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Xingye Wulian Service Group Co. Ltd.

興業物聯服務集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 9916)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

- Revenue was approximately RMB281.7 million for the Year, representing an increase of approximately 32.1% as compared with that for the year ended 31 December 2020.
- Gross profit for the Year was approximately RMB93.8 million, representing an increase of approximately 8.2% as compared with that for the year ended 31 December 2020.
- Profit attributable to owners of the parent, was approximately RMB54.5 million for the Year, representing an increase of approximately 25.3% as compared to that of approximately RMB43.5 million for the year ended 31 December 2020.
- Basic earnings per share for the Year was approximately RMB13.6 cents as compared to that of approximately RMB11.4 cents for the year ended 31 December 2020.
- The Board recommends a final dividend in respect of the Year of HK\$2.50 cents per share out of the Company's share premium account.

RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Xingye Wulian Service Group Co. Ltd. (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”, “**we**”, “**our**” or “**us**”) for the year ended 31 December 2021 (the “**Year**”) together with the comparative figures for the year ended 31 December 2020 as set out in this announcement.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	<i>Notes</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
REVENUE	4	281,660	213,188
Cost of sales		<u>(187,854)</u>	<u>(126,449)</u>
Gross profit		93,806	86,739
Other income, other gains and losses	4	16,569	9,435
Selling and marketing expenses		(1,472)	(1,713)
Administrative expenses		(35,723)	(33,353)
Impairment losses on financial and contract assets		(206)	(214)
Finance costs	5	<u>(205)</u>	<u>(174)</u>
PROFIT BEFORE TAX	6	72,769	60,720
Income tax expenses	7	<u>(18,241)</u>	<u>(17,217)</u>
PROFIT FOR THE YEAR		<u>54,528</u>	<u>43,503</u>
Attributable to:			
Owners of the parent		<u>54,528</u>	<u>43,503</u>
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange difference on translation of foreign operations		<u>(364)</u>	<u>(1,243)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		<u>(364)</u>	<u>(1,243)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>54,164</u>	<u>42,260</u>
Attributable to:			
Owners of parent		<u>54,164</u>	<u>42,260</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the year (RMB cents)	9	<u>13.6</u>	<u>11.4</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		1,673	2,072
Right-of-use assets		3,737	4,201
Other intangible asset		–	302
Deferred tax assets		799	566
		<hr/>	<hr/>
Total non-current assets		6,209	7,141
CURRENT ASSETS			
Trade receivables	<i>10</i>	40,045	38,394
Contract assets	<i>11</i>	21,953	10,642
Prepayments, other receivables and other assets		14,790	4,911
Restricted and pledged bank deposits		50,100	–
Cash and cash equivalents		399,132	369,166
		<hr/>	<hr/>
Total current assets		526,020	423,113
CURRENT LIABILITIES			
Trade payables	<i>12</i>	22,506	25,282
Other payables and accruals	<i>13</i>	55,152	35,656
Contract liabilities	<i>14</i>	74,040	40,235
Tax payable		1,234	4,966
Provisions		1,238	834
Lease liabilities		1,514	1,104
		<hr/>	<hr/>
Total current liabilities		155,684	108,077
NET CURRENT ASSETS		370,336	315,036
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		376,545	322,177
NON-CURRENT LIABILITIES			
Provisions		1,857	1,251
Lease liabilities		3,590	3,992
Deferred tax liability		590	590
		<hr/>	<hr/>
Total non-current liabilities		6,037	5,833
Net assets		370,508	316,344
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	<i>15</i>	3,572	3,572
Reserves		366,936	312,772
		<hr/>	<hr/>
Total equity		370,508	316,344
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL

Xingye Wulian Service Group Co. Ltd. (the “**Company**”) is an exempted company with limited liability incorporated under the laws of the Cayman Islands on 12 August 2019. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The shares of the Company have been listed in connection with the Company’s initial public offering (the “**Global Offering**”) on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 9 March 2020 (the “**Listing Date**”).

The Company is an investment holding company, and the Group is principally engaged in property management and value-added services, and property engineering services.

2. BASIS OF PRESENTATION

The consolidated results set out in this announcement do not constitute our Group’s consolidated financial statements for the year ended 31 December 2021 but are extracted from those financial statements.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “**IASB**”), and International Accounting Standards (“**IASs**”) and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance.

They have been prepared under the historical cost convention.

These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

The Group has adopted the following revised IFRSs for the first time for the current year’s financial statements.

Amendments to IFRS 9, IAS 39,
IFRS 7, IFRS 4 and IFRS 16
Amendment to IFRS 16

Interest Rate Benchmark Reform – Phase 2

Covid-19-Related Rent Concessions beyond 30 June 2021
(early adopted)

The adoption of the above revised IFRSs has had no significant financial effect on the financial information.

3. OPERATING SEGMENT INFORMATION

For management purposes, our Group is organised into business units based on their services and has three reportable operating segments as follows:

- (a) Property management and value-added services
- (b) Property engineering services
- (c) Others*

* The “others” segment comprises clubhouse services, including catering and ancillary services.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group’s profit before tax except that head office income and expenses are excluded from such measurement.

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 segment liabilities exclude deferred tax liability and tax payable.

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Property management and value-added services	228,374	165,008
Property engineering services	45,722	45,904
Others	7,564	2,276
	<u>281,660</u>	<u>213,188</u>

Segment results

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Property management and value-added services	76,737	60,875
Property engineering services	2,781	3,722
Others	(3,687)	(157)
	<u>75,831</u>	<u>64,440</u>
Segment results	75,831	64,440
<u>Reconciliation:</u>		
Unallocated income	645	6,620
Unallocated corporate expenses	(3,707)	(10,340)
	<u>72,769</u>	<u>60,720</u>

Segment assets

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Property management and value-added services	471,425	355,619
Property engineering services	55,916	64,579
Others	596	184
	<u>527,937</u>	<u>420,382</u>
Segment assets	527,937	420,382
<u>Reconciliation:</u>		
Unallocated assets	4,292	9,872
	<u>532,229</u>	<u>430,254</u>

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment liabilities

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Property management and value-added services	141,552	91,141
Property engineering services	17,860	20,473
Others	469	549
	<hr/>	<hr/>
Segment liabilities	159,881	112,163
<i>Reconciliation:</i>		
Unallocated liabilities	1,840	1,747
	<hr/>	<hr/>
Total liabilities	161,721	113,910
	<hr/> <hr/>	<hr/> <hr/>

4. REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES

An analysis of revenue is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<u>Type of services</u>		
Property management and value-added services	228,374	165,008
Property engineering services	45,722	45,904
Others	7,564	2,276
	<hr/>	<hr/>
	281,660	213,188
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	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<u>Timing of revenue recognition</u>		
<i>At a point in time</i>		
Value-added services	5,039	7,071
Others	7,564	2,276
<i>Over time</i>		
Property management	223,335	157,937
Property engineering services	45,722	45,904
	<hr/>	<hr/>
	281,660	213,188
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An analysis of other income, other gains and losses is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Government grants	6,029	911
Interest income	10,326	8,948
Foreign exchange gain/(loss), net	214	(424)
	<hr/>	<hr/>
	16,569	9,435
	<hr/> <hr/>	<hr/> <hr/>

5. FINANCE COST

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on lease liabilities	<u>205</u>	<u>174</u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of services provided	187,854	126,449
Depreciation of property, plant and equipment	771	705
Depreciation of right-of-use assets	464	369
Amortisation of other intangible asset	302	75
Research and development expenses	4,076	1,881
Auditors' remuneration	1,450	1,300
Employee benefit expense (including directors' remuneration)		
Wages and salaries	38,394	28,009
Pension scheme contributions	4,882	246
Foreign exchange (gain)/loss, net	(214)	424
Impairment losses on trade receivables and contract assets	206	214
Listing expenses	-	7,953

7. INCOME TAX

Our Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and BVI, our Group is not subject to any income tax in the Cayman Islands and BVI.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China ("PRC") and the respective regulations, except for Henan Xingye Internet of Things Information Consulting Co., Ltd.*(河南興業物聯信息諮詢有限公司) which enjoyed a preferential enterprise tax rate of 5% (2020: 5%) during the Year, the subsidiaries which operate in China are subject to enterprise income tax at a rate of 25% (2020: 25%) on the taxable income.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current	18,474	16,527
Deferred	<u>(233)</u>	<u>690</u>
Total tax charge for the Year	<u>18,241</u>	<u>17,217</u>

8. DIVIDENDS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interim dividend declared and paid	–	8,240
Proposed final dividend	<u>8,180</u>	<u>–</u>
	<u><u>8,180</u></u>	<u><u>8,240</u></u>

The Board recommends the payment of a final dividend in respect of the Year of HK\$2.50 cents (equivalent to approximately RMB2.045 cents) per share, amounting to a total dividend of HK\$10,000,000 (equivalent to approximately RMB8,180,000). Such final dividend will be distributed out of the Company's share premium account, subject to the approval by the shareholders at the forthcoming annual general meeting. These consolidated financial statements did not reflect this dividend payable.

Interim dividend of HK\$2.32 cents (equivalent to approximately RMB2.06 cents) per share, amounting to HK\$9,280,000 (equivalent to approximately RMB8,240,000) was declared during the year ended 31 December 2020 and paid on 9 October 2020.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the Year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 400,000,000 (2020: 381,369,863) in issue during the Year.

The Group had no potentially dilutive ordinary shares in issue during both years.

The calculation of basic and diluted earnings per share is based on:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share calculation	<u>54,528</u>	<u>43,503</u>
	Number of shares	
	2021	2020
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	<u>400,000,000</u>	<u>381,369,863</u>

10. TRADE RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	40,587	38,845
Impairment	(542)	(451)
	40,045	38,394

Our Group's trading terms for rendering property management and value-added services with its customers are mainly payment in advance. The trading terms for property engineering services, club house services, including catering and ancillary services and ancillary food supply services are mainly on credit and the credit period is generally within 30 days. Our Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the fact that our Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Our Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Included in trade receivables are amounts due from related parties of RMB31,394,000 as at 31 December 2021 (2020: RMB34,426,000). The carrying amount of trade receivables approximates to their fair value.

An ageing analysis of the trade receivables as at the end of each reporting period, based on the invoice date and net of loss allowance, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 year	38,170	37,452
1 to 2 years	1,277	942
2 to 3 years	598	—
	40,045	38,394

11. CONTRACT ASSETS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Contract assets arising from provision of property engineering services	22,175	10,749
Impairment	(222)	(107)
	21,953	10,642

Contract assets are initially recognised for revenue earned from property engineering services as the receipt of consideration is conditional on certain milestones or successful completion of construction. Upon the milestones or completion of construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. Our Group's trading terms and credit policy with customers are disclosed in note 10 to this announcement. The increase in contract assets during the Year was mainly due to the property engineering services have not obtained receipt on certain milestones or successful completion of construction.

Included in contract assets are amounts due from related parties of RMB22,175,000 as at 31 December 2021 (2020: RMB10,749,000).

12. TRADE PAYABLES

An aging analysis of the trade payables as at the end of each reporting period, based on the invoice date, is as follows:

	2021 RMB'000	2020 <i>RMB'000</i>
Within 3 months	21,939	22,921
Over 3 months	567	2,361
	22,506	25,282

The trade payables are non-interest-bearing and are normally settled in less than three months. The carrying amounts of trade payables approximate to their fair values.

13. OTHER PAYABLES AND ACCRUALS

	2021 RMB'000	2020 <i>RMB'000</i>
Payroll payables	7,814	5,903
Tax payables other than income tax	8,058	6,014
Amounts due to related parties	1,825	1,489
Deposits	9,667	8,038
Listing expenses	–	1,727
Other payables	27,788	12,485
	55,152	35,656

The amounts due to related parties were non-trade in nature, non-interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in other payables and accruals approximate to their fair values.

14. CONTRACT LIABILITIES

	2021 RMB'000	2020 <i>RMB'000</i>
Advanced receipts for property management and value-added services	74,040	40,235

Included in contract liabilities are amounts due to related parties of RMB4,005,000 as at 31 December 2021 (2021: RMB2,203,000). The increase in contract liabilities during the reporting period was mainly due to the increase in the number of properties under management by the Group.

15. SHARE CAPITAL

Ordinary share of HK\$0.01 each

	Number of shares	Nominal value <i>HK\$'000</i>	Equivalent nominal value <i>RMB'000</i>
Authorised:			
At 1 January 2020	38,000,000	380	340
Increase in authorised ordinary shares	9,962,000,000	99,620	89,518
At 31 December 2020, 1 January 2021 and 31 December 2021	<u>10,000,000,000</u>	<u>100,000</u>	<u>89,858</u>
		2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
Issued and fully paid:			
400,000,000 (2020: 400,000,000) ordinary shares		<u>3,572</u>	<u>3,572</u>

A summary of movements in the Company's share capital is as follows:

	Notes	Number of shares	Nominal value <i>HK\$'000</i>	Equivalent amount <i>RMB'000</i>
At 1 January 2020		10,000	–	–
Capitalisation Issue	<i>(i)</i>	299,990,000	3,000	2,675
New issue of shares from Global Offering	<i>(ii)</i>	100,000,000	1,000	897
At 31 December 2020, 1 January 2021 and 31 December 2021		<u>400,000,000</u>	<u>4,000</u>	<u>3,572</u>

Notes:

- (i) Pursuant to a written resolution of the shareholders of the Company (the “Shareholders”) passed on 7 February 2020, a total of 299,990,000 shares of HK\$0.01 each were allotted and issued at par value to the Shareholders as of the date immediately before the Listing Date on a pro rata basis by way of capitalisation of HK\$2,999,900 (the “Capitalisation Issue”) from the Company's share premium account on the Listing Date.
- (ii) On the Listing Date, 100,000,000 new shares were issued at a price of HK\$1.99 per share in connection with the Company's Global Offering on the Stock Exchange.

All the shares issued during the year rank *pari passu* with other shares in issue in all respects.

16. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these financial announcement, the Group had the following transactions with related parties during the year:

	<i>Notes</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Sales of services or products:			
Property management and value-added services rendered to related parties	<i>(i) (ii)</i>	42,027	26,766
Property engineering services rendered to related parties	<i>(i) (ii)</i>	45,722	45,688
Others		2,552	1,414
		<u>90,301</u>	<u>73,868</u>

Notes:

- (i) The sales of services rendered to the related parties based on agreements mutually agreed by both parties.
- (ii) The Group was engaged in provision of property management and value-added services and property engineering services to Ever Diamond Global Company Limited and its subsidiaries (the “**Ever Diamond Group**”), Zensun Enterprises Limited and its subsidiaries (the “**Zensun Enterprises Group**”) and Henan Zensun Corporate Development Group Co., Ltd.* (河南正商企業發展集團有限責任公司) and its subsidiaries (the “**Zensun Development Group**”).

Ever Diamond Global Company Limited and Zensun Enterprises Limited are ultimately owned as to 100% and 71.99% by a discretionary trust established by Ms. Huang Yanping (“**Ms. Huang**”) as settlor and protector as at the date of this announcement. As Ms. Huang is the mother of Ms. Zhang Huiqi (“**Ms. Zhang**”), the non-executive Director of the Company, both Zensun Enterprises Group and Ever Diamond Group are connected entities of Ms. Zhang. Additionally, Zensun Development Group is an entity controlled by Ms. Zhang.

The related party transactions in respect of property management and value-added services and property engineering services rendered to related parties also constitute continuing connected transactions as defined in chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”).

- (b) Outstanding balances with related parties

During the Year, Henan Xingye Internet of Things Management Technology Co., Ltd.* (河南興業物聯網管理科技有限公司) (“**Xingye IOT Management**”), a subsidiary of the Company, signed a debt transfer agreement with certain related parties to transfer the receivable collection rights due from those related parties to Henan Zensun Real Estate Co., Ltd.* (河南正商置業有限公司) (“**Zensun Real Estate**”), another related party of the Group. After the completion of the transfer, Xingye IOT Management will settle the receivables and payables with Zensun Real Estate on the net basis after offsetting.

Details of the Group’s outstanding balances of trade receivables, contract assets, other payables and contract liabilities with related parties are disclosed in notes 10, 11, 13 and 14 of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

Established in 1999, we are a reputable property management service provider in Henan Province with a particular focus on offering property management and value-added services. We provide a wide range of property management services which include, among others, security, cleaning, greening and gardening, parking space management, repair and maintenance for common areas and customer services, and value-added services which include repair and maintenance for exclusive use areas, renovation waste clearance, intermediary leasing services, etc. We also provide our customers with property engineering services which include the planning, design and installation of security and surveillance systems, access control systems, carpark management systems and construction site management systems, in order to enhance the quality of the property management systems of our customers.

During the Year, the Group continuously gained recognition in the industry, and was recognised by the China Index Academy (“CIA”) as one of the top 100 property management service companies on the annual rating of property management companies in the PRC (“**Top 100 Property Management Service Companies**”) in terms of business size, operational efficiency, service quality, growth potential and social responsibility for six years in a row. The Group’s ranking in the Top 100 Property Management Service Companies as published by CIA improved from the 60th in 2020 to the 49th in 2021.

During the Year, the Group adjusted its business strategies to diversify its portfolio of pipeline properties from non-residential properties and also residential properties in provision of property management and value-added services. Thus, our portfolio of properties under management expanded during the Year from gross floor area (“GFA”) of approximately 3.1 million sq.m. as at 31 December 2020 to approximately 6.6 million sq.m. as at 31 December 2021. As at 31 December 2021, our portfolio of contracted properties covered GFA of approximately 10.6 million sq.m. in aggregate.

During the Year, the Group maintained similar scale of property engineering services performed for the customers as compared with 2020. During the Year, we have entered into 40 new property engineering contracts with an aggregated contract amount of approximately RMB46.1 million. As at 31 December 2021, the total contract sum for contracted engineering services with remaining performance obligations amounted to contract sum for RMB86.5 million, which will contribute to the Group’s revenue in the future.

FINANCIAL REVIEW

Revenue

Our Group’s revenue was primarily generated from (i) property management and value-added services and (ii) property engineering services.

For the Year, our Group’s total revenue was approximately RMB281.7 million, representing an increase of approximately 32.1% as compared to approximately RMB213.2 million for the year ended 31 December 2020. Such increase of approximately RMB68.5 million was primarily attributable to the increase in segment revenue from property management and value-added services.

The following table sets out the breakdown of our revenue by type of services during the years:

	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management and value-added services				
– Property management services	223,335	79.3	157,937	74.1
– Value-added services	5,039	1.8	7,071	3.3
	<u>228,374</u>	<u>81.1</u>	<u>165,008</u>	<u>77.4</u>
Property engineering services	45,722	16.2	45,904	21.5
Others	7,564	2.7	2,276	1.1
Total	<u>281,660</u>	<u>100.0</u>	<u>213,188</u>	<u>100.0</u>

The following table sets out the breakdown of our revenue between a person(s) or company(ies) who/which is or are independent of and not connected with our Company and our connected persons and related parties (“**Independent Third Parties**”) during the years:

	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Independent Third Parties	191,359	67.9	139,320	65.4
Related parties	90,301	32.1	73,868	34.6
Total	<u>281,660</u>	<u>100.0</u>	<u>213,188</u>	<u>100.0</u>

Property management and value-added services

Our Group’s revenue generated from property management and value-added services increased by approximately RMB63.4 million or 38.4% from approximately RMB165.0 million for the year ended 31 December 2020 to approximately RMB228.4 million for the Year. This increase was primarily as a result of the expansion of properties under management with GFA of approximately 3.5 million sq.m. through (i) a newly diversified property portfolio of both non-residential and residential properties which brought income of approximately RMB30.7 million and (ii) expansion of provision of property management services to sales offices and show flats for property projects developed by our related parties which commenced in the fourth quarter of 2020 with full-year revenue contribution of approximately RMB28.9 million.

Property engineering services

During the Year, the Group provided a similar scale of property engineering services performed for the customers, and maintained a stable level of revenue from property engineering services during the Year of approximately RMB45.7 million as compared to RMB45.9 million for the year ended 31 December 2020.

Cost of Sales

Our Group's cost of sales consists of subcontracting costs, staff costs and materials and consumables. We recorded an increase in cost of sales of approximately RMB61.4 million or 48.6% from approximately RMB126.4 million for the year ended 31 December 2020 to approximately RMB187.9 million for the Year. Such increase was generally in line with our growth in revenue during the Year associated with the expansion in our properties under management.

Gross Profit and Gross Profit Margin

Our gross profit increased by approximately RMB7.1 million or 8.2% from approximately RMB86.7 million for the year ended 31 December 2020 to approximately RMB93.8 million for the Year. Our gross profit margin was approximately 33.3% for the Year as compared to that of approximately 40.7% for the year ended 31 December 2020. The decrease in gross profit margin was as a result from change in contribution from different revenue types in respect of our overall increase in revenue mainly contributed by (i) new income stream arising from property management services to sales offices and show flats which were primarily charged with cost mark-up basis; and (ii) new income stream arising from property management and value-added services to residential properties which generally have a lower gross profit margin as compared to those charged to non-residential properties.

Other Income, Other Gains and Losses

Other income, other gains and losses mainly comprised government grants and interest income. Our other income, other gains and losses increased by approximately RMB7.1 million or 75.6% from approximately RMB9.4 million for the year ended 31 December 2020 to approximately RMB16.6 million for the Year. Such increase was mainly attributable to more government grants received and the increase in interest income during the Year.

Selling and Marketing Expenses

Our selling and marketing expenses primarily comprised marketing expenses and staff costs for our marketing personnel. Our selling and marketing expenses remained relatively stable between the years at approximately RMB1.5 million for the Year and approximately RMB1.7 million for the year ended 31 December 2020, respectively.

Administrative Expenses

Our administrative expenses mainly comprised staff costs of our administrative staff at our headquarters, office expenses and professional fees. Our administrative expenses increased by approximately RMB2.4 million or 7.1% from approximately RMB33.4 million for the year ended 31 December 2020 to approximately RMB35.7 million for the Year. Such increase was a result of the combined effect of (i) the increase in research and development expense of approximately RMB2.0 million mainly in respect of our property engineering services; (ii) increase in administrative staff cost of approximately RMB4.9 million; and (iii) increase in anti-epidemic and other general administrative expenses and anti-epidemic expenses associated with the growth in properties under management of approximately RMB3.2 million, which was offsetted by the reduction in listing expense of approximately RMB8.0 million in connection with the Global Offering incurred during 2020.

Finance Costs

Our finance costs represented the imputed interest generated from rights of use assets in connection with the lease contract payments for our lease properties.

Income Tax Expenses

Our income tax expenses increased by approximately RMB1.0 million or 5.9% from approximately RMB17.2 million for the year ended 31 December 2020 to approximately RMB18.2 million for the Year which was in line with the growth in profit before tax brought from the increase in revenue during the Year.

Profit for the Year

As a result of the foregoing, our profit attributable to the owners of the parent increased by approximately RMB11.0 million or 25.3% from approximately RMB43.5 million for the year ended 31 December 2020 to approximately RMB54.5 million for the Year.

Dividend for the Year

The Board recommends the payment of a final dividend in respect of the Year of HK\$2.50 cents (equivalent to approximately RMB2.045 cents) per share out of the Company's share premium account, amounting to a total dividend of HK\$10.0 million (equivalent to approximately RMB8.2 million).

FINANCIAL POSITION

Property, Plant and Equipment

Property, plant and equipment of our Group primarily represented machinery and electronic equipment used in our headquarters and the management centres in our properties under management. There was no material additions during the Year and subject to the annual depreciation, the carrying value of property, plant and equipment remained relatively stable and amounted to approximately RMB1.7 million as at 31 December 2021 as compared to approximately RMB2.1 million as at 31 December 2020.

Trade Receivables

Our total trade receivables was approximately RMB40.6 million and trade receivable net of loss allowance was approximately RMB40.0 million as at 31 December 2021, as compared to that of approximately RMB38.8 million and RMB38.4 million, respectively, as at 31 December 2020.

Our trade receivables from related parties of approximately RMB31.4 million as at 31 December 2021, representing an decrease of approximately RMB3.0 million or 8.8% as compared to approximately RMB34.4 million as at 31 December 2020, were associated with outstanding property management fees generated from unsold properties under management and property engineering services rendered to the related parties.

Our trade receivables from Independent Third Parties amounted to approximately RMB9.2 million as at 31 December 2021, representing an increase of approximately RMB4.8 million or 108.0% as compared to approximately RMB4.4 million as at 31 December 2020, which was in line with the growth in properties under management.

Trade Payables

Our trade payables primarily consisted of payables to our suppliers for their products and our subcontractors for their provision of labour or services for property management and value-added services and property engineering services. Our trade payables amounted to approximately RMB22.5 million as at 31 December 2021, representing a decrease of approximately RMB2.8 million or 11.0% as compared to approximately RMB25.3 million as at 31 December 2020. The decrease in trade payables was as a result of the timely settlement of our trade payables during the Year.

Other Payables and Accruals

Our other payables and accruals mainly comprised other payables, payroll payables, deposits, tax payables other than income tax and amounts due to related parties. Our other payables and accruals amounted to approximately RMB55.2 million as at 31 December 2021 representing an increase of approximately RMB19.5 million or 54.7% as compared to approximately RMB35.7 million as at 31 December 2020. The increase was attributable to the increase in other payables associated with property maintenance fund and utilities receipts collected from property owners in relation to water, electricity and heating costs as a result of the growth in properties under management.

Contract Liabilities

Our contract liabilities represented advanced receipts for property management and value-added services. Our contract liabilities increased from approximately RMB40.2 million as at 31 December 2020 to approximately RMB74.0 million as at 31 December 2021. The increase was attributable to the growth in properties under management by our Group.

Indebtedness

As at 31 December 2021, we had no outstanding borrowings and unutilised banking facilities (2020: Nil). The Group's lease liabilities amounted to approximately RMB5.1 million as at 31 December 2021 and remained stable with approximately the same amount as at 31 December 2020.

Liquidity, Financial Resources and Capital Structure

Our Group maintained a healthy financial position. As at 31 December 2021, the current assets amounted to approximately RMB526.0 million, representing an increase of approximately 24.3% as compared to approximately RMB423.1 million as at 31 December 2020. As at 31 December 2021, cash and cash equivalents of our Group amounted to approximately RMB399.1 million, representing an increase of approximately RMB30.0 million or 8.1% as compared to approximately RMB369.2 million as at 31 December 2020. As at 31 December 2021, the cash and cash equivalents of the Group were mainly denominated in RMB and Hong Kong dollars.

Gearing ratio is calculated based on the total debt (of which debt represents interest-bearing borrowings) divided by the total equity as at the end of the reporting period. As at 31 December 2021, our Group has no interest-bearing borrowings and hence the gearing ratio was nil.

The capital structure of our Group is primarily equity which comprises issued share capital and reserves.

Current Ratio

Current ratio is calculated based on the total current assets divided by the total current liabilities at the end of the reporting period. The current ratio of our Group as at 31 December 2021 was approximately 3.4 times as compared to that of approximately 3.9 times as at 31 December 2020.

Charge of Group's Assets

As at 31 December 2021, one of the Company's subsidiary in the PRC had pledged bank deposits amounting to RMB50.0 million to guarantee the bills acceptance granted by a bank under a bills acceptance agreement ("**Bills Acceptance Agreement**") to a related party which is a member of the Zensun Development Group and controlled by Ms. Zhang, the non-executive Director of the Company. In March 2022, such pledge was terminated between the Company's subsidiary and the bank and all pledged bank deposits amounting to RMB50.0 million was released from the financial guarantee provided by the Group for indebtedness of the related party.

Contingent Liabilities

As at 31 December 2021, one of the Company's subsidiaries in the PRC had pledged bank deposits amounting to RMB50.0 million to guarantee the bills acceptance granted by a bank under the Bills Acceptance Agreement to a related party which is a member of the Zensun Development Group and controlled by Ms. Zhang, the non-executive Director of the Company. In March 2022, such pledge was terminated between the Company's subsidiary and the bank and all pledged bank deposits amounting to RMB50.0 million was released from the financial guarantee provided by the Group for indebtedness of the related party. The Board consider that the possibility of default in payment regarding the indebtedness of the related party is remote as the above pledge was terminated between the Company's subsidiary and the bank and all pledged bank deposits was released from the financial guarantee provided for the indebtedness of the related party before the date of this announcement, and therefore, no provision has been made in the consolidated financial statements for the contingent liability associated with the financial guarantee provided by the Group to guarantee the bills acceptance granted by the bank to the related party.

Capital Commitments

As at 31 December 2021, the Group did not have any material capital commitments.

Foreign Exchange Risks

Our Group mainly operates in the PRC with most of the transactions settled in Renminbi. Therefore, the Group is not exposed to significant foreign currency exchange risk except certain bank balances denominated in Hong Kong dollars were held by the Company. Currently, the Group did not entered into contracts to hedge its exposure to foreign exchange risk, but the management will continue to monitor the foreign exchange exposure, and take prudent measures to reduce the foreign exchange risk.

IMPACT OF COVID-19 PANDEMIC ON OUR BUSINESS

Since the outbreak of COVID-19 pandemic, the Group has prepared itself to adapt to the ever-changing challenges and environment. Epidemic precautionary and control measures were carried out from time to time in all our working locations to ensure that we continued to provide uninterrupted quality services to our customers. Other than the necessary measures to prevent the potential crisis, the Group will also pay close attention to the development of the COVID-19 outbreak and government announcement to assess our strategies and promptly respond to any changes in order to safeguard our community. In light of the current situation under the COVID-19 pandemic in relation to epidemic control measures launched by governments, it appeared that the pandemic impact on residential properties were limited.

During the Year, our Group implemented strategy in expanding our pipeline property portfolio to provide property management and value-added services also to residential properties in order to diversify our income streams and leverage the risk and rewards from non-residential properties under the uncertain economic environment.

The Group will monitor and evaluate any potential impact as a result of the COVID-19 pandemic on our financial position and operating results from time to time. The Group was not aware of risks or uncertainties that would cause material adverse effects on the operations, financial performance and the financial position as a result of the COVID-19 outbreak during the Year and up to the date of this announcement.

As at 31 December 2021, our Group has sufficient cash and cash equivalents, which amounted to approximately RMB399.1 million (equivalent to almost 1.8 times of the total expenses comprising cost of sales, selling and marketing expenses, administrative expenses and finance costs incurred for the Year). Therefore, in the unlikely event that the operation of our Group is temporarily suspended, our Group has sufficient working capital to satisfy our requirement.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2021, our Group had 571 employees. We generally determine employees' compensation based on their qualification, position, seniority and performance. Pursuant to relevant laws and regulations in the PRC, we participate in various employee social security plans that are organised by applicable local municipal and provincial governments, including pension, medical, maternity, work-related injury and unemployment benefit plans. Total staff-related cost, including Directors' emoluments, was approximately RMB43.3 million (2020: RMB28.3 million) during the Year.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Year, our Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

SIGNIFICANT INVESTMENTS

As at 31 December 2021, the Group did not have any significant investments accounting for more than 5% of the Group's total assets.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 31 December 2021. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant rules under the Listing Rules as and when appropriate.

PROCEEDS FROM GLOBAL OFFERING

On the Listing Date, the shares of our Company were listed on the Main Board of the Stock Exchange and 100,000,000 new shares were issued in the Global Offering. After deducting the underwriting fees and commissions and other estimated expenses in connection with the Global Offering of ordinary shares of par value HK\$0.01 each of our Company, including, a public offering in Hong Kong of 50,000,000 shares and an international offering of 50,000,000 shares, in each case at a price of HK\$1.99 per share, net proceeds from the Global Offering amounted to approximately HK\$167.8 million (equivalent to RMB149.6 million). As at 31 December 2021, our Group had utilised approximately RMB36.2 million of the capital raised as follows:

Intended use of the net proceeds	Percentage	Planned	Utilised	Net	Unutilised	Expected timeline for the usage of the unutilised net proceeds
		amount of the net proceeds for its intended use	net proceeds as at 31 December 2020	proceeds utilised during the Year	net proceeds as at 31 December 2021	
		<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	
(1) Acquisition of suitable acquisition targets	72.3%	108.2	–	–	108.2	Within three years upon the Listing Date
(2) Enhancing our property engineering services	7.2%	10.8	3.1	7.7	–	N/A
(3) Enhancing our property management services	10.5%	15.7	3.0	7.5	5.2	Within three years upon the Listing Date
(4) General working capital	10.0%	14.9	14.9	–	–	N/A
Total	100.0%	149.6	21.0	15.2	113.4	

Given the impacts of the COVID-19 pandemic on the macro-economic environment, the Group will continue to seek suitable targets for acquisitions and investments or cooperation. We will adopt a prudent manner in identifying potential targets so as to utilize the net proceeds from the Global Offering effectively and efficiently for the long term benefit and development of the Group.

FUTURE OUTLOOK

Our Group plans to strengthen our position in the property management service and property engineering service industry by implementing the following strategies: (i) undertake additional property management projects with a focus on mid to high-end non-residential properties; (ii) selectively pursue merger and acquisition opportunities within the property management industry; (iii) participate in an early stage of construction projects with a view to winning the property management agreement tender at a later stage of the projects; (iv) continue to develop our mobile application to enhance our customer and user experience; (v) continue to enhance our property management services and property engineering services; and (vi) continue to upgrade our information technology systems to enhance our operational efficiency in our property management business.

In view of the intensifying competition in the property management services industry amidst the uncertain economic outlook due to the COVID-19 pandemic, our Group is in the midst of adjusting its business strategies to diversify its portfolio of pipeline properties to also include residential properties by means of submitting tenders or quotations for provision of property management services for such properties or mergers and acquisitions of property management services providers or project companies. The Directors believes that such diversification will enable our Group to optimize its overall operational efficiency to achieve a sustainable income growth and maximize returns to Shareholders.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, there was no significant event after the reporting period and up to the date of this announcement.

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

During the Year, neither our Company nor any of its subsidiaries has purchased, sold or redeemed any of our Company's listed securities.

CORPORATE GOVERNANCE CODE

The Board has reviewed our Company's corporate governance practices and is satisfied that our Company has been in compliance with the code provisions ("**Code Provision(s)**") set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules effective up to 31 December 2021 ("**2021 CG Code**") and, where applicable, the recommended best practices of the 2021 CG Code, throughout the Year, save and except for the deviations which are explained below:

Pursuant to Code Provision A.1.1 of the 2021 CG Code (currently numbered as C5.1), Board meetings should be held at least four times a year at approximately quarterly internals. Although only two regular Board meetings were held during the Year, the Board considered that sufficient meetings had been held as business operations were under the management and the supervision of the executive Directors. In addition, senior management of the Group has provided to the Directors the information in respect of the Group's business development and activities from time to time and, when required, ad hoc Board meetings were held to discuss matters.

Pursuant to Code Provision A.2.1 of the 2021 CG Code (currently numbered as C2.1), the roles of chairman and chief executive of our Company should be segregated. Our Company is of the view that it is beneficial to the management of our Group that Mr. Zhu Jie, with his extensive expertise in the property management industry, shall continue in his dual capacity as chairman and chief executive officer. The balance of power and authority is ensured by the operation of the senior management and our Board, both of which comprise experienced and high-caliber individuals.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Our Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct for Directors in their dealings in the securities of the Company. Our Company has made specific enquiry with all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the Year.

AUDIT COMMITTEE

The audit committee of our Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. Feng Zhidong (Chairman), Mr. Zhou Sheng and Mr. Xu Chun. The Audit Committee is primarily responsible to assist the Board in reviewing and monitoring the financial reporting process, risk management and internal control systems of our Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time.

The Audit Committee has discussed with the management and the external auditor of the Company, among other things, on auditing and financial reporting matters and has reviewed the annual results of the Group for the Year together with the accounting standards and practices adopted by the Group. The Audit Committee has agreed with the management of the Company on the annual results of the Group for the Year.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

PUBLIC FLOAT

As at the date of this announcement, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

FINAL DIVIDEND

The Board recommends the payment of a final dividend in respect of the Year of HK\$2.50 cents in the form of cash per share to be distributed out of the Company's share premium account to Shareholders whose names appear on the register of members of the Company on Wednesday, 7 July 2022 (record date). Subject to the approval of the eligible Shareholders at the 2022 annual general meeting of the Company ("**2022 AGM**"), it is expected that the final dividend will be paid to the eligible Shareholders on or around Friday, 12 August 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:

- (a) For the purpose of determining the Shareholders who are entitled to attend and vote at the 2022 AGM expected to be held on Tuesday, 28 June 2022, the register of members of the Company will be closed from Thursday, 23 June 2022 to Tuesday, 28 June 2022, both days inclusive. In order to qualify for attending and voting at the 2022 AGM, all transfer documents should be lodged for registration with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 22 June 2022.
- (b) For the purpose of determining will Shareholders who qualify for the final dividend, the register of members of the Company will be closed from Tuesday, 5 July 2022 to Thursday, 7 July 2022 both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 4 July 2022.

ANNUAL GENERAL MEETING

The 2022 AGM will be held on Tuesday, 28 June 2022 and the notice of 2022 AGM will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and our Company (www.xingyewulian.com). The annual report of our Company for the Year containing all the information required by the Listing Rules will be despatched to Shareholders and available on the above websites in due course.

By Order of the Board
Xingye Wulian Service Group Co. Ltd.
Zhu Jie
Chairman and Chief Executive Officer

Hong Kong, 30 March 2022

As at the date of this announcement, the Board comprises Mr. Zhu Jie as the executive Director; Ms. Zhang Huiqi, Mr. Wang Jinhua and Mr. Liu Zhenqiang as non-executive Directors and Mr. Xu Chun, Mr. Feng Zhidong and Mr. Zhou Sheng as independent non-executive Directors.

* *For identification purposes only*