Xinyuan Property Management Service (Cayman) Ltd.
鑫苑物業服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1895)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

1. Total revenue for the year ended 31 December 2021 increased by approximately 17.8% to approximately RMB770.2 million from approximately RMB653.7 million for the year ended 31 December 2020.

2. Gross profit for the year ended 31 December 2021 increased by approximately 3.3% to approximately RMB266.2 million from approximately RMB257.7 million for the year ended 31 December 2020. Gross profit margin for the year ended 31 December 2021 was approximately 34.6% as compared to approximately 39.4% for the year ended 31 December 2020, representing a year-on-year decrease of 4.8 percentage points.

3. Profit attributable to owners of the Company for the year ended 31 December 2021 decreased by 6.6% to approximately RMB122.6 million from approximately RMB131.2 million for the year ended 31 December 2020.

4. The Group's contracted GFA under property management services as of 31 December 2021 was approximately 63.0 million sq.m., representing an increase of approximately 18.9% over approximately 53.0 million sq.m. as at 31 December 2020.

5. The Board recommends payment of a final dividend of HK13.8 cents per ordinary share in respect of the year ended 31 December 2021.

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Xinyuan Property Management Service (Cayman) Ltd. (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2021, together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2021

	Notes	**2021** *RMB'000*	2020 *RMB'000*
REVENUE	4	**770,176**	653,702
Cost of sales		**(504,019)**	(396,030)
Gross profit		**266,157**	257,672
Other income and gains	5	**26,139**	11,990
Administrative expenses		**(73,005)**	(56,593)
Impairment losses on financial and contract assets (third parties)		**(1,966)**	(7,532)
Impairment losses on financial and contract assets (related parties)		**(30,446)**	–
Interest on lease liabilities		**(137)**	(123)
Other expenses		**(5,683)**	(8,196)
Impairment of investment in a joint venture		**(1,370)**	(2,949)
Share of profit/(loss) of:			
A joint venture		**(4,367)**	(1,922)
Associates		**166**	(28)
PROFIT BEFORE TAX	6	**175,488**	192,319
Income tax expense	7	**(51,418)**	(60,464)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**124,070**	131,855
Attribute to:			
Equity holders of the Company		**122,570**	131,152
Non-controlling interests		**1,500**	703
		124,070	131,855
		RMB cents	*RMB cents*
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	9		
Basic		**22.21**	26.34
Diluted		**21.65**	25.08

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**9,608**	8,888
Goodwill		**3,090**	3,090
Right-of-use assets		**1,859**	3,189
Other intangible assets		**2,197**	982
Investment in a joint venture		**–**	5,737
Investment in associates		**1,523**	1,357
Prepayments to a related party	12	**89,073**	89,073
Payments to related parties	12	**191,469**	–
Deferred tax assets		**12,033**	3,918
Loan to a related party		**40,131**	–
Total non-current assets		**350,983**	116,234
CURRENT ASSETS			
Trade and bills receivables	10	**258,152**	238,829
Contract assets	11	**62,105**	23,681
Deposits, prepayments and other receivables		**61,582**	22,823
Financial assets at fair value through profit or loss		**40,904**	–
Term deposits		**397,330**	537,800
Cash and cash equivalents		**321,719**	311,340
Total current assets		**1,141,792**	1,134,473
CURRENT LIABILITIES			
Trade payables	13	**102,900**	44,035
Other payables and accruals		**388,705**	337,682
Lease liabilities		**1,393**	1,364
Tax payable		**74,087**	59,482
Total current liabilities		**567,085**	442,563
NET CURRENT ASSETS		**574,707**	691,910
TOTAL ASSETS LESS CURRENT LIABILITIES		**925,690**	808,144

	Note	2021 RMB'000	2020 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities		**692**	2,136
Deferred tax liabilities		**10,106**	8,121
Total non-current liabilities		**10,798**	10,257
Net assets		**914,892**	797,887
EQUITY			
Share capital	14	**5**	5
Reserves		**911,533**	796,028
Total equity attributable to equity holders of the Company		**911,538**	796,033
Non-controlling interests		**3,354**	1,854
Total equity		**914,892**	797,887

NOTES TO THE FINANCIAL STATEMENT

31 December 2021

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated on 13 December 2018 in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The trading in shares of the Company has been suspended since 1 April 2021. The registered office of the Company is located at the offices of Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business is located at 9/F., Wah Yuen Building, 149 Queen's Road Central, Hong Kong.

The Company is an investment holding company. During the year, the Company's subsidiaries were involved in the following principal activities:

- Property management services
- Value-added services
- Pre-delivery and consulting services

The ultimate holding company of the Company is Xinyuan Real Estate Co., Ltd. (the "**Ultimate Holding Company**"), a company established in the Cayman Islands and its shares are listed on the New York Stock Exchange.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which includes all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Standing Interpretations Committee interpretations issued and approved by the International Accounting Standard Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**").

The consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments which are measured at fair values at the end of the reporting period, as explained in the accounting policies set out below.

The consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated, which is the same as the functional currencies of the Company and its subsidiaries. All values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The principal accounting policies and methods of computation used by the Group in the preparation of the consolidated financial statements for the year ended 31 December 2021 are consistent with those adopted in the consolidated financial statements for the year ended 31 December 2020, except for the application of the amendments to IFRSs as explained in below.

Application of amendments to IFRSs

In the preparation of the consolidated financial statements for the year ended 31 December 2021, the Group has applied the following amendments to IFRSs, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform Phase 2

In addition, the Group has early applied the Amendments to IFRS 16 "Covid-19-Related Rent Concession beyond 30 June 2021", which are mandatorily effective for annual reporting periods beginning on or after 1 April 2021.

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impact on early application of Amendment to IFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021" (the "2021 Amendment")

The Group has early applied the Amendment to IFRS16 "Covid-19-Related Rent Concessions" in prior year and the 2021 Amendment in the current year. The 2021 Amendment extends the availability of the practical expedient set out in paragraph 46A of IFRS 16 to rent concessions on or before 30 June 2022. The early application of the 2021 Amendment has had no impact to the opening retained profits at 1 January 2021 and the financial position and financial performance for the current year.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial adoption. So far the directors of the Company have concluded that the application of them is unlikely to have a significant impact on the consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the chief executives of the Company.

During the year, the Group is principally engaged in the provision of property management services, value-added services and pre-delivery and consulting services to customers in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the chief operating decision maker of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue was derived in the PRC during the year.

As at 31 December 2021, all of the non-current assets were located in the PRC (2020: Same).

4. REVENUE

Revenue mainly represents consideration to which the Group expects to be entitled for the property management services, value-added services and pre-delivery and consulting services rendered to customers, net of value added tax and surcharges, and allowances for discounts. An analysis of the Group's revenue by category is as follows:

(1) Disaggregation of revenue

	2021	2020
	RMB'000	*RMB'000*
Revenue from contract with customers within the scope of IFRS 15, types of goods or services		
Property management services	**446,031**	379,860
Value-added services	**148,392**	131,990
Pre-delivery and consulting services	**175,753**	141,852
	770,176	653,702

Revenue from contract with customers within the scope of IFRS 15 by timing of revenue recognition:

	Property management services		**Value-added services**		**Pre-delivery and consulting services**		**Total**	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Point in time	**–**	–	**36,731**	37,807#	**28,229**	19,851#	**64,960**	57,658#
Over time	**446,031**	379,860	**111,661**	94,183	**147,524**	122,001	**705,216**	596,044
	446,031	379,860	**148,392**	131,990	**175,753**	141,852	**770,176**	653,702

The comparative figures of revenue amounted to approximately 57,658,000, representing the revenue of utility expenses collection and referral and management services have been reclassified from "over time" to "point in time" to conform with the current year's presentation.

For the year ended 31 December 2021, revenue from entities controlled by the Ultimate Holding Company accounted for 3%, 5% and 14% (2020: 4%, 2% and 17%) of the Group's revenue from property management services, value-added services and pre-delivery and consulting services, respectively. Other than the entities controlled by the Ultimate Holding Company, the Group had a large number of customers and none of whom contributed 10% or more to the Group's revenue for the year (2020: None).

(2) Contract liabilities

The following table shows the revenue recognised in the current year relating to carried-forward contract liabilities:

	2021	2020
	RMB'000	*RMB'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year	**106,001**	90,960

(3) Performance obligations

For property management services and pre-delivery and consulting services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date.

The majority of the property management service contracts do not have a fixed term. The terms of the contracts for pre-delivery and consulting services (except for construction services) are generally set to expire when the counterparties notify the Group that the services are no longer required.

The Group has elected the practical expedient in paragraph 121 of IFRS 15 for the value-added services and construction services contracts that regarding the performance obligation that has an original expected duration of one year or less, the Group does not make disclosure in accordance with paragraph 120 of IFRS 15, that is the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period and an explanation of when the Group expects to recognise as revenue.

5. OTHER INCOME AND GAINS

	2021	2020
	RMB'000	*RMB'000*
Interest income	**19,759**	5,214
Government grants *(Note)*	**4,434**	5,086
Others	**1,946**	1,690
	26,139	11,990

Note: Government grants mainly represented the subsidies received from the local government in support of the business operation. There was no condition to be fulfilled by the Group in relation to the subsidies.

6. PROFIT BEFORE TAX

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

	2021	2020
	RMB'000	*RMB'000*
Cost of services provided	**504,019**	396,030
Employee benefit expenses *(Note (c))* (excluding directors' and chief executive's remuneration):		
Wages and salaries	**124,336**	97,466
Equity-settled share-based payments	**5,132**	6,966
Pension scheme contributions *(Note (d))*	**13,951**	892
	143,419	105,324
Impairment of financial assets at amortised cost:		
– Third parties		
Provision for impairment of trade receivables *(Note 10)*	**1,986**	6,569
Provision for impairment of contract assets *(Note 11)*	**130**	708
(Reversal of)/provision for impairment of financial assets included in prepayments and other receivables	**(150)**	255
	1,966	7,532
– Related parties		
Provision for impairment of trade receivables *(Note 10)*	**4,107**	–
Provision for impairment of contract assets *(Note 11)*	**2,657**	–
Provision for impairment of financial assets included in deposits, prepayments and other receivables	**15,813**	–
Impairment of loan to a related party	**7,869**	–
	30,446	–
Total impairment of financial assets at amortised cost	**32,412**	7,532
Depreciation and amortisation:		
Depreciation of property, plant and equipment *(Note (e))*	**2,165**	1,576
Depreciation of right-of-use assets	**1,330**	1,476
Amortisation of intangible assets	**233**	117
	3,728	3,169
Impairment of investment in a joint venture	**1,370**	2,949
Auditor's remuneration *(Note (a))*	**1,311**	2,600
Expenses relating to short-term leases	**535**	252
Foreign exchange differences, net *(Note (b))*	**4,826**	7,890
Fair value loss of financial assets at FVTPL	**549**	–
Loss on disposal of property, plant and equipment	**211**	295

Cost of sales dealt with in the consolidated financial statements represented cost of services provided by the Group.

Note (a): The amount included agreed-upon procedures services provided relating to interim results for the six months ended 30 June 2021 with approximately RMB328,000 (2020: Nil).

Note (b): Foreign exchange difference was included in "other expenses".

Note (c): Total employee benefit expenses of approximately RMB114,546,000 and RMB28,873,000 (2020: RMB80,245,000 and RMB25,079,000) are charged to cost of sales and administrative expenses, respectively for the year ended 31 December 2021.

Note (d): Pursuant to an announcement issued by the Ministry of Human Resources and Social Security of the PRC, in the light of COVID-19 pandemic, certain Group entities were exempted from making employer contribution to pension, unemployment, and work-related injury insurance schemes between February to December 2020.

Note (e): Total depreciation of property, plant and equipment of approximately RMB1,667,000 and RMB498,000 (2020: RMB1,343,000 and RMB233,000) are charged to cost of sales and administrative expenses, respectively for the year ended 31 December 2021.

7. INCOME TAX

	2021	2020
	RMB'000	*RMB'000*
Current income tax – PRC:		
Corporate income tax	**53,177**	52,611
Withholding tax	**4,371**	4,812
	57,548	57,423
Deferred income tax – PRC:		
Deferred tax asset recognised	**(8,115)**	(1,882)
Deferred tax liabilities recognised	**1,985**	4,923
	(6,130)	3,041
Total tax charge for the year	**51,418**	60,464

(a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) British Virgin Islands ("BVI") income tax

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

(c) Hong Kong profits tax

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax during the year (2020: Same).

(d) PRC Corporate Income Tax

Under the relevant PRC income tax law, the PRC entities of the Group are subject to corporate income tax at a rate of 25% during the year on their respective taxable income.

(e) Withholding tax

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The above PRC withholding tax has been provided based on the net profits of the year planned to be distributed by the Company's Mainland China subsidiaries and the applicable tax rate of 10%.

8. DIVIDENDS

	2021	2020
	RMB'000	*RMB'000*
Proposed final – HK13.8 cents (2020: HK10.2 cents) per ordinary share	**63,660**	48,085

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, adjusted for the dividends in respect of unvested shares under the restricted share award scheme, and the weighted average number of ordinary shares of 536,172,000 (2020: 486,173,000) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity shareholders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been vested under a restricted share award scheme on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2021	2020
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	**122,570**	131,152
Adjustment of the proposed dividends for unvested shares under the restricted share award scheme	**(3,470)**	(3,081)
Adjusted profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**119,100**	128,071
	Thousand Shares	*Thousand shares*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**536,172**[1]	486,173[2]
Effect of dilution – weighted average number of ordinary shares:		
Restricted share award scheme	**30,000**	36,750
Weighted average number of ordinary shares for diluted earnings per share	**566,172**	522,923
	RMB cents	*RMB cents*
Basic earnings per share	**22.21**	26.34
Diluted earnings per share	**21.65**	25.08

1 The weighted average of 536,172,000 ordinary shares represented the 567,500,000 ordinary shares in issue for the year ended 31 December 2021, excluded the 30,000,000 unvested restricted shares, and included the weighted average of 18,000,000 ordinary shares issued by the Company on 8 February 2021.

2 The weighted average of 486,173,000 ordinary shares represented the 500,000,000 ordinary shares in issue for the year ended 31 December 2020, excluded the 36,750,000 unvested restricted shares and the weighted average of 500,000 ordinary shares repurchased by the Company on 26 May 2020, and included the weighted average of 50,000,000 ordinary shares issued by the Company on 15 July 2020.

10. TRADE AND BILLS RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables *(Note (a))*		
– Related parties	**127,855**	140,511
– Third parties	**134,312**	107,829
	262,167	248,340
Less: allowance for impairment of trade receivables	**(19,764)**	(13,671)
	242,403	234,669
Bills receivable *(Note (b))*	**15,749**	4,160
	258,152	238,829

Notes:

(a) For trade receivables from property management services, the Group charges property management fees on a monthly or quarterly basis and the payment is generally due upon the issuance of demand notes, no credit period is granted (2020: Nil).

Receivables from value-added services and pre-delivery services are due for payments in accordance with the terms of the relevant services agreements with property developers, which is normally within 30 to 90 days (2020: 30 to 90 days) from the issue of demand note.

The amounts due from related parties are repayable on credit terms similar to those offered to other major customers of the Group.

(b) The balance represented certain bank acceptance bills totaling RMB15,749,000 (2020: RMB4,160,000). The directors of the Company considered that expected credit loss for these bills is immaterial in view of no history of default and good repayment history of these customers.

An ageing analysis of the trade and bills receivables as at the end of the year, based on the invoice date and net of impairment, is as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**215,354**	185,178
1 to 2 years	**24,662**	33,150
2 to 3 years	**10,117**	16,175
3 to 4 years	**3,419**	2,921
4 to 5 years	**–**	946
Over 5 years	**–**	459
Total	**253,552**	238,829

The movements in provision for impairment of trade and bills receivables are as follows:

	2021		2020	
	Third parties	**Related parties**	Third parties	Related parties
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
At the beginning of year	**13,671**	**–**	5,757	–
Charge for the year *(Note 6)*	**1,986**	**4,107**	6,569	–
Acquisition of subsidiaries	**–**	**–**	1,345	–
At the end of the year	**15,657**	**4,107**	13,671	–

11. CONTRACT ASSETS

	2021	2020
	RMB'000	*RMB'000*
Construction services		
– Related parties	**39,785**	11,631
– Third parties	**25,815**	12,758
	65,600	24,389
Less: allowance for impairment of contract assets	**(3,495)**	(708)
	62,105	23,681

Contract assets primarily relates to the Group's right to consideration for work completed but not yet billed at reporting date arising from construction services contracts. Contract assets are transferred to receivables when the rights become unconditional.

The movements in provision for impairment of contract assets are as follows:

	2021		2020	
	Third parties	**Related parties**	Third parties	Related parties
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
At the beginning of year	**708**	**–**	–	–
Charge for the year *(Note 6)*	**130**	**2,657**	708	–
At the end of the year	**838**	**2,657**	708	–

The expected timing of recovery or settlement for contract assets as at the reporting date is as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**54,187**	23,681
1 to 2 years	**11,413**	–
Total	**65,600**	23,681

The Group classified these contract assets as current because the Group expects to realise them in its normal operating cycle.

12. PREPAYMENTS TO A RELATED PARTY/PAYMENTS TO RELATED PARTIES

Prepayments to a related party represented the payment of entire consideration in advance in accordance with the sale and purchase contract entered into with the Ultimate Holding Company in 2018, for the purchase of 342 units of Xinyuan Mingcheng, the property development project located in Henan Province. As at 31 December 2021, the construction of investment properties was substantially completed. It was expected that the investment properties are ready for handover in middle of 2022. The directors of the Company considered that there was no impairment as the recoverable amount of the prepayment (i.e. fair value less cost to sale of investment properties) was assessed to be higher than its carrying amount.

Payments to related parties represented payment to the Ultimate Holding Company of RMB205,461,000 for an exclusive sales right of car parking spaces. In September 2020, the Group and Ultimate Holding Company entered into the Car Parking Space Exclusive Sales Cooperation Agreement (the "**Agreement**") pursuant to which, Ultimate Holding Company agreed to designate the Group as the exclusive sales partner of a total 4,066 car parking spaces and the Group agreed to pay the refundable payments of approximately RMB206,783,000, representing the total car parking spaces reserve price as the deposits for being such exclusive sales partner. The Agreement is effective upon the fulfillment of conditions (i.e. 19 November 2020) to the Agreement to 31 December 2021.

The payment would be refunded to the Group by instalments in accordance with the agreed sales milestones of car parking spaces.

On 23 December 2021, the Group and Ultimate Holding Company entered into the supplemental agreement (the "**Supplemental Agreement**") pursuant to which, both parties agreed to postpone the cooperation period to 31 December 2023. As at 31 December 2021, such Supplemental Agreement is not effective and subject to approval by extraordinary general meeting.

As at 31 December 2021, the Group did not achieve any agreed sales milestones, but none of the payments were refunded by the Ultimate Holding Company. Pursuant to the Agreement, if the Ultimate Holding Company fails to duly refund the payments, interest shall be payable to the Group at the 1-year loan prime rate announced by the People's Bank of China for the same period (from the date on which the Group actually pays the relevant payments up to the date on which the deposit is actually refunded by the Ultimate Holding Company).

The directors of the Company assess the expected credit loss of the payments and approximately RMB13,992,000 (Note 6) was provided for the year ended 31 December 2021 (2020: Nil).

13. TRADE PAYABLES

	2021	2020
	RMB'000	*RMB'000*
Trade payables		
– Related parties	**2,494**	985
– Third parties	**100,406**	43,050
	102,900	44,035

As at 31 December 2021, the carrying amounts of trade payables approximated to their fair values (2020: Same).

The trade payables have a normal credit terms of 30 to 90 (2020: 30 to 90) days.

The ageing analysis of trade payables based on the invoice date was as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**71,096**	42,571
1 to 2 years	**29,782**	971
2 to 3 years	**1,238**	40
Over 3 years	**784**	453
	102,900	44,035

14. SHARE CAPITAL

The Company was incorporated in December 2018 and its share capital is as follows:

	2021	2020
	RMB'000	*RMB'000*
Authorised:		
38,000,000,000 shares of a par value of HK$0.00001 each	**380**	380

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

	Number of shares in issue	**Fully paid share capital** *RMB'000*
At 1 January 2020	500,000,000	4
Repurchase and cancellation of shares *(Note (a))*	(500,000)	–*
Placing of new shares under general mandate *(Note (b))*	50,000,000	1
At 31 December 2020 and 1 January 2021	549,500,000	5
Placing of new shares under general mandate *(Note (c))*	18,000,000	–*
At 31 December 2021	567,500,000	5

Notes:

(a) The Company repurchased 500,000 ordinary shares of HK$0.00001 each at a total consideration of HK$1,040,000 (equivalent to RMB951,000) in May 2020. The repurchased shares were cancelled in July 2020.

(b) On 15 July 2020, an aggregate of 50,000,000 placing shares has been placed to six placees at the placing price of HK$2.60 per placing share pursuant to the terms and conditions of the placing agreement. The gross proceeds from the placing amounted to HK$130,000,000 and the net proceeds (after deducting all applicable costs and expenses) amounted to approximately HK$127,200,000 (equivalent to RMB115,015,000), with amount of approximately RMB1,000 and RMB115,014,000 credited to share capital and share premium respectively.

(c) On 8 February 2021, an aggregate of 18,000,000 placing shares has been placed to six placees at the placing price of HK$2.10 per placing share pursuant to the terms and conditions of the placing agreement. The gross proceeds from the placing amounted to HK$37,800,000 and the net proceeds (after deducting all applicable costs and expenses) amounted to approximately HK$37,160,000 (equivalent to RMB31,118,000), with amount of approximately RMB180 and RMB31,118,000 credited to share capital and share premium respectively.

* Amount less than RMB1,000.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is a comprehensive property management service provider with widespread influence and robust growth. We strive to be the leading intelligent operator of pan-property industry in central China. In 2021, we were recognised by Shanghai E-House China R&D Institute and China Real Estate Appraisal Centre as a 2021 Top 100 of Most Valuable Brand of China Property Management Service, 2021 Top 20 Branded Property Management Company in Central China, and 2021 Featured Brand of China Property Management Service-Xin-services. We also awarded as 2021 Top 100 Property Management Companies in China by China Index Academy and 2021 Leading Listed Company in China Property Management Service in Asset Growth by Shanghai E-House China R&D Institute and China Real Estate Appraisal Centre.

As at 31 December 2021, the Group's property management services spanned 52 cities across China and were provided to over 220,000 households. Contracted gross floor area ("**GFA**") amounted to 63.0 million sq.m., of which GFA under management amounted to 37.4 million sq.m., representing a year-on-year increase of 18.9% and 7.9% respectively.

In 2021, the Group achieved a revenue of RMB770.2 million, representing a year-on-year increase of 17.8%, with net profit of RMB124.1 million.

Our business covers various property types, including residential properties and non-residential properties (such as commercial offices, office buildings, business parks, industrial parks, government buildings). We provide comprehensive property services and value-added services by focusing on property life cycle, owner's community living and developer's stock assets.

We adhered to the concept of "creating and enjoying a smart urban home", consistently and focused on core IP of "high cost-performance ratio, high satisfaction, high service experience". We dedicated to provide all-round professional property management services for customer through continuously innovating its service system and service standard. In 2021, the Group established Xin-service 4.0 covering eight major service systems based on three major spaces including residential properties, non-residential properties and city, striving to provide our users with a more professional and high quality service.

PROPERTY MANAGEMENT SERVICES

Robust growth in scale

The Group maintained a robust growth in scale strategy. In 2021, taking traditional model of comprehensive engagement with developers' properties as its core, the Group continued to optimize its business structure and achieved robust growth in scale, through a proactive development of the stock market and non-residential market, and expansion of owner's committee projects, business parks, Commercial complexes and industrial parks.

As of 31 December 2021, we have provided property management service and value-added service in 52 cities in PRC. Contracted GFA was approximately 63.0 million sq.m. from a total of 275 contracted properties, representing a year-on-year growth of 18.9% and 16.0% respectively. GFA under management amounted to approximately 37.4 million sq.m. from a total of 196 properties under management, representing a year-on-year growth of 7.9% and 11.4% respectively.

The following table sets out our contracted GFA and GFA under management:

	Year ended 31 December			
	2021		2020	
	Contracted GFA ***('000 sq.m.)***	**GFA under Management** ***('000 sq.m.)***	Contracted GFA *('000 sq.m.)*	GFA under Management *('000 sq.m.)*
At the beginning of the year	**53,004**	**34,667**	37,034	20,064
Addition				
Internal	**1,847**	**985**	1,162	557
External	**8,428**	**1,937**	15,014	14,148
Termination	**243**	**179**	206	102
At the end of the year	**63,036**	**37,410**	53,004	34,667

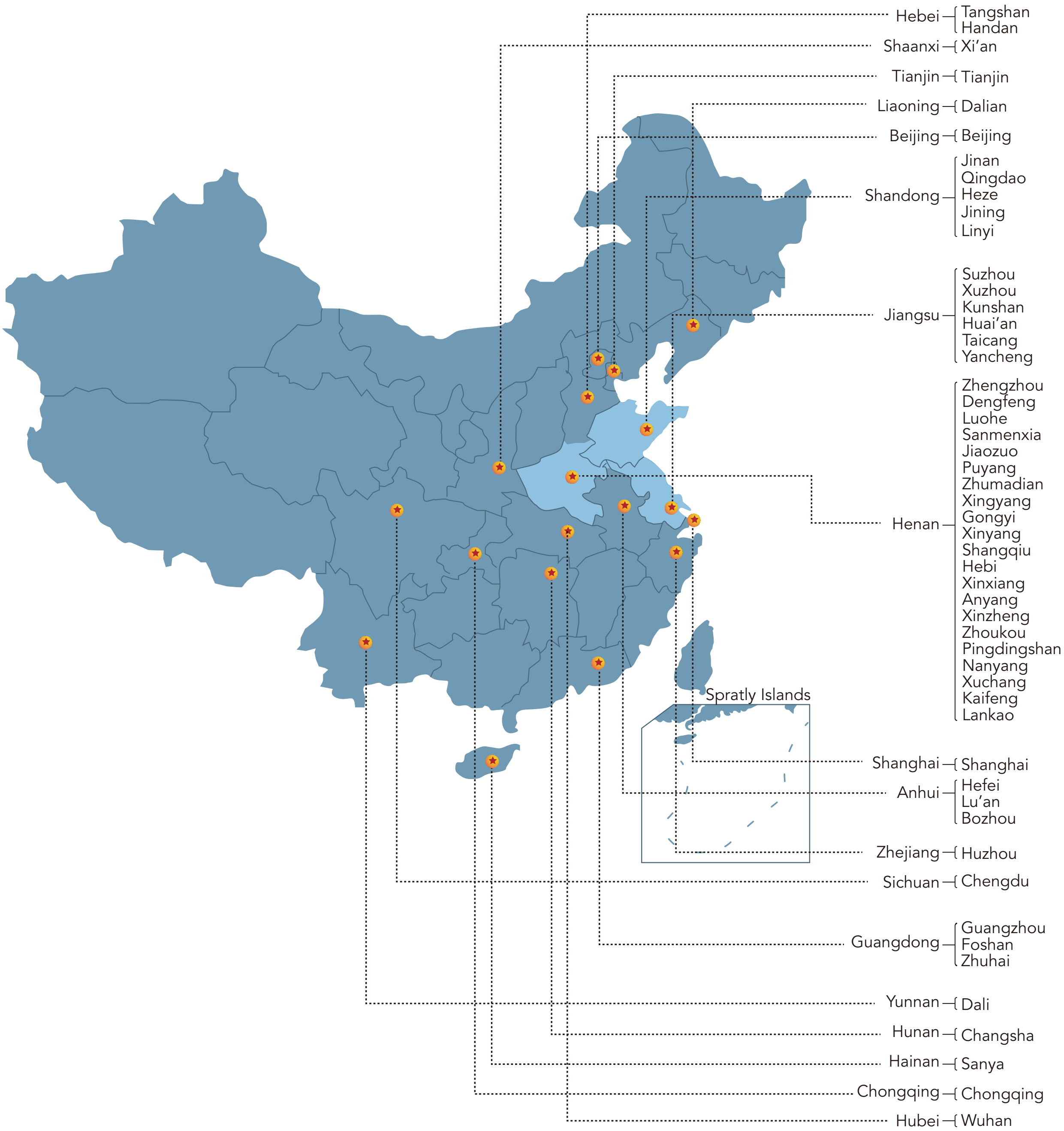
Notes:

(1) These new contracts mainly consist of advance management contracts for new properties developed by property developers, and property management service contracts with residential communities in replacing their former property management service providers, and contracts in relation to new mergers and acquisitions.

(2) Termination includes certain property management service contracts which we opted not to renew due to our reallocation of resources to contracts with higher profitability in order to optimise our property management portfolio.

Our geographical coverage

In 2021, we conducted a plan on nationwide presence of "1+4+N". Geographically, the Group focused on Central China while developing its presence in the Bohai Economic Rim, Yangtze River Delta, Pearl River Delta and Greater Southwest, so as to increasing regional presence. The Group achieved a breakthrough on areas covering Wuhan, Linyi, Jining, Heze, Bozhou and others. As of 31 December 2021, our geographical coverage expanded from Zhengzhou to 52 cities in PRC.



The following table sets out GFA under management as at the dates indicated, and a breakdown of total revenue from property management service by geographical region for the years ended 31 December 2021 and 2020:

	Year ended 31 December					
	2021			2020		
	GFA	**Revenue**	**Percentage share**	GFA	Revenue	Percentage share
	('0,000 sq.m.)	***(RMB'000)***	***%***	*('0,000 sq.m.)*	*(RMB'000)*	*%*
Central China	**16,867**	**437,802**	**56.9**	15,049	392,759	60.1
Eastern China	**6,420**	**167,412**	**21.7**	6,112	167,983	25.7
Western China	**12,262**	**28,679**	**3.7**	11,889	24,532	3.7
Northern China	**1,638**	**29,274**	**3.8**	1,506	18,740	2.9
Southern China	**223**	**107,009**	**13.9**	111	49,688	7.6
Total	**37,410**	**770,176**	**100.0**	34,667	653,702	100.0

Notes:

(1) Includes cities located in Henan, Hunan and Hubei provinces.

(2) Includes cities located in Jiangsu, Anhui, Shandong and Zhejiang provinces and Shanghai municipality.

(3) Includes cities located in Sichuan, Yunnan and Shaanxi provinces and Chongqing municipality.

(4) Includes cities located in Liaoning and Hebei provinces, Beijing and Tianjin municipalities.

(5) Includes cities located in Hainan and Guangdong provinces.

Robust and high quality growth of scale

The Group has always maintained a robust and high quality growth strategy in expansion of scale, and has developed its own unique and characteristic model of expansion of scale with comprehensive engagement as its core.

The Group mainly cooperated with third party developers who engage the Group during the project planning and marketing stages to provide property brand support for marketing, as well as operations and management of the property projects in the later stages. In 2021, we further extended the model and cooperated with the owners' committees, government, enterprises and institutions of the existing project to realize the expansion of the comprehensive engagement from increment to stock and from residential operation type to non-residential operation type.

In 2021, we made efforts to deepen our business for comprehensive engagement in the Henan market, and we also achieved the breakthrough of regional projects such as Heze Huajing Ming City* (菏澤華景銘城), Ziwei Mansion* (紫薇公館), Zijin City* (紫金城), and Xuzhou Shengshi Mingmen* (徐州盛世名門). In terms of the expansion of the existing project, we renewed the contract with Zhengzhou Gude jiayuan* (古德佳苑) owner's committee, and signed contracts with Zhengzhou Civil Aviation Garden* (鄭州民航花園) and Xinyang Jinding* (信陽金鼎) owner's committee.

In terms of stock expansion, we have formed a model for stock expansion covering "on-site quality upgrading, adjustment on property fees, business extension, evident management effectiveness, and continuous value improvement". Taking Zhengzhou Civil Aviation Garden as an example, we entered into a contract with owners' committees in relation to the increase of property fees through improving on-site service quality and its effectiveness, took over heating operation and carried out various businesses based on fundamental property services. In the process of fighting against the flood in Zhengzhou and the pandemic, our service was highly recognized by owners and government departments, achieving continuous improvement on owners' satisfaction and charge rate. Meanwhile, we were awarded RMB50,000 by the government due to excellent on site management and control effectiveness.

In 2021, the Group's third party GFA under management and percentage share of property management service revenue is as follows:

	Year ended 31 December					
	2021			2020		
	GFA *('0,000 sq.m.)*	**Revenue** *(RMB'000)*	**Percentage share** *%*	GFA *('0,000 sq.m.)*	Revenue *(RMB'000)*	Percentage share *%*
Xinyuan Real Estate Group	**14,278**	**294,165**	**66.0**	13,294	279,178	73.5
Independent third parties	**23,132**	**151,866**	**34.0**	21,373	100,682	26.5
Total	**37,410**	**446,031**	**100.0**	34,667	379,860	100.0

Notes:

(1) Xinyuan Real Estate Co., Ltd. (the Ultimate Holding Company) and its subsidiaries are collectively referred to as the Xinyuan Real Estate Group. Includes properties developed by Xinyuan Real Estate Group.

(2) Refers to properties developed by independent third parties independent of Xinyuan Real Estate Group.

Property management portfolio with diverse operation types

The types of businesses we manage include residential and non-residential. Currently, the non-residential properties under management span offices, commercial complexes, industrial parks, schools, and public buildings. While revenue from residential properties accounted for and will continue to account for a large portion of our revenue, we strive to diversify our services to cover properties of different types.

In 2021, we achieved expansion on Non-residential operation type such as Zhengzhou University of Light Industry and Henan Museum and other schools, as well as expansion on public building services. We achieved expansion on industrial park operation type of Jining Zhongke Food* (濟寧眾客食品), Chongqing Sanfeng Environmental Power Generation Limited* (重慶三峰環保發電有限公司), Shandong Linyi Baiyan Technology Ecological Agriculture Comprehensive Demonstration Park* (山東臨沂白彥科技生態農業綜合示範園) and other projects.

A breakdown of property management service revenue from developed properties by property types for the years ended 31 December 2021 and 2020:

	Year ended 31 December					
	2021			2020		
	GFA *('0,000 sq.m.)*	**Revenue** *(RMB'000)*	**Percentage share** %	GFA *('0,000 sq.m.)*	Revenue *(RMB'000)*	Percentage share %
Residential	**24,074**	**357,247**	**80.1**	22,334	327,706	86.3
Non-residential	**13,336**	**88,784**	**19.9**	12,333	52,154	13.7
Total	**37,410**	**446,031**	**100.0**	34,667	379,860	100.0

VALUE-ADDED SERVICES

In 2021, based on the upstream and downstream of the property and surrounding industrial chain, we continued to deepen the business layout and improve the service capacity of the diverse operation types and the whole industrial chain. The operation mode of the pan-property and pan-industry was gradually clear and mature. By virtue of the strengths of internal and external resources and capabilities of the property company, we lay emphasis on innovative breakthroughs in the three major areas covering owners' home living services, assets revitalization services and life-cycle services for properties. Value-added services achieved sound development in 2021, with annual revenue of RMB148.4 million and growth rate of 12.4%.

In terms of life services for owners, based on the needs of owners, we provided differentiated service products according to the owner's common needs and individual needs, focusing on improving users' activity and stickiness. Relying on "Xiaoxin Best Choice Mall* (小鑫優選商城)" platform, we focused on creating a series of competitive products, providing owners with high-quality daily necessities, and providing owners with a variety of housekeeping services through Xinyi Better Life* (鑫怡美好生活). The revenue of competitive products such as water, eggs, and milk doubled throughout the year. The revenue of "Xiaoxin Best Choice Mall* (小鑫優選商城)" increased by 45.2% year-on-year, and housekeeping services increased by 10 times year-on-year.

The following table sets out the breakdown of the community value-added for the year ended 31 December 2021 and 2020:

	Year ended 31 December			
	2021		2020	
	RMB'000	*%*	*RMB'000*	*%*
Value-added services				
Utilities payment services	**28,576**	**19.3**	31,414	23.8
Public space resource management	**49,306**	**33.2**	60,337	45.7
Household living services	**70,510**	**47.5**	40,239	30.5
Total	**148,392**	**100.0**	131,990	100.0

Notes:

(1) Profit is derived from paid utilities using the cost-plus method.

(2) We collect a pre-agreed fee for public space resource management.

(3) We conduct sales of daily necessities through our Xiaoxin Best Choice mobile application. Profit is derived from the provision of household living services and provision of customised services (such as Floor heating maintenance services and application and installation of electric vehicle charging station services).

PRE-DELIVERY AND CONSULTING SERVICES

Leveraging on the Group's professional property management experience of 23 years, we offer tailored pre-delivery and consulting services to property developers to help enhance the competitiveness of the property development.

Pre-delivery services include the provision of co-sales services to property developers during the pre-delivery phase of the relevant property or when the property is put on the market for sale, for instance (i) property sales venue management services; and (ii) property sales venue "warm-up" services to property developers at the pre-delivery stage of the relevant property or when the property is put onto the market for sale. Consulting services include (i) advising property developers at the early and construction stages of a property on project planning, design management and construction management to enhance its functionality, comfort and convenience; and (ii) intermediary and management services provided to property developers for unsold properties.

In respect of specialized work construction, we established the EPC+CDI model for smart community construction, and expanded towards transform of stock communities, construction by external developers and other aspects. New business in elevator additions and maintenance construction with funds has been explored, which made a gradual improvement on our business capacity. In 2021, we carried out 42 batches of stock business transformation such as renewal projects and construction, as well as two batches of business such as elevator additions and maintenance construction with funds, achieving the revenue of RMB69.5 million.

Pre-delivery and consulting services receivables in 2021 were RMB175.8 million, representing an increase of 23.9%.

	Year ended 31 December			
	2021		2020	
	RMB'000	*%*	*RMB'000*	*%*
Pre-delivery and consulting services				
Early stage involvement	**13,408**	**7.6**	19,997	14.1
Property sales venue services	**53,619**	**30.5**	41,004	28.9
Venue "warm up" events fees	**9,821**	**5.6**	25,851	18.2
Construction settlement income	**69,548**	**39.6**	34,184	24.1
Parking space management income	**27,900**	**15.9**	19,831	14.0
Others	**1,457**	**0.8**	985	0.7
Total	**175,753**	**100.0**	141,852	100.0

OUTLOOK

The Group's strategy for the next three to five years will be based on the five cores of expansion of scale, increase in density, focus on segments, and adjustment of structure to accelerate business scale, upgrade services, optimise operation type, extension of industry, and empowerment through technology. Based on our position as a leading intelligent operator of pan-property industry, we aim to realise quality growth through key measures such as quality operations, expansion of scale, organisation innovation, technological development, and enhancement of capability, which will form three major development pillars, "Xin-property", "Xin-industry", and "Xin-technology".

I. Xin-property

On the basis of focusing on services and consolidating the foundation with the aim to ensure service quality and business development quality, we brought forth new ideas in diversified cooperation model, continuously expanding from increment to stock, innovating development path while ensuring expansion quality, and further optimizing business structure.

In terms of basic services, we took the implementation of Xin Service 4.0 as a starting point, improved service quality, enhanced customer perception and experience by exploring the real needs of customers, focusing on the actual issues of business, stimulating the motivation of employees, giving full play to the real effectiveness of data and building the capability of the team, and continuously enriching the connotation and extension of services. We focused on strengthening the implementation and benchmarking of standards, established a differentiated brand matrix, strengthened refined management and the ability of precise service and consolidate the foundation of property services.

In terms of scale development, based on the development layout of “1+4+N”, we focused on the five core regions of Central China, Bohai Economic Rim, Yangtze River Delta, Pearl River Delta and Southwest China to carry out in-depth business layout and cultivate regional presence in depth.

We strengthened the leading position of Central China with focus on the markets of Henan province and Hubei province. Meanwhile, we increased the layout of the other four regions. Bohai Economic Rim region took comprehensive engagement as its core, consolidated the market position and strengthened the management density; Yangtze River Delta focused on comprehensive engagement + merger; the Pearl River Delta took merger as the core to increase the market layout, forming regional characteristics brand. We took the regions deployed as the core, at the same time, choose high-quality projects to expand to all parts of the country.

In relation to the expansion strategy, we will focus on the principle of “low cost and steady growth”, rely on the creation of diversified service capabilities, the construction of a full industry chain service ecology, and the creation of a red property brand, innovate diversified cooperation models on the basis of the existing the expansion of comprehensive engagement , and take the stock property market such as urban renewal, the reform of receptions, office cars and overseas trips of state-owned enterprises and the cooperation of state-owned enterprises as new growth poles. We actively seek acquisition opportunities of quality projects in the market, and formulate and expand a multi factor-driven strategy.

II. Xin-industry

Focusing on industrial chain to expand horizontally and vertically, we transformed from resource-based development to capability-based development, and made rapid layout relying on the strengths of professional capabilities. We rapidly expands business scale through extends from endogenous growth to exogenous growth.

In terms of vertical industry chain extension, we build the front-end and back-end industry chain ecology with focuses on the upstream and downstream industry chain of property through the continuous development of engineering construction, intelligent community construction, specialized services, community stock asset services and other businesses.

In terms of horizontal diversification, Xin-industry focuses on the needs of owners in the full life cycle of community services, with emphasis on community child care, community pension, family services, life services and other areas, constructing community service ecology.

In terms of the layout of value-added services, based on the living, working, and services needs of our customers, the Group effectively integrates offline property service advantages with an online service platform to offer value-added services in areas such as community living, park services, and daily business activities. The Group will continue to gradually expand from living services, professional services, housing services, asset management services in living spaces, to asset management, business support in non-living spaces and public services in urban spaces.

In terms of the layout of Xin-industry, based on the advantages of internal and external resources and capabilities, we cultivate superior business with scale doubled. We will make transition from resource-based development to capability-based development, deeply couple with external industrial chain, innovation chain, supply chain, element chain and policy chain, grow bigger and stronger in a rapid manner, and extend from endogenous development to exogenous development. Currently, the Group has widespread coverage over areas such as preliminary engineering construction, smart community construction, old district redevelopment, long-term apartment rental, housekeeping, professional companies, cultural industries and community elderly care. In the next three to five years, the Group will maximise efforts on developing and expanding the scale of its core industries, and develop market-based expansion capabilities to grow new segments.

III. Xin-technology

Xin-technology extends from internal empowerment to external empowerment, and supports scale increment through science and technology. Xin-technology will progressively transform from internal construction to an internet of industries, and change its role from internal solution provider to industrial solution provider.

Based on internal business empowerment, Xin-technology continues to form external output capacity, industrial service capacity, achieving steady industrialization of its technology business. By virtue of the effective integration of property resources and elements through informatisation, digitalization and intelligence, we will improve the efficiency of the use of property resources and elements, forming a new business model and business model through innovative combination and use of resources and elements, producing greater value, and realizing the digital transformation of the enterprise itself.

With digital transformation of service and management as it objective, internal information construction focuses on the core goals such as owner experience, business empowerment, management promotion and digital transformation, and internal digital platform will be built based on business-financial integration, the data center, and IoT platform. Digitization promotes and empowers fine business management, efficiency of works at all levels and management efficiency, and continues to improve the Company's core competitiveness.

In respect of external growth, on the one hand, we based on the smart community construction project, encapsulating the smart community construction model, and laying a solid foundation for the formation of external expansion capability; on the other hand, by focusing on the new demands of external partners add making breakthrough from a single point, we formed external technology empowerment capability, constantly expanded the scope of services, and built external empowerment capability strength.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2021, the Group recorded revenue of approximately RMB770.2 million (corresponding period in 2020: approximately RMB653.7 million), representing an increase of approximately 17.8% as compared to corresponding period of previous year.

The Group's revenue was derived from three major business, (i) property management services; (ii) value-added services; and (iii) pre-delivery and consulting services:

	Year ended 31 December			
	2021		2020	
	Revenue	**RMB'000**	Revenue	RMB'000
	Percentage	***%***	*Percentage*	*%*
Property management services	**446,031**	**57.9**	379,860	58.1
Value-added services	**148,392**	**19.3**	131,990	20.2
Pre-delivery and consulting services	**175,753**	**22.8**	141,852	21.7
Total	**770,176**	**100.0**	653,702	100.0

Gross profit and gross profit margin

The following table sets forth a breakdown of gross profit and gross profit margin by its business lines during the record period:

Segment	**2021**		2020	
	RMB'000	***%***	*RMB'000*	*%*
Property management services	**104,260**	**23.4**	109,365	28.8
Value-added services	**102,162**	**68.8**	89,317	67.7
Pre-delivery and consulting services	**59,735**	**34.0**	58,990	41.6
	266,157	**34.6**	257,672	39.4

The Group's gross profit for the Year amounted to RMB266.2 million, representing a growth of 3.3% over RMB257.7 million in 2020. Gross profit margin decreased to 34.6% from approximately 39.4% in 2020.

Gross profit margin of property management services was 23.4%, representing a decrease of 5.4 percentage points as compared to 28.8% in 2020. The decrease in gross profit margin for property management services was mainly due to (i) the cancellation of the social insurance exemption policy by the government during the period, resulting a slight increase of labor costs, (ii) relatively lower gross profit margin of property management service business in respect of new industrial park and business park; and (iii) the cost of flood rescue and order restoration of property management projects increased during the "July 20" flood in Zhengzhou.

Gross profit margin of value-added services was 68.8%, representing an increase of approximately 1.1 percentage points as compared to 67.7% in 2020, mainly due to the increase in income from living services of owners such as cleaning and housekeeping, while the increase in the cost of sales of related services was relatively small due to economies of scale.

Gross profit margin for pre-delivery and consulting services was 34.0%, representing a decrease of approximately 7.6 percentage points as compared to 41.6% in 2020. Such decrease in gross profit margin for pre-delivery and consulting services was due to initial funding and higher costs arising from expansion of our product and service product (in particular repairs and smart engineering services) portfolio and scale, which led to an increase in staff costs and expenses paid to third parties and subcontracts for subcontracting works arising from provision of such services, in turn causing an adverse impact to our gross profit margin.

Administrative expenses

The Group's administrative expenses for the Year amounted to RMB73.0 million, representing an increase of 29.0% as compared to RMB56.6 million in 2020, also representing 9.5% of revenue (2020: representing 8.7% of revenue). The increase was mainly due to (i) the cancellation of the preferential policy of reduction and wavier of social insurance by the state leading to the increase in cost of social insurance; and (ii) professional service expenses such as lawyers' fees for the resumption of listing of the Company increased.

Other income

The Group's other income for the Year amounted to RMB26.1 million, representing an increase of 118% as compared to RMB12.0 million in the previous year. Such increase was mainly attributable to several factors, such as (i) interest compensation of capital occupancy of RMB4.1 million received within the Group; and (ii) interest income received increased by approximately RMB10.4 million in 2021.

Income tax

The Group's income tax expenses for the Year amounted to RMB51.4 million. The income tax rate was 29.3% (corresponding period in 2020: 31.4%). The decrease in income tax rate for the Year was mainly attributable to the increase of the deferred income tax assets recognised in the current period.

Profit

The Group's net profit for the Year amounted to RMB124.1 million, representing a decrease of 5.9% as compared to RMB131.9 million in the corresponding period last year. Net profit margin was 16.1%, representing a decrease of 4.1 percentage points as compared to 20.2% in the corresponding period last year, primarily owing to (i) increased provision ratio of impairment of financial and contractual assets; (ii) increased professional service fees including legal fees related to resumption work of the Company.

Profit attributable to the Company's shareholders for the Year amounted to RMB122.6 million, representing a decrease of 6.5% as compared to RMB131.2 million in the corresponding period last year. Basic earnings per share was RMB22.21 cents.

Current assets, reserves and capital structure

The Group maintained a sound financial position during the Year. As at 31 December 2021, current assets amounted to RMB1,141.8 million, representing a growth of 0.6% as compared to RMB1,134.8 million as at 31 December 2020.

As at 31 December 2021, the Group's total equity was RMB914.9 million, representing an increase of RMB117 million or 14.7% as compared to RMB797.9 million as at 31 December 2020, mainly due to the increase in economic income.

Property, plant and equipment

As at 31 December 2021, the Group's net property, plant and equipment amounted to RMB9.6 million, representing a growth of 7.9% as compared to RMB8.9 million as at 31 December 2020, mainly due to additions of office equipment machinery equipment to cope with the Group's expansion of scale in 2021.

Other intangible assets

As at 31 December 2021, the book value of the Group's other intangible assets was RMB2.2 million, representing a growth of 123.7% as compared to RMB1.0 million as at 31 December 2020. The Group's intangible assets mainly comprise (i) the Xinyuan Property Integrated Management Platform System; (ii) the Xinyuan Property Call Centre System; (iii) the electronic invoice tax control invoicing system; (iv) FineReport software and (v) cost management system.

Trade receivables

As at 31 December 2021, trade receivables amounted to RMB258.2 million, representing a growth of 8.1% as compared to RMB238.8 million as at 31 December 2020, mainly due to the growth in the Group's GFA under management driving the growth of the respective business.

Prepayments and other receivables

Our prepayments and other receivables mainly comprised (i) prepayments to a related party; (ii) prepayments to third parties; and (iii) other receivables. As of 31 December 2021, the Group's prepayments and other receivables was approximately RMB342.1 million, representing an increase of approximately RMB230.2 million as compared to approximately RMB111.9 million as at 31 December 2020. The increase was mainly due to the payment of earnest money by the Group to Xinyuan Group for the exclusive sales of car parking space.

Our prepayments to a related party mainly represent prepayments to another subsidiary of Xinyuan Real Estate Group of approximately RMB89.1 million for the purchase of certain residential units for investment purposes pursuant to a sale and purchase agreement dated 11 June 2018.

Our prepayments to third parties mainly comprised prepayments made to utility suppliers and subcontractors. Our prepayments increased from approximately RMB7.5 million as at 31 December 2020 to approximately RMB12.0 million as at 31 December 2021. Such increase was mainly attributable to the increase in prepayments made to our suppliers and subcontractors as a result of the increase in the Group's GFA under management leading to the increase in engagements with them.

Our other receivables mainly represent deposits, prepayments on behalf of property residents and amount due from third parties. Our other receivables increased from approximately RMB15.3 million as at 31 December 2020 to approximately RMB222.4 million as at 31 December 2021. Such increase was mainly attributable to the increase in the Group's GFA under management and business growth during the Year.

Trade payables

As at 31 December 2021, trade and other payables amounted to RMB102.9 million, representing a growth of 133.7% as compared to RMB44.0 million as at 31 December 2020. The increase was mainly attributable to the increase in the amount of outstanding payables for goods during the current period.

Other payables and accruals

The Group's other payables and accruals mainly comprised (i) non-trade payables to related parties; (ii) deposits and temporary receipts from property owners; and (iii) payroll payables and other taxes payable. As of 31 December 2021, the Group's other payables and accruals (other than contract liabilities) amounted to approximately RMB249.9 million, representing an increase of approximately 17.0% as compared to approximately RMB213.5 million as at 31 December 2020. Such increase was mainly attributable to the increase in the Group's GFA under management and business growth during the Year.

Contract liabilities

The Group's contract liabilities mainly resulted from the advance payments received from customers while the underlying services are yet to be provided. As of 31 December 2021, our contract liabilities was approximately RMB138.8 million, representing an increase of 11.8% as compared to approximately RMB124.1 million as at 31 December 2020, mainly due to the increase in the Group's GFA under management and the number of customers during the Year.

Borrowings

As of 31 December 2021, the Group had no borrowings or bank loans.

Gearing ratio

Gearing ratio is calculated by dividing total borrowings by total equity, based on the sum of long-term and short-term interest-bearing bank loans and other borrowings as at the corresponding date divided by the total equity on the same date. As at 31 December 2021, gearing ratio was nil.

Pledged assets

As at 31 December 2021, the Group had no pledged assets.

Material acquisition

The Group had no material acquisition during the Year.

Material disposal

The Group had no material disposal of subsidiaries and associates during the Year.

Significant investment

On 25 January 2021, Xinyuan Science and Technology Service Group Co., Ltd. ("**Xinyuan Science**") (an indirect wholly-owned subsidiary of the Company), Beijing I-Journey Science and Technology Development Co., Ltd.* (北京愛接力科技發展有限公司) ("**Beijing I-Journey**"), Beijing Ruizhuo Chaoyun Technology Group Co. Ltd.* (北京瑞卓超雲科技集團有限公司), Ms. Leung Lai Shan and Beijing Future Xinzhihui Technology Development Centre (Limited Partnership)* (北京未來鑫智慧科技發展中心(有限合夥)) (collectively, the "**Parties**") entered into the capital injection agreement (the "**Capital Injection Agreement**"), pursuant to which, Xinyuan Science has agreed to inject capital in the sum of approximately RMB30,000,000 (equivalent to approximately HK$36,000,000) into Beijing I-Journey, of which RMB10,000,000 (equivalent to approximately HK$12,000,000) would be included in the registered capital of Beijing I-Journey and the remaining RMB20,000,000 (equivalent to approximately HK$24,000,000) would be included in the capital reserve (資本公積金) of Beijing I-Journey (the "**Capital Injection**"). Upon completion of the Capital Injection, the Company would indirectly hold 20% of the equity interest in Beijing I-Journey and Beijing I-Journey would not become a subsidiary of the Company. On 8 March 2021, the Parties mutually agreed not to proceed with the Capital Injection and entered into a termination agreement (the "**Termination Agreement**") to terminate the Capital Injection Agreement. With effect from the date of the Termination Agreement, all rights and obligations under the Capital Injection Agreement shall cease to have effect, and neither Party shall make any claims against the other Parties for fees or breaches in connection with the Capital Injection Agreement. Please refer to the announcements of the Company dated 25 January 2021 and 8 March 2021 for further details.

Contingent liabilities

As at 31 December 2021, the Group had no significant contingent liabilities.

Exchange rate risk

The Group's principal business is conducted in the PRC where most of the Group's revenue and expenses are denominated in RMB. Accordingly, save certain bank balances that were denominated in Hong Kong dollars, the Group was not exposed to material risk directly related to foreign exchange rate fluctuation. Currently, the Group has not entered into any forward contracts to hedge its exchange rate risk, although management will continue to monitor foreign exchange risk and take cautionary measures to minimise foreign exchange risk.

Employment and remuneration policy

As of 31 December 2021, the Group had approximately 1,741 employees (31 December 2020: approximately 1,392 employees).

The Group adopts a remuneration policy similar to its peers in the industry. The remuneration payable to our employees is determined with reference to their duties and the prevailing local market rates. Employees are paid discretionary performance bonuses upon review as reward for their contribution. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, the Group has participated in different social welfare plans for its employees.

In addition, the Group adopted a post-IPO share option scheme on 16 September 2019 which enables the Directors to grant share options to the Group's employees in order to retain elite personnel and to provide reward and incentive for their contribution to the Group. No share option thereof was granted during the Year.

Use of Proceeds from the Listing

On 11 October 2019, the shares of the Company were successfully listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). After deducting underwriting fees and related expenses, net proceeds from the Listing was approximately RMB197.2 million (the "**Listing Net Proceeds**").

Up to 31 December 2021, the Group utilised approximately RMB71.3 million of the Listing Net Proceeds, with approximately RMB125.9 million of which remained unutilised (the "**Unutilised Listing Net Proceeds**"). Details of the use of the Listing Net Proceeds are as follows:

Use of Listing Net Proceeds	Planned use of Listing Net Proceeds to be used *RMB million*	Actual use of Listing Net Proceeds from the Listing Date to 31 December 2020 *RMB million*	Unutilised Listing Net Proceeds up to 31 December 2020 *RMB million*	Actual use of Listing Net Proceeds from 1 January 2021 to 31 December 2021 *RMB million*	Unutilised Listing Net Proceeds up to 31 December 2021 *RMB million*	Expected timeline for the use of the Unutilized Listing Net Proceeds[5]
To expand our property management services, seek strategic acquisition and investment opportunities	118.3	20.0[1]	98.3	2.2[1]	96.1	Expected to be fully utilised on or before 30 September 2023
To expand the types of services offered in our value-added services business line	29.6	11.5	18.1	11.3[2]	6.8	Expected to be fully utilised on or before 30 September 2022
To upgrade and develop our own information technology and smart systems	29.6	2.9[3]	26.7	3.7[3]	23	Expected to be fully utilised on or before 30 September 2022
Funding our working capital needs and other general corporate purposes	19.7	19.7[4]	–	–	–	–
Total	197.2	54.1	143.1	17.2	125.9	

Notes:

1. Approximately RMB7.4 million and RMB14.8 million were used, respectively, for the payment for (i) the fees in relation to the development of the scale of our property management services and marketing and promotion of our property management services; and (ii) the consideration for the capital contribution to Handan Gangcheng Property Service Co., Ltd.* (邯鄲市鋼城物業有限公司) and the acquisition of 100% equity interest in Chongqing Heavy Truck Group Hongqi Property Co. Ltd.* (重慶重型汽車集團鴻企物業有限公司). As disclosed in the Prospectus (as defined below), the Group intends to actively expand our property management services by strategically acquiring or investing in quality property management companies who have a regional scale of business operations. Since 2021, the Group has still selected for appropriate property management service providers with value for purchase or investment in a cautious manner, so as to bring maximum returns to the Company and shareholders.

2. Approximately RMB 11.3 million was used for operating on-site software and hardware, space decoration, investment in intelligent operation equipment, investment in new business cultivation, promotion, product and business incubation and others. The Group is still on the lookout for value-added services business providers and contractors to expand the types of value-added services that can be provided by the Group, and has repeatedly carried out research on the relevant market and discussions with potential partners of our value-added services business line.

3. Approximately RMB6.6 million was used for the construction of our hardware end (i.e. servers, real time monitoring equipment and management center). The Group has completed the overall planning for digital development, and 2022 is the key year for the Group's digital upgrading. Core system construction such as internal ERP upgrade, HER construction and comprehensive business-financial integration will be completed, and the middle-end data platform and union of things platform will be fully completed, which will further enhance the Company's internal operation and management efficiency and core competitiveness.

4. Approximately RMB19.7 million was fully utilised for the payment of the wages and salaries of the Group's employees.

5. The expected timeline for the use of the Unutilised Listing Net Proceeds is determined based on the Group's best estimate of future market conditions, and is subject to change depending on current market conditions and future market developments.

The Board confirmed that the utilised proceeds were allocated and used in the manner set out in the prospectus of the Group dated 25 September 2019 (the "**Prospectus**"), and intends to continue to allocate and use the Unutilised Listing Net Proceeds in the following manner in line with which were set out in the Prospectus:

(i) Approximately RMB96.1 million of the Unutilised Listing Net Proceeds will be used to expand our property management services, seek strategic acquisition and investment opportunities;

(ii) Approximately RMB6.8 million of the Unutilised Listing Net Proceeds will be used to expand the types of services offered in our value-added services business line; and

(iii) Approximately RMB23 million of the Unutilised Listing Net Proceeds will be used to upgrade and develop our own information technology and smart systems.

Note: Approximately 10% of the Listing Net Proceeds for funding our working capital needs and other general corporate purposes have been fully utilised.

As at 31 December 2021, the Unutilised Listing Net Proceeds were placed at a licensed bank in the PRC. The Directors are not aware of, and do not anticipate any material delay or change in the use of proceeds, and will continue to assess the plans in relation to the planned allocation of the Listing Net Proceeds as set out in the Prospectus, the annual reports and the interim reports of the Company. The Directors may modify or amend the relevant plans as necessary in order to address the changing market conditions, and strive for the Group to achieve better business performance.

Use of Proceeds from the 2020 Placing

Reference is made to the Company's announcements dated 3 July 2020 and 15 July 2020 (collectively, the "**2020 Placing Announcements**"). On 3 July 2020, the Company entered into a placing agreement (the "**Placing Agreement**") with Guotai Junan Securities (Hong Kong) Limited and Valuable Capital Limited (the "**2020 Placing Agents**"), pursuant to which, the 2020 Placing Agents (each on a several but not joint nor joint and several basis) conditionally agreed to procure, as agents of the Company, not less than six (6) placees (the "**2020 Placees**") on a best effort basis for up to an aggregate of 50,000,000 ordinary shares of the Company at the placing price of HK$2.60 per placing share on the terms and subject to the conditions set out in the Placing Agreement (the "**2020 Placing**"). The maximum aggregate nominal value of the placing shares under the 2020 Placing is HK$500. The market price of the placing shares was HK$2.86 per share as quoted on the Stock Exchange on 3 July 2020, being the date of the Placing Agreement. The net price of the placing shares was approximately HK$2.54 per share.

The Directors considered that the 2020 Placing will strengthen the Group's financial position, broaden the Company's shareholder base and is in the interests of the Company and the Shareholders as a whole.

Completion of the 2020 Placing took place on 15 July 2020, a total of 50,000,000 placing shares were placed by the 2020 Placing Agents to the 2020 Placees at the placing price of HK$2.60 per placing share.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the 2020 Placees and their respective ultimate beneficial owner(s), as applicable, are parties independent of the Company and not acting in concert with the connected persons of the Company and are not parties acting in concert with each of the other 2020 Placees procured by the 2020 Placing Agents under the Placing Agreement.

The net proceeds from the 2020 Placing amounted to approximately RMB115.0 million (the "**2020 Placing Net Proceeds**"). Up to 31 December 2021, the Group utilised approximately RMB11.5 million of the 2020 Placing Net Proceeds. Details of the use of the 2020 Placing Net Proceeds are as follows:

Use of 2020 Placing Net Proceeds	**Planned amount of 2020 Placing Net Proceeds to be used** *RMB million*	**Actual use of 2020 Placing Net Proceeds up to 31 December 2020** *RMB million*	**Unutilised amount of 2020 Placing Net Proceeds up to 31 December 2020** *RMB million*	**Actual use of 2020 Placing Net Proceeds from 1 January 2021 up to 31 December 2021** *RMB million*	**Unutilised amount of 2020 Placing Net Proceeds up to 31 December 2021** *RMB million*	**Expected timeline for the use of the unutilized 2020 Placing Net Proceeds**
Business development, which mainly relates to (a) diversifying the types of services offered to the customers and (b) upgrading and developing the Group's smart systems	69.0	–	69.0	–	69.0	Expected to be fully utilised on or before 30 June 2024
Strategic investment in businesses or targets that are related to the Group's principal businesses	34.5	–	34.5	–	34.5	Expected to be fully utilised on or before 30 June 2024
General working capital	11.5	11.5	–	–	–	–
Total	115.0	11.5	103.5	–	103.5	

The Board considered that no modification of the use of 2020 Placing Net Proceeds as described in the 2020 Placing Announcements is needed.

Use of Proceeds from the Subscription

Reference is made to the Company's announcements dated 25 January 2021 and 8 February 2021 (collectively, the "**2021 Placing and Subscription Announcements**"). On 25 January 2021, the Company entered into the placing and subscription agreement (the "**2021 Placing and Subscription Agreement**") with Xinyuan Real Estate, Ltd. (the "**Vendor**") and Guotai Junan Securities (Hong Kong) Limited (the "**2021 Placing Agent**"), pursuant to which (i) the Vendor agreed to appoint the 2021 Placing Agent, and the 2021 Placing Agent agreed to act as an agent of the Vendor to procure not less than six (6) placees, on a best effort basis, to purchase up to 18,000,000 ordinary shares in the Company (the "**Placing Shares**") at the price of HK$2.10 per Placing Share (the "**2021 Placing**"); and (ii) the Vendor agreed to subscribe for, and the Company agreed to allot and issue to the Vendor, up to 18,000,000 new ordinary shares in the Company (the "**Subscription Shares**") at the price of HK$2.06 per Subscription Share (the "**Subscription**"). The maximum aggregate nominal value of the Subscription Shares was HK$180. The market price of the shares of the Company was HK$2.28 per share as quoted on the Stock Exchange on 25 January 2021, being the date of the 2021 Placing and Subscription Agreement.

The 2021 Placing and the Subscription were conducted by the Company as the Directors were of the view that (i) they shall provide a good opportunity to raise additional funds to enable the Group to actively pursue acquisition or investment opportunities and enhance its development in the property management services industry in the PRC; and (ii) they shall also strengthen the financial position and to broaden the shareholder base and capital base of the Group.

Completion of the 2021 Placing took place on 27 January 2021 and completion of the Subscription took place on 8 February 2021. A total of 18,000,000 Placing Shares have been successfully placed by the 2021 Placing Agent to the 2021 Placees. A total of 18,000,000 Subscription Shares had been allotted and issued to the Vendor pursuant to the general mandate granted to the Directors at the Company's annual general meeting held on 29 May 2020.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the placees of the 2021 Placing were individual, professional or institutional investors that were independent of and not connected with the Company and its connected persons, not a party acting in concert with the Vendor. None of such placees had become a substantial shareholder of the Company immediately after completion of the 2021 Placing.

The gross proceeds from the Subscription are approximately HK$37.80 million and the net proceeds from the Subscription are approximately HK$37.16 million after deducting the 2021 Placing Agent's commission, other related fees, costs and expenses in connection with the 2021 Placing and the Subscription (the "**Subscription Net Proceeds**"). The net price per 2021 Subscription Shares amounted to approximately HK$2.06. Up to 31 December 2021, the Group utilised approximately RMB7.8 million of the Subscription Net Proceeds. As the Capital Injection did not proceed to completion as further described in the subsection headed "Financial Review – Significant Investment" in this announcement, in line with the planned use of proceeds as set out under the 2021 Placing and Subscription Announcements, details of the use of the Subscription Net Proceeds are as follows:

Use of Subscription Net Proceeds	**Planned amount of Subscription Net Proceeds to be used**	**Actual use of Subscription Net Proceeds up to 31 December 2021**	**Unutilised amount of Subscription Net Proceeds up to 31 December 2021**	**Expected timeline for the use of the unutilized Subscription Net Proceeds**
	RMB million	*RMB million*	*RMB million*	
Approximately 75% strategic investment in businesses or targets that are related to property management services	23.4	–	23.4	Expected to be fully utilised on or before 30 June 2025
Approximately 25% for general working capital of the Group	7.8	7.8	–	Expected to be fully utilised on or before 30 June 2024
Total	31.2	7.8	23.4	

The Board considered that no modification of the use of Subscription Net Proceeds as described in the 2021 Placing and Subscription Announcements is needed.

EVENTS AFTER THE REPORTING PERIOD

(1) On 12 January 2022, the Board announced that from December 2020 to February 2021, the Group made successive prepayments to Henan Xinyuan Guangsheng Real Estate Co., Ltd. ("**Xinyuan Guangsheng**"), Zhengzhou Xinnan Real Estate Co., Ltd. ("**Zhengzhou Xinnan**"), Mingyuan Landscape Engineering Co., Ltd. ("**Mingyuan Landscape**") and Changsha Xinyuan Wanzhuo Real Estate Co., Ltd. ("**Xinyuan Wanzhuo**") in respect of a series of car parking space exclusive sales cooperation agreements (together, the "**Car Parking Space Exclusive Sales Cooperation Sub-agreements**"). Pursuant to the Car Parking Space Exclusive Sales Cooperation Sub-agreements, the Group may separately enter into service agreements with the relevant buyers for the sales of the designated car parking spaces and directly charge service fees to such buyers.

As stated in the announcement of the Company dated 27 October 2021, the Group previously understood that the aforesaid Car Parking Space Exclusive Sales Cooperation Sub-agreements fell under the car parking space exclusive sales cooperation agreement dated 17 September 2020 between the Company and Xinyuan Real Estate Holdings (the "**Framework Agreement**"), which was approved by the independent shareholders of the Company on 9 November 2020. Upon assessment by external advisors, however, the Company recognises that the aforesaid Car Parking Space Exclusive Sales Cooperation Sub-agreements did not fall under the Framework Agreement, as the relevant car parking spaces were not the designated car parking spaces listed in the Framework Agreement. Having understood the above, the Company gradually commenced the return of the prepayments for the car parking spaces and the termination of the respective transactions. The relevant procedures have been fully completed.

(2) Reference is made to the Company's announcement dated 17 September 2020 and the Company's circular dated 30 October 2020 in relation to the car parking space exclusive sales cooperation agreement (the "**Car Parking Space Exclusive Sales Cooperation Agreement**"). On 23 December 2021, the Company (for its own and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for its own and on behalf of its subsidiaries and associates, excluding the Group) entered into a supplemental agreement (the "**Supplemental Agreement**") to the Car Parking Space Exclusive Sales Cooperation Agreement, pursuant to which, subject to the fulfilment of the certain condition precedent, the Company and Xinyuan Real Estate Holdings agreed that the ending date of the period of cooperation as stipulated therein shall be extended from 31 December 2021 to 31 December 2023.

As at the date of the Supplemental Agreement, Xinyuan Real Estate Holdings was indirectly interested in 52.86% of the issued shares in the Company, and was the controlling shareholder of the Company. Therefore, Xinyuan Real Estate Holdings and its associates were connected persons of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the Car Parking Space Exclusive Sales Cooperation Agreement (as supplemented and amended by the Supplemental Agreement) constituted a connected transaction of the Company.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Car Parking Space Exclusive Sales Cooperation Agreement (as to be supplemented and amended by the Supplemental Agreement) was more than 5%, the transactions contemplated under the Car Parking Space Exclusive Sales Cooperation Agreement (as to be supplemented and amended by the Supplemental Agreement) are therefore subject to the requirements for reporting, announcement and approval by the independent shareholders under Chapter 14A of the Listing Rules.

As at the date of this announcement, the Company is in the course of finalising certain information to be included in the circular in relation to the Supplemental Agreement, which is expected to be despatched to the Company's shareholders on or before 8 April 2022. Please refer to the Company's announcements dated 23 December 2021 and 24 February 2022 for details.

FINAL DIVIDEND

The Board recommend the payment of a final dividend of HK13.8 cents per share (2020: HK10.2 cents per share) for the year ended 31 December 2021 to the shareholders of the Company (the "**Shareholders**"). The final dividend is subject to the approval of the Shareholders at the Company's annual general meeting to be held on Friday, 27 May 2022 (the "**AGM**"). The proposed final dividend will be paid to the Shareholders on Friday, 17 June 2022 whose names appear on the Company's Register of Members on Monday, 6 June 2022.

CLOSURE OF REGISTER OF MEMBERS

The AGM is expected to be held on Friday, 27 May 2022. For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from Tuesday, 24 May 2022 to Friday, 27 May 2022, both days inclusive, during which the period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 23 May 2022.

For determining the entitlement to the proposed final dividend (subject to approval by the Shareholders at the AGM), the Register of Members of the Company will be closed from Thursday, 2 June 2022 to Monday, 6 June 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 1 June 2022.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the continuing growth of the Group and for safeguarding and maximizing shareholders' interests.

The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. Throughout the year 2021, the Company has complied with the code provisions save for the following:

Mr. WANG Peng ("**Mr. Wang**") resigned as an independent non-executive Director and ceased to be a member of the audit committee of the Company on 13 April 2021. Upon the resignation of Mr. Wang, the number of independent non-executive directors was reduced to two and the audit committee only consisted of two members. Pursuant to Rule 3.10(1) of the Listing Rules, the Board shall have at least three independent non-executive directors. In addition, Rule 3.21 of the Listing Rules requires that the audit committee shall comprise non-executive directors only and have a minimum of three members. Further, pursuant to paragraph 2.1 of its terms of reference, the audit committee must consist of a minimum of three members, all of whom must be non-executive directors. Therefore, due to Mr. Wang's resignation, the Company did not comply with the relevant requirements under Rules 3.10(1) and 3.21 of the Listing Rules and did not meet the requirements on the composition of the audit committee in accordance with its terms of reference. On 27 July 2021, Mr. FU Shaojun ("**Mr. Fu**") was appointed as an independent non-executive Director and a member of the audit committee of the Company. Upon the appointment of Mr. Fu, the Company meets all the requirements under Rules 3.10(1) and 3.21 of the Listing Rules and the requirements on the composition of the audit committee.

Code Provision A.6.7 provides that independent non-executive directors and other non-executive directors should also generally attend general meetings to gain and develop a balanced understanding of the views of shareholders. Ms. YANG Yuyan, non-executive Director, did not attend the annual general meeting of the Company held on 18 October 2021 due to prior business engagement. Mr. LI Yifan, independent non-executive Director, did not attend the annual general meeting of the Company held on 18 October 2021 due to prior business engagement.

Code Provision E.1.2 provides that the chairman of the board should attend the annual general meeting. Mr. ZHANG Yong, the Chairman of the Board and executive Director, did not attend the annual general meeting of the Company held on 18 October 2021 due to prior business engagement.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuer (the "**Model Code**") set out in Appendix 10 to the Listing Rules.

Specific enquiries have been made to all Directors and all Directors have confirmed that they have complied with the Model Code for the year ended 31 December 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the year ended 31 December 2021.

AUDIT COMMITTEE

The audit committee has communicated with the management and external auditor and reviewed the accounting principles and policies adopted by the Group and the Company's audited consolidated financial statements for the year ended 31 December 2021.

BASIS OF FINANCIAL FIGURES OF PRELIMINARY ANNOUNCEMENT

The financial figures in respect of the Group's consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income for the year then ended and the related notes thereto as set out in this annual results announcement is based on amounts set out in the Group's consolidated financial statements for the year which have been agreed by the Group's auditor, Moore Stephens CPA Limited. The work performed by Moore Stephens 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 Moore Stephens CPA Limited on this annual results announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors at the date of this announcement there was a sufficient prescribed public float of the issued shares of the Company under the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company or the Companies Laws, which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2021, consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021 and the related notes thereto as set out in the preliminary announcement have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens 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 Moore Stephens CPA Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company at www.xypm.hk and the Stock Exchange at www.hkexnews.hk. The 2021 annual report containing all the information required by Appendix 16 of the Listing Rules will be dispatched to the Shareholders and published on the above websites in due course.

By Order of the Board
Xinyuan Property Management Service (Cayman) Ltd.
ZHANG Yong
Chairman and Non-Executive Director

Hong Kong, 25 March 2022

As at the date of this announcement, the Board comprises Ms. WANG Yanbo as executive Director; Mr. ZHANG Yong and Ms. YANG Yuyan as non-executive Directors; and Mr. LUO Ji, Mr. LI Yifan and Mr. FU Shaojun as independent non-executive Directors.

* *For identification purposes only*