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越秀服務集團有限公司

YUEXIU SERVICES GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 06626)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

RESULTS HIGHLIGHTS

- For the year ended 31 December 2021, total revenue amounted to RMB1,918.4 million, representing a year-on-year increase of 64.2%. Among which:
 - (i) revenue from non-commercial property management and value-added services amounted to RMB1,425.1 million, representing a year-on-year increase of 75.7%; and
 - (ii) revenue from commercial property management and operational services amounted to RMB493.2 million, representing a year-on-year increase of 38.2%;
- For the year ended 31 December 2021, gross profit margin was 35.0%, which increased 0.5 percentage point as compared to that of the Previous Year.
- For the year ended 31 December 2021, profit attributable to owners of the Company amounted to RMB359.5 million, representing a year-on-year increase of 80.6%.
- For the year ended 31 December 2021, basic earnings per Share was RMB0.27, representing a year-on-year increase of 35.0%.
- As of 31 December 2021, GFA under management of the Group was 38.9 million sq.m., representing a year-on-year growth of 19.1%; and contracted GFA of the Group was 58.4 million sq.m., representing a year-on-year growth of 17.0%.
- The Board has proposed to declare a final dividend of HKD0.102 per Share (equivalent to RMB0.083 per Share).

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Yuexiu Services Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces the consolidated annual results of the Group for the year ended 31 December 2021.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

		Year ended 31 December	
		2021	2020
	Note	RMB'000	RMB'000
Revenue	3	1,918,378	1,168,048
Cost of sales	4	<u>(1,247,545)</u>	<u>(764,757)</u>
Gross profit		<u>670,833</u>	<u>403,291</u>
Administrative expenses	4	(161,454)	(143,919)
Net impairment losses on financial assets		(3,692)	(2,563)
Other income	5	14,011	45,166
Other (losses)/gains-net	6	<u>(16,025)</u>	<u>488</u>
Operating profit		<u>503,673</u>	<u>302,463</u>
Finance income		23,817	6,973
Finance costs		<u>(3,421)</u>	<u>(29,225)</u>
Finance income/(costs)-net	7	<u>20,396</u>	<u>(22,252)</u>
Share of profit of a joint venture accounted for using the equity method		<u>188</u>	<u>–</u>
Profit before income tax		<u>524,257</u>	<u>280,211</u>
Income tax expense	8	<u>(154,521)</u>	<u>(76,501)</u>
Profit for the year		<u>369,736</u>	<u>203,710</u>
Profit attributable to:			
- Owners of the Company		359,536	199,131
- Non-controlling interests		<u>10,200</u>	<u>4,579</u>
		<u>369,736</u>	<u>203,710</u>

		Year ended 31 December	
		2021	2020
	<i>Note</i>	RMB'000	RMB'000
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
- Exchange differences on translation of foreign operations		<u>(2,450)</u>	<u>(1,749)</u>
<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		<u>(1,972)</u>	<u>(662)</u>
Other comprehensive loss for the year, net of tax		<u>(4,422)</u>	<u>(2,411)</u>
Total comprehensive income for the year		<u>365,314</u>	<u>201,299</u>
Total comprehensive income attributable to:			
- Owners of the Company		355,114	196,720
- Non-controlling interests		<u>10,200</u>	<u>4,579</u>
		<u>365,314</u>	<u>201,299</u>
Earnings per share (expressed in RMB per share)			
- Basic and diluted earnings per share	9	<u>0.27</u>	<u>0.20</u>

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021**

		As at 31 December	
	<i>Note</i>	2021	2020
		RMB'000	RMB'000
Assets			
Non-current assets			
Property, plant and equipment	<i>11</i>	39,437	41,084
Right-of-use assets		53,807	100,017
Intangible assets	<i>12</i>	345,883	343,908
Interest in a joint venture		817	–
Financial assets at fair value through other comprehensive income		32,202	34,784
Deferred income tax assets		10,051	8,635
Restricted cash		8,127	6,536
		490,324	534,964
Current assets			
Inventories		1,017	899
Trade and other receivables and prepayments	<i>13</i>	795,342	861,963
Prepaid income taxes		30,587	11,191
Cash and cash equivalents		3,803,434	994,629
Restricted cash		10,744	7,061
		4,641,124	1,875,743
Total assets		5,131,448	2,410,707
Equity			
Equity attributable to owners of the Company			
Share capital	<i>14</i>	2,543,048	581,017
Other reserves	<i>15</i>	(366,854)	(366,346)
Retained earnings	<i>15</i>	755,575	399,953
		2,931,769	614,624
Non-controlling interests		158,687	146,056
Total equity		3,090,456	760,680

		As at 31 December	
		2021	2020
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Liabilities			
Non-current liabilities			
Contact liabilities	<i>3</i>	425,357	–
Deferred income tax liabilities		53,018	35,765
Lease liabilities		19,529	52,323
Other payables	<i>16</i>	–	6,144
		<u>497,904</u>	<u>94,232</u>
Current liabilities			
Trade and other payables	<i>16</i>	1,301,938	1,272,335
Contract liabilities	<i>3</i>	159,240	163,183
Lease liabilities		35,494	56,929
Current income tax liabilities		46,416	63,348
		<u>1,543,088</u>	<u>1,555,795</u>
Total liabilities		<u>2,040,992</u>	<u>1,650,027</u>
Total equity and liabilities		<u>5,131,448</u>	<u>2,410,707</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Special Administrative Region in the PRC (“**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.

These financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 3 March 2022.

2 Summary of significant accounting policies

This note provides a list of significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(i) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) and requirements of the Hong Kong Companies Ordinance (“**HKCO**”) Cap. 622.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) measured at fair value.

(iii) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021:

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 year. The adoption of these amended standards and interpretation did not result in any significant impact on the results and financial portion of the Group.

(iv) New standards and interpretations not yet adopted by the Group

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 annual periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
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
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-Scope Amendments	1 January 2022
HKFRS 4 (Amendments)	Intension of the Temporary Exception from Applying HKFRS 9	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17 (Amendments)	Amendments to HKFRS 17	1 January 2023
Annual improvements to HKFRS standards 2018-2020	Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	1 January 2022
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
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

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 consolidated financial statements. None of these is expected to have a material impact on the consolidated financial statements of the Group in the current or future reporting periods and on foreseeable future transactions.

3 Segment information

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Makers (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive Directors of the Company.

The Group has two business segments:

- 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 decoration services, 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.

(a) Segment revenue and results

Segment results represent the profit earned by each segment without other income, other gains or losses, finance costs - net and income tax expenses. Revenue recognized at a point in time from contracts with customers mainly represents commission income from carpark space sales assistance services and revenue from consultancy services. Other revenue from contracts with customers is recognized over time. The following is the analysis of the Group’s revenue and results by operating and reportable segments:

For the year ended 31 December 2021

	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>
Gross segment revenue	<u>1,425,142</u>	<u>493,236</u>	<u>1,918,378</u>
Revenue from external customers	<u>1,425,142</u>	<u>493,236</u>	<u>1,918,378</u>
Revenue from contracts with customers recognized			
– At a point in time	286,854	18,376	305,230
– Over time	1,138,288	474,331	1,612,619
Revenue from other sources	<u>–</u>	<u>529</u>	<u>529</u>
	<u>1,425,142</u>	<u>493,236</u>	<u>1,918,378</u>
Segment results	<u>377,080</u>	<u>153,759</u>	<u>530,839</u>

	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>
Other income			14,011
Other losses - net			(16,025)
Unallocated operating costs			(24,964)
Finance income - net			20,396
Income tax expenses			(154,521)
Profit for the year			369,736
Segment results include:			
Depreciation	21,227	43,125	64,352
Amortization	10,927	1,033	11,960
Net impairment losses on financial assets	2,064	1,628	3,692
Share of profit of a joint venture accounted for using the equity method	188	-	188
For the year ended 31 December 2020			
	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>
Gross segment revenue	811,168	356,880	1,168,048
Revenue from external customers	811,168	356,880	1,168,048
Revenue from contracts with customers recognized			
– At a point in time	165,944	3,214	169,158
– Over time	645,224	347,777	993,001
Revenue from other sources	-	5,889	5,889
	811,168	356,880	1,168,048
Segment results	197,484	64,986	262,470
Other income			45,166
Other gains - net			488
Unallocated operating costs			(5,661)
Finance cost - net			(22,252)
Income tax expenses			(76,501)
Profit for the year			203,710

	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>
Segment results include:			
Depreciation	11,412	61,566	72,978
Amortization	1,481	847	2,328
Net impairment losses on financial assets	2,415	148	2,563
	<u> </u>	<u> </u>	<u> </u>

An analysis of the Group's revenue by category for the years ended 31 December 2021 and 2020 are as follows:

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Non-commercial property management and value-added services		
– Property management services	642,525	343,735
– Value-added services to non-property owners	340,577	332,988
– Community value-added services	442,040	134,445
Commercial property management and operational services		
– Commercial operation and management services	382,672	303,294
– Market positioning consultancy and tenant sourcing services	110,564	53,586
	<u>1,918,378</u>	<u>1,168,048</u>

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, the Group had a large number of customers and none of whom contributed 10% or more of the Group's revenue for the years ended 31 December 2021 and 2020.

(b) Segment assets and liabilities

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 and current income tax liabilities and borrowings are not directly attributable to segments.

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

As at 31 December 2021

	Non- commercial property management and value- added services RMB'000	Commercial property management and operational services RMB'000	Total RMB'000
Segment assets	2,318,404	877,304	3,195,708
Financial assets at FVOCI			32,202
Prepaid income taxes			30,587
Deferred income tax assets			10,051
Other corporate assets			<u>1,862,900</u>
Total assets			<u>5,131,448</u>
Segment liabilities	1,418,499	520,019	1,938,518
Deferred income tax liabilities			53,018
Current income tax liabilities			46,416
Other corporate liabilities			<u>3,040</u>
Total liabilities			<u>2,040,992</u>
Capital expenditure	26,708	14,618	<u>41,326</u>

As at 31 December 2020

	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>
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
Total assets			<u>2,410,707</u>
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
Total liabilities			<u>1,650,027</u>
Capital expenditure	14,549	32,578	<u>47,127</u>

(c) **Contract liabilities**

The Group has recognized the following revenue-related contract liabilities:

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities		
– Related parties	37,217	13,656
– Third parties	547,380	149,527
	<u>584,597</u>	<u>163,183</u>

(i) Significant changes in contract liabilities

Contract liabilities of the Group mainly arise from advance payments made by customers while the underlying services are yet to be provided. Such liabilities increased as at 31 December 2021 as a result of the growth of the Group's business.

(ii) Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year		
Non-commercial property management and value-added services	158,164	89,211
Commercial property management and operational services	5,019	3,824
	<u>163,183</u>	<u>93,035</u>

4 Expenses by nature

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Employee benefit expenses	698,346	503,469
Gardening and cleaning	124,198	69,039
Decoration cost	117,302	17,568
Maintenance and upgrade costs	87,486	53,683
Depreciation and amortization charges	76,312	75,306
Commission fees	71,612	35,071
Utilities	54,223	46,501
Cost of goods sold	32,167	10,674
Short-term lease payments	29,589	27,031
Cost of consumables	27,583	18,267
Listing expenses	19,766	5,906
Promotion and advertising	16,694	12,888
Taxes and other levies expenses	15,055	9,795
Consultancy fees	14,473	7,103
Office expenses	9,791	6,760
Travelling and entertainment expenses	7,103	3,916
Bank charges	4,030	3,604
Auditors' remuneration	2,900	2,043
– Audit services	1,800	1,664
– Non-audit services	1,100	379
Others	369	52
	<u>1,408,999</u>	<u>908,676</u>

5 Other income

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Additional input value-added tax deduction (<i>Note (a)</i>)	9,458	8,924
Government grants (<i>Note (b)</i>)	3,056	8,945
Penalty income	1,497	1,206
Interest income from a loan to a related party	–	26,091
	<u>14,011</u>	<u>45,166</u>

- (a) The amounts represent additional deduction of value-added tax applicable to certain subsidiaries of the Group providing property management services and value-added services which are related to life services since April 2019.
- (b) Government grants mainly contain subsidies granted for job stabilization to the Group and special funds for industrial development. There are no unfulfilled conditions or other contingencies attached to these grants.

6 Other (losses)/gains - net

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Net foreign exchange (losses)/gains	(15,839)	355
Losses on disposal of property, plant and equipment	(140)	(20)
Others	(46)	153
	<u>(16,025)</u>	<u>488</u>

7 Finance income/(costs) - net

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Finance income		
Interests income from bank deposits	<u>23,817</u>	<u>6,973</u>
Finance costs		
Interest expense of a bank borrowing	–	(23,157)
Interest expense of lease liabilities	(3,340)	(5,501)
Interest expense of amount due to a related party	(81)	(567)
	<u>(3,421)</u>	<u>(29,225)</u>
Finance income/(costs) - net	<u>20,396</u>	<u>(22,252)</u>

8 Income tax expenses

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Current taxation		
Current income tax	138,074	67,755
Corporate withholding income tax	–	7,833
Deferred taxation		
Deferred income tax	(2,240)	(392)
Corporate withholding income tax on undistributed profits	<u>18,687</u>	<u>1,305</u>
	<u>154,521</u>	<u>76,501</u>

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group entities as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit before income tax	524,257	280,211
Tax calculated at applicable corporate income tax rate	133,334	70,238
– Effect of different tax rates applicable to certain subsidiaries	(3,780)	(2,239)
– Expenses not deductible for tax purposes	1,120	259
– Additional deduction for tax incentives	(63)	(282)
– Tax losses and deductible temporary differences for which no deferred income tax asset was recognized	5,331	376
– Utilization of previously unrecognized tax losses	(61)	(989)
– Joint venture's result reported net of tax	(47)	–
– Corporate withholding income tax	18,687	9,138
	<hr/> 154,521	<hr/> 76,501
Income tax expense	154,521	76,501

Hong Kong profit tax

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was passed on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax regime, the first HKD2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HKD2 million will be taxed at 16.5%.

The two-tiered profits tax regime was applicable to certain group companies incorporated in Hong Kong during the year ended 31 December 2021.

PRC corporate income tax

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

The general enterprise income tax rate in the PRC 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 year ended 31 December 2021, the “Small Low-Profit Enterprise” whose taxable income less than RMB3 million can enjoy the preferential income tax treatment with the income tax rate of 20% and is eligible to have their tax calculated based on 12.5% or 50% 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 PRC 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.

9 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 years ended 31 December 2021 and 2020.

The Company did not have any potential dilutive ordinary shares outstanding during the years ended 31 December 2021 and 2020. Diluted earnings per share is equal to basic earnings per share.

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to owners of the Company	359,536	199,131
Weighted average number of ordinary shares (in thousands)	1,308,445	1,018,600
Basic and diluted earnings per share for profit attributable to the owners of the Company (expressed in RMB per share)	0.27	0.20

10 Dividends

No dividend had been paid or declared by the Company during the year ended 31 December 2021.

The Board of Directors proposed a final dividend of HKD0.102 per ordinary share, totaling approximately RMB126 million. Such dividend is to be approved by the shareholders at the Annual General Meeting on 26 May 2022. These financial statements do not reflect this dividend payable.

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Final, proposed, of HKD0.102 equivalent to RMB0.083 (2020: Nil) per ordinary share	125,838	–
	125,838	–

11 Property, plant and equipment

	Buildings RMB'000	Furniture, fixtures and equipment RMB'000	Leasehold improvements RMB'000	Vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2020						
Opening net book amount	5,293	23,732	4,198	813	1,077	35,113
Additions	–	7,403	1,000	703	5,005	14,111
Acquisition of subsidiaries	–	2,443	–	–	–	2,443
Transfer	–	5,698	–	–	(5,698)	–
Disposals	–	(277)	–	(142)	–	(419)
Depreciation charge	(397)	(6,661)	(2,921)	(185)	–	(10,164)
Closing net book amount	4,896	32,338	2,277	1,189	384	41,084
As at 31 December 2020						
Cost	6,071	64,738	7,290	6,340	384	84,823
Accumulated depreciation	(1,175)	(32,400)	(5,013)	(5,151)	–	(43,739)
Net book amount	4,896	32,338	2,277	1,189	384	41,084
Year ended 31 December 2021						
Opening net book amount	4,896	32,338	2,277	1,189	384	41,084
Additions	–	5,378	1,137	228	7,505	14,248
Transfer	–	7,155	–	–	(7,155)	–
Disposals	–	(955)	–	(37)	–	(992)
Depreciation charge	(397)	(11,932)	(2,344)	(230)	–	(14,903)
Closing net book amount	4,499	31,984	1,070	1,150	734	39,437
As at 31 December 2021						
Cost	6,071	69,425	8,427	6,206	734	90,863
Accumulated depreciation	(1,572)	(37,441)	(7,357)	(5,056)	–	(51,426)
Net book amount	4,499	31,984	1,070	1,150	734	39,437

Depreciation expenses were charged to the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Cost of sales	13,266	8,809
Administrative expenses	1,637	1,355
	14,903	10,164

(a) No property, plant and equipment was restricted or pledged as security for liabilities as at 31 December 2021 and 2020.

12 Intangible assets

	Goodwill <i>RMB'000</i>	Customer relationships <i>RMB'000</i>	Software <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2020				
Opening net book amount	–	–	4,420	4,420
Additions	–	–	960	960
Acquisition of subsidiaries	248,344	92,372	140	340,856
Amortization	–	(784)	(1,544)	(2,328)
Closing net book amount	<u>248,344</u>	<u>91,588</u>	<u>3,976</u>	<u>343,908</u>
As at 31 December 2020				
Cost	248,344	92,372	9,858	350,574
Accumulated amortization	–	(784)	(5,882)	(6,666)
Net book amount	<u>248,344</u>	<u>91,588</u>	<u>3,976</u>	<u>343,908</u>
Year ended 31 December 2021				
Opening net book amount	248,344	91,588	3,976	343,908
Additions	4,988	–	8,947	13,935
Amortization	–	(9,413)	(2,547)	(11,960)
Closing net book amount	<u>253,332</u>	<u>82,175</u>	<u>10,376</u>	<u>345,883</u>
As at 31 December 2021				
Cost	253,332	92,372	18,805	364,509
Accumulated amortization	–	(10,197)	(8,429)	(18,626)
Net book amount	<u>253,332</u>	<u>82,175</u>	<u>10,376</u>	<u>345,883</u>

Amortization of intangible assets has been charged to the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of sales	11,960	2,310
Administrative expenses	–	18
	<u>11,960</u>	<u>2,328</u>

13 Trade and other receivables and prepayments

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Trade receivables (<i>Note (a)</i>)		
– Related parties	437,925	383,350
– Third parties	108,607	90,963
	<u>546,532</u>	<u>474,313</u>
Less: allowance for impairment of trade receivables	<u>(29,488)</u>	<u>(27,462)</u>
	<u>517,044</u>	<u>446,851</u>
Other receivables		
– Amounts due from related parties	–	177,028
– Property management costs recoverable from third parties (<i>Note (b)</i>)	55,169	48,360
– Property management costs recoverable from related parties (<i>Note (b)</i>)	26,583	37,550
– Payments on behalf of residents and tenants for third parties (<i>Note (c)</i>)	73,773	58,392
– Guarantee deposits paid to related parties (<i>Note (d)</i>)	21,553	39,746
– Guarantee deposits paid to third parties (<i>Note (d)</i>)	23,349	16,080
– Others		
– Related parties	25,360	13,560
– Third parties	39,266	15,056
	<u>265,053</u>	<u>405,772</u>
Less: allowance for impairment of other receivables	<u>(8,471)</u>	<u>(6,805)</u>
	<u>256,582</u>	<u>398,967</u>
Prepayments		
– Related parties	–	55
– Third parties	7,236	4,714
	<u>7,236</u>	<u>4,769</u>
Other prepaid taxes	14,480	9,471
Deferred listing expenses	–	1,905
Total	<u>795,342</u>	<u>861,963</u>

(a) Trade receivables mainly arise from property management services.

Non-commercial property management and value-added services income and commercial property management and operational service income under lump sum basis are received in accordance with the terms of the relevant services agreements. Service income from property management services is due for payment by property owners and tenants upon the issuance of demand notes.

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

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
0-30 days	221,317	337,572
31-180 days	205,092	64,106
181-365 days	70,471	17,734
1 to 2 years	17,808	20,011
2 to 3 years	9,643	13,684
Over 3 years	22,201	21,206
	<u>546,532</u>	<u>474,313</u>

As at 31 December 2021 and 2020, a provision of RMB29,488,000 and RMB27,462,000 was made against the gross amounts of trade receivables.

- (b) The amounts mainly represent costs incurred in relation to property management service provided under commission basis which could be recovered from property owners and tenants.
- (c) The amounts represent payments of utility charges on behalf of property owners and tenants.
- (d) The amounts mainly represent performance guarantee deposits paid to property owners for the provision of property management services.
- (e) As at 31 December 2021 and 2020, trade and other receivables were mainly denominated in RMB and the fair value of trade and other receivables approximated their carrying amounts.

14 Share capital

	Number of shares	Share capital RMB'000
At 1 January 2021	1,018,600,000	581,017
Issued and allotted shares to Guangzhou Metro Investment Finance (HK) Limited (“GMIF”) (Note (a))	90,359,677	330,000
Issued shares in connection with the Company’s listing (Note (b))	369,660,000	1,455,988
Issued over-allotment Shares (Note (c))	43,410,500	176,043
At 31 December 2021	<u>1,522,030,177</u>	<u>2,543,048</u>

- (a) On 9 February 2021, the Company issued and allotted 90,359,677 shares to GMIF, a wholly-owned subsidiary of Guangzhou Metro Group Co., Ltd., at a consideration of RMB330 million.
- (b) On 28 June 2021, the Company issued a total of 369,660,000 ordinary shares at a price of HKD4.88 per share as a result of the completion of the listing. The amount of HKD1,750,235,000 (equivalent to RMB1,455,988,000) was credited to share capital based on the gross proceeds of HKD1,803,941,000 (equivalent to RMB1,500,659,000) after deduction of the capitalized listing expenses of HKD53,706,000 (equivalent to RMB44,671,000).

- (c) On 21 July 2021, The Company announced that the over-allotment option described in the prospectus (“**Over-allotment Option**”) had been partially exercised by the joint representatives (on behalf of the international underwriters) in respect of an aggregate of 43,410,500 additional shares (“**Over-allotment Shares**”). The Over-allotment Shares have been issued and allotted by the Company at HKD4.88 per share, being the offer price per share under the global offering. The Over-allotment Shares were listed on the Main Board of the Stock Exchange on 26 July 2021.

15 Reserves

	Statutory reserves <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Total other reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total reserves <i>RMB'000</i>
As at 1 January 2020	9,591	(9,232)	359	258,547	258,906
Profit for the year	–	–	–	199,131	199,131
Appropriation of statutory reserves (<i>Note (a)</i>)	14,371	–	14,371	(14,371)	–
Changes in fair value of financial assets at FVOCI, net of tax	–	(662)	(662)	–	(662)
Exchange differences on translation of foreign operations	–	(1,749)	(1,749)	–	(1,749)
Transaction with non-controlling interests	–	(5,583)	(5,583)	–	(5,583)
Issuance of ordinary shares pursuant to the Reorganization	–	(581,016)	(581,016)	–	(581,016)
Deemed contributions from intermediate holding company, net	–	207,934	207,934	–	207,934
Dividend declared or paid	–	–	–	(43,354)	(43,354)
As at 31 December 2020	23,962	(390,308)	(366,346)	399,953	33,607
As at 1 January 2021	23,962	(390,308)	(366,346)	399,953	33,607
Profit for the year	–	–	–	359,536	359,536
Appropriation of statutory reserves (<i>Note (a)</i>)	3,914	–	3,914	(3,914)	–
Changes in fair value of financial assets at FVOCI, net of tax	–	(1,972)	(1,972)	–	(1,972)
Exchange differences on translation of foreign operations	–	(2,450)	(2,450)	–	(2,450)
As at 31 December 2021	27,876	(394,730)	(366,854)	755,575	388,721

(a) Statutory reserves

In accordance with relevant rules and regulations in the PRC, companies incorporated in the PRC are required to transfer no less than 10% of their profit after taxation calculated under the PRC accounting standards and regulations to the statutory reserve fund before distribution of profit after income tax, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset previous years' losses or to increase the capital of respective companies.

16 Trade and other payables

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Trade payables (<i>Note (a)</i>)		
– Related parties	13,783	8,760
– Third parties	152,795	72,190
	<u>166,578</u>	<u>80,950</u>
Other payables		
– Amounts due to related parties	–	127,346
– Advances for property management services from related parties (<i>Note (c)</i>)	62,378	48,535
– Advances for property management services from third parties (<i>Note (c)</i>)	257,626	191,204
– Guarantee deposits received from related parties (<i>Note (d)</i>)	61,142	40,381
– Guarantee deposits received from third parties (<i>Note (d)</i>)	268,955	230,273
– Receipts on behalf of residents or tenants from third parties (<i>Note (e)</i>)	155,823	134,896
– Receipts on behalf of residents or tenants from related parties (<i>Note (e)</i>)	2,158	2,990
– Dividend payables	1,560	90,203
– Accrued expenses to third parties	72,374	48,345
– Accrued expenses to related parties	160	5,121
– Others	95,952	66,259
	<u>978,128</u>	<u>985,553</u>
Accrued payroll liabilities	148,245	190,730
Other tax payables	8,987	21,246
	<u>1,301,938</u>	<u>1,278,479</u>
Less: non-current portion of trade and other payables		
– A loan from a related party (<i>Note (b)</i>)	–	(6,144)
Current portion	<u>1,301,938</u>	<u>1,272,335</u>

- (a) As at 31 December 2021 and 2020, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 1 year	146,473	58,637
1 to 2 years	4,389	8,226
2 to 3 years	4,511	6,229
Over 3 years	11,205	7,858
	<u>166,578</u>	<u>80,950</u>

- (b) On 18 July 2019, the Group entered into a loan agreement with Yuexiu Property (HK) Company Limited, a fellow subsidiary, for facility amount of HKD17,300,000. The loan is unsecured, interest bearing at fixed rate of 4% per annum. The loan was fully repaid before listing in 2021 (31 December 2020: RMB6,144,000).
- (c) The amounts represent advances received from property owners and tenants for settlement of costs to be incurred in relation to property management services provided under commission basis.
- (d) The amounts mainly represent performance guarantee deposits received from other service providers and renovation and utility security deposits received from property owners and tenants.
- (e) The amounts mainly represent advances received from property owners and tenants for settlement of their utility charges.

CHAIRMAN’S STATEMENT

Dear Shareholders,

2021 marked the commencement of the Group’s “14th Five-Year” strategic plan and a milestone year for its development. On 28 June 2021, the Group was successfully listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), making it the first (and so far the only) property management enterprise under the State-owned Assets Supervision and Administration Commission of Guangzhou Municipal Government (the “**Guangzhou SASAC**”) that has been listed in the Hong Kong Special Administrative Region (“**Hong Kong**”) of the People’s Republic of China (the “**PRC**” or “**China**”).

The Group focused on implementing the theme of “enhancing capability, efficiency and services, making multi-dimensional breakthroughs for development (提能增效強服務，多維突破謀發展)”, in order to overcome the adverse impact of the recurring COVID-19 pandemic, strengthen its basic services and develop various new businesses. Its targets in various operating indicators have recorded a rapid growth.

Rapid growth in operating results

For the year ended 31 December 2021 (the “**Year**”), the Group recorded a revenue of RMB1,918.4 million, representing an increase of 64.2% as compared to the year ended 31 December 2020 (the “**Previous Year**”). Gross profit margin was 35.0% for the Year, which increased 0.5 percentage point as compared to that of the Previous Year. Profit attributable to owners of the Company was RMB359.5 million, representing a year-on-year increase of 80.6%. Excluding listing expenses of RMB19.8 million and foreign exchange losses of RMB15.8 million, profit attributable to owners of the Company for the Year amounted to RMB395.1 million. The Board has proposed to declare a final dividend for the Year of HKD0.102 per share of the Company (the “**Share**”) (equivalent to RMB0.083 per Share).

Focusing on service quality and strengthening property management services

The Group continues to strengthen its property management services with the aim of providing “thoughtful customer service, complete security, continuous maintenance, comfortable environment and pleasant sales offices (客服貼心、秩序安心、工程放心、環境舒心、案場悅心)”. In 2021, the Group comprehensively launched the “Revitalising Action (春風行動)” and “Enhanced Service (強服務)” campaigns to revitalise old facilities and equipment of projects under its management, including via enhancements and rectification, building a comprehensive system for property management, upgrading key service guidelines and refining our services.

The Group also integrated the “Nationwide 400 Integrated Command Centre (全國400集成指揮中心)” to provide 24-hour service for customers’ needs and requests. According to the survey data of a third-party research institution, the overall residential customer satisfaction score was 88.2, representing a steady improvement.

In 2021, the Group was honored to rank as “16th among the 2021 Top 100 Property Management Companies in China (2021中國物業服務百強企業第16位)” by China Index Academy and received other titles.

Promoting expansion with a view to developing new business areas

The Group continues to focus on developing new business areas and market expansion by establishing a professional business expansion team, setting up an incentive system, and enhancing its capabilities and management system.

In 2021, the Group entered into contracts for 71 new projects, with new contracted gross floor area (“**GFA**”) of 10.2 million sq.m, setting foot in new cities such as Beijing, Ningbo, Nantong, Chongqing and Wuxi, as well as new business areas such as schools and highway service areas. Certain joint ventures were founded to facilitate the contracting and development of local projects.

As at 31 December 2021, the Group had 251 projects under management with total GFA under management of 38.9 million sq.m., and 315 contracted projects with contracted GFA of 58.4 million sq.m. covering 26 cities in the five regions of China, namely the Guangdong-Hong Kong-Macau Greater Bay Area (the “**Greater Bay Area**”), East China, Central China, North China and Southwest China and Hong Kong.

Leveraging unique strengths to enhance all-round services

As a leader of high-end office property management, the Group continues to maintain its strength in commercial property management and operation. In 2021, in addition to its existing commercial properties under management, the Group commenced managing new office projects such as Guangdong Media Tower in Guangzhou (廣州粵傳媒大廈), Science City Headquarters Building of Skyworth in Guangzhou (廣州創維科學城總部大樓) and Guangzhou Cloudshare Economic Ecology Park (廣州雲享經濟生態園), achieving a steady increase in commercial properties under its management.

The Group also maintained a unique competitive advantage in its transit-oriented development (“**TOD**”) property management model. Apart from new management projects for train stations and train depots within the Guangzhou metro system, the Group also actively expanded its TOD business to other cities outside Guangzhou, including by strategic cooperation with metro companies in other cities such as Chongqing, Changsha, Kunming, Nanning and Qingdao, thus further reinforcing the foundation of its TOD property management model across China. In addition, at the beginning of 2022, the Group successfully won the bid for property management service for Line 2 of Fuzhou Metro, which was the Group’s first TOD property management service project outside Guangzhou.

Enhance the offerings of value-added services

The Group continues to improve its community value-added services by focusing on “services for the people (人的服務)” and providing new services to cater residents’ daily needs and lifestyles. In 2021, the Group launched home decoration business to provide customers with a one-stop solution comprising renovation, furniture shopping for a complete home makeover (硬裝+軟裝+一步到家+煥新改造)” by integrating online and offline industry resources and shopping avenues.

Through developing its “Enjoy Club (悦秀會)” online membership scheme, the Group worked with Guangzhou Yuexiu Foods Group Company Limited* (廣州越秀食品集團有限公司) under Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團股份有限公司) (“GZYX”) to provide a new online retail business for food products. The Group is also one of the few property management services providers that offers “community commercial services” in the market, which involve the market positioning and branding of commercial streets in residential projects for developers and tenant sourcing services for the shops in these commercial streets.

FUTURE OUTLOOK

The year 2022 marks the 30th anniversary of the Group’s establishment and the first full financial year after the Listing. At this new juncture, the Group will continue to rise to new challenges and opportunities.

In its 30th anniversary, the Group will continue its strategic positioning as “China’s leading integrated urban services operator”, with quality property management services as the foundation of its development, and commercial operation and technological empowerment as its core competencies to provide all-round property management services and value-added services for diversified property types.

Consolidating “One Focus” and enhancing the quality of services. Service quality is the foundation of development and the key to growth in property management. The Group will continue to strengthen its services through measures such as refining service standards, creating specialisations within service models, modernising service tools, increasing service efficiencies and enhancing service brands. The Group aims at being one of the leading brands in the property management services sector.

Identifying the “Four Business Types” to drive high quality growth. The property management industry is in a period of development, with mergers and acquisitions increasing in frequency and expansion of scale remaining a strategic priority. The Group will continue to focus on residential property management as foundation, while actively expanding into commercial, mass transportation and urban services and other business areas. The Group’s ultimate aim is to become an integrated urban services operator providing property management services in four main areas, namely residential, commercial, mass transportation and urban services, and to rapidly expand its scale and market share through organic growth, external business development and mergers and acquisitions.

Focusing on the “Four Value-added Services” and expanding diversified income channels. In addition to basic property management services, the Group will actively explore personalised and diversified value-added service products that target the needs of community living and operation of public areas – to promote rapid growth of revenue from community value-added services. The Group will upgrade its urban commercial space services and further expand its community commercial services; enhance urban living space services and introduce home decoration services; improve the quality of urban living and expand its customer-end businesses such as sales and leasing services, new retail and home-living services; and upgrade its smart urban management service business and explore intelligent technology solutions.

Enhancing the “Five Capabilities” and strengthening the operational management system construction. The Group will continue to enhance its business expansion capabilities and take advantage of the current market environment. It will conduct in-depth resource exploration and industry research and strive for breakthroughs in mergers and acquisitions. The Group will also enhance its technology capabilities and build an integrated model of all-round property management services, improve its operational efficiency and reduce labour costs. The Group will enhance its supply chain management capabilities and work with strategic partners to reduce procurement costs and improve profit margins. In terms of organisational management capabilities, the Group will optimise talent recruitment and training mechanism to provide manpower support for business expansion. Finally, and just as important, the Group will enhance its risk management capabilities alongside the rapid development.

At the same time, the Group will pay further attention to sustainable development, by improving its governance structure and strengthening the Board’s participation in and supervision of the environmental, social and governance affairs.

As the Group embarks on its journey in the new year, it will maintain its aspirations and determination, and continue to strengthen its core competencies to live up to the expectations of being “a leading integrated urban services operator in China”.

Acknowledgements

We would like to express our sincere gratitude to our shareholders, partners and customers for their support and to all our staff for their hard work and dedication, all of which led to the Group’s achievements and developments.

Lin Feng
Chairman

Guangzhou, March 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is one of the leading property management companies in the Greater Bay Area. The Group is committed to providing diversified and integrated services covering various types of properties, including residential properties, shopping malls, office buildings, public facilities, urban railways, metro stations and metro depots. 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.

Adhering to the motto of “Where Good Service Starts (用心•成就美好生活)”, the Group has been providing its customers with a full range of property management services and high-quality value-added services. Its efforts were highly recognised in the industry. In 2021, the Group was honored to rank as “16th among the 2021 Top 100 Property Management Companies in China (2021中國物業服務百強企業第16位)”, “2021 High-end Property Service Leading Company in China (2021中國高端物業服務領先企業)”, and “2021 China Commercial Property Management Exceptional Company (2021中國商業物業管理優秀企業)” by China Index Academy, and was named as one of the “2021 Top 10 China Property Service Companies in terms of Urban Service (2021中國物業服務企業城市服務十強)” and one of the “2021 Top 10 China Property Service Companies in terms of Competitiveness in South China (2021中國物業服務企業華南競爭力十強)” by EH Consulting (億翰智庫) and Jiahe Jiaye (嘉和家業). The Group was also admitted as a constituent stock of the Hang Seng Property Service and Management Index on 6 September 2021.

In 2021, Guangzhou and the surrounding cities experienced a new wave of the COVID-19 pandemic. In response, the Group swiftly established a pandemic prevention emergency team to provide property owners with sufficient anti-pandemic supplies and daily supplies in the projects which were affected by the pandemic, assisted medical staff to conduct door-to-door nucleic acid testing for the property owners and tenants, and deployed security staff to the high-risk areas for outbreak control work. In addition, in respect of TOD property management services, the Group has also strengthened the disinfection of metro station facilities, indoor spaces and metro trains to provide a safe environment for the public. The pandemic did not have any significant impact on the Group’s operating and financial performance for the Year.

For the Year, the Group’s revenue amounted to RMB1,918.4 million, representing an increase of 64.2% as compared to RMB1,168.0 million for the Previous Year. The Group’s profit attributable to owners of the Company for the Year was RMB359.5 million, representing an increase of 80.6% as compared to RMB199.1 million for the Previous Year.

As of 31 December 2021, the Group had 251 projects under management with a total GFA under management of 38.9 million sq.m. (31 December 2020: 32.6 million sq.m.), representing a growth of 19.1%; it was contracted to manage 315 projects with a total contracted GFA of 58.4 million sq.m. (31 December 2020: 49.9 million sq.m.), representing a growth of 17.0%. The table below sets forth the change of the Group's contracted GFA and GFA under management for the years indicated.

	Year ended 31 December			
	2021		2020	
	Contracted GFA	GFA under management	Contracted GFA	GFA under management
	<i>(sq.m. in thousands)</i>			
As of the beginning of the year	49,909	32,648	36,427	21,934
New engagements	10,218	7,967	7,025	4,736
Acquisitions	–	–	6,462	5,983
Terminations	(1,743)	(1,743)	(5)	(5)
As at the end of the year	58,384	38,872	49,909	32,648

As of 31 December 2021, projects contracted to be managed by the Group covered 26 cities 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 31 December			
	2021		2020	
	Contracted GFA	GFA under management	Contracted GFA	GFA under management
	<i>(sq.m. in thousands)</i>			
Greater Bay Area	40,961	28,513	36,540	25,275
East China Region	6,116	4,225	4,757	3,020
Central China Region	5,765	2,587	5,014	1,988
North China Region	4,612	3,184	3,235	2,366
Southwest China Region	930	363	363	–
Total	58,384	38,872	49,909	32,648

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 pre-delivery stage of residential 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.

On the one hand, the Group's business scale grew steadily with the strong support of its controlling shareholder, Yuexiu Property Company Limited (Stock code: 123) (“**Yuexiu Property**”); on the other hand, the Company actively explored new and diversified business opportunities from independent sources to increase its market share. As of 31 December 2021, the Group had 209 non-commercial projects of a GFA under management of 35.6 million sq.m., representing a growth of 19.1% as compared to 29.9 million sq.m. as of 31 December 2020. For the Year, the average management fee of residential properties remained stable at RMB2.8/sq.m./month (Previous Year: RMB2.7/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 31 December 2021, the Group had 42 commercial projects of a GFA under management of 3.3 million sq.m., representing a growth of 16.9% as compared to 2.8 million sq.m. as of 31 December 2020. For the Year, the average management fees of office buildings and shopping malls remained stable at RMB22.3/sq.m./month (Previous Year: RMB22.8/sq.m./month) and RMB36.8/sq.m./month (2020: RMB35.3/sq.m./month), respectively.

FINANCIAL REVIEW

Revenue

For the Year, the Group's revenue amounted to RMB1,918.4 million (Previous Year: RMB1,168.0 million), representing a year-on-year increase of 64.2%. 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 Year 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 years indicated.

	Year ended 31 December			
	2021		2020	
	RMB'000	%	RMB'000	%
Non-commercial property management and value-added services	1,425,142	74.3	811,168	69.4
Commercial property management and operational services	493,236	25.7	356,880	30.6
Total	1,918,378	100.0	1,168,048	100.0

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

	Year ended 31 December			
	2021		2020	
	RMB'000	%	RMB'000	%
GZYY, Yuexiu Property and their respective joint ventures, associates or other related parties ⁽¹⁾	1,768,450	92.2	1,046,755	89.6
Independent third parties ⁽²⁾	149,928	7.8	121,293	10.4
Total	1,918,378	100.0	1,168,048	100.0

Notes:

- (1) Includes properties developed by GZYY, 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.

For the Year, the Group's revenue generated from properties developed by GZYZ, Yuexiu Property and their respective joint ventures, associates or other related parties increased by RMB721.7 million or 69.0% as compared to the Previous Year, 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 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 2021.

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

	Year ended 31 December			
	2021		2020	
	RMB'000	%	RMB'000	%
PRC	1,850,641	96.5	1,097,787	94.0
Hong Kong, PRC	67,737	3.5	70,261	6.0
Total	1,918,378	100.0	1,168,048	100.0

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

For the Year, revenue from non-commercial property management and value-added services amounted to RMB1,425.1 million (Previous Year: RMB811.2 million), representing a year-on-year increase of 75.7%. The increase is mainly attributable to the following factors:

- (i) the increase in the number of non-commercial projects under its management to 209 from 176 and the GFA under management to 35.6 million sq.m. from 29.9 million sq.m., respectively as of 31 December 2021 as compared to 31 December 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) revenue from value-added services to non-property owners increased from RMB333.0 million for the Previous Year to RMB340.6 million for the Year, representing an increase of 2.3%. The increase was mainly attributable to the business growth of property developers, and the increase in revenue from preliminary planning and design consultancy services; and

(iii) revenue from community value-added services increased from RMB134.4 million for the Previous Year to RMB442.0 million for the Year, representing an increase of 228.8% and making it the fastest-growing business of the Group. The increase was mainly because the Group's community value-added services developed in a more professional, diversified and balanced direction, the Group developed community commercial services, agency business and turnkey and move-in furnishing services in 2021 in an active manner, resulting in an increase in revenue.

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

	Year ended 31 December			
	2021		2020	
	RMB'000	%	RMB'000	%
Property management services	642,525	45.1	343,735	42.4
Value-added services to non-property owners	340,577	23.9	332,988	41.0
Community value-added services	442,040	31.0	134,445	16.6
Total	1,425,142	100.0	811,168	100.0

(II) Commercial property management and operational services

For the Year, revenue from commercial property management and operational services amounted to RMB493.2 million (Previous Year: RMB356.9 million), representing a year-on-year increase of 38.2%. The increase is mainly attributable to the following factors:

- (i) the increase in the number of commercial projects under its management to 42 from 39 and the GFA under management to 3.3 million sq.m. from 2.8 million sq.m., respectively, as of 31 December 2021 as compared to 31 December 2020, including but not limited to the opening of office tower of Guangzhou International Commercial Center (廣州環貿中心) in 2021; and the change of the service fee model of one of its projects from commission basis to lump-sum basis since August 2020, resulting in an increase in revenue from property management services to commercial properties; and
- (ii) revenue from the provision of market positioning and tenant sourcing services increased from RMB53.6 million for the Previous Year to RMB110.6 million for the Year, representing a year-on-year increase of 106.3%. The additional provision of tenant sourcing, tenant management and consultancy services to Guangzhou International Commercial Center (廣州環貿中心) by the Group during the Year; the provision of market research and positioning services to a number of new projects, 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 years indicated.

	Year ended 31 December			
	2021		2020	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Commercial operation and management services	382,672	77.6	303,294	85.0
Market positioning, consultancy and tenant sourcing service	110,564	22.4	53,586	15.0
Total	493,236	100.0	356,880	100.0

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. For the Year, cost of sales of the Group was RMB1,247.5 million (Previous Year: RMB764.8 million), representing a year-on-year increase of 63.1%, which was in line with the business expansion of the Group for the Year. During the Year, the Group adopted cost-saving measures. While continuing to use smart technologies in management, the Group also implemented stricter cost control measures while maintaining good service quality.

For the Year, staff costs under costs of sales amounted to RMB594.5 million (Previous Year: RMB389.7 million), representing a year-on-year increase of 52.5% and was in line with the business expansion of the Group for the Year.

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 years indicated.

	Year ended 31 December			
	2021		2020	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Non-commercial property management and value-added services	494,350	34.7	293,194	36.1
- Property management services	142,467	22.2	74,318	21.6
- Value-added services to non-property owners	148,190	43.5	168,071	50.5
- Community value-added services	203,693	46.1	50,805	37.8
Commercial property management and operational services	176,483	35.8	110,097	30.8
- Commercial operation and management services	122,477	32.0	88,453	29.2
- Market positioning, consultancy and tenant sourcing service	54,006	48.8	21,644	40.4
Total	670,833	35.0	403,291	34.5

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 RMB403.3 million for the Previous Year to RMB670.8 million for the Year. The overall gross profit margin of the Group increased from 34.5% for the Previous Year to 35.0% for the Year.

The gross profit margin for non-commercial property management and value-added services decreased slightly from 36.1% for the Previous Year to 34.7% for the Year, mainly because the business restructuring of the value-added services to non-property owners which led to a decrease in gross profit margin.

The gross profit margin for commercial property management and operational services increased from 30.8% for the Previous Year to 35.8% for the Year. 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 provided to a number of new projects during the Year; 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 fees, depreciation and amortisation, travelling and entertainment expenses, and bank charges. For the Year, administrative expenses of the Group amounted to RMB161.5 million, representing an increase of 12.2% as compared to RMB143.9 million for the Previous Year, primarily due to the listing expenses and related consultancy fees incurred during the Year.

Other income

Other income of the Group primarily consisted of government grants and the additional input value-added tax deduction for certain subsidiaries of the Group in life services industry. For the Year, other income of the Group amounted to RMB14.0 million (Previous Year: RMB45.2 million), representing a decrease of 69.0% as compared to the Previous Year, primarily due to the absence of interest income from a loan to related party during the Year as compared to the Previous Year. The loan to related party was settled in June 2020.

Other losses — net

Net other losses/gains primarily consist of net foreign exchange losses/gains and losses/gains on disposal of equipment. For the Year, the Group had net other losses of RMB16.0 million (Previous Year: net other gains of RMB488,000). Foreign exchange losses of RMB15.8 million were recorded for the Year mainly because proceeds from the Global Offering were in Hong Kong dollar and the exchange rate of Hong Kong dollar against RMB dropped at the end of the Year. Please refer to the paragraphs headed “Proceeds from the Listing” below for details.

Finance income — net

Net finance income/costs primarily consists of interest income from bank deposits and interest expense of lease liabilities. For the Year, net finance income amounted to RMB20.4 million (Previous Year: net finance costs of RMB22.3 million). Finance income for the Year increased by RMB16.8 million as compared to the Previous Year primarily due to the increase in bank deposits. Finance costs decreased by RMB25.8 million for the Year as compared to the Previous Year primarily due to the absence of interest expenses of a bank borrowing of RMB23.2 million and the decrease in interest expense of lease liabilities during the Year as compared to the Previous Year.

Income tax expenses

For the Year, income tax expenses of the Group were RMB154.5 million (Previous Year: RMB76.5 million), representing an increase of 102.0% as compared to the Previous Year, 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 Year

For the Year, net profit of the Group amounted to RMB369.7 million (Previous Year: RMB203.7 million), representing a year-on-year increase of 81.5%. Net profit margin for the Year was 19.3%, representing an increase of 1.9 percentage points as compared to that of 17.4% for the Previous Year, mainly attributable to the continuous business expansion of the Group and its costs-saving measures as detailed above.

During the Year, profit attributable to owners of the Company was RMB359.5 million (Previous Year: RMB199.1 million), representing a year-on-year increase of 80.6%. Basic earnings per Share amounted to RMB0.27 (Previous Year: RMB0.20), representing an increase of 35.0%. Excluding the listing expenses of RMB19.8 million and foreign exchange losses of RMB15.8 million, profit attributable to owners of the Company for the Year amounted to RMB395.1 million.

Right-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 31 December 2021, the Group's right-of-use assets amounted to RMB53.8 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 31 December 2021, the Group had financial assets at fair value through other comprehensive income of RMB32.2 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 increased to RMB517.0 million as of 31 December 2021 from RMB446.9 million as of 31 December 2020, representing an increase of 15.7%, mainly attributable to the increase in the Group's revenue for the Year as compared with the Previous Year.

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 RMB256.6 million as of 31 December 2021 from RMB399.0 million as of 31 December 2020, representing a decrease of 35.7%, mainly due to the settlement of non-trade amounts due from related parties during the Year.

Trade and other payables

The Group's trade payables increased to RMB166.6 million as of 31 December 2021 from RMB81.0 million as of 31 December 2020, representing an increase of 105.8% 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 31 December 2021 were RMB985.6 million and RMB978.1 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 Year.

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 RMB3,098.0 million as of 31 December 2021.

As of 31 December 2021, the Group's cash and cash equivalents amounted to RMB3,803.4 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 RMB330.0 million by subscribing Shares in February 2021.

As of 31 December 2021, the Group had no bank borrowings (31 December 2020: Nil) or loans from related party (31 December 2020: RMB6.1 million) or amounts due to related parties (31 December 2020: RMB121.2 million). The previous loan due to a related party of RMB6.1 million as of 31 December 2020 was non-trade in nature and was settled in March 2021. The previous amounts due to related parties of RMB121.2 million as of 31 December 2020 were non-trade in nature, interest-free, unsecured and repayable on demand and were repaid in April 2021. As of 31 December 2021, the Group had lease liabilities of RMB55.0 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 31 December 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 HKD1,961.3 million (equivalent to RMB1,632.0 million). As of 31 December 2021, the Group has utilised the net proceeds as follows:

Category	Intended use of proceeds <i>RMB'000</i>	Percentage of total proceeds %	Actual use of proceeds up to 31 December 2021 <i>RMB'000</i>	Unused proceeds up to 31 December 2021 <i>RMB'000</i>	Expected timeline for the intended use
Strategic acquisitions and investments	979,200	60	– <i>(Note 1)</i>	979,200	By end of 2023
Further development of the Group’s value-added services	244,800	15	– <i>(Note 2)</i>	244,800	By end of 2023
Developing information technology systems and smart communities	244,800	15	– <i>(Note 3)</i>	244,800	By end of 2023
Replenishing working capital and for general corporate purposes	163,200	10	1,840	161,360	By end of 2023
Total	1,632,000	100	1,840	1,630,160	

Notes:

- (1) The Group is still in the process of identifying suitable acquisition and investment targets through conducting feasibility studies and due diligence.
- (2) The Group is still identifying potential value-added service business partners and subcontractors, in an effort to expand the Group’s value-added service offerings.
- (3) Due to the complexity of the Group’s systems, the Group will require adequate time to evaluate plans of upgrading existing systems and developing new systems.

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 principal operating entities of the Group are based in the PRC and their operating activities are transacted 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 order to gain a higher interest income and reduce the foreign exchange exposure, while other part of the bank deposits will not be converted into RMB for payment of cash dividend and day-to-day working capital for operations in Hong Kong and outside the PRC in the future.

Pledge of assets

As of 31 December 2021, no assets of the Group were pledged as securities for liabilities.

Major acquisition and disposals

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

Major investments

As of 31 December 2021, the Group did not hold any significant investment.

Contingent liabilities

As of 31 December 2021, the Group did not have any material contingent liabilities.

Capital commitment and capital expenditure

As of 31 December 2021, the Group did not have any capital commitment.

The Group's capital expenditure for the year 2022 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 31 December 2021, the Group had a total of 11,212 full-time employees in the PRC and Hong Kong, PRC. Total staff costs for the Year amounted to RMB698.3 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) provides various insurance coverage (including pension insurance, medical insurance, unemployment insurance, maternity insurance and occupational injury insurance), housing provident funds (in the PRC) and mandatory provident funds (in Hong Kong, the PRC) 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" provides employees with various comprehensive training sessions and courses, including management skill enhancement, qualification test tutoring and 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 for the Company's shareholders (the "**Shareholder(s)**"). The Board has applied the principles of the code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules (the "**CG Code**"). The Company has complied with the CG Code from the Listing Date to 31 December 2021.

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 set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of conduct for the Directors in their dealings in the Company's securities. Each of the Directors confirm that they have complied with the required standard in the Model Code from the Listing Date to 31 December 2021.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities between the Listing Date to 31 December 2021.

EVENTS AFTER THE REPORTING YEAR

There were no other significant events affecting the Group between 31 December 2021 and the date of this announcement.

AUDIT COMMITTEE

The Company's audit committee (the "**Audit Committee**"), comprising Ms. Hui Lai Kwan (Chairlady), Mr. Hung Shing Ming and Mr. Chan Yuen Hang Kenneth, has discussed with the Group's management and external auditor the accounting principles and policies adopted by the Group as well as the procedures adopted by the auditor in reviewing all continuing connected transactions and connected transactions, and has reviewed the Group's consolidated financial statements for the Year.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS

The continuing connected transactions have been reviewed by the independent non-executive Directors. The independent non-executive Directors confirm that the continuing connected transactions were entered into:

- a) in the ordinary and usual course of business of the Group;
- b) either on normal commercial terms or better; and
- c) under terms and conditions that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company has engaged its auditor to report on the continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditor has issued an unqualified letter containing the findings and conclusions in respect of the aforesaid continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules and nothing has come to its attention that causes it to believe that the disclosed continuing connected transactions:

- a) have not been approved by the Board;
- b) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; or
- c) have exceeded the annual cap in respect of the disclosed continuing connected transactions.

REVIEW OF ANNUAL RESULTS

The Group's annual results have been reviewed by the Audit Committee. The figures in respect of this preliminary announcement of the Group's results for the Year have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

FINAL DIVIDEND

The Board has proposed to declare a final dividend for the Year of HKD0.102 per Share, which is equivalent to RMB0.083 per Share, payable to Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 7 June 2022. Subject to the approval of Shareholders at the forthcoming annual general meeting of the Company, the final dividend will be paid on or about Wednesday, 6 July 2022. Dividends payable to Shareholders will be paid in Hong Kong dollars. 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 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 Monday, 23 May 2022 to Thursday, 26 May 2022, both days inclusive, during which period no transfer of Shares will be registered. For the purpose of ascertaining the Shareholders' eligibility to participate in the forthcoming annual general meeting of the Company to be held on Thursday, 26 May 2022, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Friday, 20 May 2022.

In addition, the register of members of the Company will be closed from Monday, 6 June 2022 to Tuesday, 7 June 2022, both days inclusive, for the purpose of ascertaining the Shareholders' entitlement to the final dividend. In order to qualify for the final 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, no later than 4:30 p.m. on Thursday, 2 June 2022.

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

This annual results announcement will be published on the websites of the Company (www.yuexiuserVICES.com) and the Stock Exchange (www.hkexnews.hk). The Company's annual report for the Year will be despatched to the 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, 3 March 2022

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*