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**Ye Xing Group Holdings Limited**  
**燁星集團控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1941)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**2020 RESULTS HIGHLIGHTS**

- For the year ended 31 December 2020, the Group's total revenue was approximately RMB261.4 million, representing a slight decrease of approximately RMB12.2 million or about 4.5% as compared to that of approximately RMB273.6 million for the year ended 31 December 2019. For the year ended 31 December 2020, revenue generated from property management services, property developer related services and value-added services contributed 73.4%, 17.5% and 9.1% to the total revenue, respectively.
- The revenue generated from property management service segment slightly increased by approximately RMB2.8 million, or about 1.5% as compared to that in 2019. The GFA under management increased by approximately 2.7 million sq.m. to a total of 7.6 million sq.m..
- The revenue generated from property developer related services decreased by approximately RMB18.2 million, or about 28.5% to approximately RMB45.7 million year-on-year.
- The revenue generated from value-added services increased by approximately RMB3.3 million, or about 16.0% to approximately RMB23.9 million year-on-year.
- Total profit and comprehensive income amounted to approximately RMB20.8 million, representing a decrease of approximately 19.7% year-on-year.

The Board announces the audited consolidated results of the Group for the year ended 31 December 2020, with comparative figures for the year ended 31 December 2019. These final results have been reviewed by the Audit Committee.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2020*

	<i>NOTES</i>	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue	4	<b>261,405</b>	273,580
Cost of services		<b>(197,927)</b>	(179,103)
Gross profit		<b>63,478</b>	94,477
Other income	5(a)	<b>9,047</b>	534
Other (losses)/gains	5(b)	<b>(227)</b>	695
Administrative expenses		<b>(33,315)</b>	(34,386)
Net decrease/(increase) in impairment loss		<b>147</b>	(579)
Selling expenses		<b>(2,305)</b>	(2,635)
Listing expenses		<b>(4,853)</b>	(15,754)
Interests on lease liabilities		<b>(109)</b>	(173)
Profit before tax		<b>31,863</b>	42,179
Income tax expense	6	<b>(11,101)</b>	(16,301)
Profit and total comprehensive income for the year	7	<b>20,762</b>	25,878
Profit and total comprehensive income for the year attributable to:			
– Owners of the Company		<b>20,706</b>	25,878
– Non-controlling interests		<b>56</b>	–
		<b>20,762</b>	25,878
Earnings per share ( <i>RMB cent</i> )			
– Basic	8	<b>5.40</b>	9.44

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2020*

	<i>NOTES</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		17,848	2,947
Intangible assets		3,500	4,500
Deferred tax assets		549	587
Right-of-use assets		811	1,586
Goodwill		1,519	1,519
		<b>24,227</b>	11,139
<b>CURRENT ASSETS</b>			
Trade and other receivables	<i>10</i>	37,246	30,911
Amounts due from related parties	<i>11</i>	88,648	177,502
Bank balances and cash		277,680	27,859
		<b>403,574</b>	236,272
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<i>12(a)</i>	125,474	103,986
Contract liabilities	<i>12(b)</i>	67,949	60,236
Lease liabilities		968	895
Tax liabilities		32	5,311
		<b>194,423</b>	170,428
<b>NET CURRENT ASSETS</b>		<b>209,151</b>	65,844
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>233,378</b>	76,983
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		16	922
<b>NET ASSETS</b>		<b>233,362</b>	76,061
<b>CAPITAL AND RESERVES</b>			
Paid-up capital/Share capital		3,650	–
Reserves		229,656	76,061
Total equity attributable to owners of the Company		<b>233,306</b>	76,061
Non-controlling interests		56	–
<b>TOTAL EQUITY</b>		<b>233,362</b>	76,061

## NOTES

### 1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Cayman Islands Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) on 26 March 2019.

The Company's immediate holding company is Ascendor Futur Holding Limited ("Ascendor Futur"), a limited company which was incorporated as an exempted company with limited liability in the British Virgin Islands (the "BVI"). Its ultimate holding company is Will Full Holdings Limited ("Will Full"), a limited liability company incorporated in the BVI which is controlled by Mr. Zhao Weihao.

On 29 June 2018, Beijing Hongkun Property Management Co., Ltd. ("Beijing Hongkun") obtained approval for its shares to be listed on the National Equities Exchange and Quotations ("NEEQ") in the PRC (stock code: 872889). Its shares started to be traded on the NEEQ on 1 August 2018. On 27 November 2018, Beijing Hongkun's shareholders resolved to voluntarily delist Beijing Hongkun's shares from the NEEQ. The delisting completed on 19 December 2018.

The shares of the Company have been listed on Main board of The Stock Exchange of Hong Kong Limited on 13 March 2020.

The consolidated financial statements is presented in RMB, which is the same as the functional currency of the Company.

### 2. BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the principles of merger accounting.

### 3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

#### (i) Adoption of new/revised HKFRSs – effective 1 January 2020

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

**(ii) New/revised HKFRSs that have been issued but are not yet effective**

The following new or amended HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>5</sup>
Amendments to HKAS 16	Proceeds before Intended Use <sup>3</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>6</sup>
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>2</sup>
Amendments to HKFRS 16	Covid-19 Rent Concession <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 June 2020.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>4</sup> Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>6</sup> The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

#### **4. REVENUE AND SEGMENT INFORMATION**

Revenue represents the net amounts received and receivable for (i) property management service income, (ii) property developer related services, and (iii) value-added services.

Information reported to the directors of the Company, being the chief operating decision maker (“CODM”) of the Group, for the purpose of resources allocation and assessment of segment performance focuses on the revenue analysis of each operating segment in the provision of property management service, property developer related services and value-added services of the Group. Other than the revenue analysis as set out below, no operating results and other discrete financial information including geographical location by operating segments relating to provision of property management service, property developer related services and value added services is prepared regularly for internal reporting to the CODM for resources allocation and performance assessment.

No analysis of segment assets and segment liabilities is presented as this information is not regularly provided to the CODM for review.

**Revenue from major services**

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Type of services		
Property management services	191,851	189,138
Property developer related services	45,679	63,873
Value-added services	<u>23,875</u>	<u>20,569</u>
	<u><u>261,405</u></u>	<u><u>273,580</u></u>

**Information about major customers**

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Fellow subsidiaries ( <i>Note</i> )	<u>50,467</u>	<u>92,081</u>

*Note:* The fellow subsidiaries are companies in which the controlling shareholders of the Company has beneficial interest.

**5. OTHER INCOME AND OTHER (LOSSES)/GAINS****(a) Other Income**

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest income from IPO subscription	2,457	–
Bank interest income	899	85
Value-add tax refund	–	449
Loans interest income ( <i>note</i> )	5,087	–
Others	<u>604</u>	<u>–</u>
	<u><u>9,047</u></u>	<u><u>534</u></u>

*Note:* During the year ended 31 December 2020, in order to better utilize idle cash, the Group, as lender, entered into loan agreements with 22 independent third parties, each amounting to approximately RMB5,000,000 to RMB12,000,000, each carrying fixed interest of 5.2% per annum to 10% per annum. All of the loans together with relevant interest were fully settled by 31 December 2020.

(b) **Other (losses)/gains**

	<b>2020</b>	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Gain on disposal of property, plant and equipment	<b>2</b>	–
Net exchange (loss)/gain	<b>(696)</b>	512
Others	<b>467</b>	183
	<u><b>(227)</b></u>	<u>695</u>

**6. INCOME TAX EXPENSE**

	<b>2020</b>	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
PRC Enterprise Income Tax (“EIT”)	<b>11,063</b>	15,529
Deferred tax	<b>38</b>	772
	<u><b>11,101</b></u>	<u>16,301</u>

Under the Law of the People’s Republic of China on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

No provision for taxation in Hong Kong has been made as the Group’s income neither arises in, nor is derived from, Hong Kong for the years ended 31 December 2020 and 2019.

The Company and the group entity incorporated in the BVI are not subject to income tax in the Cayman Islands or any other jurisdiction.

## 7. PROFIT FOR THE YEAR

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Profit for the year has been arrived at after charging:		
Auditor's remuneration		
– audit services	1,400	1,432
– tax services	50	–
– other services	885	–
	<u>2,335</u>	<u>1,432</u>
Directors' emoluments	2,641	1,241
Other staff's salaries and other benefits	68,369	80,155
Other staff's contributions to retirement benefit scheme	5,194	9,323
Other staff's contributions to housing provident funds	2,071	2,965
	<u>78,275</u>	<u>93,684</u>
Total staff costs		
Depreciation for property, plant and equipment	1,044	686
Depreciation of right-of-use assets	866	958
Amortisation of intangible assets	1,000	500
	<u>1,000</u>	<u>500</u>

## 8. EARNINGS PER SHARE

The calculation of basic earnings per share during the years ended 31 December 2020 and 2019 are based on the assumption that the reorganisation and the capitalisation issue as detailed in “History, Reorganisation and corporate structure” and “Share Capital” in the Prospectus have been effective on 1 January 2018.

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Earnings for the purposes of basic earnings per share, as appropriate (Profit for the year attributable to owners of the Company)	<u>20,706</u>	<u>25,878</u>
	<i>Number of shares</i>	<i>Number of shares</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>384,519,534</u>	<u>274,024,521</u>

No diluted earnings per share is presented for each of the years ended 31 December 2020 and 2019 as no potential ordinary shares were in issue during those years.



## 9. DIVIDENDS

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

## 10. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivables		<b>30,983</b>	16,070
Less: allowance for credit losses		<b>(1,760)</b>	(2,165)
		<b>29,223</b>	13,905
Other receivables:			
Deposits	(a)	<b>936</b>	705
Prepayments		<b>3,142</b>	1,691
Payments on behalf of residents	(b)	<b>3,052</b>	4,082
Advances to staff		<b>1,213</b>	1,667
Deferred share issue costs		–	8,684
Others		<b>205</b>	444
Less: allowance for credit losses		<b>(525)</b>	(267)
		<b>8,023</b>	17,006
Total trade and other receivables		<b>37,246</b>	30,911

### *Notes:*

- (a) The amounts represented the deposits paid for staff quarters, Point of Sales machines and tendering activities. The deposits are refundable in the next twelve months at each of the end of the reporting period and therefore the amounts are classified as current assets.
- (b) The amounts represented the amounts paid on behalf of residents to the utilities service providers for the services provided.

Property management service income is generally required to be settled by property owners and property developers on the date upon issuance of demand note.

The Group generally grants a credit period of 30 days for its property developer related services and value-added services to its third parties.

The following is an ageing analysis of trade receivables, before the impairment allowance, present based on the date of demand note issued:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
0 to 60 days	22,203	4,671
61 to 180 days	3,590	4,043
181 to 365 days	3,444	3,999
1 to 2 years	1,103	1,934
2 to 3 years	20	973
Over 3 years	623	450
	<u>30,983</u>	<u>16,070</u>

#### 11. AMOUNTS DUE FROM RELATED PARTIES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade nature		
Fellow subsidiaries	<u>77,320</u>	<u>60,349</u>
Non-trade nature		
Fellow subsidiaries ( <i>Note</i> )	<u>11,328</u>	<u>117,153</u>
Total	<u>88,648</u>	<u>177,502</u>

*Note:* During the current year, the Group has entered into a sole agent service agreement with its fellow subsidiary to facilitate the sale of car park spaces. As at 31 December 2020, the amount mainly represented the deposit paid to the fellow subsidiary on behalf of the Group to secure the sole agent status. Pursuant to the relevant agreement, the amount shall be refunded within twelve months from the end of reporting period and therefore the amount is classified as current assets. As at 31 December 2020, the balances were unsecured, interest free and repayable on demand.

The following is an aging analysis of trade amounts due from related parties presented based on date of demand note:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
0 to 60 days	11,299	22,316
61 to 180 days	16,624	22,818
181 to 365 days	17,660	9,110
1 to 2 years	29,524	6,023
2 to 3 years	2,213	82
	<u>77,320</u>	<u>60,349</u>

The Group's non-trade amounts due from related parties were unsecured and interest-free.

## 12. TRADE AND OTHER PAYABLES

### (a) Trade and other payables

	<i>Notes</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade payables		<u>37,769</u>	<u>20,599</u>
Other payables:			
Receipts on behalf of residents	<i>(a)</i>	8,437	8,620
Deposits received	<i>(b)</i>	50,022	34,891
Payable on behalf of a fellow subsidiary	<i>(c)</i>	–	402
Accrued staff costs		15,645	12,610
Accrued contribution to social insurance and housing provident funds		4,970	6,640
Other tax payables		6,899	5,173
Accrued expenses		1,456	5,204
Accrued share issue costs and listing expenses		–	9,596
Other payables		<u>276</u>	<u>251</u>
Total other payables		<u>87,705</u>	<u>83,387</u>
Total trade and other payables		<u>125,474</u>	<u>103,986</u>

*Notes:*

- (a) The balances represented the receipts on behalf of community residents to settle the utilities bills from utilities suppliers.
- (b) The balances mainly represented by the utility received from the property-owners and residents. The deposits received are repayable on demand and accordingly the amounts are classified as current liabilities.
- (c) The Group entered into an assets management agreement with a fellow subsidiary, pursuant to which the Group should pay the payroll, promotion fees and other expenses on behalf of the fellow subsidiary to suppliers and relevant staff and receive from the fellow subsidiary at cost. The balances represented the accrued payables to those counterparties on behalf of the fellow subsidiary.

The following is an ageing analysis of trade payables presented based on the invoice date at the end of each reporting period:

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 1 year	<b>37,271</b>	20,137
1-2 years	<b>147</b>	190
2-3 years	<b>148</b>	63
Over 3 years	<b>203</b>	209
	<b>37,769</b>	20,599

**(b) Contract liabilities**

The contract liabilities represent the advance from customers for property management services, property developer related services and value-added services. The payment terms vary and depend on the terms of the Group's property management services contracts.

When the Group receives advanced consideration from customers before the property management service activities commence, this will give rise to contract liabilities, until the revenue recognised on relevant contract upon provision of property management services.

All contract liabilities are expected to be recognised as revenue within one year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Business Overview

The Group is a reputable property management service provider offering comprehensive property management and related services for residential and non-residential properties in the PRC. Its Parent Group, Hongkun Group, is a leading property developer in the Beijing-Tianjin-Hebei Region and has been ranked among the Top 100 Property Developers in the PRC\* (中國房地產開發企業百強). The Group has been ranked one of the Top 100 Property Management Companies in the PRC\* (中國物業服務百強企業) by China Index Academy\* (中國指數研究院) for four consecutive years since 2016 and ranked 44th among the Top 100 Property Management Companies in the PRC\* (中國物業服務百強企業) in 2020. Through upholding the Group's service philosophy of "creating an enjoyable living environment (讓人們住的開心)" and the dedication to the Group's core values of "friendliness, persistence, innovation and excellence" in delivering its services, the Group envisions to become an outstanding property management service provider in the PRC. As at 31 December 2020, the Group provided property management services to properties spanning across ten cities in the Beijing-Tianjin-Hebei Region, Hainan Province, Hubei Province, Anhui Province, Jiangsu Province, Shaanxi Province and Shanghai, managing a total revenue-bearing GFA of approximately 7.6 million sq.m., comprising 35 residential properties (with over 54,000 units in total) and 19 non-residential properties.

In 2020, the Company achieved revenue of approximately RMB261.4 million, a slight decrease of about 4.5% year on year; realized gross profit of approximately RMB63.5 million, a decrease of about 32.8% year on year. The total profit and other comprehensive income amounted to approximately RMB20.8 million, representing a decrease of approximately 19.7%. The gross profit margin and net profit margin in 2020 were 24.3% and 7.9%, respectively, representing a decrease of 10.2 and 1.5 percentage points as compared with 2019, respectively.

As of the end of 2020, the Group's contracted GFA was approximately 11.0 million sq.m., and the total revenue-bearing GFA under management exceeded 7.6 million sq.m., representing an increase of 51.6% and 55.2% compared with 2019, respectively; the number of the Company's managed residential property projects was 35, with a total revenue-bearing GFA of 6.5 million sq.m., accounting for 85.3% of total revenue-bearing GFA; the number of the Company's managed non-residential property projects was 19, with a total revenue-bearing GFA of 1.1 million sq.m., accounting for 14.7% of the total revenue-bearing GFA.

The table below sets forth our (i) contracted GFA; (ii) revenue-bearing GFA; and (iii) number of properties under our management in relation to the properties for which we had commenced our provision of property management services, as at the dates indicated:

	2020	2019
<b>Residential Properties</b>		
Contracted GFA ('000 sq.m.) <i>(Note)</i>	<b>9,364</b>	5,941
Revenue-bearing GFA ('000 sq.m.)	<b>6,518</b>	4,125
Number of properties managed	<b>35</b>	22
<b>Non-residential Properties</b>		
Contracted GFA ('000 sq.m.) <i>(Note)</i>	<b>1,633</b>	1,315
Revenue-bearing GFA ('000 sq.m.)	<b>1,119</b>	797
Number of properties managed	<b>19</b>	17
<b>Total</b>		
Contracted GFA ('000 sq.m.) <i>(Note)</i>	<b>10,997</b>	7,256
Revenue-bearing GFA ('000 sq.m.)	<b>7,637</b>	4,922
Number of properties managed	<b>54</b>	39

*Note:*

Contracted GFA refers to the total GFA managed and the total GFA to be managed by the Group under signed property management service agreements.

### **Future Outlook**

Facing the outbreak of novel coronavirus epidemic in early 2020, the Group actively responded to the government's call, adhered to the front line of prevention and control of the epidemic, and did a good job in "Preventing the Coronavirus from Entering and Spreading Within the Region". In this "war" against the epidemic, the Group ensured that the community project is well-armed, owners are in a good mood, good back-end material support, and personnel communications are timely and effective through epidemic prevention measures such as disinfection coverage, temperature monitoring, closed management, garbage epidemic prevention, personnel protection, and vehicle inspection. With our own high-quality service and responsible attitude, we have built a "protective wall" for the owners, and created a safe, healthy and convenient living and working environment for the owners through continuous optimization of services. As a property management company with quality assets and strong profitability in key regions of the country, the Group is poised to maintain steady growth in its performance, and at the same time aims at achieving expansion despite this difficult time in 2021.

Based on the current market situation, the Group will grasp the new development opportunities brought by focusing on development opportunities in the Beijing-Tianjin-Hebei Region, Yangtze River Delta and Pearl River Delta Regions, strengthening the depth and breadth of its business territory, and achieving rapid growth in revenue and profits.

With the increase in managed area and the number of households, the Group focuses on upgrading the existing property service system, accelerating the upgrade of quality and standardised construction, deepening the daily quality control monitoring efforts and details, upgrading the service system for our butler team's customer service, ensuring the long-term and lasting quality of the projects, continuously optimising the services to create a "better living" for home owners and replicating such successful cooperation model.

At the same time, the Group will vigorously develop diversified operations and services, continue to focus on "healthy and intelligent properties", provide residents with comprehensive and urban living services, and by leveraging the digital platform of the community as well as the off-line community service organisations, it builds convenient and intelligent service circles, and provide online and offline integrated community living services, community governance and public services and smart community services. All these will increase the Group's share of value-added services, optimise its income structure and further improve its profitability through the achievement of continuous improvement in its efficiency.

In 2021, the Group will continue to proactively meet new opportunities and challenges in the development of the industry. With a commitment to providing high quality property services, the Group will continue to focus on the improvement of asset management service standards, meticulously implement measures to promote refined management within the Group, and focus on the collaborative development with other businesses. It will expand its scale of property management, through continuous organic growth, investments, mergers and acquisitions as well as joint-ventures and other modes of cooperation. Meanwhile, by completing the deployment of a full industry chain through the development of multiple businesses, the Group strives to achieve quality, speedy and healthy development which is sustainable, provide customers with more valuable services, and create good investment returns for the investors.

## **FINANCIAL REVIEW**

### **Results of Operations**

The Group's revenue was mainly derived from property management services, property developer related services and value-added services. For the year ended 31 December 2020, the Group's total revenue was approximately RMB261.4 million, representing a slight decrease of approximately RMB12.2 million or approximately 4.5% as compared to that of approximately RMB273.6 million for the year ended 31 December 2019. For the year ended 31 December 2020, the revenue generated from property management services, property developer related services and value-added services contributed 73.4%, 17.5% and 9.1% to the total revenue, respectively.

The following table sets forth a breakdown of our revenue by type of services for the periods indicated:

	2020		2019	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property management service	<b>191,851</b>	<b>73.4%</b>	189,138	69.1%
Property developer related service	<b>45,679</b>	<b>17.5%</b>	63,873	23.4%
Value-added service	<b>23,875</b>	<b>9.1%</b>	20,569	7.5%
Total	<b>261,405</b>	<b>100.0%</b>	273,580	100.0%

### Property Management Services

The revenue generated from property management services slightly increased by approximately RMB2.8 million year on year, or about 1.5%, of which the revenue generated from residential properties was increased by approximately RMB18.7 million or approximately 16.7%, mainly due to 13 newly delivered residential properties in the second half of the year, which generated a total revenue of approximately RMB15.6 million; the decrease in non-residential properties was approximately RMB16.1 million or approximately 20.9%, mainly due to the impact of the novel coronavirus epidemic, which resulted in decreased income generated from shopping malls and offices. The GFA under management increased from 4.9 million sq.m. for the year ended 31 December 2019 to 7.6 million sq.m. for the year ended 31 December 2020. Substantially all of the newly delivered projects were delivered in the second half of the year, and their contribution towards property management fees will be fully reflected in 2021.

The following table sets forth a breakdown of our total revenue-bearing GFA and our revenue derived from the property management services by type of properties as at the dates indicated and for the periods indicated:

	As at/Year ended 31 December							
	2020				2019			
	Revenue-bearing GFA		Revenue		Revenue-bearing GFA		Revenue	
<i>'000 sq.m.</i>	%	<i>RMB'000</i>	%	<i>'000 sq.m.</i>	%	<i>RMB'000</i>	%	
Residential properties	<b>6,518</b>	<b>85.3%</b>	<b>130,826</b>	<b>68.2%</b>	4,125	83.8%	112,083	59.3%
Non-residential properties	<b>1,119</b>	<b>14.7%</b>	<b>61,025</b>	<b>31.8%</b>	797	16.2%	77,055	40.7%
	<b>7,637</b>	<b>100.0%</b>	<b>191,851</b>	<b>100.0%</b>	4,922	100.0%	189,138	100.0%



The following table sets forth a breakdown of our total revenue-bearing GFA and our revenue derived from property management services by type of property developers as at the dates indicated and for the periods indicated:

	2020				2019			
	Revenue-bearing GFA		Revenue		Revenue-bearing GFA		Revenue	
	'000 sq.m.	%	RMB'000	%	'000 sq.m.	%	RMB'000	%
Hongkun Group	7,488	98.0%	185,314	96.6%	4,869	98.9%	185,156	97.9%
Third party property developers	149	2.0%	6,537	3.4%	53	1.1%	3,982	2.1%
	<u>7,637</u>	<u>100.0%</u>	<u>191,851</u>	<u>100.0%</u>	<u>4,922</u>	<u>100.0%</u>	<u>189,138</u>	<u>100.0%</u>

The following table sets forth a breakdown of our total revenue-bearing GFA and our revenue derived from property management services by revenue model as at the dates indicated and for the periods indicated:

	2020				2019			
	Revenue-bearing GFA		Revenue		Revenue-bearing GFA		Revenue	
	'000 sq.m.	%	RMB'000	%	'000 sq.m.	%	RMB'000	%
Lump sum basis	6,832	89.5%	181,215	94.5%	4,123	83.8%	178,046	94.1%
Commission basis	805	10.5%	10,636	5.5%	799	16.2%	11,092	5.9%
	<u>7,637</u>	<u>100.0%</u>	<u>191,851</u>	<u>100.0%</u>	<u>4,922</u>	<u>100.0%</u>	<u>189,138</u>	<u>100.0%</u>

The following table sets forth a breakdown of our total revenue-bearing GFA and our revenue derived from property management services by geographic coverage as at the dates indicated and for the periods indicated:

	2020				2019			
	Revenue-bearing GFA		Revenue		Revenue-bearing GFA		Revenue	
	'000 sq.m.	%	RMB'000	%	'000 sq.m.	%	RMB'000	%
Beijing	2,240	29.3%	91,209	47.5%	2,030	41.3%	108,332	57.3%
Tianjin	939	12.3%	22,498	11.7%	447	9.1%	23,547	12.4%
Hebei Province	3,100	40.6%	50,954	26.6%	1,612	32.8%	39,534	20.9%
Beijing-Tianjin-Hebei Region	6,279	82.2%	164,661	85.8%	4,089	83.2%	171,413	90.6%
Hainan Province	511	6.7%	8,410	4.4%	454	9.2%	8,772	4.6%
Hubei Province	428	5.6%	7,868	4.1%	337	6.8%	6,122	3.3%
Shaanxi Province	42	0.5%	2,824	1.5%	42	0.8%	2,831	1.5%
Anhui Province	157	2.1%	2,610	1.4%	-	-	-	-
Jiangsu Province	128	1.7%	3,003	1.5%	-	-	-	-
Shanghai	92	1.2%	2,475	1.3%	-	-	-	-
	<u>7,637</u>	<u>100.0%</u>	<u>191,851</u>	<u>100.0%</u>	<u>4,922</u>	<u>100.0%</u>	<u>189,138</u>	<u>100.0%</u>

## Property Developer Related Services

The decrease of revenue generated from property developer related services was approximately RMB18.2 million or about 28.5% from approximately RMB63.9 million for the year ended 31 December 2019 to approximately RMB45.7 million for the year ended 31 December 2020. This was mainly due to a decrease in revenue generated from sales assistance services amounted to approximately RMB10.7 million or approximately 27.3%; and a decrease in planning and design consultancy and inspection services fees amounted to approximately RMB10.1 million or approximately 58.7% due to the impact of the pandemic.

The following table sets forth a breakdown of number of property developer related services projects and our revenue derived from property developer related services by geographic coverage as at the dates indicated and for the periods indicated:

	2020			2019		
	Number of projects	Revenue RMB'000	%	Number of projects	Revenue RMB'000	%
Beijing	7	12,831	28.1%	6	19,891	31.2%
Tianjin	5	6,451	14.1%	6	13,663	21.4%
Hebei Province	11	14,838	32.5%	8	17,330	27.1%
Beijing-Tianjin-Hebei Region	23	34,120	74.7%	20	50,884	79.7%
Hainan Province	1	305	0.7%	2	923	1.4%
Hubei Province	2	4,944	10.8%	1	4,582	7.2%
Jiangsu Province	1	3,810	8.3%	1	3,656	5.7%
Anhui Province	1	201	0.4%	1	2,936	4.6%
Guangdong Province	1	1,331	2.9%	1	516	0.8%
Shanghai	1	968	2.2%	1	376	0.6%
	<b>30</b>	<b>45,679</b>	<b>100.0%</b>	<b>27</b>	<b>63,873</b>	<b>100.0%</b>

## Value-added Services

The following table sets forth a breakdown of our revenue derived from our value-added services for the periods indicated:

	2020		2019	
	Revenue RMB'000	%	Revenue RMB'000	%
Home living services (Note 1)	12,749	53.4%	10,434	50.7%
Leasing of common areas (Note 2)	10,410	43.6%	9,518	46.3%
Others	716	3.0%	617	3.0%
	<b>23,875</b>	<b>100.0%</b>	<b>20,569</b>	<b>100.0%</b>

*Notes:*

- (1) Our home living services primarily included our collection of electricity tariffs, air-conditioning and heating fees, household repair and maintenance services provided to property owners and residents of our managed residential or non-residential properties.
- (2) Our leasing of common areas primarily represented the leasing of certain common areas of our managed residential or non-residential properties to third-party services providers for setting up advertisement lightbox, distilled water vending machines, screens in lifts and other facilities.

The revenue generated from value-added services increased by approximately RMB3.3 million or about 16.0% from approximately RMB20.6 million for the year ended 31 December 2019 to approximately RMB23.9 million for the year ended 31 December 2020. The increase was mainly due to 13 newly delivered residential properties in the second half of the year, the increase in total units by approximately 14,000 units of households or approximately 35.0%, and the slight increase in other miscellaneous income.

### **Cost of Services**

Our cost of services primarily consist of (i) labour costs which arise mainly from the security, cleaning and gardening services; (ii) subcontracting costs; (iii) utility expenses; (iv) office expenses; and (v) maintenance costs.

Our cost of services increased by approximately 10.5% from approximately RMB179.1 million for the year ended 31 December 2019 to approximately RMB197.9 million for the year ended 31 December 2020. This increase was primarily attributable to: (a) the outsourcing of our cleaning, gardening, equipment maintenance and site security services to our subcontractors for the year ended 31 December 2020; (b) the increase in number of projects under management and our total revenue-bearing GFA; and (c) expenses were partially offset by the impact of the social insurance waiver policy during the coronavirus outbreak.

To maximise our cost and operational efficiency, we outsourced our cleaning, gardening, equipment maintenance, site security services and car park management to Independent Third Party subcontractors. We believe that the subcontracting arrangement allows us to leverage the resources and expertise of the subcontractors, reduce our operating costs, and enhance our overall efficiency and profitability.

## **Gross Profit and Gross Profit Margin**

For the year ended 31 December 2020, the gross profit of the Group was approximately RMB63.5 million, representing a decrease of approximately RMB31.0 million or approximately 32.8% as compared to approximately RMB94.5 million for the year ended 31 December 2019. The gross profit margin was 24.3% for the year ended 31 December 2020 and 34.5% for the year ended 31 December 2019. The decrease in gross profit which was mainly due to the impact of the novel coronavirus epidemic in 2020, the revenue from property management services for non-residential properties and the revenue from property developer related service decreased, while costs increased as a result of the increase in total GFA under management.

## **Selling Expenses and Administrative Expenses**

Our selling and distribution expenses primarily consist of (i) promotional expenses; (ii) salaries and allowances for our sales personnel; and (iii) travelling and entertainment expenses. The total selling expenses of the Group for the year ended 31 December 2020 were approximately RMB2.3 million, representing a decrease of approximately RMB0.3 million or approximately 11.5% as compared with approximately RMB2.6 million for the year ended 31 December 2019.

Our administrative expenses primarily consist of (i) salaries and allowances for our administrative and management personnel in our headquarters; (ii) travelling expenses; (iii) professional fees; (iv) lease-related expenses and (v) bank charges.

For the year ended 31 December 2020, the administrative expenses of the Group were approximately RMB33.3 million, representing a slight decrease of approximately RMB1.1 million or approximately 3.2% as compared to approximately RMB34.4 million for the year ended 31 December 2019. This decrease was mainly due to the impact of the novel coronavirus epidemic, with the reduction in the national social security benefits for employees in 2020, resulting in a corresponding decrease in employee compensation expenses.

## **Other Income**

For the year ended 31 December 2020, other income of the Group amounted to a net revenue of approximately RMB9.0 million, representing an increase of approximately RMB8.5 million as compared to that of approximately RMB0.5 million for the year ended 31 December 2019, which was primarily attributable to the interest income from IPO subscription of approximately RMB2.5 million and loans interest income of approximately RMB5.1 million.

## **Income Tax Expense**

For the year ended 31 December 2020, the income tax expense of the Group was approximately RMB11.1 million (2019: approximately RMB16.3 million).

## **Profit for the Year**

For the year ended 31 December 2020, the net profit of the Group was approximately RMB20.8 million, representing a decrease of approximately RMB5.1 million or approximately 19.7% as compared to that of approximately RMB25.9 million for the year ended 31 December 2019, which was mainly due to the impact of the novel coronavirus epidemic in 2020, the revenue from property management services for non-residential properties and the revenue from property developer related service decreased, while costs increased as a result of the increase in total GFA under management.

## **FINANCIAL POSITION**

As at 31 December 2020, the total assets of the Group were approximately RMB427.8 million (as at 31 December 2019: approximately RMB247.4 million), and the total liabilities were approximately RMB194.4 million (as at 31 December 2019: approximately RMB171.4 million). As at 31 December 2020, the current ratio was 2.1 (as at 31 December 2019: 1.4).

As at 31 December 2020 and 31 December 2019, the Group had no outstanding bank borrowings and undrawn banking facilities.

The Board will continue to follow a prudent policy in managing the Group's cash and cash equivalents and maintain a strong liquidity position to ensure that the Group is able to take full advantage of future growth opportunities.

## **Property, Plant and Equipment**

Our property, plant and equipment included (i) our building for our staff quarters; and (ii) our furniture, fixtures and equipment in our office premises and management offices and sites. Our property, plant and equipment was approximately RMB17.8 million as at 31 December 2020, representing an increase of approximately RMB14.9 million or approximately 513.8% as compared with that of approximately RMB2.9 million as at 31 December 2019. It was primarily attributable to the addition of our property, plant and equipment of approximately RMB14.5 million mainly in relation to leasehold improvement of landscape engineering in the second half of the year.

## **Intangible Assets**

Our intangible assets of approximately RMB3.5 million as at 31 December 2020 represented the mobile applications, Hongkunhui\* (鴻坤薈) and H-Butler\* (鴻管家) acquired from Hongkun Group in June 2019, which were initially measured at cost of acquisition of RMB5.0 million and subsequently measured at cost less accumulated amortisation (with useful life of five years) and impairment losses.

### **Right-of-use assets**

Our right-of-use assets represented our right to use our leased assets (i.e. office premises and staff quarters) with lease terms of over one year, which was initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses under HKFRS 16.

Our right-of-use assets decreased by approximately RMB0.8 million or about 50.0% from approximately RMB1.6 million as at 31 December 2019 to approximately RMB0.8 million as at 31 December 2020, which was primarily attributable to the depreciation of right-of-use assets of approximately RMB0.8 million charged in 2020.

### **Goodwill**

Our goodwill of approximately RMB1.5 million as at 31 December 2019 and 2020 was initially measured at cost, being the excess of the total consideration transferred over the net amount of identifiable assets acquired and the liabilities assumed arising from the acquisition of Tianjin Hongsheng.

### **Trade and Other Receivables**

Our trade and other receivables increased by approximately RMB6.3 million or about 20.4% from approximately RMB30.9 million as at 31 December 2019 to approximately RMB37.2 million as at 31 December 2020 mainly due to the increase in trade receivables. Our trade receivables increased by approximately RMB15.3 million from approximately RMB13.9 million as at 31 December 2019 to approximately RMB29.2 million as at 31 December 2020 mainly due to additional projects in the second half of 2020 and income of approximately RMB11.0 million had not been received in a timely manner. Approximately RMB12.2 million of our trade receivables as at 31 December 2020 has been recovered as at the date of this announcement.

### **Amounts due from Related Parties and Fellow Subsidiaries**

#### *Trade nature amounts due from fellow subsidiaries*

Our trade nature amounts due from fellow subsidiaries mainly represented the outstanding balances to be received from the Parent Group mainly in respect of the provisions of our property management services and property developer related services.

Our trade nature amounts due from fellow subsidiaries increased by approximately RMB17.0 million or about 28.2% from approximately RMB60.3 million as at 31 December 2019 to approximately RMB77.3 million as at 31 December 2020 mainly because trade receivables were not collected on time as a result of the impact of the epidemic, which affected the settlement efficiency of the fellow subsidiaries in 2020.

### ***Non-trade nature amounts due from fellow subsidiaries***

Our non-trade nature amounts due from fellow subsidiaries of approximately RMB117.2 million and RMB11.3 million as at 31 December 2019 and 2020 respectively, were non-trade in nature, unsecured, interest-free and repayable on demand. It was mainly because the Group has entered into an exclusive agency service agreement with the fellow subsidiary to facilitate the sale of parking spaces, which was an initiative to provide value-added services to the residential projects in Wuxi, and in this regard, RMB19.5 million has been paid on June 2020 to the fellow subsidiary as a security deposit to secure the exclusive agency status. According to the industry practice, the deposit is normally refunded within three months after the completion of the sale of the parking spaces and according to the relevant agreement, the balance of such deposit is expected to be refunded within six months from the date of this announcement.

The Directors confirmed that, other than the above-mentioned security deposit arising from the acquisition of business, we do not have any non-trading related balances with related parties (including our fellow subsidiaries) after the Listing.

### **Trade and Other Payables**

As at 31 December 2020, the trade and other payables were approximately RMB125.5 million, representing an increase of approximately RMB21.5 million or about 20.7% as compared to that of approximately RMB104.0 million as at 31 December 2019, mainly due to the increase in our accounts payable, which were approximately RMB37.8 million as at 31 December 2020 compared to approximately RMB20.6 million as at 31 December 2019, with an increase of approximately RMB17.2 million. The settlement progress between the Group and suppliers was slower than before mainly due to the impact of the epidemic.

### **Contract Liabilities**

Our contract liabilities primarily represented the payments in advance from our customers for the provision of our property management services because pursuant to the property management service agreements, we usually charge a fixed amount of fees by issuing demand notes to property owners and residents, which are generally required to be paid in advance on an annual basis for residential properties and a monthly or quarterly basis for non-residential properties. Our contract liabilities increased by approximately RMB7.7 million or about 12.8% to approximately RMB67.9 million as at 31 December 2020 (as at 31 December 2019: approximately RMB60.2 million), which was mainly due to the new delivery of 13 residential properties in the second half of the year.

### **Asset Pledged**

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

## Proceeds from the Listing

The shares of the Company were listed on the Main Board of the Stock Exchange on 13 March 2020 and 100,000,000 new Shares were issued. The over-allotment option was partially exercised and 5,310,000 new Shares were issued on 3 April 2020. After deducting the underwriting fees and relevant expenses, net proceeds from the Listing amounted to approximately HK\$129.4 million (equivalent to approximately RMB116.2 million). The net proceeds from the Listing were higher than that stated in the Prospectus, due to a higher final issue price than the median of the range of offer prices stated in the Prospectus and lower-than-expected underwriting fees. Such proceeds will be applied in the manner consistent with that in the Prospectus which is detailed as follows:

Intended use	Disclosure in the Prospectus			Proceeds planned to be utilised in 2021 (HK\$ million)
	Approximate net proceeds utilised (HK\$ million)	Approximate percentage	Proceeds utilised in 2020 (HK\$ million)	
Expansion of geographic presence and scale of operations in the PRC	64.4	65.0%	61.3	3.1
Development and enhancement of our information system and technological initiatives	12.9	13.0%	12.9	–
Expansion of our value-added services	9.9	10.0%	4.7	5.2
Staff development	2.0	2.0%	2.0	–
General working capital	9.8	10.0%	–	–
<b>Total</b>	<b>99.0</b>	<b>100.0%</b>	<b>80.9</b>	<b>8.3</b>



Due to the abovementioned reasons, the net proceeds from the Listing increased to HK\$129.4 million and therefore our expected usage increased proportionately as follows:

Intended use	As at 31 December 2020					
	Actual amount of net proceeds (HK\$ Million)	Approximate percentage	Proceeds utilised (HK\$ million)	Proceeds not utilised (HK\$ million)	Proceeds planned to be utilised in 2021 (HK\$ million)	Proceeds planned to be utilised in 2022 (HK\$ million)
Expansion of geographic presence and scale of operations the PRC	84.1	65.0%	–	84.1	80.0	4.1
Development and enhancement of our information system and technological initiatives	16.9	13.0%	–	16.9	16.9	–
Expansion of our value-added services	12.9	10.0%	–	12.9	6.1	6.8
Staff development	2.6	2.0%	–	2.6	2.6	–
General working capital	12.9	10.0%	–	12.9	11.7	1.2
Total	<u>129.4</u>	<u>100.0%</u>	<u>–</u>	<u>129.4</u>	<u>117.3</u>	<u>12.1</u>

As at 31 December 2020, the Company has not utilised such proceeds according to the use as set out in the Prospectus. During the year, the Group has been actively identifying appropriate acquisition opportunities and has contacted two property management companies located in Shanghai and Jiangsu as follow. For the property management company located in Shanghai, the GFA under management was approximately 3.5 million sq.m and 32 projects were under its management. For the property management company located in Jiangsu, the GFA under management was approximately 2.2 million sq.m and 15 projects were under its management. However, the Group was unable to reach an agreement with the two companies on the acquisition price and terms, and thus no acquisition was made. The expected timeline for utilising the unutilised proceeds will be two years, which is based on our best estimation and will be subject to change in market conditions. The unutilized proceeds as at 31 December 2020 were deposited in the bank accounts.

### Significant Acquisitions and Disposals

Save as disclosed in this announcement, during the year ended 31 December 2020, the Group did not have any significant acquisitions and disposals.

## **Significant Investments**

As at 31 December 2020, the Group did not have any significant investments.

## **ANNUAL GENERAL MEETING**

The 2021 AGM will be held on Monday, 31 May 2021 and the notice of 2021 AGM will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

## **DIVIDEND**

No final dividend was recommended by the Board for the year ended 31 December 2020.

## **EVENTS AFTER THE REPORTING PERIOD**

As the Company could not reach a consensus with Deloitte Touche Tohmatsu (“Deloitte”) on the audit fee for the year ended 31 December 2020, Deloitte resigned as the auditor of the Company with effect from 31 December 2020. With effect from 29 January 2021, Crowe (HK) CPA Limited has been appointed as the new auditor of the Company to fill the casual vacancy following the resignation of Deloitte and to hold office until the conclusion of the 2021 AGM. For details, please refer to the announcements of the company on 5 January 2021 and 29 January 2021 respectively.

Save as above, there were no significant events after 31 December 2020 and up to the date of this announcement.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2020, the Group had a total of 720 employees. Staff costs for the year ended 31 December 2020 amounted to approximately RMB78.3 million.

The Company’s policy for determining the remuneration payable to Directors is based on the skills, knowledge, involvement and performance of individual Directors, with reference to the Company’s profitability, the level of remuneration in the industry and prevailing market conditions. To ensure that the Remuneration Committee can better advise on the Group’s future remuneration policies and related strategies, the Remuneration Committee is informed of the Group’s existing remuneration policies and succession plans (e.g. guidelines for determining staff remuneration packages and relevant market trends and information).

In accordance with the relevant PRC laws and regulations, the Group contributes to the PRC social security fund (including pension insurance, medical insurance, unemployment insurance, maternity insurance and work injury insurance) and housing provident fund for its PRC employees. The Group’s full-time employees in the PRC participate in a number of government-sponsored defined contribution retirement schemes under which employees are entitled to a monthly pension calculated according to certain formulas. The relevant government agencies assume the responsibility of pension payments to these retired employees. The Group makes monthly contributions to these pension schemes. Under these schemes, the Group has no obligation for

post-retirement benefits other than the contributions made. Contributions to these schemes are expensed as incurred and contributions made to these defined contribution pension schemes on behalf of an employee cannot be used to reduce the Group's future obligations under these defined contribution pension schemes even if the employee leaves the Group.

## **CORPORATE GOVERNANCE CODE**

The Board is committed to achieving high standards of corporate governance.

The Board believes that high standards of corporate governance are key to the Group's ability to protect Shareholders' interests, enhance corporate value, develop business strategies and policies, and improve transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code as the basis for the Company's corporate governance practices. The Company has also established a corporate governance framework and has developed a set of policies and procedures in accordance with the Corporate Governance Code. These policies and procedures provide the basis for strengthening the Board's ability to exercise governance and provide appropriate oversight of the business conduct and affairs of the Company.

During the year ended 31 December 2020, the Company has complied with all applicable code provisions set out in the Corporate Governance Code, except for the deviation from code provision A.2.1 of the Corporate Governance Code. Code provision A.2.1 of the Corporate Governance Code requires that the roles of the chairman of the Board and the chief executive officer should be separate and should not be performed by the same individual.

Ms. Wu Guoqing is the General Manager of Beijing Hongkun and is involved in the day-to-day management of our business. Although she does not hold the title of Chief Executive Officer, she can be regarded as the de facto Chief Executive Officer of the Group. She is also the Chairman of the Board. Ms. Ng has been responsible for the overall management, strategic planning and day-to-day business operations of the Group. The Board believes that at this stage of the Group's development, having the roles of both the Chairman and the Chief Executive Officer in the same person brings strong and consistent leadership to the Company for effective and efficient planning and implementation of business decisions and strategies. Accordingly, the Directors consider it is appropriate and reasonable to deviate from code provision A.2.1 of the Corporate Governance Code. However, it is the Company's long term objective to have different individuals in the two roles when suitable candidates are identified.

The Group will continue to review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as its own code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiries of all Directors and all Directors confirmed that they have complied with the Model Code during the year ended 31 December 2020.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

## **AUDIT COMMITTEE**

The Audit Committee, comprising Mr. Chan Cheong Tat as chairman as well as Mr. Cheung Wai Hung and Ms. Chen Weijie as members, have reviewed, together with the management, the accounting principles and practices adopted by the Group and discussed risk management, internal control, auditing and financial reporting matters including the review of the audited financial statements of the Group for the year ended 31 December 2020.

## **SCOPE OF WORK OF CROWE (HK) CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement are in line with the Group's audited consolidated financial statements for the year and have been agreed by the Group's auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited on the preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.hongkunwuye.com](http://www.hongkunwuye.com)). The annual report of the Company for the year ended 31 December 2020 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the above websites in due course.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“AGM”	annual general meeting of the Company
“Audit Committee”	a committee of the Board established by the Board for the purpose of overseeing the accounting and financial reporting procedures of the Company and audits of the financial statements of the Company
“Beijing Hongkun”	Beijing Hongkun Ruibang Property Management Company Limited* (北京鴻坤瑞邦物業管理有限公司), a limited liability company established under the laws of the PRC on 18 June 2003 and a wholly owned subsidiary of the Company
“Board”	the board of Directors of the Company
“Company”	Ye Xing Group Holdings Limited (燁星集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 26 March 2019
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Group”, “we”, “us” or “our”	the Company, its subsidiaries and entities under the Company’s control through contractual arrangements in the PRC

“Hongkun Group”	Hongkun Jituan Company Limited* (鴻坤集團有限公司) and its subsidiaries, associated companies and joint ventures
“Independent Third Party”	third party who is not connected with any of our Directors or our controlling Shareholders or any of our subsidiaries or any of our respective associates (within the meaning of the Listing Rules)
“Listing”	the Shares were listed on the Stock Exchange on 13 March 2020
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Parent Group”	Beijing Herun Asset Management Company Limited* (北京合潤資產管理有限公司) and its subsidiaries, associated companies and joint ventures
“PRC” or “China”	the People’s Republic of China which, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus dated 28 February 2020 issued by the Company in relation to the listing of its Shares on the Main Board of the Stock Exchange
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the capital of the Company with nominal value of HK\$0.1 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tianjin Hongsheng”

Tianjin Hongsheng Property Services Company Limited\* (天津鴻盛物業服務有限公司), a limited liability company established under the laws of the PRC on 27 December 2013

\* *For identification purpose only*

By Order of the Board  
**Ye Xing Group Holdings Limited**  
**Wu Guoqing**  
*Chairman and executive Director*

Hong Kong, 29 March 2021

*As at the date of this announcement, the Board comprises Ms. Wu Guoqing, Mr. Zhao Weihao and Ms. Li Yin Ping as executive Directors; and Mr. Cheung Wai Hung, Mr. Chan Cheong Tat and Ms. Chen Weijie as independent non-executive Directors.*