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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 2020**

FINANCIAL HIGHLIGHTS

- Revenue was approximately RMB213.2 million for the Year, representing an increase of approximately 15.8% as compared with 2019.
- Gross profit for the Year was approximately RMB86.7 million, representing an increase of approximately 10.3% as compared with 2019.
- Profit attributable to owners of the parent, excluding the effect of listing expenses, was approximately RMB49.5 million for the Year, representing an increase of approximately 11.2% as compared to that of approximately RMB44.5 million for 2019.
- Basic earnings per share for the Year was approximately RMB11.41 cents as compared to that of approximately RMB11.72 cents for 2019.

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 2020 (the “**Year**”) together with the comparative figures for the corresponding period in 2019 as set out in this announcement.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	<i>Notes</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
REVENUE	4	213,188	184,122
Cost of sales		<u>(126,449)</u>	<u>(105,470)</u>
Gross profit		86,739	78,652
Other income, other gains and losses	4	9,435	1,981
Selling and marketing expenses		(1,713)	(1,380)
Administrative expenses		(33,353)	(32,254)
Impairment losses on financial and contract assets		(214)	(11)
Finance costs	5	<u>(174)</u>	<u>(84)</u>
PROFIT BEFORE TAX	6	60,720	46,904
Income tax expenses	7	<u>(17,217)</u>	<u>(11,731)</u>
PROFIT FOR THE YEAR		<u>43,503</u>	<u>35,173</u>
Attributable to:			
Owners of the parent		<u>43,503</u>	<u>35,173</u>

	<i>Notes</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
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>(1,243)</u>	<u>(3)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		<u>(1,243)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>42,260</u></u>	<u><u>35,170</u></u>
Attributable to:			
Owners of Parent		<u><u>42,260</u></u>	<u><u>35,170</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the year (RMB cents)	9	<u><u>11.41</u></u>	<u><u>11.72</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2020

	<i>Notes</i>	2020 RMB'000	2019 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		2,072	2,191
Right-of-use assets		4,201	2,676
Other intangible asset		302	–
Deferred tax assets		566	666
		<hr/>	<hr/>
Total non-current assets		7,141	5,533
		<hr/> <hr/>	<hr/> <hr/>
CURRENT ASSETS			
Trade receivables	<i>10</i>	38,394	18,237
Contract assets	<i>11</i>	10,642	11,412
Prepayments, other receivables and other assets		4,911	7,672
Cash and cash equivalents		369,166	173,147
		<hr/>	<hr/>
Total current assets		423,113	210,468
		<hr/> <hr/>	<hr/> <hr/>
CURRENT LIABILITIES			
Trade payables	<i>12</i>	25,282	18,223
Other payables and accruals	<i>13</i>	35,656	45,739
Contract liabilities	<i>14</i>	40,235	29,402
Tax payable		4,966	4,528
Provisions		834	22
Lease liabilities		1,104	1,859
		<hr/>	<hr/>
Total current liabilities		108,077	99,773
		<hr/> <hr/>	<hr/> <hr/>
NET CURRENT ASSETS		315,036	110,695
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		322,177	116,228
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Provisions		1,251	33
Lease liabilities		3,992	2,195
Deferred tax liability		590	–
		<hr/>	<hr/>
Total non-current liabilities		5,833	2,228
		<hr/> <hr/>	<hr/> <hr/>
Net assets		316,344	114,000
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	<i>15</i>	3,572	–
Reserves		312,772	114,000
		<hr/>	<hr/>
Total equity		316,344	114,000
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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. The Company became the holding company of the subsidiaries now comprising the Group upon completion of the reorganisation in 2019.

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 2020 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 *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year’s financial statements.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to IFRS 16	<i>COVID-19-Related Rent Concessions</i> (early adopted)
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

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 club house services, including catering and ancillary services and ancillary food supply 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.

Segment revenue

	2020 <i>RMB’000</i>	2019 <i>RMB’000</i>
Property management and value-added services	165,008	149,249
Property engineering services	45,904	34,143
Others	2,276	730
	213,188	184,122

Segment results

	2020 <i>RMB’000</i>	2019 <i>RMB’000</i>
Property management and value-added services	60,875	45,753
Property engineering services	3,722	701
Others	(157)	(111)
Segment results	64,440	46,343
<u>Reconciliation:</u>		
Unallocated income	6,620	597
Unallocated corporate expenses	(10,340)	(36)
Profit before tax	60,720	46,904

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment assets

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Property management and value-added services	355,619	177,099
Property engineering services	64,579	36,027
Others	184	2,042
	<hr/>	<hr/>
Segment assets	420,382	215,168
<u>Reconciliation:</u>		
Unallocated assets	9,872	833
	<hr/>	<hr/>
Total assets	430,254	216,001

Segment liabilities

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Property management and value-added services	91,141	86,399
Property engineering services	20,473	13,680
Others	549	1,789
	<hr/>	<hr/>
Segment liabilities	112,163	101,868
<u>Reconciliation:</u>		
Unallocated liabilities	1,747	133
	<hr/>	<hr/>
Total liabilities	113,910	102,001

4. REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES

An analysis of revenue is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<u>Type of services</u>		
Property management and value-added services	165,008	149,249
Property engineering services	45,904	34,143
Others	2,276	730
	<u>213,188</u>	<u>184,122</u>
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<u>Timing of revenue recognition</u>		
<i>At a point in time</i>		
Value-added services	7,071	8,135
Others	2,276	730
<i>Over time</i>		
Property management	157,937	141,114
Property engineering services	45,904	34,143
	<u>213,188</u>	<u>184,122</u>

An analysis of other income, other gains and losses is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Government grants	911	827
Interest income	8,948	557
Foreign exchange difference, net	(424)	597
	<u>9,435</u>	<u>1,981</u>

5. FINANCE COST

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest on lease liabilities	<u>174</u>	<u>84</u>

6. PROFIT BEFORE TAX

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Cost of services provided	126,449	104,691
Cost of ancillary food supplied	–	779
Depreciation of property, plant and equipment	705	660
Depreciation of right-of-use assets	369	328
Amortisation of other intangible asset	75	–
Research and development expenses	1,881	2,590
Auditors' remuneration	1,300	900
Employee benefit expense (including directors' remuneration)		
Wages and salaries	28,009	21,568
Pension scheme contributions	246	1,942
Foreign exchange differences, net	424	(597)
Impairment losses on trade receivables and contract assets	214	11
Listing expenses	7,953	12,373
	<u>7,953</u>	<u>12,373</u>

7. INCOME TAX EXPENSES

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" or "China") 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% during the Year, the subsidiaries which operate in China are subject to enterprise income tax at a rate of 25% on the taxable income.

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current	16,527	12,314
Deferred	690	(583)
	<u>17,217</u>	<u>11,731</u>
Total tax charge for the Year	<u>17,217</u>	<u>11,731</u>

8. DIVIDENDS

The Board does not recommend the payment of a final dividend in respect of the year ended 31 December 2020.

Interim dividend of RMB2.06 cents per share, amounting to approximately RMB8,240,000 was declared during the Year and paid on 9 October 2020.

Distribution amounts of RMB42,625,000 for the year ended 31 December 2019 represented the dividends declared by the Group to its then shareholders before reorganisation.

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 381,369,863 (2019: 299,992,466) in issue during the Year, as adjusted for the assumption that 299,990,000 new shares issued pursuant to the Capitalisation Issue (as defined in note 15) had been issued on 1 January 2019, which is made to be consistent with the basis of presentation of financial information for the year ended 31 December 2020.

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

The calculation of basic earnings per share is based on:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	43,503	35,173
	2020	2019
<u>Shares</u>		
Number of issued shares on 1 January	10,000	–
Issue of shares on 12 August 2019	–	1
Issue of shares on 2 October 2019	–	9,999
Effect of Capitalisation Issue on the Listing Date	299,990,000	299,990,000
Global Offering on the Listing Date	100,000,000	–
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	381,369,863	299,992,466

10. TRADE RECEIVABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivables	38,845	18,466
Impairment	(451)	(229)
	<u>38,394</u>	<u>18,237</u>

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 RMB34,426,000 as at 31 December 2020 (2019: RMB14,088,000).

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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 1 year	37,452	18,237
1 to 2 years	942	–
	<u>38,394</u>	<u>18,237</u>

11. CONTRACT ASSETS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Contract assets arising from provision of property engineering services	10,749	11,527
Impairment	(107)	(115)
	<u>10,642</u>	<u>11,412</u>

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.

Included in contract assets are amounts due from related parties of RMB10,749,000 as at 31 December 2020 (2019: RMB11,527,000).

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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 3 months	22,921	18,223
Over 3 months	2,361	–
	<u>25,282</u>	<u>18,223</u>

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Payroll payables	5,903	5,360
Tax payables other than income tax	6,014	4,809
Amounts due to related parties	1,489	11,026
Deposits	8,038	6,531
Listing expenses	1,727	8,163
Other payables	12,485	9,850
	<u>35,656</u>	<u>45,739</u>

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Advanced receipts for property management and value-added services	<u>40,235</u>	<u>29,402</u>

Included in contract liabilities are amounts due to related parties of RMB2,203,000 as at 31 December 2020 (2019: RMB821,000). 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 HK\$	Nominal value RMB
Authorised:			
Upon incorporation and at 31 December 2019	38,000,000	380,000	340,248
Increase in authorised ordinary shares	9,962,000,000	99,620,000	89,517,836
At 31 December 2020	10,000,000,000	100,000,000	89,858,084
		2020	2019
		RMB'000	RMB'000
Issued and fully paid:			
400,000,000 (2019: 10,000) ordinary shares		3,572	–

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

	Notes	Number of shares	Nominal value HK\$	Nominal value RMB
Upon incorporation		1	–	–
Issue of new shares		9,999	100	90
At 31 December 2019 and 1 January 2020		10,000	100	90
Capitalisation Issue	(i)	299,990,000	2,999,900	2,674,980
New issue of shares from Global Offering	(ii)	100,000,000	1,000,000	896,926
At 31 December 2020		400,000,000	4,000,000	3,571,996

Notes:

- (i) Pursuant to a written resolution of 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 this announcement, the Group had the following transactions with related parties during the year:

	Notes	2020 RMB'000	2019 RMB'000
Sales of services or products:			
Property management and value-added services rendered to related parties	(i) (ii)	26,766	24,122
Property engineering services rendered to related parties	(i) (ii)	45,688	33,868
Others		1,414	36
		<u>73,868</u>	<u>58,026</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 Enterprise Development Group Co., Ltd.*(河南正商企業發展公司) 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.
- (b) During the year ended 31 December 2020, 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 Estates 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.

Included in lease liabilities were amounts due to related parties of approximately RMB4,803,000 as at 31 December 2020 (2019: RMB3,760,000).

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.

17. IMPORTANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events after 31 December 2020 and up to the date 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 for non-residential properties. 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 gained further recognition in the industry with recognition 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. The Group’s ranking in the Top 100 Property Management Service Companies as published by CIA improved from the 67th in 2019 to the 60th in 2020.

Our portfolio of properties under management expanded rapidly during the Year with the gross floor area (“GFA”) increased from approximately 2.4 million sq.m. as at 31 December 2019 to approximately 3.1 million sq.m. as at 31 December 2020. As at 31 December 2020, our portfolio of properties under management covered 46 commercial buildings and 5 governmental buildings with GFA of approximately 3.1 million sq.m. in aggregate and our portfolio of contracted properties covered GFA of approximately 4.8 million sq.m. in aggregate.

Our property engineering services grew rapidly during the Year. We entered into 55 (2019: 58) property engineering contracts with an aggregated original contract sum, net of tax, of approximately RMB78.9 million (2019: RMB50.3 million) during the Year.

In connection with the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been implemented and enforced by the government across the countries. The Group will continue to adopt the necessary measures, pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group from time to time. The Group was not aware of 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.

FINANCIAL REVIEW

Revenue

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

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

	2020		2019	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property management and value-added services				
– Property management services	157,937	74.1	141,114	76.7
– Value-added services	7,071	3.3	8,135	4.4
	<u>165,008</u>	<u>77.4</u>	<u>149,249</u>	<u>81.1</u>
Property engineering services	45,904	21.5	34,143	18.5
Others	2,276	1.1	730	0.4
Total	<u>213,188</u>	<u>100.0</u>	<u>184,122</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 year:

	2020		2019	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Independent Third Parties	139,320	65.4	126,096	68.5
Related parties	73,868	34.6	58,026	31.5
Total	<u>213,188</u>	<u>100.0</u>	<u>184,122</u>	<u>100.0</u>

For the year ended 31 December 2020, our Group's total revenue was approximately RMB213.2 million, representing an increase of approximately 15.8% as compared to approximately RMB184.1 million for the year ended 31 December 2019. Such increase was attributable to the increase in revenue from property management and value-added services of approximately RMB15.8 million, and the increase in revenue from property engineering services of approximately RMB11.8 million.

Property management and value-added services

Our Group's revenue from property management and value-added services increased by approximately RMB15.8 million or 10.6% from approximately RMB149.2 million for the year ended 31 December 2019 to approximately RMB165.0 million for the year ended 31 December 2020. This increase was primarily as a result of the growth of our properties under management of approximately 0.7 million sq.m. through (i) expansion of our properties under management to sales offices and show flats for property projects developed by our related parties during the Year with revenue of approximately RMB8.4 million; and (ii) the newly delivered properties for which provision of property management services commenced. The newly delivered properties with full year revenue contribution during the Year included, namely, Zensun Binhe Mingzhu (正商濱河銘築), Zensun Zichen Garden (正商紫辰園), and Zensun Huihang Mingzhu (正商匯航銘築), which brought an increase in revenue of approximately RMB6.3 million.

The following table sets out the breakdown of our revenue generated from providing property management services by type of properties and value-added services for the year:

	2020		2019	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property management services				
– Commercial buildings	146,864	89.0	131,126	87.9
– Governmental buildings	11,073	6.7	9,988	6.7
	157,937	95.7	141,114	94.6
Value-added services	7,071	4.3	8,135	5.4
Total	165,008	100.0	149,249	100.0

Property engineering services

Our Group's revenue from property engineering services increased by approximately RMB11.8 million or 34.4% from approximately RMB34.1 million for the year ended 31 December 2019 to approximately RMB45.9 million for the year ended 31 December 2020. The increase was primarily due to the new contracts entered into during the Year. As at 31 December 2020, the Group had 122 revenue generating contracts as compared to that of 74 revenue generating contracts as at 31 December 2019.

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 RMB21.0 million or 19.9% from approximately RMB105.5 million for the year ended 31 December 2019 to approximately RMB126.4 million for the year ended 31 December 2020. Such increase was generally in line with our growth in revenue during the Year with the increase in our properties under management and the increase in revenue generating contracts for our property engineering services rendered.

Gross Profit and Gross Profit Margin

Our gross profit increased by approximately RMB8.1 million or 10.3% from approximately RMB78.7 million for the year ended 31 December 2019 to approximately RMB86.7 million for the year ended 31 December 2020. Our gross profit margin was approximately 40.7% for the Year as compared to that of approximately 42.7% in 2019.

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 RMB7.5 million or 376.3% from approximately RMB2.0 million for the year ended 31 December 2019 to approximately RMB9.4 million for the year ended 31 December 2020. Such increase was mainly attributable to the interest income brought from the capital raised from the Global Offering of our Company 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 increased by approximately RMB0.3 million or 24.1% from approximately RMB1.4 million for the year ended 31 December 2019 to approximately RMB1.7 million for the year ended 31 December 2020. Such increase was in line with the expansion of our business.

Administrative Expenses

Our administrative expenses mainly comprised staff costs of our administrative staff at our headquarters, office expenses and professional fees in connection with the Global Offering. Our administrative expenses remained relatively stable between the periods at approximately RMB32.3 million for the year ended 31 December 2019 and approximately RMB33.4 million for the year ended 31 December 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 RMB5.5 million or 46.8% from approximately RMB11.7 million for the year ended 31 December 2019 to approximately RMB17.2 million for the year ended 31 December 2020 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 RMB8.3 million or 23.7% from approximately RMB35.2 million for the year ended 31 December 2019 to approximately RMB43.5 million for the year ended 31 December 2020.

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. The value of property, plant and equipment remained relatively stable and amounted to approximately RMB2.1 million as at 31 December 2020 as compared to approximately RMB2.2 million as at 31 December 2019.

Trade Receivables

Our total trade receivables was approximately RMB38.8 million and trade receivable net of loss allowance was approximately RMB38.4 million as at 31 December 2020, as compared to that of approximately RMB18.5 million and RMB18.2 million, respectively, as at 31 December 2019.

Our trade receivables from related parties of approximately RMB34.4 million as at 31 December 2020, representing an increase of approximately RMB20.3 million or 144.4% as compared to approximately RMB14.1 million as at 31 December 2019, were associated with outstanding property management fees generated from unsold properties under management and property engineering services rendered to the related parties. The increase in trade receivables from related parties was primarily attributable to the increase in property management and value-added services and property engineering services provided.

Our trade receivables from Independent Third Parties remained relatively stable and amounted to same amount of approximately RMB4.4 million as at 31 December 2020 and 2019, respectively.

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 RMB25.3 million as at 31 December 2020, representing an increase of approximately RMB7.1 million or 38.7% as compared to approximately RMB18.2 million as at 31 December 2019. The increase in trade payables was mainly related to products provided by our property engineering suppliers which was in line with the increase in our property engineering services rendered.

Indebtedness

As at 31 December 2020, the Group had no outstanding borrowings and unutilised banking facilities. The Group's lease liabilities was approximately RMB5.1 million as at 31 December 2020.

Liquidity, Financial Resources and Capital Structure

Our Group maintained a healthy financial position. As at 31 December 2020, the current assets amounted to approximately RMB423.1 million, representing an increase of approximately 101.0% as compared to approximately RMB210.5 million as at 31 December 2019. As at 31 December 2020, cash and cash equivalents of our Group amounted to approximately RMB369.2 million, representing an increase of approximately RMB196.0 million or 113.2% as compared to approximately RMB173.1 million as at 31 December 2019.

As at 31 December 2020, our Group has no interest-bearing borrowings and no gearing ratio was calculated.

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 year. The current ratio of our Group as at 31 December 2020 increased to approximately 3.9 times as compared to that of approximately 2.1 times as at 31 December 2019 due to net proceeds received from the Global Offering.

Pledge of Assets

As at 31 December 2020, none of the assets of our Group was pledged.

Contingent Liabilities

As at 31 December 2020, we did not have any material contingent liabilities.

Foreign Exchange Risks

Our Group mainly operates in the PRC with most of the transactions settled in Renminbi. The foreign currency held by our Group was mainly arising from the proceeds from the Global Offering of our Company on the Main Board of the Stock Exchange. Since such proceeds from the Global Offering shall be utilized in our business in the PRC as its intended use, our Group did not consider that there was significant foreign currency exchange risk.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2020, our Group had 396 employees. Total staff-related cost, including Directors' emoluments, was approximately RMB28.2 million during the Year. 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.

SIGNIFICANT ACQUISITIONS AND DISPOSALS

During the Year, our Group did not have any significant acquisitions and disposals.

SIGNIFICANT INVESTMENTS

During the Year, our Group did not make any material investments.

PROCEEDS FROM GLOBAL OFFERING

The shares of our Company were listed on the Main Board of the Stock Exchange on the Listing Date 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 2020, our Group had utilised approximately RMB21.0 million of the capital raised as follows:

Intended use of the net proceeds	Percentage	Planned amount of the net proceeds for its intended use <i>RMB million</i>	Utilised net proceeds up to 31 December 2020 <i>RMB million</i>	Unutilised net proceeds up to 31 December 2020 <i>RMB million</i>	Net proceeds to be utilised in 2021 <i>RMB million</i>	Net proceeds planned to be utilised in 2022 <i>RMB million</i>
Acquisition of suitable acquisition targets	72.3%	108.2	–	108.2	80.2	28.0
Enhancing our property engineering services	7.2%	10.8	3.1	7.7	5.0	2.7
Enhancing our property management services	10.5%	15.7	3.0	12.7	7.0	5.7
General working capital	10.0%	14.9	14.9	–	–	–
Total	100.0%	149.6	21.0	128.6	92.2	36.4

FUTURE OUTLOOK

Our Group plans to strengthen our position in the property management 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 intends to adjust its business strategies to diversify its portfolio of pipeline properties and consider undertaking engagements to provide property management and value-added services to mid to high-end residential properties by means of mergers and acquisitions of property management services providers or project companies or submitting tenders or quotations for provision of property management services with a focus on residential properties. The Directors believes that such diversification will enable our Group to optimize its overall operational efficiency to achieve a sustainable growth and maximize returns to Shareholders.

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 from the Listing Date and up to 31 December 2020.

CORPORATE GOVERNANCE CODE

Our Company became a listed company since 9 March 2020, the Corporate Governance Code ("**Corporate Governance Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") was not applicable to our Company before the Listing Date. The Board has reviewed our Company's corporate governance practices and is satisfied that our Company has been in compliance with code provisions ("**Code Provision(s)**") set out in the Corporate Governance Code and, where applicable, the recommended best practices of the Corporate Governance Code, save and except for the deviation from Code Provision A.2.1, during the period from the Listing Date and up to 31 December 2020.

Pursuant to Code Provision A.2.1 of the Corporate Governance Code, 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

Since our Company's shares were listed on the Stock Exchange since 9 March 2020, related rules under the Listing Rules concerning the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("**Model Code**") that the Directors shall observe do not apply to our Company before the Listing Date. 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 from the Listing Date and up to 31 December 2020.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee (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 the Group, and discussed, among other things, auditing and financial reporting matters including a review of the audited consolidated results of the Group for the Year.

AUDITOR

The consolidated financial statements of our Group for the year ended 31 December 2020 have been audited by Ernst & Young, who will retire and, being eligible, offer themselves for re-appointment at the annual general meeting of the Company ("**2021 AGM**"). A resolution for their re-appointment as the auditor of our Company will be proposed at the 2021 AGM.

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.

ANNUAL GENERAL MEETING

The 2021 AGM will be held on Thursday, 3 June 2021 and the notice of 2021 AGM will be published and despatched to the Shareholders of the Company in the manner as required by the Listing Rules in due course.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend in respect of the year ended 31 December 2020.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders who are entitled to attend and vote at the 2021 AGM to be held on Thursday, 3 June 2021, the register of members of the Company will be closed from Monday, 31 May 2021 to Thursday, 3 June 2021, both days inclusive. In order to qualify for attending and voting at the 2021 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 Friday, 28 May 2021.

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, 15 March 2021

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*