies in terms of ESG Development for 2023 (2023中國物業服務ESG發展優秀企業第7位)”, and “China’s Leading Property Management Companies in terms of Service Quality for 2023 (2023中國物業服務品質領先企業)” by the China Index Academy; and
- awarded the “Excellence in ESG Governance Award (卓越ESG管治表現大獎)” and “Excellence in Social Sustainability Award (卓越社會表現大獎)” by “Ming Pao”.

OUTLOOK

The Group continues to be committed to provide high quality services on a long-term basis to the communities, while constantly improving the Group's development, operational and management standards. In the future, the Group will focus on "improving property management services, enhancing value-added services, and diversifying business expansion" as the goal of work – by continuing to improve service quality, diversifying its value-added business, accelerating the expansion of its property management business, and using digitalization to improve the quality and efficiency of our services.

Improving property management services

The Group will continue to strengthen the fundamentals of its property management services and facilitate the implementation of its product lines, and step up its effort to develop distinctive services in order to improve brand image and reputation. The Group will also focus on quality improvement by remedying relevant issues, addressing customer demands, and enhancing its service capabilities, in order to improve the Group's relationship with its customers.

Enhancing value-added services

The Group will focus on its five value-added service platforms identified above (i.e. property agency, new retail, home decoration, community commercial service and intelligence). This will include developing distinctive and productive value-added services and products for communities and optimizing the Group's supply chain, in order to enhance our customers' quality of life.

Diversifying business expansion

The Group will continue to add impetus to the expansion of its business scale via market expansion, strategic joint ventures, cooperations and mergers and acquisitions.

Meanwhile, the Group will further integrate high-quality resources, build up its market presence for managing new types of properties, enhance its advantages in managing existing types of properties, and develop its premium services offerings – all with the aim of improving the Group's service capabilities, market competitiveness and operation capabilities, in order to be a trusted service company for its customers.

FINANCIAL REVIEW

Revenue

For the Period, the Group's revenue amounted to RMB1,511.8 million (Corresponding Period: RMB1,089.9 million), representing a year-on-year increase of 38.7%.

The Group's revenue was derived from two major business segments: (i) non-commercial property management and value-added services; and (ii) commercial property management and operational services. The increase in the Group's revenue for the Period was mainly due to the increase in revenue from non-commercial property management and value-added services, as further 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 | | | |
|---|--------------------------|---------------------|-------------------------|---------------------|
| | 2023 | | 2022 | |
| | <i>RMB'000</i> | <i>%</i> | <i>RMB'000</i> | <i>%</i> |
| Non-commercial property management and value-added services | 1,210,790 | 80.1 | 810,515 | 74.4 |
| Commercial property management and operational services | 301,056 | 19.9 | 279,423 | 25.6 |
| Total | <u>1,511,846</u> | <u>100.0</u> | <u>1,089,938</u> | <u>100.0</u> |

The table below sets forth the breakdown of the Group’s revenue by type of ultimate paying customer for the periods indicated.

| | Six months ended 30 June | | | |
|---|---------------------------------|---------------------|-------------------------|---------------------|
| | 2023 | | 2022 | |
| | <i>RMB’000</i> | <i>%</i> | <i>RMB’000</i> | <i>%</i> |
| GZYZ, Yuexiu Property and their respective joint ventures, associates or other related parties ⁽¹⁾ | 701,894 | 46.4 | 487,335 | 44.7 |
| Independent Third Parties ⁽²⁾ | 809,952 | 53.6 | 602,603 | 55.3 |
| Total | <u>1,511,846</u> | <u>100.0</u> | <u>1,089,938</u> | <u>100.0</u> |

Notes:

- (1) Comprises Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團股份有限公司) (“GZYZ”), 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) Comprises entities and individuals who were not a connected person (as defined in the Listing Rules) of the Company (“Independent Third Parties”).

The Group generally provided property management services to Independent Third Party customers who are property owners, residents, tenants, property owners’ associations and property developers after the delivery of properties by property developers which were GZYZ and Yuexiu Property and their respective joint ventures, associates or other related parties or Independent Third Parties. During the Period, the Group’s revenue received from GZYZ, Yuexiu Property and their respective joint ventures, associates or other related parties increased by RMB214.6 million or 44.0% as compared to RMB487.3 million for the Corresponding Period. Such increase was mainly attributable to the continuous business expansion of cooperative property developers and their continued engagement of the Group’s services.

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

| | Six months ended 30 June | | | |
|----------------|---------------------------------|---------------------|-------------------------|---------------------|
| | 2023 | | 2022 | |
| | <i>RMB'000</i> | <i>%</i> | <i>RMB'000</i> | <i>%</i> |
| Mainland China | 1,471,857 | 97.4 | 1,056,928 | 97.0 |
| Hong Kong | 39,989 | 2.6 | 33,010 | 3.0 |
| Total | <u>1,511,846</u> | <u>100.0</u> | <u>1,089,938</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 RMB1,210.8 million (Corresponding Period: RMB810.5 million), representing a year-on-year increase of 49.4%. The increase is mainly attributable to the following factors:

- (i) the number of non-commercial projects under management increased to 284 and the GFA under management increased to 54.2 million sq.m. as of 30 June 2023;
- (ii) revenue from value-added services to non-property owners increased from RMB171.8 million for the Corresponding Period to RMB352.4 million for the Period, representing an increase of 105.1%. The increase was mainly due to growing demand for services from cooperative property developers amid the gradual stabilization of cyclic fluctuations in the China property market, coupled with the introduction of intelligent services in the second half of 2022; and

(iii) revenue from community value-added services increased from RMB243.9 million for the Corresponding Period to RMB400.5 million for the Period, representing an increase of 64.2%. The increase was mainly attributable to the increase in customer base as a result of the expansion of GFA under management of non-commercial properties and the diversification of community user services offered to customers.

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 | | | |
|--|---------------------------------|---------------------|-----------------------|---------------------|
| | 2023 | | 2022 | |
| | <i>RMB'000</i> | % | <i>RMB'000</i> | % |
| Property management services | 457,936 | 37.8 | 394,779 | 48.7 |
| Value-added services to non-property owners | 352,380 | 29.1 | 171,833 | 21.2 |
| Community value-added services | 400,474 | 33.1 | 243,903 | 30.1 |
| Total | <u>1,210,790</u> | <u>100.0</u> | <u>810,515</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 RMB301.1 million (Corresponding Period: RMB279.4 million), representing a year-on-year increase of 7.7%. The increase was mainly because the number of commercial projects under its management increased to 62, and the GFA under management increased to 4.6 million sq.m. as of 30 June 2023.

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 | | | |
|---|---------------------------------|---------------------|-----------------------|---------------------|
| | 2023 | | 2022 | |
| | <i>RMB'000</i> | <i>%</i> | <i>RMB'000</i> | <i>%</i> |
| Commercial operation and management services | 250,881 | 83.3 | 205,274 | 73.5 |
| Market positioning consultancy and tenant sourcing services | 50,175 | 16.7 | 74,149 | 26.5 |
| Total | <u>301,056</u> | <u>100.0</u> | <u>279,423</u> | <u>100.0</u> |

Cost of sales

The Group's cost of sales represents costs and expenses directly attributable to the provision of its services, which mainly comprises staff costs, subcontracting costs, cost of goods sold, maintenance costs and depreciation and amortisation charges.

During the Period, cost of sales of the Group was RMB1,086.9 million (Corresponding Period: RMB744.7 million), representing a year-on-year increase of 46.0%. The increase in cost of sales was mainly attributable to the expansion of the GFA under management, the expansion of business scale during the Period and the increase in various types of costs with the diversification of value-added services.

For the Period, staff costs under cost of sales amounted to RMB425.5 million (Corresponding Period: RMB361.9 million), representing a year-on-year increase of 17.6%. Such increase was in line with the Group's business development activities for the Period.

Gross profit and gross profit margin

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

| | Six months ended 30 June | | | |
|--|-----------------------------------|--------------------------------|-----------------------------------|--------------------------------|
| | 2023 | | 2022 | |
| | Gross profit <i>RMB'000</i> | Gross profit margin % | Gross profit <i>RMB'000</i> | Gross profit margin % |
| Non-commercial property management and value-added services | 330,077 | 27.3 | 251,067 | 31.0 |
| – Property management services | 73,261 | 16.0 | 78,800 | 20.0 |
| – Value-added services to non-property owners | 114,488 | 32.5 | 80,190 | 46.7 |
| – Community value-added services | 142,328 | 35.5 | 92,077 | 37.8 |
| Commercial property management and operational services | 94,885 | 31.5 | 94,216 | 33.7 |
| – Commercial operation and management services | 74,074 | 29.5 | 60,646 | 29.5 |
| – Market positioning consultancy and tenant sourcing services | 20,811 | 41.5 | 33,570 | 45.3 |
| Total | 424,962 | 28.1 | 345,283 | 31.7 |

The Group's overall gross profit margin was primarily affected by its business mix, average property management fee rates it charged for property management services, geographic concentration of GFA under management and cost control capabilities. The Group's gross profit increased from RMB345.3 million for the Corresponding Period to RMB425.0 million for the Period. The overall gross profit margin of the Group decreased from 31.7% for the Corresponding Period to 28.1% for the Period.

The gross profit margin for non-commercial property management and value-added services decreased from 31.0% for the Corresponding Period to 27.3% for the Period, mainly due to the Group's expansion of business scale and development of value-added services, which are currently in the growth stage, resulting in a decrease in the overall gross profit margin of this segment.

The gross profit margin for commercial property management and operational services decreased from 33.7% for the Corresponding Period to 31.5% for the Period, primarily due to the pricing of market positioning and management consultancy services with reference to factors such as occupancy rate and rental unit price. As the occupancy rate of the newly opened projects stabilized, the average gross profit margin for these business portfolios slightly decreased during the Period.

Administrative expenses

The Group's administrative expenses mainly comprise staff costs, consultancy fees, depreciation and amortisation charges, travelling and entertainment expenses, and bank charges. For the Period, administrative expenses amounted to RMB127.2 million (Corresponding Period: RMB100.9 million), representing a year-on-year increase of 26.1%.

Other income

The Group's other income primarily consists of additional value-added tax deduction and government grants. For the Period, other income amounted to RMB9.3 million (Corresponding Period: RMB10.4 million).

Other (losses)/gains - net

The Group's net other losses primarily consist of net foreign exchange losses. For the Period, the Group's net other losses amounted to RMB2.4 million (Corresponding Period: net other gains amounted to RMB11.0 million). Foreign exchange losses of RMB3.1 million were recorded for the Period.

Finance income - net

The Group's net finance income primarily consists of interest income from bank deposits and interest expense of lease liabilities. For the Period, net finance income amounted to RMB49.2 million (Corresponding Period: RMB29.7 million), representing a year-on-year increase of 65.6%. Such increase was primarily due to the Group's effective management and utilization of funds, which led to higher capital yields.

Income tax expenses

For the Period, income tax expenses of the Group were RMB94.4 million (Corresponding Period: RMB78.5 million), representing a year-on-year increase of 20.3%, which was in line with the growth in profit before income tax.

Profit for the Period

For the Period, net profit of the Group amounted to RMB256.4 million (Corresponding Period: RMB215.7 million), representing a year-on-year increase of 18.9%. Net profit margin for the Period was 17.0% (Corresponding Period: 19.8%), representing a year-on-year decrease of 2.8 percentage points, mainly attributable to the Group's continuous business development and business structure adjustment.

Profit attributable to owners of the Company

During the Period, profit attributable to owners of the Company was RMB247.7 million (Corresponding Period: RMB210.8 million), representing a year-on-year increase of 17.5%. Basic earnings per share amounted to RMB0.16 (Corresponding Period: RMB0.14).

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 2023, the Group's right-of-use assets amounted to RMB105.0 million (31 December 2022: RMB76.4 million). Such increase was primarily attributable to renewed and newly contracted buildings and parking lots used for operations, and depreciation over time.

Financial assets at fair value through other comprehensive income

As of 30 June 2023, the Group had financial assets at fair value through other comprehensive income of RMB33.4 million (31 December 2022: RMB32.2 million), which comprised of the Group's investments in:

- 5% equity interests in 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 and information management systems and services; and
- 10% equity interests in 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 mainland China.

Trade receivables

The Group's trade receivables increased from RMB603.6 million as of 31 December 2022 to RMB794.1 million as of 30 June 2023, representing an increase of 31.6%, mainly attributable to the continuous expansion of the Group's business scale.

Other receivables

The Group's other receivables mainly comprise property management costs recoverable, payments on behalf of residents and tenants and guarantee deposits paid in relation to the provision of property management services. The Group's other receivables decreased to RMB324.7 million as of 30 June 2023 from RMB336.5 million as of 31 December 2022, representing a decrease of 3.5%, mainly due to our intensified efforts in collecting receivables during the Period.

Trade payables

The Group's trade payables increased from RMB353.1 million as of 31 December 2022 to RMB438.8 million as of 30 June 2023, representing an increase of 24.3%, mainly due to the continuous business development of the Group.

Other payables

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, performance guarantee deposits received from other service providers, renovation and utility security deposits received from property owners and tenants, accrued payroll liabilities and other tax payables. The Group's other payables as of 31 December 2022 and 30 June 2023 were RMB1,233.5 million and RMB1,316.5 million, respectively. The increase was mainly due to the distribution of final dividend for the year ended 31 December 2022 totaling RMB153.0 million. The final dividend for the year ended 31 December 2022 was paid on 6 July 2023.

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 (as defined below). The Group has adopted comprehensive treasury policies and internal control measures to review and monitor its financial resources, and has maintained stable financial conditions and sufficient liquidity throughout. The Group's net current assets position improved from RMB3,397.1 million as of 31 December 2022 to RMB3,557.9 million as of 30 June 2023.

As of 30 June 2023, the Group's cash and cash equivalents amounted to RMB4,619.6 million (31 December 2022: RMB4,360.8 million). The increase was mainly attributable to the increments from operating activities.

As of 30 June 2023, the Group had no bank borrowings (31 December 2022: Nil). As of 30 June 2023, the Group had lease liabilities of RMB108.4 million (31 December 2022: RMB78.8 million). The increase was mainly attributable to renewed and newly contracted buildings and parking lots used for operation.

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 2022 and 30 June 2023, the gearing ratios as of both aforesaid dates were nil.

Proceeds from the Global Offering

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 Company's prospectus dated 16 June 2021 (the “**Prospectus**”).

After deducting the underwriting fees and commissions, incentive fee and other relevant expenses, the net proceeds from the Global Offering and the exercise of the Over-allotment Option amounted to HKD1,961.3 million (equivalent to RMB1,632.0 million). As of 30 June 2023, the Group has utilised the net proceeds as follows:

| Category | Intended use of proceeds <i>RMB'000</i> | Percentage of total proceeds <i>%</i> | Actual use of proceeds during the six months period ended 30 June 2023 <i>RMB'000</i> | Actual use of proceeds up to 30 June 2023 <i>RMB'000</i> | Unused proceeds up to 30 June 2023 <i>RMB'000</i> | Expected timeline for the intended use |
|---|---|--|--|---|--|---|
| | | | | | | |
| Strategic acquisitions and investments | 979,200 | 60 | 1,620 | 14,731 <i>(Note 1)</i> | 964,469 | By end of 2023 |
| Further development of the Group's value-added services | 244,800 | 15 | 7,037 | 41,788 | 203,012 | By end of 2023 |
| Developing information technology systems and smart communities | 244,800 | 15 | 6,892 | 10,986 | 233,814 | By end of 2023 |
| Replenishing working capital and for general corporate purposes | 163,200 | 10 | 47,392 | 95,854 | 67,346 | By end of 2023 |
| Total | <u>1,632,000</u> | <u>100</u> | <u>62,941</u> | <u>163,359</u> | <u>1,468,641</u> | |

Note:

- (1) The Group has been identifying suitable acquisition opportunities during the Period and had used part of the funds to pursue and conduct feasibility studies and due diligence on potential acquisition targets.

The unused proceeds are expected to be used in accordance with the purposes set out in the Prospectus and are currently held as bank deposits. The Group will continue to monitor the use of proceeds and will announce if there is any plan to change the intended timetable and use as and when appropriate in accordance with the requirements of the Listing Rules.

The principal operating entities of the Group are based in the mainland China and their operating activities are transacted in RMB. Foreign exchange risk mainly arises from the proceeds from the Global Offering held by the Group, which have not been converted into RMB. 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 order to gain a higher interest income and reduce the foreign exchange exposure, while the other part of the bank deposits will be maintained in Hong Kong dollars for payment of cash dividend and day-to-day working capital for operations in Hong Kong and outside of the mainland China in the future.

Pledge of assets

As of 30 June 2023, 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 2023, the Group did not hold any significant investment.

Contingent liabilities

As of 30 June 2023, the Group did not have any material contingent liabilities.

Capital commitment and capital expenditure

As of 30 June 2023, the Group did not have any capital commitment.

The Group's capital expenditure for the year ending 31 December 2023 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 2023, the Group had a total of 13,538 full-time employees in the mainland China and Hong Kong. Total staff costs for the Period amounted to RMB520.4 million.

The Group regularly reviews remuneration and benefits of its employees according to market practice and the relevant employee's performance. The Group also (in accordance with applicable laws and regulations) provides various insurance coverage (including pension insurance, medical insurance, unemployment insurance, maternity insurance and occupational injury insurance), housing provident funds (in the mainland China) and mandatory provident funds (in Hong Kong) for its employees.

The Group has also implemented various talent development and acquisition policies, in order to recruit and retain high-quality employees and their expertise and experience. For example, the Yuexiu Property Management Training & Development Academy (越秀物業培訓發展學院) provides employees with comprehensive training courses, including management skill enhancement, qualification test tutoring and professional skill training.

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of maintaining a high level 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 Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules. During the Period, the Company has complied with all code provisions as set out in Part 2 of Appendix 14 to the Listing Rules.

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 enquiries with each Director, all Directors confirmed that they had complied with the required standard as set out in the Model Code throughout the Period.

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

There were no significant events affecting the Group since 30 June 2023 and up to the date of this announcement.

REVIEW OF INTERIM RESULTS

The audit committee of the Company (the “**Audit Committee**”), comprising Ms. Hui Lai Kwan (Chairlady), Mr. Hung Shing Ming and Mr. Chan Yuen Hang Kenneth, has discussed with the management and the Company’s auditor the accounting principles and policies adopted by the Group.

The interim financial information of the Group for the Period have been reviewed by the Audit Committee and by the Company’s auditor in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend for 2023 of HKD0.089 per share (equivalent to RMB0.081 per share) (2022 interim: Nil) to shareholders whose names appear on the Register of Members of the Company on Thursday, 7 September 2023. The interim dividend will be distributed to shareholders on or around Friday, 22 September 2023.

Dividends payable to shareholders will be paid in HKD. The exchange rate adopted by the Company for its dividend payable is the average middle exchange rate of HKD against RMB announced by the People's Bank of China ("PBOC") in the five business days preceding the date of dividend declaration.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 6 September 2023 to Thursday, 7 September 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:30 p.m. on Tuesday, 5 September 2023.

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 Company's shareholders 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, 22 August 2023

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

Executive Directors: ZHANG Jianguo, MAO Liangmin and ZHANG Jin

*Non-executive Directors: LIN Feng (Chairman), YAO Xiaosheng and
YANG Zhaoxuan*

*Independent Non-executive Directors: HUNG Shing Ming, HUI Lai Kwan and
CHAN Yuen Hang Kenneth*

** for identification purpose only*