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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

– Revenue was approximately RMB159.7 million for the Period, representing an increase of approximately 2.6% as compared to approximately RMB155.7 million for the corresponding period in 2022.

– Gross profit was approximately RMB50.5 million for the Period, representing an decrease of approximately 0.5% as compared to approximately RMB50.7 million for the corresponding period in 2022.

– Profit attributable to owners of the parent was approximately RMB20.8 million for the Period, representing a decrease of approximately 35.1% as compared to approximately RMB32.0 million for the corresponding period in 2022.

– Basic earnings per share was approximately RMB5.19 cents for the Period as compared to approximately RMB8.00 cents for the corresponding period in 2022.

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Xingye Wulian Service Group Co. Ltd. (the "**Company**") hereby announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively the "**Group**", "**we**", "**our**" or "**us**") for the six months ended 30 June 2023 (the "**Period**") together with the comparative figures for the corresponding period in 2022 as set out in this announcement.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	*4*	**159,733**	155,663
Cost of sales		**(109,224)**	(104,925)
Gross profit		**50,509**	50,738
Other income and gains	*4*	**2,064**	7,073
Selling and marketing expenses		**(622)**	(707)
Administrative expenses		**(17,501)**	(13,808)
Impairment losses on financial and contract assets		**(650)**	(332)
Other expense	*5*	**(2,585)**	–
Finance costs		**(62)**	(68)
PROFIT BEFORE TAX	*6*	**31,153**	42,896
Income tax expense	*7*	**(10,380)**	(10,913)
PROFIT FOR THE PERIOD		**20,773**	31,983
Attributable to:			
Owners of the parent		**20,766**	31,983
Non-controlling interests		**7**	–
		20,773	31,983

	Notes	Six months ended 30 June **2023** *RMB'000* **(Unaudited)**	2022 *RMB'000* (Unaudited)
OTHER COMPREHENSIVE PROFIT/(LOSS)			
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Exchange difference on translation of foreign operations		**2,870**	(4,064)
OTHER COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD, NET OF TAX		**2,870**	(4,064)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**23,643**	27,919
Attributable to:			
Owners of the parent		**23,636**	27,919
Non-controlling interests		**7**	–
		23,643	27,919
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB cents)	*9*	**5.19**	8.00

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	**30 June 2023 *RMB'000* (Unaudited)**	31 December 2022 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**4,821**	3,603
Right-of-use assets		**2,312**	2,484
Deferred tax assets		**1,017**	1,300
Total non-current assets		**8,150**	7,387
CURRENT ASSETS			
Trade receivables	*10*	**100,915**	82,206
Contract assets		**17,190**	23,074
Prepayments, other receivables and other assets		**8,888**	10,841
Restricted and pledged bank deposits		**1,586**	100
Cash and cash equivalents		**478,722**	467,723
Total current assets		**607,301**	583,944
CURRENT LIABILITIES			
Trade payables	*11*	**33,930**	41,750
Other payables and accruals		**77,047**	60,609
Contract liabilities		**57,939**	66,853
Tax payable		**1,857**	956
Provision		**1,696**	1,688
Lease liabilities		**1,090**	1,216
Total current liabilities		**173,559**	173,072
NET CURRENT ASSETS		**433,742**	410,872
TOTAL ASSETS LESS CURRENT LIABILITIES		**441,892**	418,259

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Provision		**2,041**	2,030
Lease liabilities		**2,121**	2,142
Deferred tax liabilities		**590**	590
Total non-current liabilities		**4,752**	4,762
Net assets		**437,140**	413,497
EQUITY			
Equity attributable to owners of the parent			
Share capital	*12*	**3,572**	3,572
Reserves		**433,538**	409,902
		437,110	413,474
Non-controlling interests		**30**	23
Total equity		**437,140**	413,497

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

1. CORPORATE INFORMATION

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 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.

In the opinion of the directors of the Company, the immediate holding company of the Company is Foison Amber Development Limited, a limited liability company incorporated in the British Virgin Islands ("**BVI**"). The ultimate holding company of the Company is Vistra Trust (BVI) Limited, as the trustee of the Blossom Trust, a discretionary family trust established by Ms. Huang Yanping ("**Ms. Huang**") as the settlor, with Ms. Zhang Huiqi ("**Ms. Zhang**") acting as the protector and Ms. Zhang and her descendants being the discretionary beneficiaries. Ms. Zhang is also a non-executive director of the Company.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

The interim condensed consolidated financial information for the six months ended 30 June 2023 was approved for issue by the Board on 25 August 2023.

The interim condensed consolidated financial information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Insurance Contracts*
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

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

3. OPERATING SEGMENT INFORMATION

For management purposes, the 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 online group-buying services, charging pile services, housekeeping services and club house services (including catering and ancillary services), as well as intermediary services (including real estate leasing and selling intermediaries service, and renovation intermediaries service).

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.

There are no differences from the Group's annual financial statements for the year ended 31 December 2022 on the basis of segmentation or on the basis of measurement of segment profit or loss, segment assets and liabilities.

Segment revenue

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Property management and value-added services	**136,197**	129,910
Property engineering services	**6,987**	21,128
Others	**16,549**	4,625
	159,733	155,663

Segment results

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Property management and value-added services	**39,523**	39,678
Property engineering services	**(942)**	1,932
Others	**(2,804)**	(2,490)
Segment results	**35,777**	39,120
Reconciliation:		
Unallocated income	**13**	4,765
Unallocated expenses	**(4,637)**	(989)
Profit before tax	**31,153**	42,896

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment assets

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Property management and value-added services	**512,823**	495,496
Property engineering services	**91,512**	88,448
Others	**7,532**	3,312
Segment assets	**611,867**	587,256
Reconciliation:		
Unallocated assets	**3,584**	4,075
Total assets	**615,451**	591,331

Segment liabilities

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Property management and value-added services	**141,063**	133,739
Property engineering services	**21,505**	37,000
Others	**10,380**	3,807
Segment liabilities	**172,948**	174,546
Reconciliation:		
Unallocated liabilities	**5,363**	3,288
Total liabilities	**178,311**	177,834

Geographical information

Since the Group operates in Mainland China only, no operating geographical analysis thereof is presented.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of services		
Property management and value-added services	**136,197**	129,910
Property engineering services	**6,987**	21,128
Others	**16,549**	4,625
	159,733	155,663

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
At a point in time		
Value-added services	**897**	2,986
Others	**16,549**	4,625
Over time		
Property management	**135,300**	126,924
Property engineering services	**6,987**	21,128
	159,733	155,663

The property management and value-added services were provided to properties under management which was mainly developed by the Group's related parties – Ever Diamond Global Company Limited and its subsidiaries (collectively, "**Ever Diamond Group**"), Zensun Enterprises Limited and its subsidiaries (collectively, "**Zensun Enterprises Group**") and Henan Zensun Corporate Development Group Company Limited and its subsidiaries (collectively, "**Zensun Development Group**").

An analysis of other income and gains is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grants	**84**	272
Interest income	**1,599**	1,447
Foreign exchange differences	**–**	4,765
Other gains	**381**	589
	2,064	7,073

5. OTHER EXPENSE

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Foreign exchange differences	**2,585**	–

6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of services provided	**109,224**	104,925
Depreciation of property, plant and equipment	**614**	556
Depreciation of right-of-use assets	**172**	183
Research and development expenses	**2,306**	1,186
Auditors' remuneration	**300**	300
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**29,873**	23,664
Pension scheme contributions	**4,132**	3,162
Foreign exchange differences, net	**2,585**	(4,765)
Impairment losses on trade receivables and contract assets	**650**	332

7. INCOME TAX

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

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

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations, except for Henan Xingye Internet of Things Information Consulting Co., Ltd. and Henan Wuxiang Intelligent Technology Co., Ltd. which enjoyed preferential enterprise tax at rates of 5% (2022: 5%) and 15% (2022: 15%), respectively, during the reporting period, the subsidiaries which operate in Mainland China are subject to enterprise income tax at a rate of 25% (2022: 25%) on the taxable income.

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current	**10,097**	10,867
Deferred	**283**	46
Total tax charge for the period	**10,380**	10,913

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 400,000,000 (2022: 400,000,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2023 and 2022.

The calculation of basic earnings per share is based on:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**20,766**	31,983

	Number of shares	
	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**400,000,000**	400,000,000

10. TRADE RECEIVABLES

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**102,888**	83,469
Impairment	**(1,973)**	(1,263)
	100,915	82,206

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

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**61,550**	74,394
1 to 2 years	**34,443**	7,264
2 to 3 years	**4,723**	519
3 to 4 years	**185**	29
4 to 5 years	**14**	–
	100,915	82,206

Included in trade receivables are amounts due from related parties of RMB74,650,000 as at 30 June 2023 (31 December 2022: RMB61,121,000). The carrying amount of trade receivables approximates to their fair value.

11. TRADE PAYABLES

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

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**31,802**	40,598
Over 1 year	**2,128**	1,152
	33,930	41,750

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.

12. SHARE CAPITAL

Ordinary share of HK$0.01 each:

	Number of shares	**Nominal value** *HK$'000*	**Equivalent nominal value** *RMB'000*
Authorised:			
At 31 December 2022, 1 January 2023 and 30 June 2023	10,000,000,000	100,000	89,858

	30 June 2023 ***RMB'000*** **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Issued and fully paid:		
400,000,000 (2022: 400,000,000) ordinary shares of HK$0.01 each	**3,572**	3,572

The Company's share capital is as follows:

	Number of shares	**Nominal value** *HK$'000*	**Equivalent amount** *RMB'000*
At 31 December 2022, 1 January 2023 and 30 June 2023	400,000,000	4,000	3,572

13. RELATED PARTY TRANSACTIONS

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

		Six months ended 30 June	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Sales of services:			
Property management and value-added services rendered to related parties	*(i)(ii)*	**12,880**	18,177
Property engineering services rendered to related parties	*(i)(ii)*	**5,700**	20,665
Others		**–**	5
		18,580	38,847

Notes:

(i) The sales of services rendered to the related parties were based on agreements mutually agreed by both parties.

(ii) The Group was engaged in the provision of property management and value-added services and property engineering services to Ever Diamond Group, Zensun Enterprises Group and 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 as settlor and protector. As Ms. Huang is the mother of 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 are entities 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**").

13. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties

During the six months ended 30 June 2023, Henan Xingye Internet of Things Management Technology Co., Ltd., 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., another related party of the Group. After the completion of the transfer, Xingye Internet of Things Management Technology Co., Ltd. will settle the receivables and payables with Henan Zensun Real Estate Co., Ltd. on the net basis after offsetting.

Details of the Group's outstanding balances of trade receivables and amounts with related parties are disclosed in note 10 to the financial information.

Included in contract assets were amounts due from related parties of RMB17,364,000 as at 30 June 2023 (31 December 2022: RMB23,307,000).

Included in contract liabilities, other payables and accruals and lease liabilities were amounts due to related parties of RMB689,000, RMB4,916,000 and RMB3,211,000 as at 30 June 2023, respectively (31 December 2022: RMB2,477,000, RMB4,754,000 and RMB3,358,000).

(c) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Short-term employee benefits	**886**	738
Post-employment benefits	**66**	92
	952	830

14. EVENTS AFTER THE REPORTING PERIOD

Pursuant to the Company's announcement on 5 July 2023 and the supplemental announcement on 16 August 2023 in relation to the very substantial acquisition and connected transaction, (1) one of the Group's subsidiaries in the PRC has entered into a sale and purchase agreement with Henan Zensun Real Estate. Co., Ltd. (the "**Vendor**"), to acquire the entire issued share capital of Henan Zheng Zhi Yue Real Estate Company Limited, a company incorporated in the PRC with limited liability owned as to 100% by the Vendor (the "**Target Company**") at the consideration of RMB95,000,000, the Target Company is principally engaged in the business of real estate development, which holds a property project involving development of the Hotel and saleable commercial units in the area of a central business district and high-end financial industry cluster in Zhengzhou city, and (2) the Company has entered into the Master Construction Framework Agreement with Zensun Enterprises Limited, which are subject to the approval by the shareholders at the forthcoming extraordinary general meeting.

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 Period, the Group continued its business strategies to diversify its portfolio of pipeline properties from non-residential properties to also residential properties in provision of property management and value-added services. Thus, our portfolio of properties under management expanded during the Period from gross floor area ("**GFA**") of approximately 7.2 million sq.m. as at 31 December 2022 to approximately 8.2 million sq.m. as at 30 June 2023. As at 30 June 2023, our portfolio of contracted properties covered GFA of approximately 12.7 million sq.m. in aggregate.

During the Period, the Group continued to expand the scale of property engineering services performed for the customers as compared to the corresponding period of 2022. During the Period, we have entered into 7 new property engineering contracts with an aggregated contract amount of approximately RMB6.1 million. As at 30 June 2023, the total contract sum for contracted engineering services with remaining performance obligations amounted to contract sum for RMB35.6 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 Period, our Group's total revenue was approximately RMB159.7 million, representing an increase of approximately RMB4.1 million or 2.6% as compared to approximately RMB155.7 million for the six months ended 30 June 2022. Such increase was primarily attributable to the increase in segment revenue from property management services.

The following table sets out the breakdown of our revenue by type of services for the periods:

	Six months ended 30 June			
	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
Property management and value-added services				
– Property management services	**135,300**	**84.7**	126,924	81.5
– Value-added services	**897**	**0.6**	2,986	1.9
	136,197	**85.3**	129,910	83.4
Property engineering services	**6,987**	**4.4**	21,128	13.6
Others	**16,549**	**10.3**	4,625	3.0
Total	**159,733**	**100.0**	155,663	100.0

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 (the "**Independent Third Parties**") and related parties for the periods:

	Six months ended 30 June			
	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
Independent Third Parties	**141,153**	**88.4**	116,816	75.0
Related parties	**18,580**	**11.6**	38,847	25.0
Total	**159,733**	**100.0**	155,663	100.0

Property management and value-added services

Our Group's revenue generated from property management and value-added services increased by approximately RMB6.3 million or 4.8% from approximately RMB129.9 million for the six months ended 30 June 2022 to approximately RMB136.2 million for the Period. This increase was primarily resulted from the mixed effects of: (i) the expansion of properties under management through continuous expansion of diversified property portfolio of both non-residential and residential properties which brought in additional revenue, and (ii) the impact from the property market downturn, in which provision of property management services to sales offices and show flats for property projects have been affected and no new project was obtained during the Period which led to a decrease in revenue.

Property engineering services

During the Period, the revenue from property engineering services has decreased from approximately RMB21.1 million for the six months ended 30 June 2022 to approximately RMB7.0 million for the Period, representing an decrease in revenue of approximately RMB14.1 million or 66.9%. The decrease was mainly resulted from the recent downturn in the overall property market of the People's Republic of China (the "**PRC**"), which led to the decrease in the number and scale of new property development projects and slowdown in progress of existing property developments in the PRC.

Cost of Sales

Our Group's cost of sales primarily consists of subcontracting costs, staff costs and materials and consumables. We recorded an increase in cost of sales of approximately RMB4.3 million or 4.1% from approximately RMB104.9 million for the six months ended 30 June 2022 to approximately RMB109.2 million for the Period. Such increase was generally in line with our growth in revenue during the Period associated with the growth in our properties under management services.

Gross Profit and Gross Profit Margin

Our gross profit decreased slightly by approximately RMB0.2 million or 0.5% from approximately RMB50.7 million for the six months ended 30 June 2022 to approximately RMB50.5 million for the Period. Our gross profit margin was approximately 31.6% for the Period as compared to approximately 32.6% for the six months ended 30 June 2022. The slight decrease in the Group's gross profit margin was mainly resulted from the downturn of the overall real estate economy, in which the contract price undertaken during the Period are relatively lower than the six months ended 30 June 2022.

Other Income and Gains

Other income and gains mainly comprised government grants and interest income. Our other income and gains decreased by approximately RMB5.0 million or 70.8% from approximately RMB7.1 million for the six months ended 30 June 2022 to approximately RMB2.1 million for the Period. Such decrease was mainly attributable to the decrease in government grants received and there was no gain on foreign exchange difference recognised during the Period.

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 at approximately RMB0.7 million for the Period and approximately RMB0.6 million for the six months ended 30 June 2022.

Administrative Expenses

Our administrative expenses mainly comprised staff costs our administrative staff at our headquarters, office expenses and professional fees. We recorded an increase in administrative expenses of approximately RMB3.7 million or 26.7% from approximately RMB13.8 million for the six months ended 30 June 2022 to approximately RMB17.5 million for the Period, mainly resulted from the increase in legal and professional fee in relation of the acquisition transaction as mentioned in the section "Events after the Reporting Period" and consulting and advisory fee for property management service systems.

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 decreased by approximately RMB0.5 million or 4.9% from approximately RMB10.9 million for the six months ended 30 June 2022 to approximately RMB10.4 million for the Period, yet the effective tax rate has increased from 25% for the six months ended 30 June 2022 to 33% for the Period, which is primarily resulted from the increased impact from the tax loss not recognised during the Period.

Profit for the Period

As a result of the foregoing, our profit attributable to the owners of the parent decreased by approximately RMB11.2 million or 35.1% from approximately RMB32.0 million for the six months ended 30 June 2022 to approximately RMB20.8 million for the Period.

Interim Dividend

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

FINANCIAL POSITION

Property, Plant and Equipment

The net carrying value of property, plant and equipment amounted to approximately RMB4.8 million as at 30 June 2023, representing an increase by approximately RMB1.2 million or 33.8% as compared to approximately RMB3.6 million as at 31 December 2022, was mainly due to the newly purchased charging pile equipments.

Trade Receivables

Our total trade receivables was approximately RMB102.9 million and trade receivable net of loss allowance was approximately RMB100.9 million as at 30 June 2023, as compared to that of approximately RMB83.5 million and RMB82.2 million, respectively, as at 31 December 2022. The increase in both the total trade receivables and trade receivable net of loss allowance were mainly due to the growth in properties under management and the slower settlement from counterparties as compared with the year ended 31 December 2022 as a result of the economy downturn.

Our trade receivables from related parties of approximately RMB74.7 million as at 30 June 2023, representing an increase of approximately RMB13.5 million or 22.1% as compared to approximately RMB61.1 million as at 31 December 2022, 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 RMB28.2 million as at 30 June 2023, representing an increase of approximately RMB5.9 million or 26.4% as compared to approximately RMB22.4 million as at 31 December 2022.

Trade Payables

Our trade payables primarily consisted of payables to our suppliers for their products and to 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 RMB33.9 million as at 30 June 2023, representing a decrease of approximately RMB7.8 million or 18.7% as compared to approximately RMB41.8 million as at 31 December 2022. The decrease in trade payables was as a result of the timely settlement of our trade payables during the Period.

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 RMB77.0 million as at 30 June 2023, representing an increase of approximately RMB16.4 million or 27.1% as compared to approximately RMB60.6 million as at 31 December 2022. The main reason for the increment was because more settlements were made after the end of reporting period.

Contract Liabilities

Our contract liabilities represented advanced receipts for property management and value-added services. Our contract liabilities decreased from approximately RMB66.9 million as at 31 December 2022 to approximately RMB57.9 million as at 30 June 2023, representing a decrease of approximately RMB8.9 million or 13.3%. The decrease was mainly due to the decrease in advances received from customers of property management services during the Period.

Indebtedness

As at 30 June 2023, we had no outstanding borrowings and unutilised banking facilities. The Group's lease liabilities decreased from approximately RMB3.4 million as at 31 December 2022 to approximately RMB3.2 million as at 30 June 2023.

Liquidity, Financial Resources and Capital Structure

Our Group maintained a healthy financial position. As at 30 June 2023, the current assets amounted to approximately RMB607.3 million, representing an increase of approximately RMB23.4 million or 4.0% as compared to approximately RMB583.9 million as at 31 December 2022. As at 30 June 2023, cash and cash equivalents of our Group amounted to approximately RMB478.7 million, representing an increase of approximately RMB11.0 million or 2.4% as compared to approximately RMB467.7 million as at 31 December 2022.

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 30 June 2023, 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 30 June 2023 was approximately 3.5 times as compared to that of approximately 3.4 times as at 31 December 2022.

Charge on the Group Assets and Pledge of Assets

As at 30 June 2023, none of the assets of our Group was pledged and there were not any charges on the Group's assets.

Contingent Liabilities

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

Capital Commitments

As at 30 June 2023, 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 RMB. Therefore, the Group is not exposed to significant foreign currency exchange risk except for certain bank balances denominated in Hong Kong dollars held by the Company. Currently, the Group did not enter 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.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2023, our Group had 612 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 RMB34.0 million for the Period (30 June 2022: RMB26.8 million).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

SIGNIFICANT INVESTMENTS

As at 30 June 2023, 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

Pursuant to our announcement on 5 July 2023 and the supplemental announcement on 16 August 2023 in relation to the very substantial acquisition and connected transaction, one of the Group's subsidiaries in the PRC has entered into a sale and purchase agreement with the Vendor, to acquire the Target Company at the consideration of RMB95,000,000 (the "**Acquisition**"). The Target Company is principally engaged in the business of real estate development, which holds a property project involving development of the hotel and saleable commercial units in the area of a central business district and high-end financial industry cluster in Zhengzhou city.

The property management market industry in which the Group operates has intensified and the competition are increasingly fierce. The Group may not be able to procure new property management service contracts as planned or at desirable pace or price. Accordingly, we consider the Acquisition as the foray of the Group into a new business segment in investment, development and construction of non-residential properties, with the primary objective of long-term holding, leasing and management of such properties in the PRC. It is however not the Group's intention to tap into a new market and become a property developer which will deviate from the Group's principal business. On the other hand, the controlling shareholders of the Company, who are principally engaged in the business of property development and have certain projects involving hotels and commercial units in the proximity of Zhengzhou city, the PRC, have entered into a deed of non-competition in favour of the Company on 18 February 2020 (the "**Deed of Non-Competition**"). We consider that there is no potential competition to be dealt with given that (a) the Group will continue to provide property management and value-added services and property engineering services as its principal business, and (b) there is a clear delineation between both (i) the saleable commercial units operated by the controlling shareholder of the Company and those in the property project held by the Target Company in terms of the property price difference, and (ii) the hotel currently operated by the controlling shareholder of the Company and the hotel being developed under the property project held by the Target Company in terms of the key differences of the business operation and market positioning. Accordingly, we are of the view that the controlling shareholders could still comply with the Deed of Non-Competition after completion of the Acquisition.

FUTURE OUTLOOK

Our Group will continue to strengthen our position in the property management service and property engineering services 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 by leveraging our ability in property engineering services 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 engineering services by offering new products with enhanced functionalities and enhancing relevant technology; (vi) continue to upgrade our information technology systems to enhance our operational efficiency in our property management business; and (vii) focus on multi-economic business from the space, house, residents and other aspects, and deeply develop community value-added services to meet the diversified needs of business and extend the length of services.

Furthermore, the Group sees the opportunities to step forward and continue to develop our potential in commercial properties, especially at prime locations. Such includes but is not limited to opportunities arising from distressed sale from property developers in the property market in the PRC. As such, we see the market is gradually correcting which allows properties at prime location to become available in the market. Further, in light of our track record in property management and value-added services to our customers, we foresee that the Group can also expand our existing services to property projects which are still under development. We believe that the Group can fully integrate our IOT (Internet of things) solutions if the Company is involved in an earlier stage of property development projects.

Accordingly, as mentioned in the section "Future Plans For Material Investments Or Capital Assets", we consider the Acquisition as the foray into a new business segment in investment, development and construction of non-residential properties, with the primary objective of long-term holding, leasing and management of such properties in the PRC, provides good opportunity to the Group to tap the new market which is of greater growth potential and higher profit margin.

In the long run, the Group will continue to follow our goal of "technology innovation and service improvement" and strive to develop a smart internet technology platform that serves the whole country. We will keep enhancing our technical strength in artificial intelligence, database and other areas and keep extending our services to projects such as smart cities and smart environmental protection, so as to contribute to achieving significant results in "the harmonious coexistence of people, nature and ecology" in cities. Meanwhile, in order to improve our property management service, we will put services in our first priority, bring customers with valuable services, and adhere to our enterprise mission which is "to provide services to its fullest extent that exceed customers' expectation", and earnestly fulfil our social responsibility to become an explorer, builder and contributor in urban services.

In view of the intensifying competition in the property management services industry amidst the uncertain economic outlook in the market, our Group will continue to diversify its portfolio of pipeline properties to mid to high-end residential properties by means of submitting tenders or quotations for provision of property management services, with a focus on residential properties and mergers and acquisitions of property management services providers or project companies.

The property management industry is now in a new age and a new era, and the Group itself also has the foundation and conditions to accelerate development. Amid a competitive, complicated and ever-changing environment, we will set our clear development goals, stay innovative and reward our shareholders, investors, employees, the society, departments at all levels as well as care and support from all aspects with brand new idea, more substantial operations, more scientific management and better performance.

CAPITAL RAISING ACTIVITIES AND THE USE OF PROCEEDS FROM GLOBAL OFFERING

On 9 March 2020 (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). In accordance with our announcement on 31 January 2023 and the supplemental announcement on 1 March 2023 (the "**2023 Announcements**"), we have updated the expected timetable for use of proceeds and change in use of proceeds, for details, please refer to the 2023 Announcements. As at 30 June 2023, our Group had utilised approximately RMB50.2 million of the capital raised as follows:

Intended use of the net proceeds	Percentage	Planned amount of the net proceeds for its intended use *RMB'million*	Utilised net proceeds as at 31 December 2022 *RMB'million*	Net proceeds utilised during the Period *RMB'million*	Unutilised net proceeds as at 30 June 2023 *RMB'million*	Expected timeline for the usage of the unutilised net proceeds
1) Selective acquisition of suitable acquisition targets for the expansion of our business	40.1%	60.0	–	–	60.0	On or before 31 December 2025
2) Enhancement of our property engineering services	20.2%	30.2	10.8	4.6	14.8	On or before 31 December 2025
3) Enhancement of our property management services	29.7%	44.5	15.7	4.2	24.6	On or before 31 December 2025
4) General working capital	10.0%	14.9	14.9	–	–	N/A
		149.6	41.4	8.8	98.4	

CHANGES SINCE 31 DECEMBER 2022

Save as disclosed in this announcement, there were no other material changes in the Group's financial position or from the information disclosed under the management discussion and analysis section in the Company's 2022 annual report.

EVENTS AFTER THE REPORTING PERIOD

Pursuant to our announcements on 5 July 2023 and the supplemental announcement on 16 August 2023 in relation to the very substantial acquisition and connected transaction, (1) one of the Company's subsidiaries in the PRC has entered into a sale and purchase agreement in relation to the Acquisition of the Target Company, and (2) the Company has entered into the Master Construction Framework Agreement with Henan Zensun Enterprise Development Group Co., Ltd* (河南正商企業發展集團有限責任公司), a limited liability company established under the laws of the PRC and is a 30%-controlled company held indirectly by Ms. Zhang, which are subject to the approval by the shareholders at the forthcoming extraordinary general meeting.

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

Neither our Company nor any of its subsidiaries has purchased, sold or redeemed any of our Company's listed securities during the Period.

CONSTITUTIONAL DOCUMENTS

During the Period, a special resolution has been passed at the annual general meeting of the Company held on 28 June 2023 to approve the adoption of the new articles of association of the Company (the "**New Articles of Association**") in substitution for, and to the exclusion of, the existing memorandum and articles of association of the Company. Details of the New Articles of Association was set out in the circular of the Company dated 23 May 2023. A copy of the New Articles of Association is available at the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.xingyewulian.com).

CORPORATE GOVERNANCE CODE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted corporate governance practices based on the principles and code provisions of the Corporate Governance Code (the "**CG Code**") as set out in the Appendix 14 to the Listing Rules as its own code of corporate governance practices.

The board (the "**Board**") of directors of the Company (the "**Directors**") is of the view that, the Company has complied with the relevant code provisions contained in the CG Code during the Period, save for deviation from code provision C.2.1 of the CG Code.

Pursuant to Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive of the Company should be segregated. The Company is of the view that it is in the best interest of the Company that Mr. Qiu Ming, with his profound expertise in the property business, shall continue in his dual capacity as chairman and chief executive officer. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board composition and structure taking into account the background and experience of the Directors.

The Board will continue to review and monitor its code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

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 Period.

AUDIT COMMITTEE

The audit committee of the 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 reviewed, with Company's management, the accounting principles and practices adopted by our Group, and discussed, among other things, auditing and financial reporting matters including a review of the unaudited interim condensed consolidated financial results of our Group for the Period.

Scope of Work of Messrs. Ernst & Young

The unaudited interim condensed consolidated results for the Period of the Group have been reviewed by the independent auditor of the Company, Ernst & Young, 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.

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

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and our Company (www.xingyewulian.com). The interim report of our Company for the Period containing all the information required by Appendix 16 of the Listing Rules will be despatched to our Company's shareholders and available on the above websites in due course.

* *English translation of company names or another language which are marked with "*" are for identification purpose only.*

ACKNOWLEDGEMENT

We would like to thank the management and all of our staff for their hard work and dedication, as well as our shareholders for their continuous support to our Group.

On behalf of the Board
Xingye Wulian Service Group Co. Ltd.
Qiu Ming
Chairman and Chief Executive Officer

Hong Kong, 25 August 2023

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