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Xingye Wulian Service Group Co. Ltd.

興業物聯服務集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 9916)

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO FINANCIAL ASSISTANCE

THE PLEDGE AGREEMENT AND SUPPLEMENTAL AGREEMENT

The Board announces that during the course of preparing the Company's consolidated financial statement for the year ended 31 December 2021, it was found that bank deposits of RMB50 million had been pledged by Xingye IOT Management, an indirectly wholly-owned subsidiary of the Company, in favour of the Bank pursuant to a Pledge Agreement entered into between Xingye IOT Management and the Bank on 31 December 2021 as security to guarantee the Bills Acceptance for the amount of RMB50 million granted by the Bank to Henan Zhengyang. The Company considered that the entering into of the Pledge Agreement was an inadvertent mistake by Xingye IOT Management and therefore took active steps to terminate the transaction. On 29 March 2022, Xingye IOT Management entered into a Supplemental Agreement with the Bank and Henan Zhengyang pursuant to which it was agreed that the Pledge Agreement would be terminated subject to Henan Zhengyang placing a deposit of RMB50 million in the Bank as cash collateral for the Bills Acceptance. On 29 March 2022, Xingye IOT Management was informed by the Bank that the Pledge Agreement was terminated and the Pledged Deposit has been released.

LISTING RULES IMPLICATIONS

Despite the entering into of the Pledge Agreement was an inadvertent mistake of the Xingye IOT Management, as the Pledge Agreement is given by Xingye IOT Management to guarantee Bills Acceptance granted by the Bank to Henan Zhengyang, it constitutes an advance to an entity and provision of financial assistance by the Group to Henan Zhengyang.

As the advance to an entity under the Pledge Agreement exceeds 8% under the assets ratio defined under Rule 14.07(1) of the Listing Rules, the Pledge Agreement was subject to the general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules.

Given that one or more of the applicable percentage ratios in relation to the Pledge Agreement is more than 5% but less than 25%, the transactions contemplated under the Pledge Agreement constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

Ms. Zhang is our non-executive Director and one of our controlling shareholders and therefore is a connected person of the Company. As at the date of entering into of the Pledge Agreement and date of this announcement, Henan Zhengyang is a 30%-controlled company of Ms. Zhang, therefore, Henan Zhengyang is a connected person of the Company under the Listing Rules. The transactions under the Pledge Agreement constitutes a connected transaction for the Company and is subject to the announcement, circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

However, due to inadvertent oversight, the Company failed to comply with (i) the general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules; (ii) the notification and announcement requirements under Chapter 14 of the Listing Rules; and (iii) the announcement, circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules in a timely manner at the relevant time of the entering into of the Pledge Agreement. The Company was not aware of such non-compliance of the Listing Rules until recently in the course of preparing the Company's consolidated financial statements for the year ended 31 December 2021.

The Directors considered the Company's inadvertent oversight and failure to comply with the relevant provisions of the Listing Rules and to avoid any occurrence of similar incidents in the future, the Company takes such incidents of non-compliance of the Listing Rules seriously and will adopt remedial measures to prevent the re-occurrence of similar incident and strengthen the relevant internal control procedures of the Group.

The Board announces that during the course of preparing the Company's consolidated financial statement for the year ended 31 December 2021, it was found that bank deposits of RMB50 million had been pledged by Xingye IOT Management, an indirectly wholly-owned subsidiary of the Company, in favour of the Bank pursuant to a Pledge Agreement entered into between Xingye IOT Management and the Bank on 31 December 2021 as security to guarantee the Bills Acceptance for the amount of RMB50 million granted by the Bank to Henan Zhengyang. The Company considered that the entering into of the Pledge Agreement was an inadvertent mistake by Xingye IOT Management and therefore took active steps to terminate the transaction. On 29 March 2022, Xingye IOT Management entered into a Supplemental Agreement with the Bank and Henan Zhengyang pursuant to which it was agreed that the Pledge Agreement would be terminated subject to Henan Zhengyang placing a deposit of RMB50 million in the Bank as cash collateral for the Bills Acceptance after which the Pledged Deposit of Xingye IOT Management will be released and permitted to transfer out to other non-restrictive bank account. On 29 March 2022, Xingye IOT Management was informed by the Bank that the Pledge Agreement was terminated and the Pledged Deposit has been released.

THE PLEDGE AGREEMENT

On 31 December 2021, Xingye IOT Management, an indirectly wholly-owned subsidiary of the Company, entered into a Pledge Agreement with the Bank, pursuant to which Xingye IOT Management agreed to pledge deposits in the amount of RMB50 million in favour of the Bank as security to guarantee the Bills Acceptance for the amount of RMB50 million granted by the Bank to Henan Zhengyang.

Principal terms

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| Date: | 31 December 2021 |
| Parties: | (1) Xingye IOT Management, as pledgor; and (2) the Bank, as pledgee |
| Pledged bank deposit | Fixed deposit of Xingye IOT Management in the amount of RMB50 million |
| Scope of guarantee | The Bills Acceptance for the amount of RMB50 million granted by the Bank to Henan Zhengyang and the interest, default interest, penalty, compound interest, liquidated damages, compensation, exchange rate loss, expenses for custody of pledge assets and expenses for realization of pledge. The expenses for realization of pledge include but are not limited to assessment fees, valuation fees, auction fees, litigation costs, arbitration costs, notarial fees, legal fees, etc |
| Term | 31 December 2021 to 29 December 2022 |

There was no interest or collateral provided by Henan Zhengyang to Xingye IOT Management for the provision of the Pledged Deposit by Xingye IOT Management to the Bank under the Pledge Agreement.

THE SUPPLEMENTAL AGREEMENT

On 29 March 2022, Xingye IOT Management entered into a Supplemental Agreement with the Bank and Henan Zhengyang pursuant to which it was agreed that the Pledge Agreement would be terminated subject to Henan Zhengyang placing a deposit of RMB50 million in the Bank as cash collateral for the Bills Acceptance after which the Pledged Deposit of Xingye IOT Management will be released and permitted to transfer out to other non-restrictive bank account. On 29 March 2022, Xingye IOT Management was informed by the Bank that the Pledge Agreement was terminated and the Pledged Deposit has been released.

INFORMATION RELATING TO THE GROUP, XINGYE IOT MANAGEMENT, THE BANK AND HENAN ZHENGYANG

Information relating to the Group and Xingye IOT Management

The Group is principally engaged in the provision of property management and value-added services and property engineering services. Xingye IOT Management is an indirectly wholly-owned subsidiary of the Company and principally engaged in provision of property management services.

Information relating to the Bank

The Bank is a financial institution established in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Bank and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Information relating to Henan Zhengyang

Henan Zhengyang is a company established in the PRC and is principally engaged in property construction. As at the date of entering into of the Pledge Agreement and the date of this announcement, Henan Zhengyang is directly wholly owned by Zensun Development. Zensun Development is owned as to 90%, 9% and 1% by Xiangcheng Investment, Ms. Zhang and Mr. Zhang Jingguo, respectively, and Xiangcheng Investment is owned as to 98% by Ms. Zhang. Therefore, Henan Zhengyang is a 30%-controlled company of Ms. Zhang, our controlling shareholder, and accordingly, Henan Zhengyang is a connected person of the Company under the Listing Rules.

LISTING RULES IMPLICATIONS

Despite the entering into of the Pledge Agreement was an inadvertent mistake of the Xingye IOT Management, as the Pledge Agreement is given by Xingye IOT Management to guarantee Bills Acceptance granted by the Bank to Henan Zhengyang, it constitutes an advance to an entity and provision of financial assistance by the Group to Henan Zhengyang.

As the advance to an entity under the Pledge Agreement exceeds 8% under the assets ratio defined under Rule 14.07(1) of the Listing Rules, the Pledge Agreement was subject to the general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules.

Given that one or more of the applicable percentage ratios in relation to the Pledge Agreement is more than 5% but less than 25%, the transactions contemplated under the Pledge Agreement constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

Ms. Zhang is our non-executive Director and one of our controlling shareholders and therefore is a connected person of the Company. As at the date of this announcement, Henan Zhengyang is a 30%-controlled company of Ms. Zhang, therefore, Henan Zhengyang is a connected person of the Company under the Listing Rules. The transactions under the Pledge Agreement constitutes a connected transaction for the Company and is subject to the announcement, circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

However, due to inadvertent oversight, the Company failed to comply with (i) the general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules; (ii) the notification and announcement requirements under Chapter 14 of the Listing Rules; and (iii) the announcement, circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules in a timely manner at the relevant time of the entering into of the Pledge Agreement. The Company was not aware of such non-compliance of the Listing Rules until recently in the course of preparing the Company's consolidated financial statements for the year ended 31 December 2021.

REASONS FOR THE PLEDGE AGREEMENT AND THE SUPPLEMENTAL AGREEMENT

The Company first became aware and identified that the Pledge Agreement constitute notifiable and connected transactions of the Company under the Listing Rules during the course of preparing the Company's consolidated financial statements for the year ended 31 December 2021 in around March 2022. The Company considered that the entering into of the Pledge Agreement was an inadvertent mistake by Xingye IOT Management and therefore took active steps to terminate the transaction.

As the Pledge Agreement constituted connected transactions of the Company under the Listing Rules which required the approval of the independent Shareholders and the Pledge Agreement had not been previously approved by the independent Shareholders, the Company decided to terminate the Pledge Agreement and requested the release of the Pledged Deposit by entering into the Supplemental Agreement with the Bank and Henan Zhengyang. Given that as at the date of this announcement, the Pledge Agreement has been terminated and the Pledged Deposit has been released by the Bank, the Directors are of the view that the risk of any enforcement action by the Bank under the Pledge Agreement is remote.

Although the pledge of bank deposits under the Pledge Agreement did not carry additional interest from Henan Zhengyang, Xingye IOT Management did receive interest income for fixed deposit from the Bank under normal commercial terms. The Directors considered that the Company shall have a more detailed and comprehensive analysis to assess the best utilisation of the released deposit amount after considering the potential rewards and opportunities. Therefore, the Directors (including the independent non-executive Directors) are of the opinion that entering into of the Supplemental Agreement to terminate the Pledge Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

To the best knowledge of the Directors, save for the transaction under the Pledge Agreement, as at the date of this announcement there are no other similar transactions that have not been disclosed pursuant to the requirements under the Listing Rules.

REMEDIAL MEASURES

As at the date of this announcement, the Pledge Agreement has been terminated and the Pledged Deposit has been released by the Bank, the Company therefore would not convene an extraordinary general meeting for the independent Shareholders to ratify the Pledge Agreement and the Supplemental Agreement. The Directors considered the Company's inadvertent oversight and failure to comply with the relevant provisions of the Listing Rules and to avoid any occurrence of similar incidents in the future, the Company takes such incidents of non-compliance of the Listing Rules seriously and will adopt the following remedial measures to prevent the re-occurrence of similar incident and strengthen the relevant internal control procedures of the Group:

- (i) provide further guidance materials and training to the Directors and all senior managers of the Group ("**Relevant Personnel**") regarding definition of a transaction and proper calculation of percentage ratios to strengthen and reinforce their existing knowledge with respect to the classification and compliance requirements for notifiable and connected transactions under the Listing Rules;
- (ii) an internal memo will be issued to all the Directors and Relevant Personnel that the connected transaction requirements under Chapter 14A of the Listing Rules must be strictly complied with and they shall keep the Company informed of any transactions which may involve connected person(s) of the Company;
- (iii) enhancing the Group's internal control system by, including but not limited to, (i) providing the Relevant Personnel with a list of the connected persons of the Company on a regular basis and making timely updates; (ii) requiring pre-approval of the Company for any transactions with connected persons; (iii) monitoring the monthly transactions with connected persons to ensure better coordination and report of connected transactions among various business units of the Company which are responsible for reporting, monitoring and handling connected transactions;
- (iv) further review the existing internal control procedures of the Company to identify any deficiencies of our internal control policies and seek recommendations from professional parties on how to enhance the monitoring and effectiveness of the implementation of the internal control policies on connected transaction monitoring and reporting to ensure that current and future transactions will be conducted in compliance with the applicable requirements under Listing Rules and the relevant rules and regulations.

DEFINITIONS

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| “associate(s)” | has the meaning ascribed to it in the Listing Rules |
| “Bank” | Hua Xia Bank Co., Limited, Zhengzhou branch |
| “Bills Acceptance” | the bills acceptance for the amount of RMB50 million granted by the Bank to Henan Zhengyang under the Bills Acceptance Agreement |
| “Bills Acceptance Agreement” | the bills acceptance agreement dated 31 December 2021 entered into between the Bank and Henan Zhengyang in respect of the Bills Acceptance |
| “Board” | the board of Directors |
| “Company” | Xingye Wulian Service Group Co. Ltd. (興業物聯服務集團有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 9916) |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “controlling shareholder(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries from time to time |
| “Henan Zhengyang” | Henan Zhengyang Construction Engineering Group Co., Ltd.* (河南正陽建設工程集團有限公司), a company established in the PRC with limited liability |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Ms. Zhang” | Ms. Zhang Huiqi, a non-executive Director and a controlling shareholder of the Company |
| “Pledge Agreement” | the pledge agreement dated 31 December 2021 entered into by Xingye IOT Management and the Bank, as further detailed in the paragraph headed “The Pledge Agreement” in this announcement |

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| “Pledged Deposit” | bank deposits of RMB50 million pledged by Xingye IOT Management in favour of the Bank pursuant to the Pledge Agreement |
| “PRC” | the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholder(s)” | the holder(s) of share(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary” | has the meaning ascribed thereto under the Listing Rules |
| “Supplemental Agreement” | the supplemental agreement dated 29 March 2022 entered into by Xingye IOT Management, the Bank and Henan Zhengyang, as further detailed in the paragraph headed “The Supplemental Agreement” in this announcement |
| “Xiangcheng Investment” | Beijing Xiangcheng Investment Co., Ltd.* (北京祥誠投資有限公司), a company established in the PRC with limited liability |
| “Xingye IOT Management” | Henan Xingye Internet of Things Management Technology Co., Ltd.* (河南興業物聯網管理科技有限公司), an indirectly wholly-owned subsidiary of the Company |
| “Zensun Development” | Henan Zensun Corporate Development Group Co., Ltd.* (河南正商企業發展集團有限責任公司) (formerly known as Henan Zensun Enterprise Development Co., Ltd.* (河南正商企業發展有限責任公司)), a company established in the PRC with limited liability |
| “%” | per cent. |

* For identification purposes only

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

Hong Kong, 8 April 2022

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