



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 2022

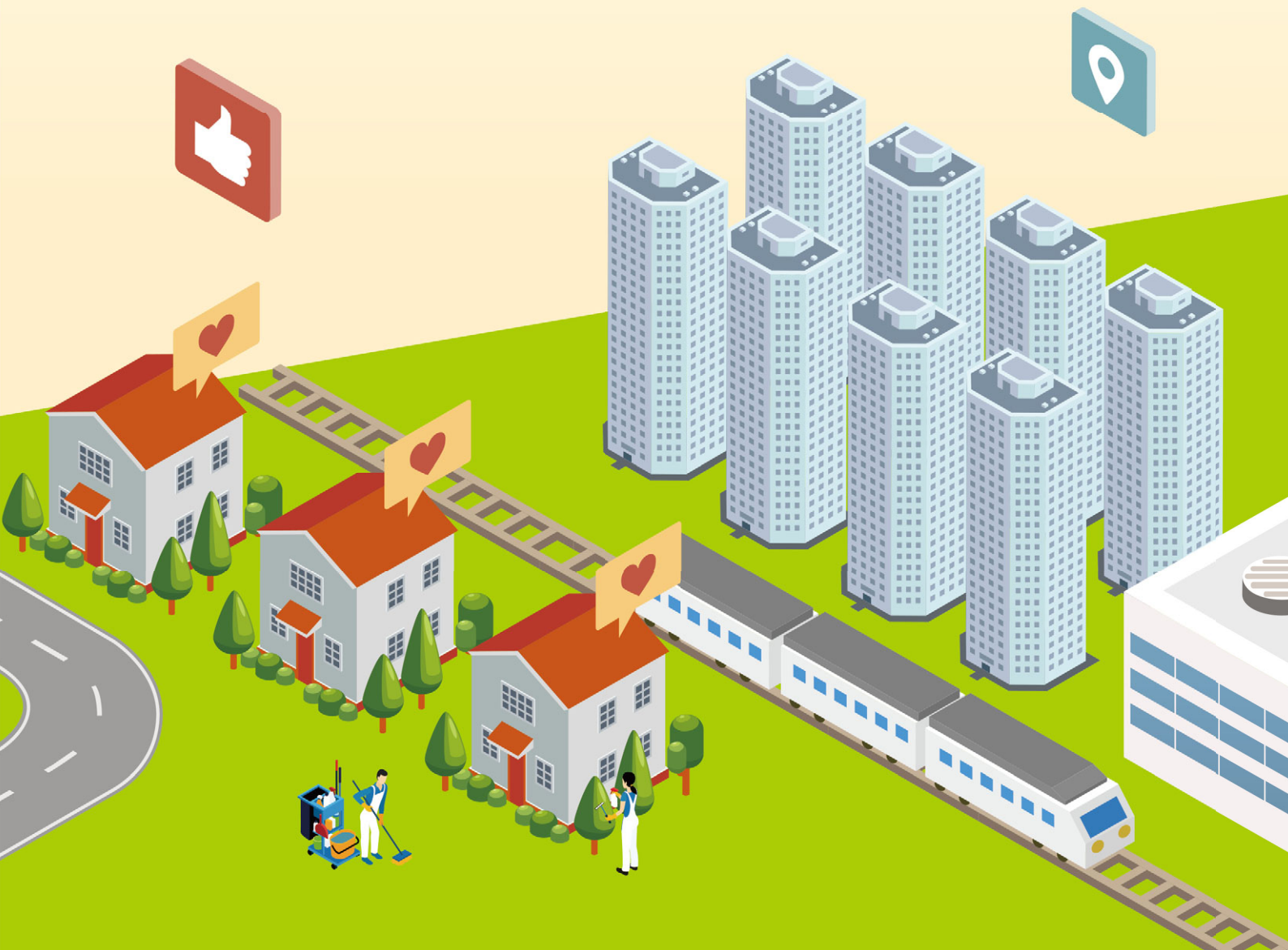




CONTENTS



Corporate Information	2
Management Discussion and Analysis	3
Report on Review of Interim Financial Information	15
Interim Condensed Consolidated Statement of Comprehensive Income	16
Interim Condensed Consolidated Balance Sheet	18
Interim Condensed Consolidated Statement of Changes in Equity	20
Interim Condensed Consolidated Statement of Cash Flows	21
Notes to the Interim Financial Information	22
Other Information	46



CORPORATE INFORMATION

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS

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

EXECUTIVE DIRECTORS

Mr. Zhang Jianguo
Mr. Mao Liangmin
Mr. Zhang Jin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hung Shing Ming
Ms. Hui Lai Kwan
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
Bank of Guangzhou Co., Ltd.

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

INVESTOR RELATIONS

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

STOCK CODE

6626

WEBSITES TO ACCESS COMPANY INFORMATION

<http://www.yuexiuserVICES.com>
<http://www.irasia.com/listco/hk/yuexiuserVICES/>
<http://www.hkexnews.hk/>



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

RESULTS OVERVIEW

Yueshi Services Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) is an all-round urban operation service provider in China (“**China**” or “**PRC**”) and a leading integrated property management service provider in the Guangdong-Hong Kong-Macau Greater Bay Area (the “**Greater Bay Area**”). Since its establishment in 1992, the Group has always been adhering to the brand mission of “Where Good Service Starts (用心•成就美好生活)”. Leveraging new technologies, the Group draws on its extensive experience in the entire value chain of residential property management, specialised operation of commercial properties and TOD integrated property management to bring high-quality services to property owners.

For the six months ended 30 June 2022 (the “**Period**”), the Group’s revenue amounted to RMB1,089.9 million, representing an increase of 13.8% as compared to RMB958.2 million for the six months ended 30 June 2021 (the “**Corresponding Period**”). The Group’s profit attributable to owners of the Company for the Period was RMB210.8 million, representing an increase of 18.6% as compared to RMB177.7 million for the Corresponding Period.

As of 30 June 2022, the Group had 286 projects under management with a total gross floor area (“**GFA**”) under management of 43.5 million sq.m. (30 June 2021: 35.0 million sq.m.), representing a period-to-period growth of 24.3%; it was contracted to manage 344 projects with a total contracted GFA of 62.6 million sq.m. (30 June 2021: 52.7 million sq.m.), representing a period-to-period growth of 18.8%. The table below sets forth the change of the Group’s contracted GFA and GFA under management for the periods indicated.

	Six months ended 30 June			
	2022		2021	
	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	58,384	38,872	49,909	32,648
New engagements	5,007	5,442	4,192	3,758
Terminations	(768)	(768)	(1,370)	(1,370)
As of the end of the period	62,623	43,546	52,731	35,036

MANAGEMENT DISCUSSION AND ANALYSIS

As of 30 June 2022, projects contracted to be managed by the Group covered 33 cities in the PRC and Hong Kong, the PRC. 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			
	2022		2021	
	Contracted GFA (sq.m. in thousands)	GFA under management	Contracted GFA (sq.m. in thousands)	GFA under management
Greater Bay Area	42,261	29,753	38,159	26,467
East China Region	6,668	5,523	5,360	3,931
Central China Region	6,094	3,340	5,100	2,272
North China Region	4,724	3,438	3,749	2,366
West China Region	2,876	1,492	363	-
Total	62,623	43,546	52,731	35,036

NON-COMMERCIAL PROPERTY MANAGEMENT AND VALUE-ADDED SERVICES

As of 30 June 2022, the Group had 236 non-commercial projects of a GFA under management of 39.8 million sq.m., representing a growth of approximately 24.0% as compared to 32.1 million sq.m. as of 30 June 2021. For the Period, the average management fee of residential properties remained stable at RMB2.7/sq.m./month (Corresponding Period: RMB2.8/sq.m./month).

COMMERCIAL PROPERTY MANAGEMENT AND OPERATIONAL SERVICES

As of 30 June 2022, the Group had 50 commercial projects of a GFA under management of 3.8 million sq.m., representing a growth of 26.7% as compared to 3.0 million sq.m. as of 30 June 2021.

For the Period, the average management fee of office buildings and shopping malls remained stable at RMB21.9/sq.m./month (Corresponding Period: RMB23.5/sq.m./month) and RMB36.8/sq.m./month (Corresponding Period: RMB35.3/sq.m./month), respectively.

In the first half of 2022, the Group was ranked "14th in the list of China's Top 100 Property Management Companies for 2022 (2022中國物業服務百強企業第14位)", "10th in China's Listed Property Management Companies in terms of Comprehensive Strength for 2022 (2022中國物業服務上市公司綜合實力第10位)", and "7th in China's Exceptional Property Management Companies in terms of ESG Development for 2022 (2022中國物業服務ESG發展優秀企業第7位)" by China Index Academy. The Group was also admitted as a constituent stock of MSCI China Small Cap Index in May 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE OUTLOOK

2022 marks the 30th anniversary of the establishment of Yuexiu Services. Looking back on the past 30 years, the Group has always been committed to its mission through its services, adhering to the principle of focusing on long-term benefits, and constantly improving service quality, to drive its rapid and high-quality development. In the second half of 2022, the Group will continue to consolidate the foundation of its quality property management services by focusing on three areas including service quality, scale expansion and community value-added services.

ENHANCING THE QUALITY OF SERVICES

The Group will continue to improve its strengths in property management and implement the management philosophy of “refined management + standardised services” at project level to foster the upgrade of service quality and enhance customer satisfaction. At the same time, the Group will also implement the service system and formulate corresponding guidebooks for managing and operating different types of properties to reinforce the refinement and standardisation of services.

EXPANDING BUSINESS SCALE

Riding on the success of external business expansion in the first half of the year, the Group will keep up the momentum and push ahead with precise investment and expansion to further grow its business scale. Meanwhile, the Group will focus on improving the strategic planning for the four existing main business types, namely residential, commercial, mass transportation and urban services, so that it can quickly achieve high quality expansion of business scale through organic growth, external business expansion and mergers and acquisitions, thereby improving efficiency and reducing cost of management.

DIVERSIFIED DEVELOPMENT OF COMMUNITY VALUE-ADDED SERVICES

The Group will continue to optimise the business structure of community value-added services, further expand its business scope, explore community value-added service products with more distinctive features and greater attractiveness, and strive to bring customers a more efficient and convenient living experience. The Group will continue to put more efforts in fostering businesses such as new retail, home-living services and community commercial services. It also plans to enhance home decoration business, introduce intelligent services and explore innovative services such as cultural education and community living services.

At the juncture of the 30th anniversary, the Group is putting more efforts into enhancing customer satisfaction and improving service quality, while striving to improve the quality of its operations and better reward its shareholders for their support and trust in the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

REVENUE

For the Period, the Group's revenue amounted to RMB1,089.9 million (Corresponding Period: RMB958.2 million), representing an increase of 13.8% 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 increase in the Group's total revenue for the Period was mainly due to the increase in revenue from non-commercial property management and value-added services 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			
	2022		2021	
	RMB'000	%	RMB'000	%
Non-commercial property management and value-added services	810,515	74.4	678,062	70.8
Commercial property management and operational services	279,423	25.6	280,123	29.2
Total	1,089,938	100.0	958,185	100.0

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

	Six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
GZYX, Yuexiu Property and their respective joint ventures, associates or other related parties ⁽¹⁾	487,335	44.7	395,286	41.3
Independent Third Parties ⁽²⁾	602,603	55.3	562,899	58.7
Total	1,089,938	100.0	958,185	100.0

Notes:

- (1) Comprises 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) Comprised entity or individual who is not a connected person of the Company as defined in the Listing Rules ("Independent Third Parties").

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the Group generally provided property management services to Independent Third Party customers who are property owners, residents, tenants, property owners' associations and property developers after the delivery of properties by property developers which were GZYX and Yuexiu Property and their respective joint ventures, associates or other related parties or Independent Third Parties. During the Period, the Group's revenue received from GZYX, Yuexiu Property and their respective joint ventures, associates or other related parties increased by RMB92.0 million or 23.3% as compared to RMB395.3 million for the Corresponding Period. Such increase was mainly attributable to Yuexiu Property's business expansion and its continued engagement of the Group's services.

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

	Six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
PRC	1,056,928	97.0	926,046	96.6
Hong Kong, PRC	33,010	3.0	32,139	3.4
Total	1,089,938	100.0	958,185	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 RMB810.5 million (Corresponding Period: RMB678.1 million), representing a period-to-period increase of 19.5%. The increase is mainly attributable to the combined effects of the following factors:

- (i) the number of non-commercial projects under its management increased from 184 to 236 and the GFA under management increased from 32.1 million sq.m. to 39.8 million sq.m., respectively as of 30 June 2021 as compared to 30 June 2022, resulting in an increase in revenue from property management services provided to non-commercial properties;
- (ii) revenue from value-added services to non-property owners decreased from RMB196.6 million for the Corresponding Period to RMB171.8 million for the Period, representing a decrease of 12.6%. The decrease was mainly due to the decrease in the demand from property development partners under the influence of the Chinese real estate market cycle, resulting in a lower revenue; and
- (iii) revenue from community value-added services increased from RMB184.5 million for the Corresponding Period to RMB243.9 million for the Period, representing an increase of 32.2%. The increase was mainly due to the increase in GFA under management of non-commercial properties, the enlarged customer base and the diversified home-living 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			
	2022		2021	
	RMB'000	%	RMB'000	%
Property management services	394,779	48.7	297,021	43.8
Value-added services to non-property owners	171,833	21.2	196,590	29.0
Community value-added services	243,903	30.1	184,451	27.2
Total	810,515	100.0	678,062	100.0

(II) COMMERCIAL PROPERTY MANAGEMENT AND OPERATIONAL SERVICES

For the Period, revenue from commercial property management and operational services amounted to RMB279.4 million (Corresponding Period: RMB280.1 million), representing a slight period-to-period decrease of 0.2%. The slight decrease is mainly due to the combined effects of the following factors:

- (i) the downturn in overall tenant service demand for commercial properties in the market as of 30 June 2022 decreased as compared to 30 June 2021 amid such an adverse external market environment, resulting in a decrease in revenue from property management services to commercial properties; and
- (ii) the additional provision of market positioning service and management and consultancy services to a number of new projects during the Period, resulting in an increase in revenue from market positioning, consultancy and tenant sourcing services.

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

	Six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
Commercial operation and management services	205,274	73.5	216,257	77.2
Market positioning, consultancy and tenant sourcing service	74,149	26.5	63,866	22.8
Total	279,423	100.0	280,123	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

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 charges and maintenance costs. During the Period, cost of sales of the Group was RMB744.7 million (Corresponding Period: RMB615.6 million), representing a period-to-period increase of 21.0%. The increase in cost of sales was attributable to: (i) the expansion of the GFA under management and business scale during the Period, together with an increase in various types of costs; and (ii) the customers' demands and expectations for better service quality due to the spread and fluctuation of the pandemic. The gardening and cleaning costs for the Period amounted to RMB115.9 million (Corresponding Period: RMB76.7 million), representing a period-to-period increase of 51.1%.

For the Period, staff costs under costs of sales amounted RMB361.9 million (Corresponding Period: RMB295.1 million), representing a period-to-period increase of 22.6%. Such increase was in line with the business development of the Group for the Period. Moreover, the urban services and intelligent business were newly developed business models that were still in the preliminary development stage, thus no revenue was recognized during the Period.

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			
	2022		2021	
	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %
Non-commercial property management and value-added services	251,067	31.0	245,507	36.2
– Property management services	78,800	20.0	72,739	24.5
– Value-added services to non-property owners	80,190	46.7	98,668	50.2
– Community value-added services	92,077	37.8	74,100	40.2
Commercial property management and operational services	94,216	33.7	97,075	34.7
– Commercial operation and management services	60,646	29.5	67,778	31.3
– Market positioning, consultancy and tenant sourcing service	33,570	45.3	29,297	45.9
Total	345,283	31.7	342,582	35.8

MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB342.6 million for the Corresponding Period to RMB345.3 million for the Period. The overall gross profit margin of the Group decreased from 35.8% for the Corresponding Period to 31.7% for the Period.

The gross profit margin for non-commercial property management and value-added services decreased from 36.2% for the Corresponding Period to 31.0% for the Period, mainly due to the business restructuring undergone by the Group. The Group had actively developed value-added services. Since such business was still in the growing phase, the overall gross profit margin for this segment had dropped.

The gross profit margin for commercial property management and operational services decreased from 34.7% for the Corresponding Period to 33.7% for the Period. The decrease in gross profit margin for the segment was primarily due to the downturn in overall tenant service demand for commercial properties in the market as well as the hampered consumer demands from landlords and tenants under the influence of the economic environment, which led to a lower gross profit margin.

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group mainly comprise staff costs, consultancy fees, depreciation and amortisation charges, travelling and entertainment expenses, and bank charges. For the Period, administrative expenses of the Group amounted to RMB100.9 million, representing an increase of 14.2% as compared with that of RMB88.3 million for the Corresponding Period.

OTHER INCOME

Other income of the Group primarily consists of additional value-added tax deduction and government grants. For the Period, other income of the Group increased to RMB10.4 million as compared to RMB6.6 million for the Corresponding Period.

OTHER GAINS – NET

Net other gains of the Group primarily consist of net foreign exchange gains. For the Period, the Group had net other gains of RMB11.0 million (Corresponding Period: RMB282,000). Foreign exchange gains of RMB10.6 million were recorded for the Period mainly because proceeds from the global offering (the "Global Offering") of the shares of the Company (the "Share(s)") were in Hong Kong dollars and the exchange rate of Hong Kong dollar against RMB increased at the end of the Period. Please refer to the paragraphs headed "Proceeds from the Global Offering" below for details.

FINANCE INCOME – NET

Net finance income primarily consists of interest income from bank deposits and interest expense of lease liabilities. For the Period, net finance income amounted to RMB29.7 million (Corresponding Period: RMB4.5 million), representing a period-to-period increase of RMB25.2 million, primarily due to the increase in income from operations, proceeds from Global Offering and bank deposits, and the adoption of a centralised treasury model which led to higher capital yields.

MANAGEMENT DISCUSSION AND ANALYSIS

INCOME TAX EXPENSES

For the Period, income tax expenses of the Group were RMB78.5 million (Corresponding Period: RMB80.9 million), representing a period-to-period decrease of 3.0%, primarily due to the decrease in taxable income as a result of the tax exemption on foreign exchange gains and offshore interest income of the Company during the Period.

PROFIT FOR THE PERIOD

For the Period, net profit of the Group amounted to RMB215.7 million (Corresponding Period: RMB184.5 million), representing a period-to-period increase of 16.9%. Net profit margin for the Period was 19.8% (Corresponding Period: 19.3%), representing a period-to-period increase of 0.5 percentage point, mainly attributable to the continuous business development of the Group, the improved efficiency of capital management and the foreign exchange gains due to appreciation of Hong Kong dollar against RMB as detailed above.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

During the Period, profit attributable to owners of the Company was RMB210.8 million (Corresponding Period: RMB177.7 million), representing a period-to-period increase of 18.6%. Basic earnings per Share amounted to RMB0.14 (Corresponding Period: RMB0.16).

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 2022, the Group's right-of-use assets amounted to RMB63.3 million (31 December 2021: RMB53.8 million). Such increase of right-of-use assets was primarily attributable to the combined effect of renewed and newly contracted buildings and parking lots used for operations, and depreciation over time.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As of 30 June 2022, the Group had financial assets at fair value through other comprehensive income of RMB31.6 million (31 December 2021: RMB32.2 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 and information management systems and 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 RECEIVABLES

The Group's trade receivables increased from RMB517.0 million as of 31 December 2021 to RMB613.4 million as of 30 June 2022, representing an increase of 18.6%, mainly attributable to the increase in the Group's revenue for the Period as compared to the Corresponding Period.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER RECEIVABLES AND PREPAYMENTS

The Group's other receivables and prepayments 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 increased to RMB281.0 million as of 30 June 2022 from RMB256.6 million as of 31 December 2021, representing an increase of 9.5%, mainly due to the growth of business scale.

TRADE PAYABLES

The Group's trade payables increased from RMB166.6 million as of 31 December 2021 to RMB215.4 million as of 30 June 2022, representing an increase of 29.3% mainly because of the continuous business development of the Group.

OTHER PAYABLES

The Group's other payables primarily consist of advances received from property owners and tenants for settlement of costs to be incurred in relation to property management services provided under a commission basis, performance guarantee deposits received from other service providers, renovation and utility security deposits received from property owners and tenants, accrued payroll liabilities and other tax payables. The Group's other payables as of 31 December 2021 and 30 June 2022 were RMB1,135.4 million and RMB1,259.1 million, respectively. The increase was mainly due to the distribution of final dividend for the year ended 31 December 2021 totaling RMB132.8 million. The final dividend for the year ended 31 December 2021 was paid on 6 July 2022.

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 conditions and sufficient liquidity throughout. The Group's net current assets position improved from RMB3,098.0 million as of 31 December 2021 to RMB3,249.1 million as of 30 June 2022.

As of 30 June 2022, the Group's cash and cash equivalents amounted to RMB4,149.6 million (31 December 2021: RMB3,803.4 million). The increase was mainly attributable to the increments from operating activities.

As of 30 June 2022, the Group had no bank borrowings (31 December 2021: Nil). As of 30 June 2022, the Group had lease liabilities of RMB61.4 million (31 December 2021: RMB55.0 million). The increase was mainly attributable to renewed and newly contracted buildings and parking lots used for operation.

The gearing ratio is calculated based on total bank borrowings divided by total equity, multiplied by 100%. Since the Group had no bank borrowings as of 31 December 2021 and 30 June 2022, the gearing ratios as of both aforesaid dates were nil.

MANAGEMENT DISCUSSION AND ANALYSIS

PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the Main Board of the Stock Exchange by way of 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 Global Offering and the exercise of the Over-allotment Option amounted to HKD1,961.3 million (equivalent to RMB1,632.0 million). As of 30 June 2022, 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 30 June 2022 <i>RMB'000</i>	Unused proceeds up to 30 June 2022 <i>RMB'000</i>	Expected timeline for the intended use
Strategic acquisitions and investments	979,200	60	3,360 <i>(Note 1)</i>	975,840	By end of 2023
Further development of the Group's value-added services	244,800	15	11,810	232,990	By end of 2023
Developing information technology systems and smart communities	244,800	15	1,460	243,340	By end of 2023
Replenishing working capital and for general corporate purposes	163,200	10	10,510	152,690	By end of 2023
Total	1,632,000	100	27,140	1,604,860	

Note:

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

The unused proceeds are expected to be used in accordance with the purposes set out in the Prospectus and are currently held as bank deposits.

The 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, which have not been converted into RMB. The Group adopts a balanced strategy to control its foreign exchange risk in respect of its bank deposits denominated in Hong Kong dollars. It is expected that a part of the bank deposits will be converted into RMB in order to gain a higher interest income and reduce the foreign exchange exposure, while the other part of the bank deposits will 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.

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As of 30 June 2022, no assets of the Group were pledged as securities for liabilities.

MAJOR ACQUISITION AND DISPOSAL

During the Period, the Company did not have any major acquisition or disposal of subsidiaries, associates and joint ventures.

MAJOR INVESTMENTS

As of 30 June 2022, the Group did not hold any significant investment.

CONTINGENT LIABILITIES

As of 30 June 2022, the Group did not have any material contingent liabilities.

CAPITAL COMMITMENT AND CAPITAL EXPENDITURE

As of 30 June 2022, the Group did not have any capital commitment.

The Group's capital expenditure for the year ending 31 December 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 30 June 2022, the Group had a total of 12,075 full-time employees in the PRC and Hong Kong, the PRC. Total staff costs for the Period amounted to RMB442.3 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 and regulations) 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.

EVENTS AFTER THE REPORTING PERIOD

There were no other significant events affecting the Group since 30 June 2022 and up to the date of this report.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend to the shareholders of the Company (the "Shareholder(s)") for the Period (Corresponding Period: Nil).

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

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 45, which comprises the interim condensed consolidated balance sheet of Yuexiu Services Group Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2022 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated cash flow statement for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on 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".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 11 August 2022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	Unaudited Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
Revenue	6	1,089,938	958,185
Cost of sales	7	(744,655)	(615,603)
Gross profit		345,283	342,582
Administrative expenses	7	(100,867)	(88,323)
Net impairment losses on financial assets		(1,711)	(482)
Other income	8	10,439	6,629
Other gains – net	9	11,032	282
Operating profit		264,176	260,688
Finance income		31,340	6,803
Finance costs		(1,640)	(2,309)
Finance income – net	10	29,700	4,494
Share of results of a joint venture		282	270
Profit before income tax		294,158	265,452
Income tax expenses	11	(78,485)	(80,946)
Profit for the period		215,673	184,506
Profit is attributable to:			
– Owners of the Company		210,800	177,691
– Non-controlling interests		4,873	6,815
		215,673	184,506

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	Unaudited Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit or loss</i>			
– Exchange differences on translation of foreign operations		3,665	(743)
<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		(436)	(2,129)
Other comprehensive income/(loss) for the period, net of tax		3,229	(2,872)
Total comprehensive income for the period		218,902	181,634
Total comprehensive income for the period is attributable to:			
– Owners of the Company		214,029	174,819
– Non-controlling interests		4,873	6,815
		218,902	181,634
Earnings per share for profit attributable to the ordinary equity holder of the Company (expressed in RMB per share)			
– Basic and diluted	12	0.14	0.16

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2022

	Note	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	14	38,909	39,437
Right-of-use assets	15	63,298	53,807
Intangible assets	16	341,026	345,883
Interest in a joint venture		1,099	817
Financial assets at fair value through other comprehensive income	17	31,629	32,202
Deferred income tax assets		10,309	10,051
Restricted cash		15,829	8,127
		502,099	490,324
Current assets			
Inventories		1,288	1,017
Trade receivables	18	613,393	517,044
Other receivables and prepayments	18	298,633	278,298
Prepaid income taxes		22,017	30,587
Cash and cash equivalents		4,149,579	3,803,434
Restricted cash		10,169	10,744
		5,095,079	4,641,124
Total assets		5,597,178	5,131,448
Equity			
Equity attributable to owners of the Company			
Share capital	19	2,543,048	2,543,048
Other reserves	20	(336,753)	(366,854)
Retained earnings	20	807,454	755,575
		3,013,749	2,931,769
Non-controlling interests		163,960	158,687
Total equity		3,177,709	3,090,456

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2022

	Note	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Liabilities			
Non-current liabilities			
Contract liabilities		491,030	425,357
Deferred income tax liabilities		49,455	53,018
Lease liabilities	15	32,967	19,529
		573,452	497,904
Current liabilities			
Trade payables	21	215,421	166,578
Other payables	21	1,259,143	1,135,360
Contract liabilities		284,531	159,240
Lease liabilities	15	28,470	35,494
Current income tax liabilities		58,452	46,416
		1,846,017	1,543,088
Total liabilities		2,419,469	2,040,992
Total equity and liabilities		5,597,178	5,131,448

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Unaudited					
	Attributable to owners of the Company					
	Share capital RMB'000 (Note 19)	Other reserves RMB'000 (Note 20)	Retained earnings RMB'000 (Note 20)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2022	2,543,048	(366,854)	755,575	2,931,769	158,687	3,090,456
Comprehensive income						
Profit for the period	-	-	210,800	210,800	4,873	215,673
Other comprehensive income	-	3,229	-	3,229	-	3,229
	-	3,229	210,800	214,029	4,873	218,902
Transactions with owners in their capacity as owners						
Appropriation of statutory reserves	-	26,872	(26,872)	-	-	-
Contribution from non-controlling interests ("NCI") for establishment of a subsidiary	-	-	-	-	400	400
Dividend provided	-	-	(132,049)	(132,049)	-	(132,049)
	-	26,872	(158,921)	(132,049)	400	(131,649)
Balance at 30 June 2022	2,543,048	(336,753)	807,454	3,013,749	163,960	3,177,709
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 loss	-	(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 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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	443,605	560,260
Income tax paid	(61,563)	(94,187)
Net cash generated from operating activities	382,042	466,073
Cash flows from investing activities		
Purchases of property, plant and equipment	(9,062)	(10,539)
Purchases of intangible assets	(1,463)	(3,822)
Proceeds from disposal of property, plant and equipment	472	108
Decrease in amounts due from related parties	–	164,907
Net cash (used in)/generated from investing activities	(10,053)	150,654
Cash flows from financing activities		
Capital contribution from a shareholder	–	330,000
Contributions from NCI for establishment of a subsidiary	400	3,010
Initial public offering (“IPO”) proceeds	–	1,500,659
Payment of listing expenses deducted against equity	–	(3,377)
Decrease in amounts due to related parties	–	(130,306)
Increase in amounts due to related parties	–	3,321
Dividends paid	(1,560)	(90,203)
Principal elements and interest elements of lease payments	(35,272)	(33,456)
Interest paid	–	(81)
Net cash (used in)/generated from financing activities	(36,432)	1,579,567
Net increase in cash and cash equivalents	335,557	2,196,294
Cash and cash equivalents at beginning of period	3,803,434	994,629
Effect of exchange rate changes on cash and cash equivalents	10,588	392
Cash and cash equivalents at end of period	4,149,579	3,191,315

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

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

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

The financial information relating to the year ended 31 December 2021 that is included in the interim financial information for the six months ended 30 June 2022 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

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

This interim financial information is presented in Renminbi ("RMB") Yuan, unless otherwise stated. This interim financial information was approved for issue by the board of directors on 11 August 2022.

This interim financial information has not been audited.

2 BASIS OF PREPARATION

This interim financial information for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

NOTES TO THE 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 2021, except for 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 2022 for the Group:

HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before Intended Use
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
Annual improvements to HKFRS standards 2018–2020	Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination

The standards, amendments and interpretation did not have a material impact or are not relevant to the Group.

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

Certain new and amended standards have been issued and are not effective for financial year beginning 1 January 2022 and have not been early adopted by the Group. None of these is expected to have a significant effect on the Group.

		Effective for accounting periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	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
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

NOTES TO THE INTERIM FINANCIAL INFORMATION

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of 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 interim financial information, 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 2021.

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 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 2021.

There have been no significant 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 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 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 taxes, deferred income tax assets, deferred income tax liabilities, current income tax liabilities and other corporate assets and liabilities are not directly attributable to segments.

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

During the six months ended 30 June 2022, other than ultimate 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 total revenue.

The following table presents revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2022 and 30 June 2021 respectively.

NOTES TO THE 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 2022			
Revenue from contracts with customers recognized			
- At a point in time	99,376	-	99,376
- Over time	711,139	278,993	990,132
Revenue from other sources	-	430	430
Total revenue	810,515	279,423	1,089,938
Segment results	176,547	76,395	252,942
Other income			10,439
Other gains – net			11,032
Unallocated operating costs			(9,955)
Finance income – net			29,700
Income tax expenses			(78,485)
Profit for the period			215,673
Segment results include:			
Depreciation	16,853	22,808	39,661
Amortization	6,320	-	6,320
Net impairment losses/(reversal of impairment losses) on financial assets	2,786	(1,075)	1,711
Share of results of a joint venture	282	-	282

NOTES TO THE 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			
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
Total revenue	<u>678,062</u>	<u>280,123</u>	<u>958,185</u>
Segment results	<u>142,896</u>	<u>86,288</u>	<u>229,184</u>
Other income			6,629
Other gains – net			282
Unallocated operating income			24,863
Finance income – net			4,494
Income tax expenses			<u>(80,946)</u>
Profit for the period			<u>184,506</u>
Segment results include:			
Depreciation	10,019	26,599	36,618
Amortization	5,323	491	5,814
Net impairment losses/(reversal of impairment losses) on financial assets	(738)	1,220	482
Share of results of a joint venture	270	–	270

NOTES TO THE INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(continued)*

An analysis of the Group's revenue by category for the six months ended 30 June 2022 and 2021 is as follows:

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Non-commercial property management and value-added services		
– Property management services	394,779	297,021
– Value-added services to non-property owners	171,833	196,590
– Community value-added services	243,903	184,451
Commercial property management and operational services		
– Commercial operation and management services	205,274	216,257
– Market positioning consultancy and tenant sourcing services	74,149	63,866
	1,089,938	958,185

The segment assets and liabilities of the Group as at 30 June 2022 and 31 December 2021 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 2022			
Segment assets	2,686,165	932,397	3,618,562
Financial assets at FVOCI			31,629
Prepaid income taxes			22,017
Deferred income tax assets			10,309
Other corporate assets			1,914,661
Total segment assets			5,597,178
Segment liabilities	1,631,878	574,660	2,206,538
Deferred income tax liabilities			49,455
Current income tax liabilities			58,452
Other corporate liabilities			105,024
Total segment liabilities			2,419,469
Capital Expenditure	36,050	14,521	50,571

NOTES TO THE 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 2021			
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			1,862,900
Total assets			5,131,448
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			3,040
Total liabilities			2,040,992
Capital expenditure	26,708	14,618	41,326

NOTES TO THE 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	
	2022 RMB'000	2021 RMB'000
Employee benefit expenses	442,316	346,671
Gardening and cleaning expenses	115,958	76,718
Maintenance costs	56,036	36,499
Depreciation and amortization charges	45,981	42,432
Cost of goods sold	38,447	6,582
Utilities	29,101	23,222
Commission fees	27,382	45,136
Decoration cost	26,524	45,496
Cost of consumables	17,599	12,278
Taxes and other levies expenses	4,617	6,833

8 OTHER INCOME

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Additional input value-added tax deduction	4,709	4,331
Government grants	4,165	513
Penalty income	885	1,785
Dividends income from financial assets at FVOCI	680	–
	10,439	6,629

9 OTHER GAINS – NET

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Net foreign exchange gains	10,588	392
Net loss on disposal of property, plant and equipment	(12)	(20)
Others	456	(90)
	11,032	282

NOTES TO THE INTERIM FINANCIAL INFORMATION

10 FINANCE INCOME – NET

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Finance income		
Interest income from bank deposits	31,340	6,803
Finance costs		
Interest expense of lease liabilities	(1,640)	(2,256)
Interest expense on a loan from a related party (Note 22(b))	–	(53)
	(1,640)	(2,309)
Finance income – net	29,700	4,494

11 INCOME TAX EXPENSES

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the period.
- (b) 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 enjoy the preferential income tax treatment with the income tax rate of 20% and are eligible to have their tax calculated based on 12.5% or 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

11 INCOME TAX EXPENSES *(continued)*

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

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Current taxation		
Current income tax	70,039	72,594
Corporate withholding income tax	12,130	–
	82,169	72,594
Deferred taxation		
Deferred income tax	(1,118)	(1,070)
Corporate withholding income tax on undistributed profits	(2,566)	9,422
	(3,684)	8,352
	78,485	80,946

12 EARNINGS PER SHARE

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

The Company did not have any potential dilutive ordinary shares outstanding during the the six months ended 30 June 2022 and 2021. Diluted earnings per share is equal to basic earnings per share.

	Unaudited Six months ended 30 June	
	2022	2021
Profit attributable to owners of the Company (RMB'000)	210,800	177,691
Weighted average number of ordinary shares (in thousands)	1,522,030	1,096,116
Basic and diluted earnings per share for profit attributable to the owners of the Company during the period (expressed in RMB per share)	0.14	0.16

NOTES TO THE INTERIM FINANCIAL INFORMATION

13 DIVIDENDS

No interim dividend for the six months ended 30 June 2022 has been proposed by the board of directors (six months ended 30 June 2021: Nil).

A final dividend of HKD0.102 per ordinary share for the year ended 31 December 2021, totaling approximately RMB132 million, was approved by the shareholders at the annual general meeting of the Company on 26 May 2022. These dividends have been distributed out of the Company's retained earnings.

14 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 2022						
Opening net book amount as at 1 January 2022	4,499	31,984	1,070	1,150	734	39,437
Additions	-	7,383	-	246	1,433	9,062
Transfer	-	-	-	-	-	-
Disposals	-	(418)	(57)	(9)	-	(484)
Depreciation charges	(95)	(8,415)	(440)	(156)	-	(9,106)
Closing net book amount as at 30 June 2022	4,404	30,534	573	1,231	2,167	38,909
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

NOTES TO THE INTERIM FINANCIAL INFORMATION

15 LEASES

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

Right-of-use assets

	Properties RMB'000
Six months ended 30 June 2022	
Opening net book amount as at 1 January 2022	53,807
Additions	40,046
Depreciation charges	(30,555)
Closing net book amount as at 30 June 2022	<u>63,298</u>
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>

Lease liabilities

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Current	28,470	35,494
Non-current	32,967	19,529
	<u>61,437</u>	<u>55,023</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

16 INTANGIBLE ASSETS

	Goodwill RMB'000	Customer relationships RMB'000	Software RMB'000	Total RMB'000
Six months ended 30 June 2022				
Opening net book amount as at 1 January 2022	253,332	82,175	10,376	345,883
Additions	-	-	1,463	1,463
Amortization	-	(4,707)	(1,613)	(6,320)
Closing net book amount as at 30 June 2022	253,332	77,468	10,226	341,026
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

NOTES TO THE INTERIM FINANCIAL INFORMATION

17 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 2022 and 31 December 2021 on a recurring basis:

	Unaudited As at 30 June 2022 RMB'000 Level 3	Audited As at 31 December 2021 RMB'000 Level 3
FVOCI		
Unlisted equity instruments		
– Guangzhou Yuetou Commercial Factoring Co. Ltd.	29,879	29,942
– Guangzhou Construction & Development Property Holdings Mingte Network Development Co., Ltd.	1,750	2,260
	31,629	32,202

NOTES TO THE INTERIM FINANCIAL INFORMATION

17 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 2022:

	FVOCI RMB'000
Opening balance	32,202
Losses recognized in other comprehensive income	(573)
Closing balance	31,629

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

	Fair value at 30 June 2022 RMB'000	Valuation technique	Unobservable inputs	Weighted average
- Unlisted equity security (Note (i) and (ii))	29,879	Summation Method	Value of each asset/liability	N/A
- Unlisted equity security (Note (i) and (iii))	1,750	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 as at 30 June 2022 (31 December 2021: RMB299,000).
- (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 RMB13,000 higher/lower as at 30 June 2022 (31 December 2021: RMB17,000).

NOTES TO THE INTERIM FINANCIAL INFORMATION

18 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Trade receivables (Note (a))		
– Related parties (Note 22(d))	467,291	437,925
– Third parties	176,641	108,607
	643,932	546,532
Less: allowance for impairment of trade receivables	(30,539)	(29,488)
	613,393	517,044
Other receivables		
– Property management costs recoverable from related parties (Note (b) and Note 22(d))	47,026	26,583
– Property management costs recoverable from third parties (Note (b))	52,049	55,169
– Payments on behalf of third-party residents and tenants (Note (c))	71,448	73,773
– Guarantee deposits paid to related parties (Note (d) and Note 22(d))	14,521	21,553
– Guarantee deposits paid to third parties (Note (d))	23,848	23,349
– Others		
– Related parties (Note 22(d))	35,472	25,360
– Third parties	45,741	39,266
	290,105	265,053
Less: allowance for impairment of other receivables	(9,131)	(8,471)
	280,974	256,582
Prepayments		
– Related parties (Note 22(d))	181	–
– Third parties	8,893	7,236
	9,074	7,236
Other prepaid taxes	8,585	14,480
Total	912,026	795,342

NOTES TO THE INTERIM FINANCIAL INFORMATION

18 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 2022 and 31 December 2021, the ageing analysis of the trade receivables based on invoice date is as follows:

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
0-30 days	262,134	221,317
31-180 days	259,795	205,092
181-365 days	54,697	70,471
1 to 2 years	42,148	17,808
2 to 3 years	5,614	9,643
Over 3 years	19,544	22,201
	643,932	546,532

NOTES TO THE INTERIM FINANCIAL INFORMATION

19 SHARE CAPITAL

	Number of shares 2022	Number of shares 2021	Share capital RMB'000 2022	Share capital RMB'000 2021
At 1 January	1,522,030,177	1,018,600,000	2,543,048	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
At 30 June	1,522,030,177	1,478,619,677	2,543,048	2,367,005

- (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).

20 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 2022	27,876	(394,730)	(366,854)	755,575	388,721
Profit for the period	-	-	-	210,800	210,800
Appropriation of statutory reserves	26,872	-	26,872	(26,872)	-
Changes in fair value of financial assets at FVOCI, net of tax	-	(436)	(436)	-	(436)
Exchange differences on translation of foreign operations	-	3,665	3,665	-	3,665
Dividend	-	-	-	(132,049)	(132,049)
As at 30 June 2022	54,748	(391,501)	(336,753)	807,454	470,701
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

NOTES TO THE INTERIM FINANCIAL INFORMATION

20 RESERVES *(continued)*

(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.

21 TRADE AND OTHER PAYABLES

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Trade payables (Note (a))		
– Related parties (Note 22(d))	13,116	13,783
– Third parties	202,305	152,795
	<u>215,421</u>	<u>166,578</u>
Other payables		
– Advances for property management services from related parties (Note (b) and Note 22(d))	72,611	62,378
– Advances for property management services from third parties (Note (b))	213,239	257,626
– Guarantee deposits received from related parties (Note (c) and Note 22(d))	83,214	61,142
– Guarantee deposits received from third parties (Note (c))	279,207	268,955
– Receipts on behalf of residents or tenants from related parties (Note (d) and Note 22(d))	47	2,158
– Receipts on behalf of residents or tenants from third parties (Note (d))	121,464	155,823
– Dividend payables	132,766	1,560
– Accrued expenses to related parties (Note 22(d))	438	160
– Accrued payroll liabilities	121,810	148,245
– Others	234,347	177,313
	<u>1,259,143</u>	<u>1,135,360</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

21 TRADE AND OTHER PAYABLES *(continued)*

- (a) As at 30 June 2022 and 31 December 2021, the ageing analysis of the trade payables based on invoice date is as follows:

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Up to 1 year	169,982	146,473
1 to 2 years	32,972	4,389
2 to 3 years	2,643	4,511
Over 3 years	9,824	11,205
	215,421	166,578

- (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.

22 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 2022, and their relationship with the Company as at 30 June 2022:

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 INTERIM FINANCIAL INFORMATION

22 RELATED PARTY TRANSACTIONS *(continued)*

(b) Transactions with related parties

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Provision of services (Note (ii))		
– Ultimate holding company	276	–
– Intermediate holding company	99	–
– Fellow subsidiaries	334,911	270,304
– Non-controlling interests of Yuexiu Property and its subsidiaries	119,007	102,778
– Associates and joint ventures of Yuexiu Property	33,042	22,204
	487,335	395,286
Purchase of goods and services		
– Fellow subsidiaries	415	–
Interest expense on a loan from a related party		
– A fellow subsidiary	–	53
Addition of right-of-use assets		
– Fellow subsidiaries	12,596	164
– Non-controlling interests of Yuexiu Property and its subsidiaries	4,676	–
– Associates and joint ventures of Yuexiu Property	4,359	–
	21,631	164
Rental expenses (short-term leases)		
– Fellow subsidiaries	377	3,296
– Non-controlling interests of Yuexiu Property and its subsidiaries	891	327
– Associates and joint ventures of Yuexiu Property	8,520	8,345
	9,788	11,968

- (i) All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.
- (ii) The provision of services to related parties comprise the provision of non-commercial property management and value-added services and commercial property management and operational services.

NOTES TO THE INTERIM FINANCIAL INFORMATION

22 RELATED PARTY TRANSACTIONS *(continued)*

(c) Key management compensation

Compensation for key management other than directors was amounted to RMB1,468,000 for the six months ended 30 June 2022 (for the six months ended 30 June 2021: RMB1,139,000).

(d) Balances with related parties

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Trade receivables (Note (i))		
– Ultimate holding company	203	–
– Intermediate holding company	51	135
– Fellow subsidiaries	330,209	329,864
– Non-controlling interests of Yuexiu Property and its subsidiaries	104,206	59,868
– Associates and joint ventures of Yuexiu Property	32,622	48,058
	467,291	437,925
Other receivables (Note (ii))		
– Ultimate holding company	1,401	–
– Fellow subsidiaries	55,759	24,172
– Non-controlling interests of Yuexiu Property and its subsidiaries	12	205
– Associates and joint ventures of Yuexiu Property	39,847	49,119
	97,019	73,496
Prepayments (Note (i))		
– Fellow subsidiaries	181	–
Trade payables (Note (i))		
– Fellow subsidiaries	7,821	4,409
– Non-controlling interests of Yuexiu Property and its subsidiaries	2,059	1,975
– Associates and joint ventures of Yuexiu Property	3,236	7,399
	13,116	13,783

NOTES TO THE INTERIM FINANCIAL INFORMATION

22 RELATED PARTY TRANSACTIONS *(continued)*

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

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Other payables (Note (iii))		
– Ultimate holding company	1,576	–
– Intermediate holding company	257	245
– Fellow subsidiaries	104,677	85,513
– Non-controlling interests of Yuexiu Property and its subsidiaries	1	1
– Associates and joint ventures of Yuexiu Property	52,002	56,527
	158,513	142,286
Contract liabilities (Note (i))		
– Fellow subsidiaries	35,190	36,731
– Non-controlling interests of Yuexiu Property and its subsidiaries	–	15
– Associates and joint ventures of Yuexiu Property	2,728	471
	37,918	37,217
Bank deposits (Note (i))		
– A fellow subsidiary	535,702	583,800
Lease liabilities		
– Fellow subsidiaries	12,667	–
– Non-controlling interests of Yuexiu Property and its subsidiaries	3,576	439
– Associates and joint ventures of Yuexiu Property	8,519	11,882
	24,762	12,321

- (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.
- (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.

OTHER INFORMATION

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As of 30 June 2022, 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 in Appendix 10 to the Listing Rules (“**Model Code**”) were as follows:

LONG POSITION IN THE ASSOCIATED CORPORATION OF THE COMPANY

Yuexiu Property

Name of Director/chief executive	Capacity/nature of interest	Number of associated corporation's issued shares held	Approximate percentage of shareholding in the associated corporation
Mr. Lin Feng <i>(Note 1)</i>	Beneficial owner/beneficiary of a trust/spouse interest	2,055,559	0.07%
Mr. Zhang Jianguo <i>(Note 2)</i>	Beneficial owner/beneficiary of a trust	1,842,230	0.06%
Mr. Zhang Jin <i>(Note 3)</i>	Beneficial owner/beneficiary of a trust	331,173	0.01%

Notes:

- (1) Mr. Lin Feng was interested in 2,055,559 shares of Yuexiu Property, out of which 570,517 shares were owned by him as beneficial owner, 1,465,042 shares were held for him as a beneficiary under the Yuexiu Property Company Limited share incentive scheme trust for its directors and senior management (the “**Yuexiu Property DSM Trust**”) and 20,000 shares were held by his spouse.
- (2) Mr. Zhang Jianguo was interested in 1,842,230 shares of Yuexiu Property, out of which 843,666 shares were owned by him as beneficial owner and 998,564 shares were held for him as a beneficiary under the Yuexiu Property DSM Trust.
- (3) Mr. Zhang Jin was interested in 331,173 shares of Yuexiu Property, out of which 872 shares were owned by him as beneficial owner and 330,301 shares were held for him as a beneficiary under the Yuexiu Property Company Limited share award scheme trust for employees.

Save as disclosed above, as of 30 June 2022, 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 2022, 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)	66.92%
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)	66.92%
Yuexiu Property	Interest in a controlled corporation (Note 2)	1,018,600,000 (L)	66.92%
Guangzhou Construction & Development Holdings (China) Limited ("GCD China")	Beneficial owner (Note 2)	1,018,600,000 (L)	66.92%
Guangzhou Metro Group Co., Ltd.* (廣州地鐵集團有限公司) ("GZ Metro")	Interest in a controlled corporation (Note 3)	90,359,677 (L)	5.94%
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)	5.94%

Notes:

- (1) The letter "L" denotes a long 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.

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 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, the Company has complied with all code provisions of the CG Code.

REVIEW OF INTERIM RESULTS

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as the code of conduct for the Directors in their dealings in the Company’s securities. Having made specific enquiries with each Director, all Directors confirmed that they had complied with the required standard as set out in the Model Code throughout the Period.

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

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