



越秀服務集團有限公司 YUEXIU SERVICES GROUP LIMITED

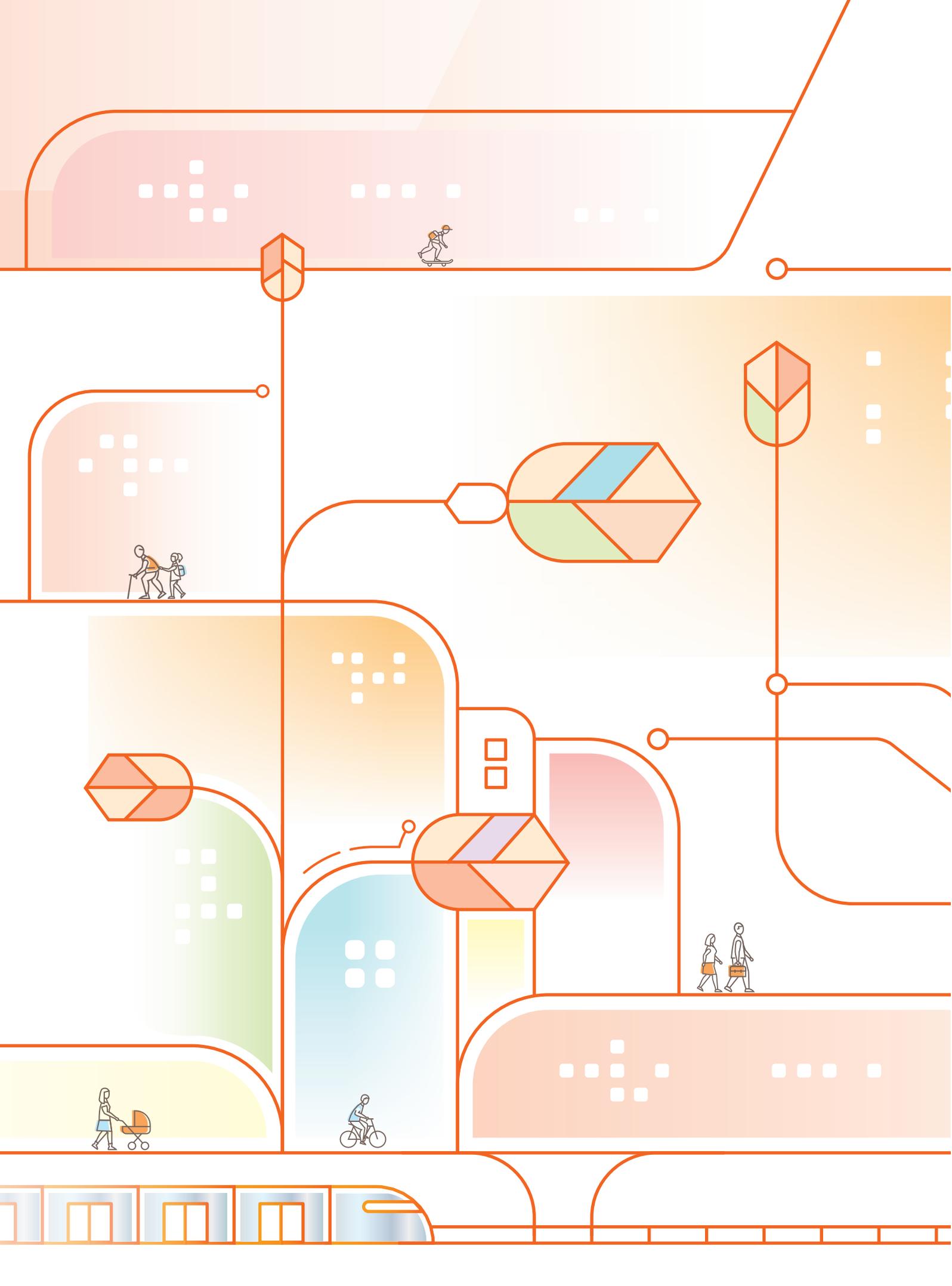
(Incorporated in Hong Kong with limited liability)

Stock Code : 6626

*Where Good
Service Starts*



INTERIM REPORT 2021



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CORPORATE INFORMATION

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS

Mr. Lin Feng (*Chairman*)
Mr. Yao Xiaosheng
Mr. Yang Zhaoxuan

EXECUTIVE DIRECTORS

Mr. Wu Wei
Mr. Mao Liangmin
Mr. Zhang Jin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Hui Lai Kwan
Mr. Hung Shing Ming
Mr. Chan Yuen Hang Kenneth

COMPANY SECRETARY

Mr. Yu Tat Fung

AUDITOR

PricewaterhouseCoopers
*Certified Public Accountants and
Registered Public Interest Entity Auditor*

PRINCIPAL BANKERS

Agricultural Bank of China Limited
China Construction Bank Corporation
Bank of China (Hong Kong) Limited

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

26/F, Yue Xiu Building
160 Lockhart Road
Wanchai
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 111 Tiyu Xiheng Street
Tianhe District
Guangzhou
Guangdong Province
PRC

SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

INVESTOR RELATIONS

For further information of
Yuexiu Services Group Limited,
please contact:
Ms. Swan Wan
Email: ir@yuexiuproperty.com

STOCK CODE

6626

COMPANY'S WEBSITE

www.yuexiuserVICES.com

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

OVERVIEW

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

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

For the six months ended 30 June 2021 (the “**Period**”), the Group’s revenue amounted to RMB958.2 million, representing an increase of 108.2% as compared with RMB460.3 million for the six months ended 30 June 2020 (the “**Corresponding Period**”). The Group’s profit attributable to owners of the Company for the Period was RMB177.7 million, representing an increase of 134.0% as compared with RMB75.9 million for the Corresponding Period.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

NON-COMMERCIAL PROPERTY MANAGEMENT AND VALUE-ADDED SERVICES

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

COMMERCIAL PROPERTY MANAGEMENT AND OPERATIONAL SERVICES

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

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

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

FUTURE OUTLOOK

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

REVENUE

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

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

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

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

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

Notes:

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

- (i) the increase in number of non-commercial projects under its management to 184 from 130 and the GFA under management to 32.1 million sq.m. from 21.6 million sq.m., respectively as of 30 June 2021 as compared to 30 June 2020; and the increase in revenue from providing property management services and value added services to TOD properties after the acquisition from GZ Metro in November 2020, resulting in an increase in revenue from property management services to non-commercial properties;
- (ii) the increase in revenue from carpark space sales assistance services by RMB31.8 million, from preliminary planning and design consultancy services by approximately RMB34.5 million and from sales office and display unit management and pre-delivery support services by RMB32.5 million, partially offset by the decrease in revenue from ancillary property leasing services by RMB3.8 million, resulting in an increase of revenue from value-added services to non-property owners; and
- (iii) the increase in revenue from decoration, turnkey and furnishing services by RMB51.9 million, from home-living services by RMB67.3 million and from space operation services by RMB5.8 million, resulting in an increase of revenue from community value-added services.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

(II) Commercial property management and operational services

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Six months ended 30 June			
	2021		2020	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Commercial operation and management services	216,257	77.2	123,680	87.0
Market positioning, consultancy and tenant sourcing service	63,866	22.8	18,462	13.0
Total	280,123	100.0	142,142	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. During the Period, cost of sales of the Group was RMB615.6 million (Corresponding Period: RMB312.1 million), representing an increase of 97.3% as compared to the Corresponding Period, which was in line with the business expansion of the Group for the Period. During the Period, the Group adopted cost-saving measures. While continuing to pursue management driven by smart technologies, the Group also implemented stricter cost control measures provided that good service quality is maintained.

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

MANAGEMENT DISCUSSION AND ANALYSIS

GROSS PROFIT AND GROSS PROFIT MARGIN

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

ADMINISTRATIVE EXPENSES

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

OTHER INCOME

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

OTHER GAINS – NET

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

FINANCE INCOME/COSTS – NET

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

INCOME TAX EXPENSES

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

PROFIT FOR THE PERIOD

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

RIGHTS-OF-USE ASSETS

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

TRADE AND OTHER RECEIVABLES

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

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

TRADE AND OTHER PAYABLES

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

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

LIQUIDITY AND CAPITAL RESOURCES

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

PROCEEDS FROM THE LISTING

The Shares were listed on the Main Board of the Stock Exchange by way of global offering (the "Global Offering") on 28 June 2021 (the "Listing Date"). Pursuant to the Global Offering, 369,660,000 Shares were issued on the Listing Date and 43,410,500 additional Shares were issued on 26 July 2021 according to the partial exercise of the over-allotment option (the "Over-allotment Option") as described in the prospectus of the Company dated 16 June 2021 (the "Prospectus"). For details, please refer to the Prospectus and the announcements of the Company dated 25 June 2021 and 21 July 2021.

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

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

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

PLEDGE OF ASSETS

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

MAJOR ACQUISITION AND DISPOSALS

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

MANAGEMENT DISCUSSION AND ANALYSIS

MAJOR INVESTMENTS

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

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENT AND CAPITAL EXPENDITURE

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

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

EMPLOYEES AND REMUNERATION POLICY

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

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

EVENTS AFTER THE REPORTING PERIOD

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

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

INTERIM DIVIDEND

The board (the "Board") of directors (the "Director(s)") of the Company resolved not to declare interim dividend for the Period.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF YUEXIU SERVICES GROUP LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 16 to 47, which comprises the condensed consolidated balance sheet of Yuexiu Services Group Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2021 and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on condensed consolidated interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

OTHER MATTER

The comparative information for the condensed consolidated balance sheet is based on the audited financial statements as at 31 December 2020. The comparative information for the condensed consolidated statements of comprehensive income, changes in equity and cash flows, and related explanatory notes, for the period ended 30 June 2020 has not been audited or reviewed.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 12 August 2021

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Revenue	6	958,185	460,311
Cost of sales	7	(615,603)	(312,088)
Gross profit		342,582	148,223
Administrative expenses	7	(88,323)	(49,379)
Net impairment losses on financial assets		(482)	(692)
Other income	8	6,629	32,310
Other gains - net		282	127
Operating profit		260,688	130,589
Finance income		6,803	1,637
Finance costs		(2,309)	(26,918)
Finance income/(costs) - net	9	4,494	(25,281)
Share of profit of a joint venture		270	—
Profit before income tax		265,452	105,308
Income tax expenses	10	(80,946)	(28,086)
Profit for the period		184,506	77,222
Profit is attributable to:			
– Owners of the Company		177,691	75,924
– Non-controlling interests		6,815	1,298
		184,506	77,222

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Other comprehensive (loss)/income			
<i>Items that may be reclassified to profit or loss</i>			
– Exchange differences on translation of foreign operations		(743)	2,555
<i>Items that will not be reclassified to profit or loss</i>			
– Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax		(2,129)	(694)
Other comprehensive (loss)/income for the period, net of tax		(2,872)	1,861
Total comprehensive income for the period		181,634	79,083
Total comprehensive income for the period is attributable to:			
– Owners of the Company		174,819	77,785
– Non-controlling interests		6,815	1,298
		181,634	79,083
Earnings per share for profit attributable to the ordinary equity holder of the Company (expressed in RMB per share)			
– Basic and diluted	11	0.16	0.07

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	13	43,924	41,084
Right-of-use assets	14	81,083	100,017
Intangible assets	15	341,916	343,908
Interest in a joint venture		884	—
Financial assets at fair value through other comprehensive income	16	31,993	34,784
Deferred income tax assets		9,562	8,635
Restricted cash		8,558	6,536
		517,920	534,964
Current assets			
Inventories		1,080	899
Trade and other receivables and prepayments	17	703,291	861,963
Prepaid income taxes		21,773	11,191
Cash and cash equivalents		3,191,315	994,629
Restricted cash		1,025	7,061
		3,918,484	1,875,743
Total assets		4,436,404	2,410,707
Equity			
Equity attributable to owners of the Company			
Share capital	18	2,367,005	581,017
Other reserves	19	(369,218)	(366,346)
Retained earnings	19	577,644	399,953
		2,575,431	614,624
Non-controlling interests		155,881	146,056
Total equity		2,731,312	760,680

CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
	Note		
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		44,016	35,765
Lease liabilities	14	30,774	52,323
Other payables	20	—	6,144
		74,790	94,232
Current liabilities			
Trade and other payables	20	1,298,033	1,272,335
Contract liabilities		222,645	163,183
Lease liabilities	14	57,287	56,929
Current income tax liabilities		52,337	63,348
		1,630,302	1,555,795
Total liabilities		1,705,092	1,650,027
Total equity and liabilities		4,436,404	2,410,707

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	560,260	135,078
Income tax paid	(94,187)	(25,624)
Net cash generated from operating activities	466,073	109,454
Cash flows from investing activities		
Purchases of property, plant and equipment	(10,539)	(9,393)
Purchases of intangible assets	(3,822)	(754)
Proceeds from disposal of property, plant and equipment	108	795
Increase in amounts due from related parties	—	(13,926)
Decrease in amounts due from related parties	164,907	1,184,747
Interest received	—	26,091
Net cash generated from investing activities	150,654	1,187,560
Cash flows from financing activities		
Capital contribution from a shareholder	330,000	—
Contributions from NCI for establishment of subsidiaries	3,010	330
Initial public offering (“IPO”) proceeds	1,500,659	—
Payment of listing expenses deducted or to be deducted against equity	(3,377)	—
Decrease in amounts due to related parties	(130,306)	(215,790)
Increase in amounts due to related parties	3,321	55,439
Repayments of borrowings	—	(981,000)
Dividends paid to shareholders and NCI	(90,203)	—
Principal elements and interest elements of lease payments	(33,456)	(36,077)
Interest paid	(81)	(27,700)
Net cash generated from/(used in) financing activities	1,579,567	(1,204,798)
Net increase in cash and cash equivalents	2,196,294	92,216
Cash and cash equivalents at beginning of period	994,629	773,689
Effect of exchange rate changes on cash and cash equivalents	392	115
Cash and cash equivalents at end of period	3,191,315	866,020

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited					
	Attributable to owners of the Company					
	Share capital RMB'000 (Note 18)	Other reserves RMB'000 (Note 19)	Retained earnings RMB'000 (Note 19)	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
Note						
Balance at 1 January 2021	581,017	(366,346)	399,953	614,624	146,056	760,680
Comprehensive income						
Profit for the period	—	—	177,691	177,691	6,815	184,506
Other comprehensive income	—	(2,872)	—	(2,872)	—	(2,872)
	—	(2,872)	177,691	174,819	6,815	181,634
Transactions with owners in their capacity as owners						
Issuance of ordinary shares	1,785,988	—	—	1,785,988	—	1,785,988
Contribution from non-controlling interests ("NCI") for establishment of subsidiaries	—	—	—	—	3,010	3,010
	1,785,988	—	—	1,785,988	3,010	1,788,998
Balance at 30 June 2021	2,367,005	(369,218)	577,644	2,575,431	155,881	2,731,312
Balance at 1 January 2020	—	359	258,547	258,906	9,389	268,295
Comprehensive income						
Profit for the period	—	—	75,924	75,924	1,298	77,222
Other comprehensive loss	—	1,861	—	1,861	—	1,861
	—	1,861	75,924	77,785	1,298	79,083
Transactions with owners in their capacity as owners						
Contribution from NCI for establishment of a subsidiary	—	—	—	—	330	330
	—	—	—	—	330	330
Balance at 30 June 2020	—	2,220	334,471	336,691	11,017	347,708

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Yuexiu Services Group Limited (the "Company") and its subsidiaries (together, the "Group") are primarily engaged in the provision of non-commercial property management and value-added services and commercial property management and operational services in the People's Republic of China (the "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 Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 June 2021.

The financial information relating to the year ended 31 December 2020 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2021 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year. 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 was incorporated on 8 October 2020 and has not prepared and presented any statutory annual consolidated financial statements since incorporation. Consequently, the Company's auditor has not reported on any statutory annual consolidated financial statements and none have been delivered to the Registrar of Companies. On 10 August 2021, the Company has delivered the prospectus dated 16 June 2021 to the Registrar of Companies pursuant to section 662(3) of and Part 3 of Schedule 6 to the Hong Kong Companies Ordinance, which contained the consolidated financial statements of the Group for the year ended 31 December 2020.

After the Coronavirus Disease 2019 ("COVID-19") outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country. The Group prioritizes the health and safety of its employees, and has taken various preventative and quarantine measures across the Group soon after the outbreak. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date that the condensed consolidated interim financial information is authorised for issue, COVID-19 doesn't have any material adverse impact on the financial position and operating result of the Group.

This condensed consolidated interim financial information is presented in Renminbi ("RMB") Yuan, unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the board of directors on 12 August 2021.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ACCOUNTING POLICIES

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

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

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, except for the change in accounting estimate disclosed in Note 16(b)(iv), the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

5 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements for the year ended 31 December 2020.

There have been no changes in any risk management policies since year end.

6 SEGMENT INFORMATION

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

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

– Non-commercial property management and value-added services

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(continued)*

– Commercial property management and operational services

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

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(continued)*

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(continued)*

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(continued)*

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(continued)*

	Non- commercial property management and value-added services RMB'000	Commercial property management and operational services RMB'000	Total RMB'000
As at 31 December 2020			
Segment assets	1,510,379	843,813	2,354,192
Financial assets at FVOCI			34,784
Prepaid income taxes			11,191
Deferred income tax assets			8,635
Other corporate assets			1,905
Total segment assets			2,410,707
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 segment liabilities			1,650,027

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 OPERATING PROFIT

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

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

8 OTHER INCOME

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Additional input value-added tax deduction	4,331	2,318
Penalty income	1,785	1,016
Government grants	513	2,885
Interest income from loans to related parties (Note 21(b))	—	26,091
	6,629	32,310

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 FINANCE INCOME/(COSTS) - NET

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Finance income		
Interests income from bank deposits	6,803	1,637
Finance costs		
Interest expense of lease liabilities	(2,256)	(3,448)
Interest expense of amount due to a related party (Note 21(b))	(53)	(313)
Interest expense of bank borrowings	—	(23,157)
	(2,309)	(26,918)
Finance income/(costs) – net	4,494	(25,281)

10 INCOME TAX EXPENSES

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 INCOME TAX EXPENSES *(continued)*

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

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

11 EARNINGS PER SHARE

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 DIVIDENDS

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

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

13 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
Six months ended 30 June 2021						
Opening net book amount as at 1 January 2021	4,896	32,337	2,279	1,189	383	41,084
Additions	—	3,089	48	97	7,305	10,539
Transfer	—	1,292	—	—	(1,292)	—
Disposals	—	(114)	—	(12)	—	(126)
Depreciation charges	(199)	(6,474)	(784)	(116)	—	(7,573)
Closing net book amount as at 30 June 2021	4,697	30,130	1,543	1,158	6,396	43,924
Six months ended 30 June 2020						
Opening net book amount as at 1 January 2020	5,293	23,732	4,198	813	1,077	35,113
Additions	—	7,098	618	26	1,651	9,393
Transfer	—	2,384	—	—	(2,384)	—
Disposals	—	(298)	(312)	(107)	—	(717)
Depreciation charges	(199)	(4,263)	(668)	(46)	—	(5,176)
Closing net book amount as at 30 June 2020	5,094	28,653	3,836	686	344	38,613

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 LEASES

Amounts recognized in the condensed consolidated balance sheet are as follows:

RIGHT-OF-USE ASSETS

	Properties RMB'000
Six months ended 30 June 2021	
Opening net book amount as at 1 January 2021	100,017
Additions	10,111
Depreciation charges	(29,045)
Closing net book amount as at 30 June 2021	<u>81,083</u>
Six months ended 30 June 2020	
Opening net book amount as at 1 January 2020	128,243
Additions	28,532
Depreciation charges	(38,032)
Closing net book amount as at 30 June 2020	<u>118,743</u>

LEASE LIABILITIES

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Current	57,287	56,929
Non-current	30,774	52,323
	<u>88,061</u>	<u>109,252</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 INTANGIBLE ASSETS

	Goodwill RMB'000	Customer relationships RMB'000	Software RMB'000	Total RMB'000
Six months ended 30 June 2021				
Opening net book amount as at 1 January 2021	248,344	91,588	3,976	343,908
Additions	—	—	3,822	3,822
Amortization	—	(4,707)	(1,107)	(5,814)
Closing net book amount as at 30 June 2021	248,344	86,881	6,691	341,916
Six months ended 30 June 2020				
Opening net book amount as at 1 January 2020	—	—	4,420	4,420
Additions	—	—	754	754
Amortization	—	—	(969)	(969)
Closing net book amount as at 30 June 2020	—	—	4,205	4,205

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides judgements and estimates made by the Group in determining the fair values of the financial instruments.

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2021 and 31 December 2020 on a recurring basis:

	Unaudited As at 30 June 2021 RMB'000 Level 3	Audited As at 31 December 2020 RMB'000 Level 3
FVOCI		
Unlisted equity instruments	31,993	34,784

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(continued)*

(b) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the six months ended 30 June 2021:

	FVOCI RMB'000
Opening balance	34,784
Losses recognized in other comprehensive income	(2,791)
Closing balance	31,993

Quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follow:

	Fair value at 30 June 2021 RMB'000	Valuation technique	Unobservable inputs	Weighted average
– Unlisted equity security (Note (i) and (ii))	29,943	Summation Method	Value of each asset/liability	N/A
– Unlisted equity security (Note (i), (iii) and (iv))	2,050	Summation Method	Value of each asset/liability	N/A

- (i) The unlisted equity instruments at FVOCI represent the Group's 5% and 10% equity interests in two non-listed companies, respectively.
- (ii) If the expected value of each asset of this equity investment had been 100 basis points higher/lower or expected value of each liability of this equity investment had been 100 basis points lower/higher, the Group's equity would have been approximately RMB299,000 higher/lower at as 30 June 2021.
- (iii) If the expected value of each asset of this equity investment had been 100 basis points higher/lower or expected value of each liability of this equity investment had been 100 basis points lower/higher, the Group's equity would have been approximately RMB15,000 higher/lower at as 30 June 2021.
- (iv) As at 30 June 2021, the valuation technique applied to this unlisted equity security has been changed from Guideline Public Company Method to Summation Method according to the latest business model of this investee.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Trade receivables (Note (a))		
– Related parties (Note 21(d))	326,149	383,350
– Third parties	124,530	90,963
	450,679	474,313
Less: allowance for impairment of trade receivables	(25,604)	(27,462)
	425,075	446,851
Other receivables		
– Amounts due from related parties	—	177,028
– Property management costs recoverable from third parties (Note (b))	65,492	48,360
– Property management costs recoverable from related parties (Note (b))	20,741	37,550
– Payments on behalf of residents and tenants for third parties (Note (c))	75,457	58,392
– Guarantee deposits paid to related parties (Note (d))	14,814	39,746
– Guarantee deposits paid to third parties (Note (d))	20,545	16,080
– Others		
– Related parties	16,375	13,560
– Third parties	57,235	15,056
	270,659	405,772
Less: allowance for impairment of other receivables	(8,674)	(6,805)
	261,985	398,967
Prepayments		
– Related parties (Note 21(d))	181	55
– Third parties	10,071	4,714
	10,252	4,769
Other prepaid taxes	5,979	9,471
Others	—	1,905
Total	703,291	861,963

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(continued)*

- (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.

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

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
0-30 days	227,854	337,572
31-180 days	158,185	64,106
181-365 days	25,844	17,734
1 to 2 years	14,370	20,011
2 to 3 years	6,638	13,684
Over 3 years	17,788	21,206
	450,679	474,313

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 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))	<u>369,660,000</u>	<u>1,455,988</u>
At 30 June 2021	<u>1,478,619,677</u>	<u>2,367,005</u>

- (a) On 8 February 2021, the Company issued and allotted 90,359,677 shares to GMIF, a wholly-owned subsidiary of Guangzhou Metro Group Co., Ltd. ("GZ Metro"), 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 HK\$4.88 per share as a result of the completion of the listing. The amount of HK\$1,750,235,000 (equivalent to RMB1,455,988,000) was credited to share capital based on the gross proceeds of HK\$ 1,803,941,000 (equivalent to RMB1,500,659,000) after deduction of the capitalized listing expenses of HK\$53,706,000 (equivalent to RMB44,671,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 RESERVES

	Statutory reserves RMB'000	Other reserves RMB'000	Total other reserves RMB'000	Retained earnings RMB'000	Total reserves RMB'000
As at 1 January 2021	23,962	(390,308)	(366,346)	399,953	33,607
Profit for the period	—	—	—	177,691	177,691
Changes in fair value of financial assets at FVOCI, net of tax	—	(2,129)	(2,129)	—	(2,129)
Exchange differences on translation of foreign operations	—	(743)	(743)	—	(743)
As at 30 June 2021	23,962	(393,180)	(369,218)	577,644	208,426
As at 1 January 2020	9,591	(9,232)	359	258,547	258,906
Profit for the period	—	—	—	75,924	75,924
Changes in fair value of financial assets at FVOCI, net of tax	—	(694)	(694)	—	(694)
Exchange differences on translation of foreign operations	—	2,555	2,555	—	2,555
As at 30 June 2020	9,591	(7,371)	2,220	334,471	336,691

(a) Statutory reserves

In accordance with relevant rules and regulations in the PRC and the Company's Articles of Association, 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 TRADE AND OTHER PAYABLES

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Trade payables (Note (a))		
– Related parties (Note 21(d))	9,766	8,760
– Third parties	139,104	72,190
	<u>148,870</u>	<u>80,950</u>
Other payables		
– Amounts due to related parties	—	127,346
– Advances for property management services from related parties (Note (b))	59,628	48,535
– Advances for property management services from third parties (Note (b))	238,248	191,204
– Guarantee deposits received from related parties (Note (c))	45,643	40,381
– Guarantee deposits received from third parties (Note (c))	256,195	230,273
– Receipts on behalf of residents or tenants from related parties (Note (d))	5,508	2,990
– Receipts on behalf of residents or tenants from third parties (Note (d))	177,981	134,896
– Dividend payables	—	90,203
– Accrued expenses to related parties	7,568	5,121
– Accrued expenses to third parties	57,110	48,345
– Accrued listing expenses to related parties	7,469	—
– Accrued listing expenses to third parties	79,163	—
– Others	58,337	66,259
	<u>992,850</u>	<u>985,553</u>
Accrued payroll liabilities	142,407	190,730
Other tax payables	13,906	21,246
	<u>1,298,033</u>	<u>1,278,479</u>
Less: non-current portion of trade and other payables		
– A loan from a related party	—	(6,144)
Current portion	<u>1,298,033</u>	<u>1,272,335</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 TRADE AND OTHER PAYABLES *(continued)*

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

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

- (b) 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.
- (c) The amounts mainly represent performance guarantee deposits received from other service providers and renovation and utility security deposits received from property owners and tenants.
- (d) The amounts mainly represent advances received from property owners and tenants for settlement of their utility charges.

21 RELATED PARTY TRANSACTIONS

(a) Related parties

The Company's ultimate holding company is Guangzhou Yue Xiu Holdings Limited. The table set below summarises the names of significant related parties, with whom the Group had significant transactions during the period ended 30 June 2021, and their relationship with the Company as at 30 June 2021:

Significant related parties	Relationship with the Group
Yuexiu Property	Intermediate holding company
Guangzhou Construction & Development Holdings (China) Limited ("GCD China")	Immediate holding company
GZ Metro	Non-controlling shareholder of Yuexiu Property

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 RELATED PARTY TRANSACTIONS *(continued)*

(c) Key management compensation

Key management compensation was amounted to RMB3,327,000 for the six months ended 30 June 2021 (for the six months ended 30 June 2020: nil).

(d) Balances with related parties

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Trade receivables (Note (i))		
– Intermediate holding company	53	—
– Fellow subsidiaries	230,608	301,197
– Non-controlling interests of Yuexiu Property and its subsidiaries	56,736	58,103
– Associates and joint ventures of Yuexiu Property	38,752	24,050
	326,149	383,350
Other receivables (Note (ii))		
– Fellow subsidiaries	9,868	223,752
– Non-controlling interests of Yuexiu Property and its subsidiaries	54	25
– Associates and joint ventures of Yuexiu Property	42,008	44,107
	51,930	267,884
Prepayments (Note (i))		
– Fellow subsidiaries	181	55

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 RELATED PARTY TRANSACTIONS *(continued)*

(d) Balances with related parties *(continued)*

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Trade payables (Note (ii))		
– Fellow subsidiaries	4,096	2,723
– Non-controlling interests of Yuexiu Property and its subsidiaries	2,278	2,132
– Associates and joint ventures of Yuexiu Property	3,392	3,905
	9,766	8,760
Other payables (Note (iii))		
– Immediate holding company	—	21,368
– Fellow subsidiaries	59,937	45,151
– Non-controlling interests of Yuexiu Property and its subsidiaries	2,381	198,113
– Associates and joint ventures of Yuexiu Property	63,498	49,847
	125,816	314,479
Contract liabilities (Note (i))		
– Fellow subsidiaries	42,764	11,522
– Non-controlling interests of Yuexiu Property and its subsidiaries	—	22
– Associates and joint ventures of Yuexiu Property	6,450	2,112
	49,214	13,656
Bank deposits (Note (i))		
– A fellow subsidiary	12,419	11,786
Lease liabilities		
– Fellow subsidiaries	15,124	20,166
– Non-controlling interests of Yuexiu Property and its subsidiaries	1,350	2,275
– Associates and joint ventures of Yuexiu Property	15,500	19,310
	31,974	41,751

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 RELATED PARTY TRANSACTIONS *(continued)*

(d) Balances with related parties *(continued)*

- (i) The balances of trade receivables, prepayments, trade payables and contract liabilities were unsecured and interest free. The balances of bank deposits were unsecured and with interest rate in accordance with normal commercial terms.
- (ii) The balances due from related parties were mainly costs to be recovered from property owners incurred in relation to property management services provided under commission basis and guarantee deposits which were unsecured and interest free.

The outstanding balances amounts as at 31 December 2020 also included amounts due from related parties and dividend receivables of RMB177,028,000, which were non-trade in nature, unsecured, interest free and were fully settled before listing.

- (iii) The balances due to related parties were mainly costs prepaid by property owners incurred in relation to property management services provided under commission basis and guarantee deposits which were unsecured and interest free.

The outstanding balances as at 31 December 2020 also included a loan from a fellow subsidiary of RMB6,144,000, which was unsecured and interest bearing at 4% per annum, and amounts due to related parties and dividend payables of RMB211,308,000, which were non-trade in nature, unsecured and interest free. All of the balances were fully settled before listing.

22 EVENT AFTER THE BALANCE SHEET DATE

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) on 21 July 2021 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 HK\$4.88 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.

OTHER INFORMATION

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As of 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

LONG/SHORT POSITION IN THE ASSOCIATED CORPORATION OF THE COMPANY

Yuexiu Property

Name of Director/chief executive	Capacity/nature of interest	Number of shares held	Approximate percentage of shareholding in the associated corporation
Mr. Lin Feng (Note 2)	Beneficial owner/beneficiary of a trust/spouse interest	1,920,954 (L)	0.06%
Mr. Wu Wei (Note 3)	Beneficial owner/beneficiary of a trust	772,663 (L)	0.02%
Mr. Zhang Jin (Note 4)	Beneficial owner/beneficiary of a trust	194,987 (L)	0.01%

Notes:

- (1) The letter "L" denotes a long position in the shares.
- (2) Mr. Lin Feng was interested in 1,920,954 shares of Yuexiu Property, out of which 970,822 shares were owned by him as beneficial owner, 930,132 shares were held for him as a beneficiary of the share incentive trust scheme of Yuexiu Property for its directors and senior management (the "Yuexiu Property DSM Trust") and 20,000 shares were held by his spouse.
- (3) Mr. Wu Wei was interested in 772,663 shares of Yuexiu Property, out of which 65,949 shares were owned by him as beneficial owner and 706,714 shares were held for him as a beneficiary of the Yuexiu Property DSM Trust.
- (4) Mr. Zhang Jin was interested in 194,987 shares of Yuexiu Property, out of which 40,343 shares were owned by him as beneficial owner and 154,644 shares were held for him as a beneficiary of the Yuexiu Property DSM Trust.

Save as disclosed above, as of 30 June 2021, none of the Directors and the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its other associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

DISCLOSEABLE INTERESTS OF SHAREHOLDERS UNDER THE SECURITIES AND FUTURES ORDINANCE

As of 30 June 2021, the following persons, other than a Director or chief executive of the Company, had an interest or short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity/nature of interest	Number of Shares held (Note 1)	Approximate percentage of shareholding in the Company
GZYX	Interest in a controlled corporation (Note 2)	1,018,600,000 (L) 55,449,000 (S) (Note 4)	68.89% (L) 3.75% (S)
Yue Xiu Enterprises (Holdings) Limited (越秀企業(集團)有限公司) ("YXE")	Interest in a controlled corporation (Note 2)	1,018,600,000 (L) 55,449,000 (S) (Note 4)	68.89% (L) 3.75% (S)
Yuexiu Property	Interest in a controlled corporation (Note 2)	1,018,600,000 (L) 55,449,000 (S) (Note 4)	68.89% (L) 3.75% (S)
Guangzhou Construction & Development Holdings (China) Limited ("GCD China")	Beneficial owner (Note 2)	1,018,600,000 (L) 55,449,000 (S) (Note 4)	68.89% (L) 3.75% (S)
Guangzhou Metro Group Co., Ltd.* (廣州地鐵集團有限公司) ("GZ Metro")	Interested in a controlled corporation (Note 3)	90,359,677 (L)	6.10% (L)
Guangzhou Metro Investment Finance (HK) Limited (廣州地鐵投融資(香港)有限公司) ("GMIF")	Beneficial owner (Note 3)	90,359,677 (L)	6.10% (L)

Notes:

- (1) The letter "L" denotes a long position in the Shares and the letter "S" denotes a short position in the Shares.
- (2) Given that (i) GCD China was wholly owned by Yuexiu Property; (ii) Yuexiu Property was indirectly owned by YXE as to approximately 39.78%; and (iii) YXE was wholly-owned by GZYX, by virtue of the SFO, each of GZYX, YXE and Yuexiu Property was deemed to be interested in the Shares held by GCD China.
- (3) Given that GMIF was directly wholly owned by GZ Metro, by virtue of the SFO, GZ Metro was deemed to be interested in the Shares held by GMIF.
- (4) Pursuant to the stock borrowing agreement dated 22 June 2021 entered into between GCD China as borrower and Yue Xiu Securities Company Limited (the "Stalising Manager") as stalising manager, the Stalising Manager borrowed 55,449,000 Shares from GCD China on 28 June 2021 in order to cover the over-allocations of Shares in the International Offering. The stabilisation period in connection with the Global Offering ended on 21 July 2021, and the Stalising Manager returned the 55,449,000 Shares to GCD China on 26 July 2021.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

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

REVIEW OF INTERIM RESULTS

The results of the Group for the six months ended 30 June 2021 have been reviewed by the audit committee of the Board comprising Ms. Hui Lai Kwan (Chairlady), Mr. Hung Shing Ming and Mr. Chan Yuen Hang Kenneth 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 Accountant.

CHANGES IN DIRECTOR’S BIOGRAPHICAL DETAILS

There were no changes in the Director’s biographical details since the date of the Prospectus of the Company and as at the date of this report which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

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