濱江服務
BINJIANG SERVICE

濱江服務集團有限公司
BINJIANG SERVICE GROUP CO. LTD.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3316.HK

2020
ANNUAL REPORT

Contents

Corporate Information

Board of Directors

Executive Directors

Mr. ZHU Lidong *(Chairman of the Board and Chief Executive Officer)*
Ms. ZHONG Ruoqin

Non-executive Directors

Mr. MO Jianhua
Mr. CAI Xin

Independent Non-executive Directors

Mr. DING Jiangang
Mr. LI Kunjun
Ms. CAI Haijing

Audit Committee

Ms. CAI Haijing *(Chairman)*
Mr. DING Jiangang
Mr. LI Kunjun

Remuneration Committee

Mr. DING Jiangang *(Chairman)*
Mr. MO Jianhua
Ms. CAI Haijing

Nomination Committee

Mr. ZHU Lidong *(Chairman)*
Mr. DING Jiangang
Mr. LI Kunjun

Strategy Committee

Mr. MO Jianhua *(Chairman)*
Mr. ZHU Lidong
Ms. ZHONG Ruoqin
Mr. CAI Xin
Mr. DING Jiangang
Mr. LI Kunjun

Joint Company Secretaries

Ms. ZHONG Ruoqin
Ms. KO Mei Ying

Authorized Representatives

Ms. ZHONG Ruoqin
Ms. KO Mei Ying

Legal Advisor

Morrison & Foerster
33/F, Edinburgh Tower
The Landmark
15 Queen's Road Central, Hong Kong

Auditor

KPMG
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

Compliance Adviser

Southwest Securities (HK) Capital Limited
40/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Principal Banks

China Construction Bank Corporation
Agricultural Bank of China Limited

Company's Website

www.hzbjwy.com

Stock Code

3316

Listing Date

March 15, 2019

Registered Office

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Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office in the PRC

Room 1201–1, Block 1
New Town Times Square
Jianggan District
Hangzhou, China

Principal Place of Business in Hong Kong

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

Principal Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Financial Summary

The following is a summary of the results and assets and liabilities of Binjiang Service Group Co. Ltd. (the "**Company**" or "**Binjiang Service**") and its subsidiaries (the "**Group**") for each of the years ended December 31, 2016, 2017, 2018, 2019 and 2020.

Results Summary

		For the year ended December 31				
	Note	2016	2017	2018	2019	**2020**
Revenue *(RMB'000)*		225,924	349,264	509,470	701,875	**960,201**
increase		42.2%	54.6%	45.9%	37.8%	**36.8%**
Gross profit *(RMB'000)*		42,056	90,083	134,953	197,040	**297,317**
increase		60.9%	114.2%	49.8%	46.0%	**50.9%**
Gross profit margin	*(1)*	18.6%	25.8%	26.5%	28.1%	**31.0%**
increase						
Profit for the year *(RMB'000)*		22,106	57,552	70,423	114,921	**220,274**
increase		92.7%	160.3%	22.4%	63.2%	**91.7%**
Net profit margin	*(2)*	9.8%	16.5%	13.8%	16.4%	**22.9%**
Profit attributable to equity shareholders of the Company *(RMB'000)*		22,297	57,173	70,177	114,681	**219,550**
increase		94.4%	156.4%	22.7%	63.4%	**91.4%**
Basic and diluted earnings per share *(RMB)*		0.11	0.29	0.35	0.44	**0.79**

Notes:

(1) Gross profit margin is calculated as gross profit divided by revenue.

(2) Net profit margin is calculated as profit for the year divided by revenue.

Summary of Assets and Liabilities

	Note	2016	2017	2018	2019	2020
		For the year ended December 31				
Cash and cash equivalents *(RMB'000)*		167,547	303,949	458,543	516,707	**805,394**
Current assets *(RMB'000)*		222,962	373,550	534,720	1,084,484	**1,368,118**
Total assets *(RMB'000)*		232,192	389,389	551,095	1,203,626	**1,502,589**
Current liabilities *(RMB'000)*		177,810	278,202	366,363	476,316	**642,953**
Total liabilities *(RMB'000)*		178,623	278,202	366,363	477,078	**644,256**
Total equity attributable to equity shareholders of the Company *(RMB'000)*		53,270	110,509	181,358	721,834	**841,625**
Return on shareholders' equity	*(3)*	41.9%	51.7%	38.7%	15.9%	**26.1%**
Current ratio	*(4)*	1.25	1.34	1.46	2.28	**2.13**
Gearing ratio	*(5)*	N/A	N/A	N/A	0.004	**0.003**

Notes:

(3) Return on shareholders' equity is calculated as total profit attributable to equity shareholders of the Company divided by shareholders' equity.

(4) Current ratio is calculated as current assets divided by current liabilities.

(5) Gearing ratio is calculated as total interest-bearing borrowings (including lease liabilities) divided by total equity at the end of the respective period. The Group's gearing ratios were 0.003 and 0.004 as at December 31, 2020 and December 31, 2019, respectively.

Chairman's Statement

To all Shareholders,

Thank you for your trust in and support to the Group. On behalf of the Board of Directors of the Company (the "**Board**"), I am pleased to present our annual results for the year ended 31 December 2020.

In recent years, there is a rapid growth in the property management industry due to the further urbanization and increasing demand in consumption. Ten ministries and commissions, including the Ministry of Housing and Urban-Rural Development, jointly issued the Circular on Strengthening and Improving the Administration of Residential Property (《關於加強和改進住宅物業管理工作的通知》), which sets forth specific requirements in six aspects for improving residential property management and effectiveness, including integration into grass-roots social governance system, improvement of governance structure of property owners' committee, enhancement of property management service, promotion of development of life service industry, standardization of use and management of maintenance funds and strengthening of supervision and management of property services. We expect that the triple benefits of favorable policies, capital and technologies provide opportunities for healthy development to property management service industry.

During the epidemic period, property management service providers have acted as a solid barrier of community protection, which further demonstrated their value. The Group responded promptly with professional management and allocation of manpower and resources during the battle against the epidemic, which was highly recognised by property owners and local governments as well as the national and local media such as the People's Daily and the CCTV, etc. During the year ended 31 December 2020 (the "**Reporting Period**"), Golden Jiangnan* (金色江南), Jiangnan Star* (江南之星) and Yuesheng International Community* (悅盛國際中心社區) were awarded "Anti-epidemic Pioneer Property Project (抗疫先鋒物業項目)". Jiangnan Star* (江南之星), Wanjia Xingcheng* (萬家星城), Wenjing Yuan* (文景苑), Qiandaohu Dongfang Haian* (千島湖東方海岸) and Daijiang Star* (大江之星) were awarded "Outstanding Property for Effective Epidemic Prevention (防疫得力物業)" by Hangzhou Housing Security and Management Bureau (杭州市住房保障和房產管理局). Pinghu Wanjia Huacheng* (平湖萬家花城) was awarded "Outstanding Unit for Antiepidemic (抗疫先進單位)" by Pinghu Property Service Industry Association (平湖市物業服務行業協會). Hangzhou Jinse Lanting* (杭州金色藍庭) was awarded "Outstanding Property Service Provider for Anti-epidemic in Xihu (西湖區物業服務企業抗疫防疫(先進集體))". Zhejiang Publishing Group Building* (浙江出版集團大樓) was awarded "Outstanding Unit for Epidemic Prevention and Control (疫情防控先進單位)".

The Group has placed great emphasis on its quality and adhered to its mission of providing high-quality services. Adhering to the new strategic plan formulated by the Board in September 2020, the Group has further promoted the building of a quality brand and strives to become a leading property service provider and a model company in Hangzhou within one to three years. Since 2020, the Group has fully reviewed the quality of its projects on a regular basis by carrying out comprehensive inspections, multiple assessments and random inspections and reviews on projects under management. The strict inspection standards of the Group cover all aspects without omitting any details such as green plants, road cracks, basement ceilings and directories, in order to strictly control its service quality and efficiency. The Group has put great efforts in building its brand name of property services and maintaining the quality of its services, so as to gain and capitalize its advantages in three aspects, namely premium projects, high-quality services and high-quality customers. The Group recognises the importance of environment for accentuating building structures. Property management is essential for the maintenance and value preservation of gardens. In addition to excellent facilities, the Group has optimized and upgraded its services in order to maintain its leading position with its brand name and high-quality services and gain market recognition, thereby laying a solid foundation for the sustainable development of the Group.

The Group continues to adhere to its qualitative development expansion strategy. As at 31 December 2020, the gross floor area currently being managed by us under signed management contracts ("**GFA under management**") of the Group reached 20.0 million sq.m., representing a year-on-year increase of 38.9%. Among which, GFA under management developed by independent third parties reached 6.9 million sq.m., representing an increase of 45.5% as compared with the corresponding period of 2019, accounting for 34.7% of total GFA under management. In 2020, the Group was able to further maintain its brand advantage in high-end market in Hangzhou. The GFA under management of newly developed high-end properties in Hangzhou was 910,000 sq.m. and the average monthly property management fee was above RMB4.6 per sq.m. In order to support the implementation of its expansion strategies, the Group established market expansion departments for expanding into Southeast Zhejiang, Western Zhejiang and Northern Zhejiang in 2020 to enhance its insights for market expansion and expand its geographic coverage. As at 31 December 2020, through strategic partnerships and direct expansion, independent third party projects were developed in nine regions, including Pujiang, Jiande, Tongxiang, Changxing, Cixi, Fuyang, Haiyan, Hengdian and Jiaxing. The Group has also established new long-term partnerships with Hangzhou Xiaoshan Transportation Investment Group Co., Ltd.* (杭州蕭山交通投資集團有限公司), Ganjiantou (Hangzhou) Real Estate Co., Ltd. (甘建投 (杭州) 房地產有限公司), Zhejiang Publishing United Group* (浙江出版集團), Hengdian Group* (橫店集團), Tongkun Group Co., Ltd.* (桐昆集團股份有限公司) and Hongxiang Zhongjin Real Estate Development Co., Ltd.* (鴻翔•中金房地產開發有限公司) securing a sustained pipeline of premium projects for the future.

Further refinement and implementation of internal standards of the Group are essential for business growth. The Group has formulated Binjiang Service Standardization Management Manual (2020 Edition) (《濱江服務標準化管理手冊(2020年版)》) based on the market trends and experience, covering service system, talent training and development, tendering and purchase, finance and other aspects. The Group has refined its star-rated service standard system and strictly implemented product standardization and management standardization, in order to support the rapid growth of the Group and development of diversified business in the future.

The implementation of standardization includes recruiting talents. The Group refined its human resource management system and restructured its internal management and human resource system based on its management structure and future development strategies. The Group also formulated Administrative Measures on Employee Training (《員工培訓管理規定》) and Talent Training Program (《人才梯隊培養方案》). The Group refined its employee training system, put great efforts in talent training, established clear promotion path for employees and enhanced the training ability of its human resources, in order to retain talents for its future development.

As the government encourages the development of smart cities and smart communities, the Group fully recognises the importance of technology in the development of property management service providers. In 2020, the Group accelerated the application of technologies and introduced intelligent management system through various channels. The Group enhanced its management efficiency and reducing its labor costs through integrating and upgrading its existing information software, platforms and hardware. In addition, the Group put great efforts in establishing online service system and integrating online and offline resources to further explore user needs and improve user experience, thereby laying a solid foundation for the launching of value-added services.

Zhu Lidong
Chairman

Hangzhou, March 30, 2021

* *For identification purpose only*

Business Review and Prospects

In 2020, the Group maintained steady growth and continued to place emphasis on the development of the Yangtze River Delta and further expanded its operations within Yangtze River Delta. The Group has 96 subsidiaries and branches covering 30 regions across the Zhejiang Province, Shanghai, Jiangsu Province and Jiangxi Province in China. Moreover, the GFA under management and the combined GFA including those under management and to be managed under signed management contracts ("**contracted GFA**") of the Group also increased significantly. During the Reporting Period, the Group made amendments on the definition of contracted GFA as follows: the GFA managed or to be managed by the Group under signed property management services contracts. Such amended definition is more consistent with that used within the industry. The Group intends to calculate all contracted GFA thereafter based on the new definition. As at 31 December 2020, the GFA under management was 20.0 million sq.m., representing a year-on-year increase of 38.9%, the contracted GFA was 35.5 million sq.m., representing a year-on-year increase of 32.4%, which will strongly support the business growth of the Group.

For the year ended 31 December 2020, the Group's revenue increased by 36.8% to RMB960.2 million. The Group's gross profit increased by 50.9% from the corresponding period of 2019 to RMB297.3 million. The Group's gross profit margin increased by 2.9 percentage points from the corresponding period of 2019 to 31.0%. Revenue generated from property management services, value-added services to non-property owners and value-added services to property owners amounted to RMB554.2 million, RMB312.0 million and RMB94.0 million, respectively. In 2020, the average monthly property management fee of the Group was approximately RMB4.26 per sq.m. (2019: RMB4.16 per sq.m.), calculated by dividing the property management fee income for the period by the average chargeable GFA at the beginning and the end of the period. The collection rate of property management fee in 2020, calculated by dividing the property management services fee the Group actually received by the total property management fees payable to the Group for the same period was 96.2% (2019: 96.8%). Leveraging on its brand recognition and industry influence, the Group was able to charge higher property management fee for its high-quality property management services. During the years 2015 to 2020, the Group has raised the property management fee 27 times.

The GFA under management of projects under the Group's management in Hangzhou accounted for 60.6% of the total GFA under management of projects under the Group's management and the income from property management services generated in Hangzhou accounted for approximately 75% of total income from property management services. The Group continued to solidify its high regional concentration advantages, expanded its GFA under management in a qualitative and sustainable manner while maintaining its high brand recognition and acceptance. The Group ranked 26th among the top 100 property management service brands selected by the China Index Academy ("**CIA**") and the brand value of the Group amounted to RMB2,506 million. Hangzhou Binjiang Investment Holdings Co., Ltd. ("**Binjiang Holdings**"), and its subsidiaries ("**Binjiang Group**") continuously provided large number of premium properties to us as our quality services are highly recognised within the region. Binjiang Group has been named as top 100 real estate developers in China by the CIA consecutively from 2007 and ranked 24th in 2020. The contract sales of Binjiang Group increased from RMB61.5 billion in 2017 to RMB136.36 billion in 2020, representing a compound growth rate of 30.4%. In respect of land reserves, the inventory value of Binjiang Group as at the end of 2020 exceeded RMB280 billion*.

Leveraging on its high-quality services, the Group was able to expand its business through various channels and undertake a wide range of projects. In addition to undertaking government projects and maintaining good relationship with strategic partners, the Group also achieved remarkable results in bidding and the contracted GFA of projects acquired during the year was 4.1 million sq.m. As at the end of 2020, GFA under management by the third parties under our management was 6.9 million sq.m., representing a year-on-year increase of 45.5%, with revenue generated from these projects amounting to RMB179.7 million, representing a year-on-year increase of 46.2%. Average monthly property management fee from these properties was RMB4.28 per sq.m., higher than the overall average property management fee of the Group. The above results were mainly attributable to the great trust in our high-quality services and high recognition for our differentiated management from our premium owners in the local market. During the year, the Group adjusted the geographic coverage and staffing of its expansion teams. Focusing on its operation in Hangzhou with its strong base in Zhejiang, the Group has gained great advantages brought by high regional concentration. In 2020, 87 projects under our management were located in Hangzhou with GFA under management of 12.1 million sq.m., representing a year-on-year increase of 30.2% and 45 projects under our management were located in regions other than Hangzhou in Zhejiang with GFA under management of 7.7 million sq.m., representing a year-on-year increase of 56.8%. To enrich the type of projects undertaken by the Group, the Group refined its service and project standard system based on its frequent market surveys and its experience, in order to support its expansion. In 2020, the Group managed 35 non-residential properties with GFA under management of 3.0 million sq.m., representing a year-on-year increase of 50.0%.

* *Source: CRIC*

In 2020, the Group was awarded the "2020 China Excellent Listed Property Management Company by Investment Value (2020中國上市物業服務投資價值優秀企業)" and named as "Top Ten Property Management Service Companies in Hangzhou (杭州物業服務優勢企業 TOP 10)" by CIA. In 2020, the properties under the Group's management received 150 rewards in total, including the following awards. The phase I of Binjiang Wanjia Xincheng* (濱江萬家星城) and Qingtang Yingxiang Community* (錢塘印象社區) were awarded "2020 China 5-star Property Service Project (2020中國五星級物業服務項目)". Hangzhou Wanjia Xingcheng Phase II* (杭州萬家星城二期), Shaoxing Golden Home* (紹興金色家園) and Quzhou Moon Bay* (衢州月亮灣) were awarded "Waste Sorting High Standard Model Community in Zhejiang (浙江省生活垃圾分類高標準示範社區)". Wanjia Xingcheng* (萬家星城), Binjiang City Star* (濱江城市之星), Dawn City* (曙光之城), Daijiang Star* (大江之星), Golden Home* (金色家園) were named as "Beautiful Home (美好家園)" in Hangzhou. Quzhou Chunjiangyue* (衢州春江月), Lvgn Yunxi* (綠谷雲溪), Puyuang One* (浦陽壹號) were awarded "Garden Model Community in Zhejiang (浙江省園林示範社區)". Quzhou Chunjiangyue* (衢州春江月) was awarded "Red Property Alliance Model Community in Quzhou (衢州市紅色物業聯盟示範引領社區)" and "Excellent Property Management Model Residential Community in Quzhou (衢州市物業管理優秀示範住宅小區)". Jinhua Binjiang Jinse Lanting* (金華濱江金色藍庭) was awarded "Model Property Management Project in Jinhua (金華市物業管理示範項目)". Nanxiaobu Wenjing Garden* (南肖埠文景苑) and Nanxiaobu Qinghe Garden* (南肖埠慶和苑) were awarded "Five-star Property Management Project (物業管理工作五星級物業)". Puyuang One* (浦陽壹號) was awarded "Excellent Property Project in Jinhua (金華市優秀物業項目)". Quzhou Moon Bay* (衢州月亮灣) was awarded "Excellent Unit for Community Coordination and Disaster Prevention and Mitigation (社區聯動、防災減災優秀組織單位)" and "Excellent Property Management Model Residential Community in Quzhou (衢州市物業管理優秀示範住宅小區)". Dawn City* (曙光之城) was awarded "Excellent Community for Waste Sorting (垃圾分類工作優勝小區)". Wanjia Mingcheng Phase II* (萬家名城二期) was awarded "Outstanding Property Security Unit (優秀物業保安從業單位)". Golden Dawn Phase I* (金色黎明一期) was awarded "Outstanding Fire Station of Community (星級社區消防站)" and "Model Community for Waste Sorting in Hangzhou (杭州市垃圾分類示範小區)". Golden Jiangnan* (金色江南) was awarded "First Prize of Excellent Project in Qianjiang Century City (錢江世紀城優秀項目一等獎)", "Five-star Property Service Project in Xiaoshan (蕭山區五星級物業服務項目)" and "Model Community for Waste Sorting in Hangzhou (杭州市垃圾分類示範小區)". Huajiachi Apartment* (華家池公寓), Qiandaohu Dongfang Haian* (千島湖東方海岸) and Qingtang Yingxiang Apartment*(錢塘印象公寓) were awarded "Outstanding Residential Community in Hangzhou (杭州市優秀住宅小區)". Xiaoshan Branch in Hangzhou was awarded "Outstanding Security Unit (優秀保安從業單位)" by Xiaoshan Branch of Hangzhou Public Security Authorities. Our Jinhua Branch was awarded "Outstanding Company in Building National Civilized Cities in Jinhua (金華市創建全國文明城市成績突出集體)". In respect of individual honors of our employees, Ms. Zhang Xiuying and Mr. Gao Fei, employees of our Group, were awarded "Most Excellent Property Service Personnel" (最美物業人) for 2020 in Hangzhou and the first prize in the "Fourth Session of Property Service Skill Competition" (第四屆物業服務行業技能比武大賽), respectively, by the Hangzhou Housing Security and Management Bureau. The Group is committed to the corporate tenet of "Property Owners First, Service First, Quality First" through providing standardized and specialized services.

In view of the rapid development of the overall property services industry in recent years, the Group shall expand its scale and increase its profit while maintaining its service quality. The Group will regard its high-quality services as its core competitiveness and will raise the standard of specialized services by leveraging on its effective and flat structure management. The Group will increase its investment in technologies to enhance the efficiency of its management and operation. Through strengthening staff management, monitoring facilities and equipment and upgrading internal systems, the operation procedures will be streamlined and the quality assurance system will be optimized to further improve its service capabilities. The Group will be able to expand its scale and increase its profits while maintaining its service quality.

Business models of the Group

The Group has three major business lines, namely property management services, value-added services to non-property owners and value-added services to property owners, which together form an entire value chain of comprehensive services within property management.

- **Property management services.** The Group provides a series of high-quality property management services, including security, cleaning, gardening, repair, maintenance and ancillary services to our property owners, and charges service fee from residents and property owners or real estate developers of such properties under our management for property management services.

- **Value-added services to non-property owners.** The Group provides value-added services to non-property owners, mainly to property developers. These services refer to pre-delivery services, consulting services and community space services. Pre-delivery services include cleaning, assisting with quality check and security services for completed properties, display units and providing property sales venue management services to property developers during the pre-delivery stage of property sales. Consulting services include advising property developers at the early and construction stages on project planning, design management and construction management to enhance functionality, comfort and convenience. Community space services include (i) assisting advertisement companies with regards to advertisement placements in the community spaces in our managed properties, and (ii) managing community venues in our managed properties.

- **Value-added services to property owners.** The Group also provides value-added services to property owners. These services include home living services, customized interior furnishing services, property agent services as well as car parking space and storage room sales. For home living services, in view of the different functions in residential and non-residential properties, the Group provided additional services that are tailored to our customers' need. In addition, considering the growth potential of high-end customized interior furnishing service market, the Group utilizes our "Living Home" interior services concept to provide elegant, stylish, modern and customized interior furnishing services to our customers.

The table below sets out the contracted GFA and GFA under management of the Group for 2020 and 2019:

	As at 31 December 2020		As at 31 December 2019	
	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	**26,804**	**14,369**	20,785	11,633
Addition	**9,023**	**5,885**	6,019	2,736
Termination	**(339)**	**(299)**	—	—
At the end of the year	**35,488**	**19,955**	26,804	14,369

Note: As of 31 December 2020, the Group had 231 contracted projects and the contracted GFA was 35.5 million sq.m. (as of December 31, 2019: 174 projects of 26.8 million sq.m.). Contracted GFA refers to the GFA managed or to be managed by the Group under signed management contracts. The Group's average monthly property management fees for 2020 (property management fees income during the period divided by the average chargeable GFA at the beginning and the end of the period) were approximately RMB4.26 per sq.m. (2019: RMB4.16 per sq.m).

The table below sets forth the breakdown of the Group's total property management services revenue, GFA under management and number of projects by type of properties during 2020 and 2019:

	As at 31 December 2020			As at 31 December 2019		
	Revenue *(RMB'000)*	**GFA under management *('000 sq.m.)***	**Number of projects**	Revenue *(RMB'000)*	GFA under management *('000 sq.m.)*	Number of projects
Residential	**447,206**	**16,908**	**98**	337,308	12,338	72
Non-residential	**107,035**	**3,047**	**35**	74,221	2,031	27
Total	**554,241**	**19,955**	**133**	411,529	14,369	99

The table below sets forth the breakdown of the Group's total property management services revenue, GFA under management and number of projects by type of developers of 2020 and 2019:

	As at 31 December 2020			As at 31 December 2019		
	Revenue (RMB'000)	GFA under management ('000 sq.m.)	Number of projects	Revenue (RMB'000)	GFA under management ('000 sq.m.)	Number of projects
Properties developed by Binjiang Group	374,512	13,021	74	288,586	9,603	56
— early stage	219,098	8,710	50	181,167	6,175	35
— property owners' association stage	155,414	4,311	24	107,419	3,428	21
Properties developed by independent property developers	179,729	6,934	59	122,943	4,766	43
— early stage	138,333	5,574	50	104,755	4,292	40
— property owners' association stage	41,396	1,360	9	18,188	474	3
Total	554,241	19,955	133	411,529	14,369	99

The table below sets forth the breakdown of the Group's total property management services revenue, GFA under management and number of projects by geographic region of 2020 and 2019:

	As at 31 December 2020			As at 31 December 2019		
	Revenue (RMB'000)	GFA under management ('000 sq.m.)	Number of projects	Revenue (RMB'000)	GFA under management ('000 sq.m.)	Number of projects
Hangzhou	414,574	12,084	87	318,694	9,279	69
Zhejiang province (excluding Hangzhou)	126,421	7,680	45	89,807	4,899	29
Outside Zhejiang province	13,246	191	1	3,028	191	1
Total	554,241	19,955	133	411,529	14,369	99

Prospects

Further promotion of quality brand building

The Group will further raise its service standard and develop customized services in order to become a leading property service provider in China and a model company in Hangzhou within one to three years. Through providing effective and consistent services, the Group will gain higher brand value and sustainable market competitiveness. Aiming to become an industry-leading brand and the benchmark for luxury quality, the Group will improve its regular quality inspections and enhance and expand the monitoring of its daily quality control through unannounced inspections, project safety inspections and daily inspections by regional property departments. In addition, the Group will redesign its high-end butler service team, so as to ensure the long-lasting quality of projects under management with up-to-date service standards.

Further expansion of business scale and market share

Increasing concentration has been the trend of the property management service industry in China. The Group intends to leverage its success in the high-end market in the Yangtze River Delta and its existing service management systems and standards to expand its current market share and to further penetrate new markets. Focusing in Hangzhou and the Yangtze River Delta, the Group will focus on the operation in the existing market and strategically expand the business coverage in eastern China. The Group will also explore opportunities in Guangdong, Hong Kong, Macau and the mid-west China. Once we have established a presence in a new regional market, we plan to grow our presence in the market to enhance our economies of scale. In recent years, the Group has developed its business adhering to the strategies of becoming a model company for high-end residential projects, undertaking large-scale projects of mid-range properties and generating profit from value-added services.

Introduction of various services

Based on the demand of property owners, the Group strives to become a trustworthy property manager and caretaker for property owners by leveraging on its professional property products and services. The Group will develop value-added services system focusing on 5S, which includes furnishing services, interior design services, agency services, leasing services, repair and maintenance and upgrades and replacements of intelligent facilities and devices. All business lines of 5S value-added services will provide business opportunities to other business segments and complement services provided by such segments, becoming a new driver for profit growth within the Company. In addition, the Group will capitalize its advantages of the existing platform to establish strategic partnerships through various channels and expand its service coverage. The Group will continue to maintain and actively seek for additional partnership opportunities with well-known enterprises in the industry, promoting and replicating its successful partnership model.

Further improvement of management and operation systems

The Group puts great efforts in upgrading its internal management system and smart management platform, while adhering to its principles and maintaining a degree of flexibility to prepare for future development. The Group aims to boost its development through optimizing its management structure, setting up standardized operation procedures, developing human resources and strengthening the procurement control to refine its internal control mechanism. In addition, the Group strives to enhance its management efficiency by using smart approaches. The Group aims to provide property owners with comprehensive and convenient services in a timely and safe manner through integrating internal and external resources. Leveraging on its management experience, the Group intends to accelerate the application of smart technologies and the informatization of its platforms and ecosystems, creating a digital management system platform.

Financial Review

The Group's revenue was generated from three main business lines: (i) property management services; (ii) value-added services to non-property owners; and (iii) value-added services to property owners.

	2020		2019		Changes
	RMB'000	*% of total revenue*	*RMB'000*	*% of total revenue*	*(%)*
Property management services	554,241	57.7	411,529	58.6	34.7
Property management services for residential properties	447,206	46.6	337,308	48.0	32.6
Property management services for non-residential properties	107,035	11.1	74,221	10.6	44.2
Value-added services to non-property owners	312,014	32.5	224,110	31.9	39.2
Pre-delivery services	282,053	29.4	188,681	26.9	49.5
Consulting services	16,275	1.7	13,684	1.9	18.9
Community space services	13,686	1.4	21,745	3.1	(37.1)
Value-added services to property owners	93,946	9.8	66,236	9.5	41.8
Home living services	33,858	3.5	34,629	5.0	(2.2)
Customized home furnishing services	24,111	2.5	19,323	2.8	24.8
Property agent services	2,123	0.3	1,660	0.2	27.9
Sales of car parking space and storage room	33,854	3.5	10,624	1.5	218.7
Total	960,201	100.0	701,875	100.0	36.8

Revenue generated from **property management services** amounted to RMB554.2 million, representing an increase of 34.7% as compared with RMB411.5 million in 2019. It was the Group's main source of revenue and accounted for 57.7% of total revenue in 2020. Revenue generated from the provision of property management services to properties solely developed by subsidiaries or associates of Binjiang Group or jointly developed with other parties was RMB374.5 million, accounted for 67.6% of revenue from property management services in 2020. Leveraging on its leading position in traditional property business, the Group aggressively expanded business to cover properties developed by the independent third parties and properties outside Hangzhou. For the year ended 31 December 2020, the revenue from property management services for properties developed by the independent third parties amounted to RMB179.7 million, representing an increase of 46.2% as compared with 2019; and the revenue from property management services for properties outside Hangzhou amounted to RMB139.7 million, representing an increase of 50.5% as compared with 2019.

Revenue generated from **value-added services to non-property owners** amounted to RMB312.0 million, representing an increase of 39.2% as compared with RMB224.1 million in 2019, and accounted for approximately 32.5% of the Group's total revenue in 2020. The increase was mainly due to the stable growth in the number of projects undertaken during the year.

Revenue generated from **value-added services to property owners** amounted to RMB94.0 million, representing an increase of 41.8% as compared with RMB66.2 million in 2019, and accounted for approximately 9.8% of the Group's total revenue in 2020. The value-added services to property owners increased in line with the number of property owners served by the Group. The revenue from customized home furnishing services increased by 24.8% when compared with last year, mainly due to an increase in number of property owners to whom we provided services and increasing demand in high-quality home furnishing services from property owners.

Gross profit and gross profit margin

Based on the above factors, the Group's gross profit increased by 50.9% from RMB197.0 million in 2019 to RMB297.3 million in 2020. The Group's gross profit margin increased by 2.9 percentage points from 28.1% in 2019 to 31.0% in 2020, mainly due to the growth of business scale and decrease in costs as a result of the social insurance concession policy during the outbreak of epidemic and adoption of cost control measures.

	2020		2019	
	Gross profit *RMB'000*	**Gross profit margin** *%*	Gross profit *RMB'000*	Gross profit margin *%*
Property management services	**104,378**	**18.8**	66,427	16.1
Value-added services to non-property owners	**141,224**	**45.3**	96,838	43.2
Value-added services to property owners	**51,715**	**55.0**	33,775	51.0
Total	**297,317**	**31.0**	197,040	28.1

Gross profit of property management services increased by 57.2% from RMB66.4 million in 2019 to RMB104.4 million in 2020, and gross profit margin increased by 2.7 percentage points from 16.1% in 2019 to 18.8% in 2020. In 2020, leveraging on our strong brand name, we were able to maintain the continuous increase in revenue by providing services for high value properties. In addition, through upgrade of operation system, operation efficiency was improved to effectively control cost while the quality of services was maintained.

Gross profit of value-added services to non-property owners increased by 45.9% from RMB96.8 million in 2019 to RMB141.2 million in 2020, and gross profit margin increased from 43.2% in 2019 to 45.3% in 2020.

Gross profit of value-added services to property owners increased by 53.0% from RMB33.8 million in 2019 to RMB51.7 million in 2020, and gross profit margin increased from 51.0% in 2019 to 55.0% in 2020. The increase in gross profit was mainly due to the increasing demand of value-added services to property owners as a result of an increase in number of property owners and the rapid growth in car parking space and sales of storage room business during the year.

Cost of sales

During the year, the Group's cost of sales increased by 31.3% from RMB504.8 million in 2019 to RMB662.9 million in 2020. The increase in cost of sales was in line with the growth of business scale.

Selling and marketing expenses

During the year, the Group's selling and marketing expenses increased from RMB0.8 million in 2019 to RMB2.7 million in 2020, mainly due to a year-on-year increase in sale commission as a result of the growth of sales business.

Administrative expenses

During the year, the Group's administrative expenses decreased by 29.7% from RMB56.6 million in 2019 to RMB39.8 million in 2020, mainly because no listing expense was incurred during the year.

Impairment loss on trade receivables

During the year, the Group's impairment loss on trade receivables increased from RMB4.5 million in 2019 to RMB11.5 million in 2020, mainly due to the growth of business scale and an increase in allowance on bad debts as a result of an increase of receivables during the year.

Net finance income

During the year, the finance income of the Group was interest income on bank deposits. Finance income increased from RMB19.5 million in 2019 to RMB31.0 million in 2020. The increase was mainly attributable to an increase in interest income from high-yield deposit products as a result of the centralized capital management of the Group. Finance costs represent lease liabilities and interest expenses on prepaid customized home furnishing services fees received from property owners categorized as contract liabilities. Finance costs decreased from RMB1.7 million in 2019 to RMB0.5 million in 2020. The decrease was mainly attributable to a decrease in interest expenses as a result of a decrease in prepayment of service fee from properties owners for customized interior furnishing services.

Share of profits less losses of two associates

During the year, the Group's share of profits less losses of two associates changed from a loss of RMB4.1 million in 2019 to a profit of RMB0.6 million in 2020, mainly due to the associates turned losses into profits during the year.

Profit before taxation

During the year, profit before taxation of the Group was RMB284.0 million, representing an increase of 85.3% as compared with RMB153.3 million in 2019, mainly due to an increase of RMB100.3 million in gross profit during the year and effective fund management as well as the fact that no listing expense was incurred during the year.

Income tax

During the year, income tax expenses of the Group were RMB63.7 million, representing an increase of 65.9% in 2020 as compared with RMB38.4 million in 2019, mainly due to the growth of business and a year-on-year increase in income tax expenses as a result of an increase in gross profit.

Profit for the year

The Group's profit for the year was RMB220.3 million, representing an increase of 91.7% as compared with RMB114.9 million in 2019, mainly due to the growth of business. Net profit attributable to equity shareholders of the Company was RMB219.6 million, representing an increase of 91.5% as compared with RMB114.7 million in 2019. Net profit margin was 22.9%, representing an increase of 6.5 percentage points as compared with 16.4% in the corresponding period of 2019, mainly due to the further increase in gross profit margin of all business segments during the year and increased gain from the preservation and appreciation of capital value.

Current assets, financial resources and gearing ratio

The Group maintained a well financial performance in 2020. As at 31 December 2020, current assets were RMB1,368.1 million, representing an increase of 26.2% as compared with RMB1,084.5 million as at 31 December 2019.

As at 31 December 2020, the Group's cash and cash equivalents were RMB805.4 million, representing an increase of 55.9% as compared with RMB516.7 million as at 31 December 2019. This was mainly due to the net cash inflow from operating activities of RMB317.7 million driven by the growth of business and increased gain from the preservation and appreciation of capital value. As at 31 December 2020, current ratio was 2.13, representing a decrease as compared with 2.28 as at 31 December 2019.

As at 31 December 2020, the Group did not have any loans or borrowings (31 December 2019: Nil).

As at 31 December 2020, the total equity of the Group was RMB858.3 million, representing an increase of 18.1% as compared with RMB726.5 million as at 31 December 2019. This was mainly due to the growth of business and an increase in operating profit.

Investment properties, property, plant and equipment

As at 31 December 2020, the investment properties, property, plant and equipment of the Group amounted to RMB16.7 million, representing an increase of 29.5% as compared with RMB12.9 million as at 31 December 2019, mainly due to the addition of investment properties of RMB2.1 million and fixed assets of RMB1.7 million. In addition, fixed assets for business development increased in line with the growth of business.

Contingent liabilities

The Group did not have any contingent liabilities as at 31 December 2020 and 2019.

Pledged assets

The Group did not have any pledged assets as at 31 December 2020 and 2019.

Trade and other receivables

As at 31 December 2020, trade and other receivables amounted to RMB95.7 million, representing an increase of RMB29.4 million or 44.3% as compared with RMB66.3 million in 2019, mainly due to an increase in property management fee receivables as a result of the growth of business.

Trade and other payables

As at 31 December 2020, trade and other payables amounted to RMB473.3 million, representing an increase of RMB155.0 million or 48.7% as compared with RMB318.3 million in 2019, mainly due to an increase in staff salaries payable as a result of an increase in number of staff. In addition, the payment received from property owners increased in line with the growth of business.

Human resources

As at 31 December 2020, the Group employed a total of 5,507 employees. During the Reporting Period, the staff costs of the Group were RMB412.2 million (2019: RMB330.6 million).

Significant investments, material acquisitions and disposals

The Company did not have any significant investments, material acquisitions or disposals during the year.

Exposure to foreign exchange risks

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities.

The Company, the British Virgin Islands subsidiary and the Hong Kong subsidiary's functional currency is HKD. Their businesses are principally conducted in HKD. In addition, as the HKD is pegged to the USD, the Group considers the risk of movements in exchange rates between the HKD and the USD to be insignificant.

The functional currency of the Group's subsidiaries' in the People's Republic of China (the "**PRC**") is RMB and their businesses are principally conducted in RMB. So the Group considers the currency risk to be insignificant.

Risks and Uncertainties

Geographical concentration risk

All of the Group's operations are concentrated in the Yangtze River Delta, particularly in Hangzhou. During the Reporting Period, the total GFA under management located in the Yangtze River Delta accounted for almost all of our total GFA under management, and property management services revenue generated from our managed properties in the Yangtze River Delta amounted to almost all of our total property management services revenue. Though the Group will further expand to other key economics regions and cities in China, the Company expect that the Yangtze River Delta will still continue to account for a significant portion of our operations in the near future. If the Yangtze River Delta experiences any adverse economic conditions, such as an economic downturn, natural disaster, contagious disease outbreak, terrorist attack, or if the local governmental authorities adopt regulations that place additional restrictions on the property management service industry, the Group's business, financial condition and results of operations could be materially and adversely affected. Given the above, the Group actively seeks business opportunities outside the Yangtze River Delta to expand our geographical coverage.

New contract risk

During the Reporting Period, the Group procured almost all of our new property management service contracts through tender processes. Property developers and the property owners' general meetings choose property management companies based on a number of factors, including but not limited to the quality of services provided, pricing and the operating history of the property management company. There is no assurance that the Group will be able to procure new property management service contracts in the future. Furthermore, most of the Group's property management service contracts during the Reporting Period were related to the management of properties developed by Binjiang Group. Any adverse development in the operations of Binjiang Group or its ability to develop new properties may negatively impact the Group ability to procure new property management service contracts. The Group cannot assure that Binjiang Group will engage the Group as their property management service provider for any property they developed. If our Group are not able to increase the number of managed properties developed by independent third party property developers, our Group's results of operations and growth prospects may be materially and adversely affected. Given the above, the Group will enhance its quality service capabilities, and actively seek business opportunities from independent third parties to expand our business access channel.

Future acquisition risk

In the future, our Group plans to seek and evaluate opportunities to acquire other property management companies and other businesses that may complement our existing service offerings to expand the Group's business scale and integrate their operations into the Group's business. However, acquisitions involve inherent risks and uncertainties, including, without limitation, potential ongoing financial obligations and hidden or unforeseen liabilities in connection with the target, inability to apply the Group's business model or standardize business processes with the acquisition targets, failure to achieve the intended acquisition objectives or benefits, diversion of resources and management attention from managing our existing business operations. In addition, there can be no assurance that our Group will be able to identify suitable acquisition opportunities. Even if the Company can, the Group may not be able to complete the acquisitions on terms favorable to us and in a timely matter, or at all. As a result, the Group's competitiveness and growth prospects could be materially and adversely affected. Given the above, the Company will identify acquisition targets in a cautious manner.

Epidemic risk

In the face of the epidemic, the Group stands at the front line to enhance epidemic preventive measures in accordance with the requirement of local community and perform various duties to serve the general public. The social recognition of the Group was further enhanced. Additional human resources and materials were allocated and higher costs were incurred to maintain our service quality. During the period of and after epidemic, the Group may encounter some problems, such as slowdown in property development, higher costs and dropping out of general staff. The operation and performance of the Group will be adversely affected. The Group has promptly and decisively responded to the epidemic by introducing various preventive measures which will be adopted as our regular property management measures to deal with major public crisis in the future.

As at the date of this annual report, based on the business operation and capital investment of the Group, the Board believes that the Group maintains stable liquidity position and sufficient working capital and has not been materially affected by the COVID-19 epidemic, and that the liquidity position and working capital of the Group are sufficient to meet the expected capital investment plan.

Tax reduction

Pursuant to the laws of the Cayman Islands, the Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax and estate duty.

Capital structure

There has been no change in capital structure of the Company for the year ended December 31, 2020. The capital of the Company comprises ordinary shares and other reserves.

Contingent liabilities

The Group had no contingent liability for the year ended December 31, 2020.

Significant investments and material investments, acquisitions and disposal of subsidiaries and associated companies

The Group did not have any significant investments and material investments, acquisitions, and disposals of subsidiaries and associated companies for the year ended December 31, 2020.

Future plans for substantial investments or capital assets

As stated in the prospectus of the Company dated February 28, 2019 (the "**Prospectus**") and the announcement of the Company dated February 28, 2019, approximately 35% (approximately HK$159.4 million) of the net proceeds from the Listing and the over-allotment is used for acquisition of other property management companies and companies which are engaged in property management related businesses, approximately 20% (approximately HK$91.1 million) for investment on asset management platform to engage in the operation of and long-term apartment and industrial parks, and approximately 10% (approximately HK$45.5 million) for establishment of joint companies or platforms. During the Reporting Period and as at the date of this annual report, the Company has been exploring and tracking potential opportunities in the market in a diligent and cautious manner. As of December 31, 2020, the Group has established five joint ventures which manage eight projects under management and one pre-delivery management project. In 2020, the Group also actively explored acquisition and investment opportunities of asset management platforms. However, the Group has not yet identified any acquisition and investment target of asset management platforms since the potential targets did not satisfy the operating needs of the Group. The Group will continue to actively explore acquisition and investment targets of asset management platforms and such part of the proceeds will be utilized once the target is confirmed.

Purchase, sale or redemption of listed securities of the Company

The Company or any of its subsidiaries has not repurchased, sold or redeemed any of the listed securities of the Company during the Reporting Period.

Employees and remuneration policies

As at December 31, 2020, the Group had a total of 5,507 employees. The staff cost of the Group during the Reporting Period was RMB412.2 million (2019: RMB330.6 million).

The Group's remuneration packages for employees are determined based on their duties, qualifications, individual performance and current market standards. The discretionary bonus paid to employees, based on the performance of individual employees, recognized and rewarded their contribution. We have implemented and will continue to implement various employee recognition initiatives and rewards. The Group also makes social security contributions (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing provident fund contributions for our employees. During the Reporting Period, the Group also provided its staff with systematic and extensive training plans and promotion and rotation programs. During the Reporting Period, the Group did not adopt any share option scheme.

Executive Directors

Mr. ZHU Lidong (朱立東), aged 57, has been an executive Director, the chairman of the Board and president of the Company since September 2018. He has joined our Group in May 2003 and has more than 17 years of experience in the real estate industry. With his extensive experience, he is principally responsible for the overall management and business operation of our Group, including coordinating board affairs, formulating strategies and operational plans and making major business decisions. He is also the chairman of the board and the general manager of Binjiang Property, a company engaged in property management, since November 2006 and February 2010, respectively, where he is responsible for overall management and business operation.

From February 2017 to September 2018, Mr. ZHU was the deputy general manager of Binjiang Holdings, a company engaged in investment, where he was responsible for the general operations of the fellow subsidiaries. From May 2003 to February 2017, he served as the deputy general manager at Hangzhou Binjiang Real Estate Group Co., Ltd.* (杭州濱江房產集團股份有限公司) ("**Binjiang Real Estate**"), a company listed on the Shenzhen Stock Exchange (stock code: 002244) with its principal in business in real estate development. During his tenure, he was responsible for projects operation and market expansion. From October 1994 to April 2003, he was a reporter and the deputy director of general editing office and monograph office of Hangzhou Daily Newspaper Press Group (杭州日報報業集團) ("**Hangzhou Daily**") (formerly known as Hangzhou Daily Newspaper Press) and an associate general editor of Daily Commence Newspaper (每日商報) of Hangzhou Daily Newspaper, a mass media corporation listed on the Shenzhen Stock Exchange (stock code: 000607), where he was primarily responsible for writing and editing manuscripts. Prior to that, Mr. ZHU was a teaching staff at Armed Police Hangzhou Command College (武警杭州指揮學院) from September 1984 to October 1994.

Since July 2012, Mr. ZHU has been the vice chairperson of the Property Management Association of Zhejiang Real Estate Institute (浙江房地產協會物業管理分會). He has also been serving as the vice chairman of the Hangzhou Property Management Association (杭州物業管理協會) since August 2018. In July 2008, Mr. ZHU was recognized as the Hangzhou Property Management Bidding Expertise (杭州市物業管理招投標專家) and appointed as the fellow of Hangzhou Property Management Excellent Projects Evaluation Expert Database (杭州市物業管理優秀項目考評專家庫) from August 2018 to July 2020.

Due to his achievements and contributions to the economic and social development of Hangzhou, Mr. ZHU has been granted a number of awards. In 2004, he was awarded China Excellent Professional Manager (中國優秀職業經理人) by the 2004 China City-land Operation Exposition (2004中國城市土地運營博覽會). He was also conferred the Attitude Real Estate Person (態度地產人物) by the Netease Real Estate (網易房產) in 2017.

Mr. ZHU received his bachelor's degree in history from Hangzhou University (杭州大學) (currently merged into Zhejiang University (浙江大學)), the PRC, in July 1984.

Ms. ZHONG Ruoqin (鍾若琴), aged 35, has been an executive Director and the secretary to the Board of the Company since September 2018. She is also a joint company secretary of the Company. Ms. ZHONG has joined our Group in April 2013 and is primarily responsible for formulating and supervising operational strategies and plans, deciding and executing the board resolution, undertaking business objectives of the Board. Ms. ZHONG has extensive work experience in the real estate industry. Since July 2018, she has been appointed as the manager of securities department at Binjiang Property, where she is primarily responsible for forming and organizing the securities department.

From April 2013 to June 2018, she served in the securities department of Binjiang Real Estate, where she was responsible for the conduct of board meetings, information disclosure, and management of investment and refinancing. From August 2008 to February 2011, Ms. ZHONG was an agency supervisor of CITIC-Prudential Finance Company Ltd., a company engaged in insurance and wealth management business, where she was responsible for personal selling, team management and performance appraisal.

Ms. ZHONG received her master's degree in business administration from the City University of Hong Kong (香港城市大學), Hong Kong, in October 2012 and the bachelor's degree in business from the Dundalk Institute of Technology (愛爾蘭唐道克理工學院), Ireland, in June 2008.

Non-executive Directors

Mr. MO Jianhua (莫建華), aged 50, has been the non-executive Director of the Company since December 2017. He is primarily responsible for providing guidance and supervision to our Group's business operations. Mr. MO has over 22 years of experience in the real estate industry. Since January 2017, he has also been serving as the general manager of Hangzhou Pute Equity Investment Management Limited (杭州普特股權投資管理有限公司) ("**Pute Equity**"), a company which is principally engaged in equity investment, where he is responsible for the overall management of business. Since November 2006, he has been a director at Binjiang Real Estate, where he is responsible for providing guidance and supervision to our Group's business operations.

From July 2011 to November 2017, he was the general manager of Hangzhou Binjiang Venture Capital Investment Limited* (杭州濱江創業投資有限公司) ("**Binjiang Venture Capital**"), a company which is primarily engaged in venture capital, and he was responsible for overall operation of business. From December 1999 to July 2011 he was the managing deputy general manager of Binjiang Real Estate, where he was responsible for the management of construction costs. From October 1996 to December 1999, he served as a deputy general manager at Binjiang Real Estate Construction Co., Ltd. (濱江房屋建設開發有限公司), a company engaged in real estate construction. He was responsible for the management of construction costs.

Mr. MO obtained an executive master's degree in business administration (EMBA) from Zhejiang University (浙江大學), the PRC, in June 2013.

Mr. CAI Xin (蔡鑫), aged 45, has been the non-executive Director of the Company since September 2018. He is primarily responsible for providing guidance and supervision to our Group's business operations. Since November 2017, he has been the general manager at Binjiang Venture Capital, where he is in charge of overall operation of business, marketing expansion and investment projects implementation.

From July 2011 to November 2017, he served as the deputy general manager of Pute Equity, where he was responsible for corporate fund raising and investment projects implementation. From September 2002 to July 2011, he served as the manager of finance department at Binjiang Real Estate, where he was primarily responsible for the general management of finance department, preparation of financial reports, formulating budget plans and tax reports.

Mr. CAI obtained an executive master's degree in business administration from Zhejiang University (浙江大學) in December 2015 and a bachelor's degree in economics from Zhejiang University of Financial and Economics (浙江財經大學), the PRC, in July 1997. He obtained the certificate of senior accountant granted by Zhejiang Senior Accountant Certificate Evaluation Committee in June 2012.

Independent Non-executive Directors

Mr. DING Jiangang (丁建剛), aged 57, joined our Group in February 2019 as an independent non-executive Director. Since May 2014, Mr. DING has been the dean of Zhejiang Daily Media Real Estate Institute (浙報傳媒地產研究院), which is engaged in provision of market analysis of real estate industry, and is responsible for research on real estate policy and real estate market. He has also been serving at Zhejiang Real Estate Institute (浙江房地產業協會) as a council member and is responsible for research in relation to policies and market trends in the real estate industry since October 2017.

Mr. DING has approximately 31 years of experience in the media industry. Mr. DING has been an employee of Decision Research Consultancy Limited (杭州浙訊房地產決策研究諮詢有限公司) since June 2014. Mr. DING worked for Hangzhou Joint Founder Information Technology Co., Ltd. (杭州中房信息科技有限公司), which is engaged in provision of market analysis of real estate industry, and was responsible for research on real estate policy and real estate market from March 2013 to May 2014. He worked for the economic department of, and as the deputy editor of the website Live in Hangzhou (住在杭州) of Zhejiang Online News Website Co., Ltd. (浙江在線新聞網站有限公司), which is engaged in online news publication and he was responsible for researching financial properties and providing commentaries thereon from September 2008 to February 2013. He worked for Zhejiang Radio & TV Group (浙江廣播電視集團), which is engaged in publication and sales of newspaper, magazines and video, and he was responsible for production of property programs from April 1989 to September 2008. He worked for teaching and research group of building structure of Zhejiang Construction Industrial College (浙江省建築工業學校) and was responsible for teaching building structure courses and management of the teaching and research group from November 1985 to April 1989. He was also a teaching staff in Changchun Advanced Architecture Institute (長春高等建築專科學校) from July 1983 to October 1985.

Mr. DING has been serving as an independent non-executive director of Dexin China Holdings Company Limited (德信中國控股有限公司), a property development company listed on the Hong Kong Stock Exchange (stock code: 02019) since January 2019. He is responsible for providing independent judgment and advice in relation to operations and management of the company. Mr. DING obtained his bachelor's degree in civil engineering from Xi'an University of Architecture and Technology (西安建築科技大學) (formerly known as Xi'an Metallurgy Architecture College (西安冶金建築學院)), the PRC, in July 1983.

Mr. LI Kunjun (李坤軍), aged 43, joined our Group in February 2019 as an independent non-executive Director. Since October 2017, he has been serving as the chief executive officer of Hangzhou Xiaodi Technology Co., Ltd. (杭州小嘀科技有限公司), a company engaged in the real estate technology development, which attracted investments from Hangzhou Tengguo Internet Technology Co., Ltd. (杭州騰果網絡科技有限公司) and Hangzhou Daily, and created one of the most influential Wechat official accounts with regard to property market in Hangzhou. He is responsible for the overall management and business operation.

Mr. LI has extensive work experience in the media industry. From September 2000 to December 2016, he held various positions at Hangzhou Daily, including reporter, and director of property office. During his tenure, he published a book, Hangzhou Qualified Houses — Guidance for purchasing houses from QIU Weiwei and LI Kunjun.

Mr. LI graduated from Zhejiang University (浙江大學), the PRC, with his bachelor's degree in Chinese in June 2000.

Ms. CAI Haijing (蔡海靜), aged 38, joined our Group in February 2019 as an independent non-executive Director. Since December 2007, she was a lecturer of accounting at Zhejiang University of Finance and Economics (浙江財經大學) and subsequently appointed as an associate professor and a professor in December 2014 and November 2019, respectively. In October 2017, Ms. CAI was regarded as the Leading Expert of the Zhejiang High-education Youngster (浙江省高校中青年學科帶頭人) and the nurturing target (發展對象) of the Zhejiang 151 Talent Project (浙江省新世紀151人才工程) in December 2015.

Ms. CAI has been serving as an independent non-executive director and a member of the audit committee of Wangneng Environment Co., Ltd. (旺能環境股份有限公司), an environment protection company listed on the Shenzhen Stock Exchange (stock code: 002034) since December 2017, Zhejiang Kang Long Da Special Protection Technology Co., Ltd. (浙江康隆達特種防護科技股份有限公司), a textile manufacturing company listed on the Shanghai Stock Exchange (stock code: 603665) since October 2017, Ue Furniture Co., Ltd. (永藝傢俱股份有限公司), a furniture manufacturing company listed on the Shanghai Stock Exchange (stock code: 603600) since July 2016 and Hangzhou Jizhi Mechatronic Co., Ltd. (杭州集智機電股份有限公司), a machines manufacturing company listed on the Shenzhen Stock Exchange (stock code: 300553) since July 2015. As an independent non-executive director and a member of the audit committee, she is responsible for providing independent judgment and advice in relation to general management and audit committee to those listed companies.

Ms. CAI obtained a doctoral degree in accounting from Zhongnan University of Economics and Law (中南財經政法大學), the PRC, in June 2013, a master's degree from Brock University (加拿大布魯克大學), Canada, in October 2007 and bachelor's degree from Zhejiang University of Financial and Economics (浙江財經大學), the PRC, in June 2006. She was admitted as a fellow of the Association of Chartered Certified Accountants (英國特許會計師協會) in June 2011 and the Canadian Institute of Chartered Accountants (加拿大註冊會計師協會) in September 2010.

Senior Management

Mr. SHEN Guorong (沈國榮), aged 39, has been appointed as an executive president of our Group in September 2020, and he is primarily responsible for the general management of regional projects. He has more than 17 years of experience in the property management service industry. He has joined our Group in October 2004 as a project manager and was responsible for the overall management of projects till February 2005. He subsequently served as an assistant of general manager of Binjiang Property, and was responsible for the general management and supervision from February 2005 to December 2009. He was appointed as a deputy general manager of our Group in December 2009.

Prior to joining our Group, he was a project manager at Jiaye Sunshine Property Management Co., Ltd. (嘉業陽光物業管理有限公司), a company engaged in property management service industry, from January 2002 to September 2004. He was responsible for the overall project management. In June 2017, Mr. SHEN was appointed as the chairman of Jianggan District Property Management Institute (江幹區物業管理協會). He was also recognized as the Hangzhou Property Management Bidding Expertise (杭州市物業管理招投標專家) and the fellow of Hangzhou Property Management Excellent Projects Evaluation Expert Base (杭州市物業管理優秀項目考評專家庫) in July 2014.

Mr. SHEN graduated from Jiaxing University (嘉興學院), the PRC, with an associate degree in construction project management in January 2011. In November 2013, he was recognized as a registered Property Manager (註冊物業管理師) by the Ministry of Housing and Urban-Rural Development of the People's Republic of China (中華人民共和國住房和城鄉建設部).

Mr. WANG Guoyi (王國義), aged 58, has been appointed as a vice president of our Group in September 2020. He is primarily responsible for business development, engineering management, pre-delivery examination management and after-sale services. Mr. WANG has almost 22 years of experience in the property management service industry. From March 2005 to December 2009, he served as an engineering director in Binjiang Property and was responsible for the engineering management. He was appointed as a deputy general manager of our Group in December 2009.

Prior to joining our Group, he previously worked as an engineer at Zhejiang Nandu Property Management Co., Ltd. (浙江南都物業管理有限公司), a company engaged in property management, from January 2000 to February 2005, where he was responsible for engineering management and consultancy. From November 1996 to June 1998, he worked as a technician at the production department of Pt. San Weei Indonesia Rattan Industry (印尼上瑋籐業有限公司), a company engaged in rattan manufacturing, exporting and importing, where he was responsible for mechanical maintenance. From December 1991 to November 1996, he worked as an electrician at Hangzhou Chemistry Building (杭州化工大廈), a company engaged in chemical industry, where he was responsible for electrical installation and maintenance, as well as the operation of telephone switchboard. From December 1984 to December 1991, he served as an electrician at Hangzhou Standard Head Factory (杭州標準件總廠), a company engaged in manufacturing mechanical components, where he was responsible for electrical maintenance at the mold workshop. From December 1981 to December 1984, he served as an electrician at Hangzhou Broadcast Equipment Factory (杭州廣播器材廠) (previously known as Hangzhou Qianjiang Maobi Factory (杭州錢江毛筆製刷廠), a company engaged in manufacturing broadcasting equipment, where he was responsible for electrical maintenance.

Mr. WANG obtained a high school diploma from Hangzhou the Fifth High School, the PRC, in June 1980.

Mr. CHENG Yanfei (程燕飛), aged 40, has been appointed as a vice president of our Group since September 2020 and is primarily responsible for the general management of regional projects. He has more than 17 years of experience in the property management service industry. He has joined our Group in October 2005 as a project manager and was responsible for the overall management of projects till January 2017. He was subsequently served as a deputy regional manager of Binjiang Property, and was responsible for the general management and supervision from February 2017 to September 2020.

Prior to joining our Group, he was a general manager at Hangzhou Baiquan Property Management Co., Ltd. (杭州佰全物業管理有限公司) from April 2005 to October 2005, a manager at Hangzhou Dajia Property Operation and Management Co., Ltd. (杭州大家物業經營管理有限公司) from December 2003 to April 2005, a manager at Beijing CR Land Property Management Co., Ltd. (北京華潤置地物業管理有限公司) from April 2003 to November 2003, and a manager at Beijing Shuntiantong Property Management Co., Ltd. (北京順天通物業管理有限公司) from September 2001 to January 2002.

Mr. CHENG graduated from Northern Jiaotong University (北方交通大學) with an associate degree in property management in January 2003. In January 2008, he obtained the certificate of property management project director in Hangzhou.

Mr. LIN Meng (林猛), aged 54, has been appointed as a vice president of our Group in September 2020. He is primarily responsible for business development, pre-delivery consulting and brand operation. Mr. LIN has almost 20 years of experience in the property management service industry. Since 2009, he has served as a project manager in Binjiang Property and has been responsible for the overall management of projects. He was appointed as a manager of our Group in September 2015 and was responsible for business development, pre-delivery consulting and brand operation. Since December 2018, he has served as a director of our Group and has been responsible for business development, pre-delivery consulting and brand operation.

Mr. LIN graduated from Northern Zhejiang University (浙江大學) with an associate degree in administration in July 2006. In May 2006, he obtained the certificate of property enterprise manager issued by the Department of Personnel and Education of the Ministry of Construction. He was appointed as the fellow of Early-stage Property Bidding Expert Base by Hangzhou Housing Security and Management Bureau in June 2006.

Mr. TANG Xiong (湯雄), aged 40, joined our Group in April 2021 as the financial controller and he is primarily responsible for overall financial management of our Group.

Prior to joining our Group, he was appointed as an industry financial director of Zhejiang New Century Property Management Co., Ltd. (浙江開元物業管理股份有限公司), a company engaged in property services and management, and he was responsible for property industry financial management from April 2015 to April 2021. He was appointed as a financial director of Huaqiao New Century Grand Hotel Lishui (麗水華僑開元名都大酒店), a company engaged in hotel management, and he was responsible for financial restructuring of the hotel from February 2012 to April 2015. He was appointed as a financial director of Gaosu New Century Hotel International Anhui (安徽高速開元國際大酒店) and he was responsible for the general financial management during the preparation and opening of the hotel from April 2011 to February 2012. He was appointed as a financial director of New Century Resort Changzhou (常州開元度假村) and he was responsible for the general financial management from December 2010 to April 2011. He was appointed as an assistant to financial director of New Century Resort Jiulong Lake Ningbo (開元寧波九龍湖度假村) and he was responsible for financial management during the preparation of the hotel from February 2009 to December 2010. He was appointed as a manager of investment and audit of New Century Hotel Group (開元酒店集團) and he was responsible for financial management of the group from November 2007 to February 2009. He was appointed as the chief accountant of Wuhan Oriental Hotel (武漢東方大酒店) and he was responsible for accounting management from September 2002 to November 2007.

Mr. TANG graduated from Renmin University of China (中國人民大學) with a bachelor's degree in accounting in January 2021. In May 2004, he obtained the certificate of intermediate accountant granted by Ministry of Finance of the People's Republic of China. He was admitted as a certified management accountant of the Institute of Certified Management Accountants of the United States of America in January 2020.

The Board of Directors (the "**Board**") of the Company is pleased to present its report together with the audited consolidated financial statements of the Group for the Reporting Period.

Use of Proceeds

The total proceeds from the Listing and Over-allotment amounted to HK$455.3 million. The net proceeds from the Listing were approximately HK$389.8 million (after deducting listing expenses), which are intended to be utilized in the manner as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The net proceeds from the Over-allotment were approximately HK$65.5 million (after deducting over-allotment expenses), which are intended to be utilized pro-rata in accordance with the purposes described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

The Group had utilized approximately HK$181.7 million of the net proceeds as at December 31, 2020. The unutilized net proceeds of approximately HK$273.6 million are intended to be applied in the manner consistent with the proposed allocations.

Use of proceeds	**Proposed use of proceeds** *HK$ million*	**Unutilized amount as at 1 January 2020** *HK$ million*	**Utilized amount during the year** *HK$ million*	**Unutilized amount as at 31 December 2020** *HK$ million*
Acquisition of property management companies located in major cities in the Yangtze River Delta to further increase the Group's market share in the existing market, and also in new cities such as Shenzhen to expand the Group's geographical coverage[1]	159.4	159.4	—	159.4
Updating the Group's management service systems and recruiting and nurturing talents[2]	113.8	103.7	97.1	6.6
Investment in the asset management platform to engage in the operation of industrial parks[3]	91.1	91.1	—	91.1
Establishing joint venture companies or platform through the cooperation with local governments and property developers[4]	45.5	36.2	19.7	16.5
As working capital and for other general corporate purposes[5]	45.5	43.8	43.8	—
	455.3	434.2	160.6	273.6

The use or proposed use of proceeds from the Listing is in compliance with the plans previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus and there have been no material changes or delays.

1. The Group is actively identifying acquisition targets, and this portion of proceeds will be used after the acquisition targets are determined. The Group will select suitable acquisition targets in a prudent manner. It is expected that this portion of proceeds will be fully utilized by 31 December 2023.

2. The Group has put great efforts in updating the management service system in 2020. The proceeds for recruitment and nurture of talents will be used according to the needs of the Group from time to time.

3. The Group expects to invest in the platform in 2021. The Group actively explored a platform for investment in a prudent manner during the Reporting Period. The proceeds will be used when a suitable platform is identified. It is expected that this portion of proceeds will be fully utilized by 31 December 2023.

4. The Group has launched the cooperation projects and established joint venture companies in the second half of 2019. The projects will be completed by 2021. As at December 31, 2020, 5 joint ventures had been established to manage 8 existing management projects and 1 pre-delivery project.

5. The amount to be used according to the business needs of the Group from time to time.

Principal Business

The Group is principally engaged in provision of property management services, value-added services for non-property owners and value-added services for property owners in the PRC. The analysis of the Group's principal business for the year ended December 31, 2020 is set out in Note 3 of the consolidated financial statements.

Results

The results of the Group for the year ended December 31, 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 106 to 107 of this annual report.

Final Dividend

Having considered the needs of business development of the Group and returns of shareholders of the Company, the Board recommends the payment of a final dividend for 2020 of HK$0.564 per share. A dividend of HK$0.564 per Share in aggregate will be paid out and no withholding of any tax will be made by the Company. Shareholders are required to deal with the filing and payment of tax with the relevant tax authority. The dividend ratio is 60%. The proposed final dividend amounted to HK$155.9 million in total, and shall be subject to approval by Shareholders at the forthcoming annual general meeting of the Company (the "**AGM**"). The final dividend is expected to be paid on or around Friday, June 25, 2021.

Dividend Policy

On March 19, 2020, the Board of the Company approved and adopted a revised dividend policy as follows:

In accordance with the dividend policy, the Group intends to distribute not less than 50% of its net profit to its shareholders as dividend distribution for each year. The Board will consider, among others, the following factors when proposing to pay any dividend:

- the business environment and various internal or external factors which may affect the operation or financial performance of the Group;
- the actual and estimated future financial performance of the Group;
- the actual and estimated working capital requirement, operation strategy and development plan of the Group;
- legal and regulatory requirement;
- contractual restriction on the distribution of dividend by the Group or subsidiaries of the Group;
- the taxation implication;
- interests of the shareholders; and
- other factors the Board may considers relevant.

The declaration of the dividend by the Company shall be at the full discretion of the Board and be subject to the Company Law of Cayman Islands and the Articles of Association of the Company. Even though the Board decides to propose and declare the distribution of dividend, the form, frequency and amount of the dividend distribution shall be subject to the factors disclosed above and other factors which may affect the Company. For details of the abovementioned revised dividend policy, please refer to the announcement of the Company dated March 19, 2020.

Business Review

Business review of the Group for the Reporting Period and the Group's prospects are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 6 to 23 of this annual report. The analysis of the Group during the Reporting Period using key indicators of financial performance is set out in the section headed "Financial Review" on pages 16 to 20.

Environmental Policy and Performance

The Group recognises the importance of environmental protection and was adopted stringent measures for environmental protection in order to ensure the compliance to the prevailing environmental protection laws and regulations.

Given the nature of operations of the Group, we believe we are not subject to material environmental liability risk or compliance costs. During the Reporting Period and up to the date of this annual report, no fines or penalties for non-compliance of the PRC environmental laws had been imposed on us.

The environmental, social and governance report of the Company is set out in pages 65 to 99 of this annual report.

Risks and Uncertainties

A description of the principal risks and uncertainties that the Group may be facing is set out in the section headed "Management Discussion and Analysis" on pages 21 to 22 of this annual report.

Compliance with relevant laws and regulations

The Company strictly complied with the following laws and regulations which may have a significant impact on its operation: (a) the laws and regulations relating to foreign investment; (b) the laws, regulations and policies relating to qualification of property management service company, appointment, fees, outsourcing and real estate brokerage; (c) the laws and regulations relating to intellectual property; (d) the laws and regulations relating to merger and acquisition of domestic enterprises by foreign investors; (e) the laws and regulations relating to foreign exchange and taxation; (f) the laws and regulations relating to labor and social security. Meanwhile, a list of applicable laws and regulations was established within the Company and updated from time to time for compliance.

During the year ended December 31, 2020, the Company was able to comply with the relevant laws and regulations within and outside China which have a significant impact on it, through the full cooperation between its legal department and the external legal advisors, and the Company's continuous and effective supervision.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years are set out on pages 4 to 5 of this annual report. This summary does not form part of the audited consolidated financial statements.

Major Customers and Suppliers

Major Customers

For the year ended December 31, 2020, the transaction amounts of our Group's top five customers accounted for 18.6% (2019: 23.8%) of the Group's total revenues while the transaction amounts of our single largest customer accounted for 14.7% (2019: 18.0%) of the Group's total revenues.

Major Suppliers

For the year ended December 31, 2020, the transaction amounts of our Group's top five suppliers accounted for 15.5% (2019: 26.3%) of the total purchases while the transaction amounts of our single largest supplier accounted for 9.4% (2019: 11.9%) of the Group's total purchases.

During the Reporting Period, save as disclosed in Note 25 to the consolidated financial statements, none of the Directors, any of their close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the number of the issued shares of the Company) was interested in the top five customers or suppliers of the Group.

Relationship with Employees

As a service-oriented enterprise, the Group has realized employees' service level and professional development are critical to its development. During the Reporting Period, the Group continued to offer competitive compensation packages and performance review systems, enhance employee recognition initiatives and rewards and provide various training opportunities to enhance employees sense of belonging. During the year, the performance of employees was satisfied and we have not experienced any material labour disputes or litigations.

The details of employment, salaries and benefits and staff training of the Group during the Reporting Period are set out in the paragraphs "Employees and remuneration policies" in the section headed "Management Discussion and Analysis" on page 23 of this annual report.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group during the year ended December 31, 2020 are set out in Note 10 to the consolidated financial statements.

Share Capital

Details of movements in the Company's share capital during the Reporting Period are set out in Note 22(b) to the consolidated financial statements.

Reserves

Details of the movements in the reserves of the Company and the Group during the year ended December 31, 2020 are set out in the consolidated statement of changes in equity on page 110.

Reserves Available for Distribution

As at December 31, 2020, the reserves available for distribution of the Company (including share premium and retained profits of the Company) amounted to RMB419.2 million.

Payment of Dividend

For the year ended December 31, 2020 and 2019, the total amount of dividend paid by the Group amounted to RMB131.6 million and RMB80.1 million, respectively, representing an increase of 64.3%. The increase was mainly due to the satisfactory results of operation and importance attached to returns for shareholders of the Company.

Bank Loans and Other Borrowings

During the Reporting Period, we did not have any bank loans and other borrowings.

Directors

The Directors during the Reporting Period and up to the date of this annual report are as follows:

Executive Directors:

ZHU Lidong
ZHONG Ruoqin

Non-executive Directors:

MO Jianhua
CAI Xin

Independent Non-executive Directors:

DING Jiangang
LI Kunjun
CAI Haijing

Mr. ZHU Lidong, Ms. ZHONG Ruoqin and Mr. CAI Xin shall retire by rotation, and offer themselves for re-election at the AGM in accordance with Articles 84(1) and 84(2) of the Articles of Association.

Directors and Senior Management

Biographical details of the Directors and senior management of the Company are set out on pages 24 to 30 of this annual report.

Confirmation of Independence from the Independent Non-Executive Directors

The Company has received from each of the independent non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**") and the Company considers all of the independent non-executive Directors are in compliance with the independent guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

Directors' Service Contracts and Letters of Appointment

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

For the details of the service contracts and the appointment letters of the Directors, please see the section headed "Corporate Governance Report" in this annual report.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

During the year ended December 31, 2020 and up to the date of this annual report, no Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, any of its subsidiaries or fellow subsidiaries was a party.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period and up to the date of this annual report.

Emolument Policy

The primary duties of the Remuneration Committee are to make recommendations to the Board on the remuneration policy and structure for directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy and to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration.

In determining remuneration of Directors and Senior Management, the Board will consider the remuneration level of comparable companies, the time commitment and responsibilities and employment conditions elsewhere in the Group, individual performance of respective Directors and the Company's performance. No Director shall be involved in deciding his/her own remuneration.

Details of the emoluments of the Directors, and the five highest paid individuals during the Reporting Period are set out in Note 7 and Note 8 to the consolidated financial statements.

Retirement and Employee Benefits Scheme

Details of the retirement and employee benefits scheme of the Company are set out in Note 5(b) to the consolidated financial statements.

Changes of Information in Relation to the Directors

Save for Ms. CAI Haijing, our independent non-executive director, who ceased to serve as an independent non-executive director and a member of audit committee of Hamaton Automotive Technology Co., Ltd. (浙江金科文化產業股份有限公司), a technology company listed on the Shenzhen Stock Exchange (stock code: 300459), there was no change to any information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules during the period from the publication date of interim report 2020 to the date of this annual report.

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures

As at the December 31, 2020, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") which had been notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be maintained pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules, are set out as follows:

Name	Capacity/Nature of interest	Number of shares	Long/Short position	Approximate percentage of shareholding in the Company
Mr. MO Jianhua	Settlor of a discretionary trust and interest in controlled corporation	35,640,000 *(Note 1)*	Long position	12.89%

Note:

(1) As at December 31, 2020, each of Jovial Success Global Holdings Limited ("**Jovial Success**") and Haoyu Ventures Limited ("**Haoyu**") hold 12.89% of issued share capital of our Company, respectively. The entire issued share capital of Jovial Success and Haoyu are held by Infiniti Trust (Asia) Limited (through its nominee companies) as trustee of each Splendid Force Trust and Great Splendor Trust, respectively. Splendid Force Trust is a discretionary trust set out by Mr. ZHU Huiming as settlor on November 19, 2018. The beneficiaries of the Splendid Force Trust include Mr. ZHU Huiming and certain family members of Mr. ZHU Huiming. Great Splendor Trust is a discretionary trust set out by Mr. MO as settlor on November 19, 2018. The beneficiaries of the Great Splendor Trust include Mr. MO and certain family members of Mr. MO.

Save as disclosed above, as at December 31, 2020, none of the Directors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be maintained pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in this annual report, at any time during the Reporting Period was the Company or its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, and none of the Directors or their spouses or children under the age of 18 were granted any right to subscribe for the share capital or debt securities of the Company or any other body corporate, or had exercised any such right.

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares

As at December 31, 2020, to the knowledge of the Directors of the Company, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register of the Company required to be maintained pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest	Number of shares	Long/Short position	Approximate percentage of shareholding in the Company
Mr. QI Jinxing	Settlor of a discretionary trust and interest in controlled corporation	126,720,000	Long position	45.85%
Great Dragon Ventures Limited ("**Great Dragon**")	Beneficial owner	126,720,000	Long position	45.85%
Bright Cloud Holding Limited	Interest in controlled corporation	126,720,000	Long position	45.85%
Cantrust (Far East) Limited *(Note 1)*	Trustee and interest in controlled corporation	126,720,000	Long position	45.85%
Mr. ZHU Huiming	Settlor of a discretionary trust and interest in controlled corporation	35,640,000	Long position	12.89%
Jovial Success	Beneficial owner	35,640,000	Long position	12.89%
Splendid Force Holding Limited	Interest in controlled corporation	35,640,000	Long position	12.89%
Haoyu	Beneficial owner	35,640,000	Long position	12.89%
Great Splendor Holding Limited	Interest in controlled corporation	35,640,000	Long position	12.89%
Infiniti Trust (Asia) Limited *(Note 2)*	Trustee and interest in controlled corporation	71,280,000	Long position	25.79%

Notes:

(1) As at the December 31, 2020, Great Dragon holds 45.85% of issued share capital of the Company. The entire issued share capital of Great Dragon is held by Cantrust (Far East) Limited (through its nominee company) as trustee of Bright Cloud Trust. Bright Cloud Trust is a discretionary trust set up by Mr. QI as settlor on November 19, 2018. The beneficiaries of the Bright Cloud Trust include Mr. QI and certain family members of Mr. Qi.

(2) As at the December 31, 2020, each of Jovial Success and Haoyu hold 12.89% of issued share capital of the Company, respectively. The entire issued share capital of Jovial Success and Haoyu are held by Infiniti Trust (Asia) Limited (through its nominee companies) as trustee of each Splendid Force Trust and Great Splendor Trust, respectively. Splendid Force Trust is a discretionary trust set out by Mr. ZHU Huiming as settlor on November 19, 2018. The beneficiaries of the Splendid Force Trust include Mr. ZHU Huiming and certain family members of Mr. ZHU Huiming. Great Splendor Trust is a discretionary trust set out by Mr. MO as settlor on November 19, 2018. The beneficiaries of the Great Splendor Trust include Mr. MO and certain family members of Mr. MO.

Save as disclosed above, as at December 31, 2020, to the knowledge of the Directors, none of any other person (other than the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register referred to in section 336 of the SFO.

Share Option Scheme

For the year ended December 31, 2020, no share option scheme has been adopted, granted, exercised or cancelled by the Company.

Equity-linked Agreement

No equity-linked agreements were entered into by the Group or in existence during the Reporting Period.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association of the Company or the laws of the Cayman Islands that would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

Non-competition Undertaking

Our controlling shareholders, Mr. QI Jinxing and Great Dragon Ventures Limited (the "**Controlling Shareholders**") entered into the Deed of Non-Competition on February 21, 2019 pursuant to which the Controlling Shareholders has unconditionally and irrevocably undertaken to and covenanted with our Group that he or it will not (except through the Group and any investment or interests held through the Group), and will procure that his or its close associates (except members of our Group) will not, directly or indirectly (including through nominees), either on his own account or in conjunction with or on behalf of any person, firm or company, among other things, invest in, participate in, engage in and/or operate or be interested in (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which competes or is likely to compete, directly or indirectly, with property management services, value-added services to non-property owner and value-added services to property owners in the PRC.

Please refer to the Prospectus for details of the Non-Competition Undertaking.

The Company has received annual confirmations from the Controlling Shareholders in respect of their compliance with the Non-Competition Undertaking for the year ended December 31, 2020 for disclosure in this annual report.

Based on the information and confirmations provided by the Controlling Shareholders, the independent non-executive Directors have reviewed the implementation of Non-Competition Undertaking during the Reporting Period, and are satisfied that the Controlling Shareholders have complied with the Non-Competition Undertaking.

Directors' Interest in Competing Business

Save as disclosed in this annual report, none of the Directors or their associates had any interest in any business which directly or indirectly compete or may compete with the businesses of the Group during the Reporting Period.

Controlling Shareholders' Interests in Contracts

Save as disclosed in "Connected Transactions" and "Continuing Connected Transactions", no controlling shareholder or any of its subsidiaries had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

Dividend Waived or Agreed to be Waived by Shareholders

As confirmed by the Board, for the year ended December 31, 2020, none of our shareholders has waived or agreed to waive any dividend.

Related Party Transactions

Details of the related party transactions were set out in Note 25 to the consolidated financial statements. Details of any related party transaction which constitutes continuing connected transaction not exempted under Chapter 14A of the Listing Rules are disclosed below, and other related party transactions did not constitute connected transactions.

The Board confirms that the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the above related party transactions.

Connected Transactions

During the Reporting Period, the Group has entered into connected transactions subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

Purchase of the Right to Use the Storage Rooms and Car Parking Spaces from Binjiang Real Estate Group

On May 25, 2020, Ningbo Binrun Property Service Co., Ltd ("**Ningbo Binrun**") entered into the Letter of Acceptance with Hangzhou Binjiang Real Estate Group Quzhou Real Estate Co., Ltd. ("**Quzhou Real Estate**") confirming that Ningbo Binrun was the successful bidder for the right to use the storage rooms and the car parking spaces at Quzhou Binjiang Yuelian Wan Residential Project for a consideration of RMB16,650,000 through the bidding process held by Zhejiang Huatong Auction Company on May 25, 2020 for the transfer of the right to use the storage rooms and the car parking spaces. The agreement in relation to the acquisition was entered into on May 25, 2020 (the "**Binjiang Yuelian Wan Agreement**") and will expire on August 16, 2080. Pursuant to the Binjiang Yuelian Wan Agreement, Ningbo Binrun agreed to assume the right to use the storage rooms and the car parking spaces at Quzhou Binjiang Yuelian Wan Residential Project at a consideration of RMB16,650,000. The storage rooms and the car parking spaces are located in a project developed by Quzhou Real Estate.

For details of the above connected transactions, please refer to the announcement of the Company dated May 25, 2020.

On September 22, 2020, Ningbo Binrun entered into the Wanjia Mingcheng Letter of Acceptance with Hangzhou Binpu Real Estate Development Limited ("**Hangzhou Binpu**") and the Xixi Zhixing Letter of Acceptance with Hangzhou Pute Real Estate Development Limited ("**Hangzhou Pute Real Estate**") confirming that Ningbo Binrun was the successful bidder for the right to use the storage rooms and the car parking spaces at a consideration of RMB14,029,800.00 through the bidding process held by Zhejiang Huatong Auction Limited Company in relation to the transfer of the right to use the storage rooms and the car parking spaces. The agreement in relation to the acquisitions was entered into between Ningbo Binrun and Hangzhou Binpu on September 22, 2020 (the "**Wanjia Mincheng Agreement**"). According to the Wanjia Mincheng Agreement, Ningbo Binrun has agreed to assume the right to use of the Wanjia Mingcheng Phase I storage rooms and the car parking spaces (the right shall be expired on May 18, 2083) and the right to use of the Wanjia Mingcheng Phase II storage rooms and the car parking spaces (the right shall be expired on May 17, 2083) from Hangzhou Binpu Real Estate at a consideration of RMB4,290,000.00. The Wanjia Mingcheng storage rooms and the car parking spaces are located in the Wanjia Mingcheng Project. The agreement in relation to the acquisitions has been entered into between Ningbo Binrun and Hanzhou Pute Real Estate on September 22, 2020 (the "**Xixi Zhixing Agreement**"). Pursuant to the Xixi Zhixing Agreement, Ningbo Binrun has agreed to assume the right in the Xixi Zhixing storage rooms and the Xixi Zhixing car parking spaces from Hangzhou Pute Real Estate at a consideration of RMB9,739,800.00 (the right shall be expired on August 6, 2083). The Xixi Zhixing storage rooms and the Xixi Zhixing car parking spaces are located in the Xixi Zhixing Project.

For details of the above connected transactions, please refer to the announcement of the Company dated September 22, 2020.

As of the date of this annual report, Ningbo Binrun is an indirect wholly-owned subsidiary of the Company. Quzhou Real Estate, Hangzhou Pute Real Estate and Hangzhou Binpu are all wholly-owned subsidiaries of Binjiang Holdings. Binjiang Holdings is controlled by Mr. Qi, one of the controlling Shareholders of the Company. Therefore, Quzhou Real Estate, Hangzhou Pute Real Estate and Hangzhou Binpu are all connected persons of the Company. As such, the acquisitions constitute connected transactions under Chapter 14A of the Listing Rules.

References are made to the announcement of the Company dated November 18, 2019 in relation to the entry of the 2019 Agreements and the section headed "Connected Transactions" in the 2019 Annual Report of the Company. Pursuant to the 2019 Agreements, Ningbo Binrun agreed to assume from certain wholly-owned subsidiaries of Binjiang Real Estate certain storage rooms and car parking spaces located in residential development projects developed by them. Binjiang Real Estate is controlled by Mr. Qi. As the Binjiang Yuelian Wan Agreement, Wanjia Mincheng Agreement and Xixi Zhixing Agreement, together with the 2019 Agreements, are entered into with companies controlled by Mr. Qi and of a similar nature at the time of their entry, they shall be aggregated under Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio for the Company in respect of the Binjiang Yuelian Wan Agreement, Wanjia Mincheng Agreement, Xixi Zhixing Agreement and the transactions contemplated under the 2019 Agreements is more than 0.1% but less than 5%, the acquisitions are subject to reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Continuing Connected Transactions

The Group has entered into continuing connected transactions subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules:

Provision of Property Management Services for Binjiang Real Estate Group

On December 20, 2018, the Company (for itself and on behalf of its subsidiaries) entered into a property management services agreement (the "**Property Management Services Agreement**") with Binjiang Real Estate (for itself and on behalf of its subsidiaries) to regulate the transactions with Binjiang Real Estate Group in relation to the provision of property management services, pursuant to which, the Group provided property management services for Binjiang Real Estate Group for its unsold residential and non-residential property units. The Property Management Services Agreement is for a term commencing on the Listing Date and expiring on December 31, 2020. The term may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The parties will enter into a separate property management services agreement in respect of each residential and non-residential property unit subject to the terms of Property Management Services Agreement.

On October 9, 2020, the Company entered into a property management services supplemental agreement with Binjiang Real Estate, to revise the existing annual cap for the financial year ending December 31, 2020 from RMB16.0 million to RMB30.0 million. For details of the above revision on annual cap, please refer to the announcement of the Company dated October 9, 2020.

As the Property Management Services Agreement has expired on December 31, 2020, and the Group expected to carry on the transactions contemplated thereunder with Binjiang Real Estate Group upon its expiry, on October 30, 2020 (after trading hours), the Company entered into a 2021 property management services agreement (the "**2021 Property Management Services Agreement**") to renew the transactions contemplated under the Property Management Services Agreement. The 2021 Property Management Services Agreement is for a term commencing on January 1, 2021 and expiring on December 31, 2021. For details of the 2021 Property Management Services Agreement, please refer to the announcement of the Company dated October 30, 2020.

The Directors (including the independent non-executive Directors) consider that it is in the interests of the Company to continue the transactions under the Property Management Services Agreement and the 2021 Property Management Services Agreement in 2020 and 2021. The Directors estimate that for each of the years ended December 31, 2020 and 2021, the maximum amount of the relevant property management service fees payable by Binjiang Real Estate Group to us will not exceed RMB30.0 million and RMB50.0 million, respectively. The actual transaction amount for these continuing connected transactions in 2020 is RMB21.5 million. The actual transaction amount for these continuing connected transactions in 2019 is RMB14.5 million.

Provision of Consultancy Services for Binjiang Real Estate Group

On December 20, 2018, the Company (for itself and on behalf of its subsidiaries) entered into a master consultancy agreement (the "**Master Consultancy Agreement**") with Binjiang Real Estate (for itself and on behalf of its subsidiaries) to regulate the transactions with Binjiang Real Estate Group in relation to the provision of property management consultancy services, pursuant to which, the Group provided consultancy services for Binjiang Real Estate Group for its residential property projects. Consultancy services include advising Binjiang Real Estate Group at the early stages (such as planning and design stage, marketing stage and construction stage) on project planning, design management and construction management and property management. The Master Consultancy Agreement is for a term commencing on the Listing Date and expiring on December 31, 2020 and the term may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The parties will enter into a separate consultancy services agreement in respect of each consultancy projects subject to the terms of Master Consultancy Agreement.

As the existing Master Consultancy Agreement has expired on December 31, 2020, and the Group expected to carry on the transactions contemplated thereunder with Binjiang Real Estate upon its expiry, on October 30, 2020 (after trading hours), the Company entered into a 2021 master consultancy agreement (the "**2021 Master Consultancy Agreement**") to renew the transactions contemplated under the Master Consultancy Agreement. The 2021 Master Consultancy Agreement is for a term commencing on January 1, 2021 and expiring on December 31, 2021. For details of the 2021 Master Consultancy Agreement, please refer to the announcement of the Company dated October 30, 2020.

The Directors (including the independent non-executive Directors) consider that it is in the interests of the Company to continue the transactions under the Master Consultancy Agreement and the 2021 Master Consultancy Agreement. The directors estimate that for each of the years ended December 31, 2020 and 2021, the maximum amount of service fees payable by the Binjiang Real Estate Group to the Group will not exceed RMB10.0 million and RMB15.0 million, respectively. The actual transaction amount for these continuing connected transactions in 2020 is RMB8.8 million. The actual transaction amount for these continuing connected transactions in 2019 is RMB7.4 million.

Provision of Pre-Delivery Management Services for Binjiang Real Estate Group

On December 20, 2018, the Company (for itself and on behalf of its subsidiaries) entered into a Master Pre-delivery Management Services Agreement (the "**Master Pre-delivery Management Services Agreement**") with Binjiang Real Estate (for itself and on behalf of its subsidiaries) to regulate the transactions with Binjiang Real Estate Group in relation to the provision of pre-delivery management services, pursuant to which, the Group provided pre-delivery management services for Binjiang Real Estate Group.

On October 9, 2020, the Company entered into a supplemental master pre-delivery management services agreement with Binjiang Real Estate, to revise the existing annual cap for the financial year ending December 31, 2020 from RMB135.0 million to RMB210.0 million. For details of the above revision on annual cap, please refer to the announcement of the Company dated October 30, 2020.

As the existing Master Pre-delivery Management Services Agreement has expired on December 31, 2020, and the Group expected to carry on the transactions contemplated thereunder with Binjiang Real Estate Group upon its expiry, on October 30, 2020 (after trading hours), the Company entered into a 2021 master pre-delivery management services agreement (the "**2021 Master Pre-delivery Management Services Agreement**") to renew the transactions contemplated under the Master Pre-delivery Management Services Agreement. The 2021 Master Pre-delivery Management Services Agreement is for a term commencing on January 1, 2021 and expiring on December 31, 2021. For details of the 2021 Master Pre-delivery Management Services Agreement, please refer to the announcement of the Company dated October 30, 2020.

The Directors (including the independent non-executive Directors) consider that it is in the interests of the Company to continue the transactions under the Master Pre-delivery Management Services Agreement and the 2021 Master Pre-delivery Management Services Agreement. The directors estimate that for each of the years ended December 31, 2020 and 2021, the maximum amount of service fees payable by the Binjiang Real Estate Group to the Group will not exceed RMB210.0 million and RMB270.0 million, respectively. The actual transaction amount for these continuing connected transactions in 2020 is RMB151.5 million. The actual transaction amount for these continuing connected transactions in 2019 is RMB104.8 million.

Leasing of Properties from Binjiang Real Estate Group

On December 20, 2018, our Company (for itself and on behalf of its subsidiaries) entered into a master leasing agreement (the "**Master Leasing Agreement**") with Binjiang Real Estate (for itself and on behalf of its subsidiaries) to regulate the transactions with Binjiang Real Estate Group in relation to the leasing of properties as office space and parking lots for sub-leasing to other users, pursuant to which, the Group leased certain properties from Binjiang Real Estate Group. The Master Leasing Agreement is for a term commencing on the Listing Date and expiring on December 31, 2020 and the term may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The parties will separately enter into tenancy agreement in respect of the property units and party lots subject to the terms of Master Leasing Agreement.

As the existing Master Leasing Agreement has expired on December 31, 2020, and the Group expected to carry on the transactions contemplated thereunder with Binjiang Real Estate Group upon its expiry, on October 30, 2020 (after trading hours), the Company entered into a 2021 master leasing agreement (the "**2021 Master Leasing Agreement**") to renew the transactions contemplated under the original Master Leasing Agreement. The 2021 Master Leasing Agreement is for a term commencing on January 1, 2021 and expiring on December 31, 2021. For details of the 2021 Master Leasing Agreement, please refer to the announcement of the Company dated October 30, 2020.

The Directors (including the independent non-executive Directors) consider that it is in the interests of the Company to continue the transactions under the Master Leasing Agreement and the 2021 Master Leasing Agreement. The directors estimate that for each of the years ended December 31, 2020 and 2021, the maximum amount of rental payable by the Group to Binjiang Real Estate Group will not exceed RMB2.5 million and RMB4.0 million, respectively. The actual transaction amount for these continuing connected transactions in 2020 is RMB2.4 million. The actual transaction amount for these continuing connected transactions in 2019 is RMB2.4 million.

As the highest of the applicable percentage ratios for the transactions contemplated under the property management services supplemental agreement, the 2021 Master Leasing Agreement and the 2021 Master Consultancy Agreement are more than 0.1%, and all the applicable percentage ratios are less than 5%, the transactions under each of the agreements are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, but exempt from the circular and independent shareholders' approval requirements.

As one or more of the applicable percentage ratios for the transactions contemplated under the supplemental master pre-delivery management services agreement, the 2021 Master Pre-delivery Management Service Agreement and the 2021 Property Management Services Agreement are more than 5% and the total consideration is more than HK$10,000,000, the transactions contemplated under the Master Pre-delivery Management Service Agreement are subject to announcement, circular and independent Shareholders' approval requirements under Rule 14A of the Listing Rules.

At the extraordinary general meeting held on December 18, 2020, the independent shareholders approved, confirmed and ratified the supplemental master pre-delivery management services agreement, the 2021 Master Pre-delivery Management Services Agreement and the 2021 Property Management Services Agreement. For details of the poll results of the extraordinary general meeting, please refer to the announcement of the Company dated December 18, 2020.

Pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Hong Kong Stock Exchange has granted to us, a waiver from strict compliance with the announcement requirement in respect of the continuing connected transactions under the Property Management Services Agreement, Master Consultancy Agreement and a waiver from strict compliance with the announcement and independent Shareholders' approval requirements in respect of the continuing connected transactions under the Master Pre-delivery Management Services Agreement, subject to the aggregate value of each of these continuing connected transactions for each financial year not exceeding the relevant annual caps amount set forth in this section. During the Reporting Period, we have re-complied with the applicable requirements under Chapter 14A of the Listing Rules before any of the relevant annual caps is exceeded or a material change to the terms and conditions of each Property Management Services Agreement, Master Consultancy Agreement and Master Pre-delivery Management Services Agreement is proposed.

For details of the above continuing connected transactions entered into during the Reporting Period, please refer to the section headed "Connected Transactions" set out in the Company's Prospectus. The independent non-executive directors have reviewed the above non-exempt continuing connected transactions and confirmed that these transactions have been entered into:

(a) in the ordinary and usual course of the Group's business;

(b) on normal commercial terms or not inferior to the terms available or obtained by the Group from an independent third party; and

(c) in accordance with its regulatory agreement, on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company has engaged its auditor to report on the continuing connected transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued a letter containing the findings and conclusions in respect of the continuing connected transactions of the Group disclosed above in accordance with Rule 14A.56 of the Listing Rules:

1. Nothing had come to its attention that may cause it to believe that the disclosed continuing connected transactions had not been approved by the Board.

2. For transactions involving the provision of services by the Group, nothing had come to its attention that may cause it to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the pricing policies of the Group.

3. Nothing had come to its attention that may cause it to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

4. With respect to the aggregate amount of each of the continuing connected transactions, nothing had come to its attention that may cause it to believe that the disclosed continuing connected transactions had exceeded the annual caps as set by the Company.

A copy of the auditor's letter on the continuing connected transactions of the Group for the year ended December 31, 2020 has been provided by the Company to the Hong Kong Stock Exchange.

For details of the aforesaid continuing connected transactions, including specific terms or program under each agreement and material information about pricing policies and guidance, please refer to the section headed "Continuing Connected Transactions" in the Prospectus and the announcement of the Company dated October 9, 2020. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules during the Reporting Period. During the Reporting Period, the Group complied with the value and the transaction terms pursuant to these pricing policies and guidance when carrying on continuing connected transactions.

Charity Donations

During the Reporting Period, the charitable and other donations made by the Group amounted to RMB11.8 thousand.

Material Legal Proceedings

For the year ended December 31, 2020, the Company were not involved in any material legal proceeding or arbitration. To the best knowledge of the Directors, there is no material legal proceeding or claim which is pending or threatened against the Company.

Permitted Indemnity Provisions

The Company has arranged for appropriate insurance coverage for Directors' and officers' liabilities in respect of potential legal actions against its Directors and senior management arising from corporate activities.

The Directors, Secretary and other senior officers of the Company at any time, whether at present or in the past, and the liquidator or trustees (if any) acting or who have acted in relation to any of the affairs of the Company and each of them, and each of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

Each Member agrees to waive any claim or right of action he might have, whether individually or by or in the right of the Company, against any Director on account of any action taken by such Director, or the failure of such Director to take any action in the performance of his duties with or for the Company; PROVIDED THAT such waiver shall not extend to any matter in respect of any fraud or dishonesty which may attach to such Director.

Events after the Reporting Period

Due to the change of building name of the Company's principal place of business in Hong Kong, the Company's principal place of business in Hong Kong has been changed to 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong with effect from March 30, 2021.

After the end of Reporting Period, the Directors have recommended the payment of a final dividend. Further details are disclosed in "Final Dividend" on page 32 of this annual report.

Audit Committee

The Audit Committee has, together with the Company's management, reviewed the annual results and the accounting policies and practices adopted by the Group, and discussed matters in relation to audit, risk management, internal control and financial statements, including reviewing the Group's consolidated financial statements for the year ended December 31, 2020.

Corporate Governance Code

The Company is committed to maintaining high level of corporate governance practices. Information about the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 50 to 64 in this annual report.

Public Float

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules and at least 25% of the Company's entire issued share capital were held by the public during the Reporting Period and up to the date of this annual report.

Auditor

KPMG has been appointed as auditor for the year ended December 31, 2020. KPMG has audited the accompanying financial statements which were prepared in accordance with International Financial Reporting Standards. There has no change in the auditor of the Company since the Listing date.

KPMG is subject to retirement and, being eligible, offers itself for re-appointment at the forthcoming AGM. A resolution for re-appointment of KPMG as auditor will be proposed at the AGM.

By Order of the Board
ZHU Lidong
Chairman and executive Director

Hangzhou, March 30, 2021

The Board is pleased to present the corporate governance report of the Company during the period from January 1, 2020 to the date of this annual report, being March 30, 2021.

Corporate Governance Practices

The Group is committed to maintaining high standards of corporate governance and achieving good corporate governance by an effective Board, segregation of duties with clear accountability, sound internal controls and risk management procedures and transparency to shareholders in order to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules (the "**CG Code**") as its own corporate governance code. The Company has complied with all applicable code provisions under the CG Code during the Reporting Period, except for the deviation from code provision A.2.1 of the CG Code. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Board of Directors

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established four Board committees, including the Audit Committee (the "**Audit Committee**"), the Remuneration Committee (the "**Remuneration Committee**"), the Nomination Committee (the "**Nomination Committee**") and the Strategy Committee (the "**Strategy Committee**") (collectively, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

The Company plans to arrange appropriate insurance coverage in respect of liability arising from legal action against its Directors, and will conduct annual review on such insurance coverage.

Composition of the Board of Directors

As at the date of this annual report, the Board comprised two executive Directors, two non-executive Directors and three independent non-executive Directors as set out below:

Executive Directors:

ZHU Lidong *(Chairman of the Board)*
ZHONG Ruoqin

Non-Executive Directors:

MO Jianhua
CAI Xin

Independent Non-Executive Directors:

DING Jiangang
LI Kunjun
CAI Haijing

The biographies of the Directors are set out in section headed "Directors and Senior Management" in this annual report.

During the Reporting Period, the Board has met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive Directors representing one-third of the Board. Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

Save as disclosed in the biographies of the Directors as set out in the section headed "Directors and Senior Management" of this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executive.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee and the Nomination and Remuneration Committee.

As regards the code provision under the CG Code requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

Continuous Professional Development

All newly appointed Directors would be provided with necessary induction and information to ensure that they have a proper understanding of the Company's operations and businesses as well as their responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

The Company encourages continuous professional development training for all the Directors to develop and refresh their knowledge and skills. The joint company secretaries of the Company update and provide the Directors with written training materials in relation to their roles, functions and duties from time to time.

During the year ended December 31, 2020, all current Directors have received relevant training on corporate governance and regulatory issues, and have provided their training records. In view of the above, the Company considers that all Directors have complied with code provision A.6.5 of the CG Code.

A summary of the continuous professional developments in relation to the business of the Group received by the Directors for the year ended December 31, 2020 is as follows:

Name of Director	Way of training	Training topics
Executive Director		
ZHU Lidong	Meeting	Corporate governance/Industry related training/Laws and regulations
ZHONG Ruoqin	Meeting/Training	Corporate governance/Industry related training/Laws and regulations/Finance
Non-executive Director		
MO Jianhua	Meeting	Corporate governance/Industry related training/Laws and regulations
CAI Xin	Meeting	Corporate governance/Industry related training/Laws and regulations
Independent Non-executive Director		
DING Jiangang	Meeting	Corporate governance/Laws and regulations
LI Kunjun	Meeting	Corporate governance/Laws and regulations
CAI Haijing	Meeting	Corporate governance/Laws and regulations/Finance

Chairman and Chief Executive Officer

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman of the Board and chief executive officer should be separate and should not be performed by the same individual. However, our Company does not have a separate chairman and chief executive officer and the responsibility of both chairman and chief executive officer vest in Mr. ZHU. The Board believes that vesting the responsibilities of both chairman and chief executive officer in the same person has the benefit of ensuring the consistent leadership within our Group and enables more effective and efficient overall strategic planning of our Group. Besides, with three independent non-executive Directors out of a total of seven Directors in the Board, there will be sufficient independent voice within the Board to protect the interests of our Company and our Shareholders as a whole. Therefore, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

Appointment and Re-election of Directors

Each of the executive Directors and non-executive Directors has entered into a service contract with the Company for term of three years from February 21, 2019, subject to termination in accordance with the requirements of the service contract.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for term of three years commencing from February 21, 2019, subject to termination in accordance with the requirements of the service contract.

None of the Directors has a service contract with the Group which is not determinable by the Company within one year without the payment of compensation (other than statutory compensation).

The Directors are subject to retirement by rotation and re-election at each annual general meeting of the Company in accordance with Article 84 of the Articles of Association. Appointed as an addition to the Board or to fill a casual vacancy on the Board will be subject to re-election by the Shareholders at the forthcoming annual general meeting or the first general meeting of the Company respectively after the appointment. In addition, when an independent non-executive Director proposed for re-election has served the Company for more than nine years, his/her re-election will be subject to a separate resolution to be approved at the annual general meeting.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board's structure, size and composition, and for making recommendations to the Board on the appointment, re-election and succession planning of Directors.

Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year. Notices of no less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board meetings and Board Committee meetings, reasonable notice is generally given by the Company. The agenda and accompanying Board papers are dispatched at least three days before the Board meetings or Board Committee meetings to ensure that the Directors have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting.

Minutes of meetings shall be kept by the company secretary with copies circulated to all Directors for information and records. Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail on the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are/will be sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by all Directors.

During the year ended December 31, 2020, ten Board meetings, one annual general meeting and one extraordinary general meeting were held and the attendance of each Director at the Board meetings and annual general meeting are set out in the table below:

Name of Directors	Attended/ Eligible to attend the board meetings	Attended/ Eligible to attend the annual general meeting	Attended/ Eligible to attend the extraordinary general meeting
Mr. ZHU Lidong	10/10	1/1	1/1
Ms. ZHONG Ruoqin	10/10	1/1	1/1
Mr. MO Jianhua	6/6[1]	1/1	0/0[2]
Mr. CAI Xin	10/10	1/1	1/1
Mr. DING Jiangang	10/10	1/1	0/1[3]
Mr. LI Kunjun	10/10	1/1	1/1
Ms. CAI Haijing	10/10	1/1	1/1

Notes:

1. Mr. MO Jianhua, a non-executive Director, also a director of Binjiang Real Estate, a connected party of the Company. In order to avoid any conflict of interest, he was abstain from voting on the resolution regarding considering and approving the entering into of the Binjiang Yuelian Wan Agreement on May 25, 2020, the resolutions regarding considering and approving the entering into of the Wanjia Mincheng Agreement and Xixi Zhixing Agreement on September 22, 2020, the resolutions regarding considering and approving the revision on the annual cap for continuing connected transactions on October 9, 2020 and the resolutions regarding considering and approving the renewal of continuing connected transactions on October 30, 2020, and shall not be counted in the quorum of the related board meeting. As such, the number of the board meeting which Mr. MO Jianhua was eligible to attend during the Reporting Period was six.

2. Mr. MO Jianhua, a director of Binjiang Real Estate, is a connected party of the Company and holds more than 5% of the total shares of the Group. In order to avoid any conflict of interest, he shall not be counted in the quorum of extraordinary general meetings of the Company.

3. Due to other important affairs, Mr. DING Jiangang was not able to attended the extraordinary general meeting of the Company held on December 18, 2020 and submitted a leave application in advance and was approved by the Board.

Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all the Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

During the Reporting Period, the Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

Delegation by the Board

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense. Directors are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Corporate Governance Functions

The Board is responsible for the day-to-day operations of the corporate governance functions of the Group, which include:

(a) review and monitor the Company's policies and practices in complying with legal and regulatory requirements;

(b) review and monitor the training and continuous professional development of the Directors and senior management;

(c) develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors;

(d) develop and review the Company's corporate governance policies and practices, make recommendations and report on related issues to the Board;

(e) review the Company's compliance with the CG Code and disclosures in the Corporate Governance Report; and

(f) review and monitor the Company's compliance with its whistleblowing policy.

Major duties of the Board in 2020 were as follows:

- approve and adopt revised dividend policy;
- consider and approve related matters of connected transactions;
- discuss and formulate strategic plans of the Company;
- discuss and adjust the management structure and employment policy of the Company;
- review the internal control report of the Company and reviewed the compliance of corporate governance of the Company; and
- monitor and review the internal reporting practice of the Company.

Board Committees

Audit Committee

The Audit Committee comprises three members, all being independent non-executive Directors, namely Ms. CAI Haijing (Chairman), Mr. DING Jiangang and Mr. LI Kunjun.

The major duties of the Audit Committee of the Company are as follows:

1. to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, to approve the remuneration and terms of engagement of the external auditors, and to deal with any questions of their resignation or dismissal;

2. to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them; and

3. to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

The written terms of reference of the Audit Committee are available on the websites of the Hong Kong Stock Exchange and the Company. Major works of the Audit Committee in 2020 were as follows:

- review the annual results of the Group for 2019;

- review the interim results of the Group for 2020;

- review the report of the auditor regarding audit plan and strategy of the Group;

- consider and discuss the connected transactions of the Company; and

- review the financial reporting system, compliance procedures, internal control (including internal control of fraudulence risk of the Company and the management and identification of business conflict of substantial shareholder in listed companies), risk management system and procedures and re-appointment of external auditors. The Board did not deviate from any recommendations made by the Audit Committee regarding the selection, appointment, retirement or removal of external auditors.

- review the internal audit function, and confirm it is adequate and effective.

During the year ended December 31, 2020, the Audit Committee held five meetings and the attendance record of the Audit Committee members is set out in the table below:

Name of Audit Committee Members	**Attendance/number of meetings held**
Ms. CAI Haijing *(Chairman)*	5/5
Mr. DING Jiangang	5/5
Mr. LI Kunjun	5/5

Remuneration Committee

The Remuneration Committee currently comprises three members including two independent non-executive Directors Mr. DING Jiangang (Chairman) and Ms. CAI Haijing as well as a non-executive Director, Mr. MO Jianhua.

The major duties of the Remuneration Committee of the Company are as follows:

1. to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

2. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

3. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

4. to make recommendations to the Board on the remuneration of the non-executive Directors;

5. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

6. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

7. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

8. to ensure that no Director or any of his associates is involved in deciding his own remuneration;

9. to consult with the Company's chairman and/or the president/managing director/chief executive officer about their remuneration proposals for other executive Directors; and

10. to consider all other matters as referred to the Committee by the Board.

The written terms of reference of the Remuneration Committee are available on the websites of the Hong Kong Stock Exchange and the Company. Major works of the Remuneration Committee in 2020 were as follows:

- review the remuneration policy of the Group; and
- review the remuneration of each Director and make recommendations on its adjustment to the Board.

During the year ended December 31, 2020, the Remuneration Committee held one meeting and the attendance record of the Remuneration Committee members is set out in the table below:

Name of Remuneration Committee Members	**Attendance/number of meetings held**
Mr. DING Jiangang *(Chairman)*	1/1
Ms. CAI Haijing	1/1
Mr. MO Jianhua	1/1

Nomination Committee

The Nomination Committee currently comprises three members including two independent non-executive Directors Mr. DING Jiangang and Mr. LI Kunjun as well as an executive Director and Chairman of the Board, Mr. ZHU Lidong (Chairman).

The major duties of the Nomination Committee of the Company are as follows:

1. to review the structure, size and composition (including the skills, diversity, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

3. to assess the independence of independent non-executive Directors; and

4. to make recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

The Company has adopted a nomination policy (the "**Nomination Policy**"). Pursuant to the Nomination Policy, the Nomination Committee carefully considers, including but not limited to the following criteria for evaluating, selecting and recommending candidates for directors to the Board:

1. diversity in all aspects, including but not limited to gender, age, experience, cultural and educational background, professional level, skills and knowledge;

2. sufficient time to perform their duties effectively; their services to other listed and unlisted companies shall be limited to a reasonable amount;

3. qualifications, including skills, achievements and experience gained in the relevant industries involved in the Company's business;

4. independence;

5. integrity and reliability;

6. potential contribution that the person may made to the Board; and

7. commitment to enhancing and maximizing shareholders' value.

The recommendations of the Nomination Committee will then be put to the Board for decision.

The written terms of reference of the Nomination Committee are available on the websites of the Hong Kong Stock Exchange and the Company.

Major works of the Nomination Committee in 2020 were as follows:

- review the structure, size and composition (including skills, diversity, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- assess the independence of independent non-executive Directors; and

- make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the chief executive officer.

During the year ended December 31, 2020, the Nomination Committee held one meeting and the attendance record of the Nomination Committee members is set out in the table below:

Name of Nomination Committee Members	**Attendance/number of meetings held**
Mr. ZHU Lidong *(Chairman)*	1/1
Mr. LI Kunjun	1/1
Mr. DING Jiangang	1/1

Board Diversity Policy

The Board remains committed to enhance its operating efficiency and maintain high standards of corporate governance on a continuing basis and recognizes the vital importance of the diversity of the Board with regard to the maintenance of competitive advantage and sustainable development. Therefore, the Company has adopted a board diversity policy. In designing the composition of the Board, the Company has taken into account the diversity of the Board, including but not limited to gender, age, cultural and educational background, professional experience, technical and professional skills and/or qualifications, knowledge, length of service and time to be devoted as a Director of the Company. The Company will consider its own business model and special needs from time to time as well. The ultimate decision will be made based on the contribution and merit that the selected candidates will bring to the Board.

The Board strives to ensure the appropriate balance of skills, experience and diversity of perspectives that are essential for the implementation of its business strategies of the Board and the effective operation of the Board. As of the date of this annual report, the seven directors include two women, each of whom is aged between 35 and 57. Their industry experience covers such a wide range of fields such as real estate, investment and financing, accounting and auditing, media and market research.

The Board is of opinion that the composition of the Board of the Company is sufficiently diversified. The Nomination Committee reviews the diversity policy from time to time to ensure the sustainability and effectiveness of the policy and will continue to review the diversity of the composition of the Board.

Strategy Committee

The Strategy Committee currently comprises six members including two independent non-executive Directors Mr. DING Jiangang and Mr. LI Kunjun, two non-executive Directors Mr. MO Jianhua (Chairman) and Mr. CAI Xin as well as two executive Directors Mr. ZHU Lidong and Ms. ZHONG Ruoqin.

The major duties of the Strategy Committee of the Company are as follows:

1. to review and make recommendation to the Board on business development;

2. to provide advice to the Board on significant investment, merger, acquisition and disposal; and

3. to perform other duties and responsibilities as may be assigned by the Board.

The written terms of reference of the Strategy Committee are available on the websites of the Hong Kong Stock Exchange and the Company.

During the year ended December 31, 2020, the Strategy Committee did not hold any meeting and no work was done as there was no significant change in the overall business strategy of the Group.

Remuneration of Directors

The Company has made full disclosure of remunerations of Directors by name, amount and type in Note 7 to the financial statements. No director has waived or agreed to waive any emoluments for the year ended December 31, 2020.

Remuneration of Senior Management

The remuneration of senior management of the Company (whose biographies are set out on pages 28 to 30 of this annual report) for the year ended December 31, 2020 falls under the following bands:

Band of remuneration	Number
Nil–RMB1,000,000	5
Over RMB1,000,000	0

Directors' Responsibilities for Financial Reporting in Respect of Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Group for the year ended December 31, 2020, which give a true and fair view of the affairs of the Company and the Group, and presenting a balanced, clear and comprehensive assessment of the Group's performance and prospects.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Group's financial statements, which are put to the Board for approval.

The Directors were not aware of any material uncertainties relating to events or conditions, which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the auditors regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 100 to 105 of this annual report.

Risk Management and Internal Control

In the course of business operation, the Group is subject to various risks, including business risks, financial risks, compliance risks, and operational and other risks.

The Board acknowledges its responsibility for the Company's risk management and internal control systems, and is responsible for reviewing the effectiveness of such systems. The Audit Committee is responsible for overseeing the Company's financial records, internal control procedures and risk management systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. During the Reporting Period, the Company has established the internal audit function, which is carried out and reviewed by the Audit Committee, in order to independently evaluate the effectiveness of the Company's risk management and internal control system and timely report to the Board.

The Company has established comprehensive risk management and internal control processes through which the Company monitors, evaluates and manages the risks that the Company is exposed to its business activities. The risk management procedure of the Company is based on the well-defined risk identification standards, risk monitor responsibilities and risk control measure of each major classification. The management of the Company actively monitors the regional economy, trend of property management services industry, reliance on continuing connected transactions and changes in applicable laws and regulations, and assesses income and expenditure and absorptive capacity of business expansions. The recommendations submitted by independent consultant have been accepted by the Company and implemented in stages, to further enhance the policies, procedures and practices of its internal control and risk management. The risk management procedure of the Company clearly specifies the management duties, authorization and approval of each party in respect of the major risk identification and management, and develops clear written policy for significant risk management process and circulate it to all managements and staffs. The Company's internal control procedures are designed to provide reasonable assurance for achieving objectives, including efficient and stable operations, reliable financial reporting and compliance with applicable laws and regulations.

In order to effectively reduce unnecessary financial risks and operational risks, and thus ensure the realization of corporate business objectives, the Company has designated specific departments to perform internal control and audit functions, establish a sound internal control system, monitor the implementation of the system, and evaluate the adequacy and effectiveness of internal control and risk management systems annually. For the significant risks affecting the Group's business and operations, the management has ensured that appropriate measures have been taken to provide reasonable protection for compliance with laws and regulations and improve the effectiveness and efficiency of operations. The Board and management of the Company also evaluate the adequacy and effectiveness of the relevant systems annually, and consider and implement the recommendations proposed by the specific departments for the improvement of systems.

The Directors and senior management of the Company regularly receive training relating to continuing disclosure obligation of listed company. The Company also engaged external legal consultant, compliance consultant and auditor to obtain professional guidance on disclosure obligations in respect of inside information. The management of the Company is responsible for designing, implementing and maintaining the effectiveness of the internal control system, which includes control on compliance with disclosure obligations in respect of inside information. The Board is responsible for supervising the appropriateness and efficiency of the internal control measure carried by management.

During the year ended December 31, 2020, the Company has adopted various measures to ensure the effective implementation of the internal control system, including through the review of the Group's internal control system and provision of guidance in respect of the internal control policies, responsibilities and duties of the listing company's directors and management under the Listing Rules and other applicable laws and regulations for the Directors, senior management and employees. The Board had reviewed the risk management and internal control system of the Group five times. During the Reporting Period, the Board has reviewed the effectiveness of the risk management and internal control system of the Group and considered it sufficient and effective.

The Company has adopted an inside information policy in accordance with the SFO and the Listing Rules to ensure the confidentiality of handling inside information and the publication of respective disclosure to the public as soon as practicable. The Company will make corresponding information disclosure timely with regard to information that is unlikely to maintain confidentiality, so as to ensure effective protection of the rights and interests of investors and stakeholders.

Since the outbreak of the epidemic in the beginning of 2020, an epidemic prevention task force (the "**Task Force**") was formed by members of the Board and the senior management to implement contingent measures for prevention of the adverse effects of the epidemic. The Task Force has issued epidemic management notice, service standards during the epidemic and contingent measures in dealing with the epidemic and is responsible for the management of epidemic prevention of service centers of the Group. The Group properly deployed its staff, purchased necessary protective and preventive gears and proactively enhanced various epidemic preventive measures. As advised by the Task Force, all service centres issued alerts to property owners and proposed measures to prevent the spreading of epidemic. The residential areas are frequently sterilized. All persons entering and leaving the residential areas are required to have their body temperature measured and have their health certification code produced. Property owners are provided with face masks. To provide assistance to people in need, elderly living alone and people under home quarantine are provided with delivery services. Factories and offices in properties under our management are provided with guidelines for their resumption of operation and are required to implement measures for crowd control. The Group has prepared the contingent measures for the normal operation of the companies.

In conclusion, the Company believes that its internal control system is sufficient and effective.

Auditor's Remuneration

For the year ended December 31, 2020, the auditor's remuneration for the annual audit services and review services were RMB1.6 million and RMB0.5 million respectively. The fee for non-audit services, mainly the review of environmental, social and governance report, was RMB0.085 million.

Company Secretary

Ms. ZHONG Ruoqin, one of the Company's executive Directors, is also a joint company secretary of the Company. Ms. KO Mei Ying, the manager of SWCS Corporate Services Group (Hong Kong) Limited (an external service provider), is another joint company secretary of the Company, and her primary contact person at the Company is Ms. ZHONG Ruoqin, an executive director and joint company secretary.

For the year ended December 31, 2020, Ms. ZHONG Ruoqin and Ms. KO Mei Ying have undertaken not less than 15 hours of relevant professional training in accordance with Rule 3.29 of the Listing Rules.

Communication with Shareholders and Investor Relationship

The Company considers that effective communication with shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information on the Company for the shareholders and investors to make informed investment decisions.

The annual general meeting of the Company provides opportunity for shareholders to communicate directly with the Directors. The Chairman of the Board and the chairman of the Board Committees of the Company attends the annual general meeting to answer shareholders' questions. The auditor also attends the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

To promote effective communication and to build an inter-relationship and communication channel between the Company and the Shareholders, the Company adopts a shareholders' communication policy and maintains a website at http://www.hzbjwy.com, where the up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

Shareholders' Rights

To safeguard the shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and the Hong Kong Stock Exchange in a timely manner after each general meeting.

Convening an Extraordinary General Meeting and Putting Forward Proposals

According to the Articles of Association, the Shareholders may put forward proposals at the general meeting of the Company for consideration. Any one or more member(s) of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company to require an extraordinary general meeting to be convened by the Company for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to convene such general meeting shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board may send their enquiries to the Investor Relations of the Company at its headquarters through email at ir@hzbjwy.com.

Amendments to Constitutional Documents

The Memorandum of Association and the Articles of Association of the Company (the "**Memorandum and Articles**") have been amended and restated, with effect from the Listing Date. Save for the aforesaid disclosed, during the Reporting Period, no change has been made to the Memorandum and Articles.

About this Report

Statement by the Board of Directors

The Board of Directors and all the directors of Binjiang Service Group Co., Ltd. ensure that there are no false records, misleading statements or material omissions in this report, and they shall bear joint and several liabilities for the authenticity, accuracy and completeness of the report.

Basis of preparation

This report is prepared for the year from 1 January 2020 to 31 December 2020 in accordance with Appendix 27 of the Environmental, Social and Governance Reporting Guide of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**HKEX**"), which has been effective from 1 January 2017. This report provides an overview of the Group's activities over the year and will be posted on the website of HKEX and the official website of the Group.

Publication interval

This is the Group's third ESG report, which covers the year from January 2020 to December 2020. The next report for 2021 is expected to be released in April 2022.

Scope of Report

The reporting entities are Binjiang Group and its subsidiaries. The data in respect of their policies, social responsibilities and environmental protection efforts cover all of the Group's business lines.

Sources of Data

The data used in this report are derived from the internal documents and related statistical materials of Binjiang Group and its subsidiaries.

Representations

For ease of presentation, Binjiang Service Group Co., Ltd. is hereinafter referred to as "Binjiang Service", "the Group", "the Company" or "We".

1 Environmental, Social and Governance Overview

1.1 Group ESG Strategy

The Group has always adhered to the service concept of "serving with heart and filling home with love (從心出發　讓愛回家)" and the principle of "owner first, service first, quality first. "The Group aims to secure the well-being of owners and residents through more professional and standardized services. At the same time, the Group adheres to the quality policy of "sincerity, innovation, perfection, safety, health and green" and strives to always keep its corporate social responsibility in mind. These policies and principles instill the concept of sustainable development into every aspect of the Group's governance and business and enable the Group to realize economic, social and environmental benefits.

1.2 Group ESG Governance Structure

The Group has established a top-down ESG governance structure where the Board is responsible for monitoring environmental and social issues, including risk assessment, task prioritization and risk management, supervising and reviewing the performance of the Group on the environmental and social issues and providing the direction and guideline for the sustainable development of the Company. An ESG report working commission, which is led by high-ranking managerial personnel and includes intermediate level managers. The working commission consists of representatives from all regular management divisions of the Group, including the Board Office, the Integrated Management Department, the Finance Department, the Brand Operations Department and each Service Center. The working commission is responsible for communicating and implementing the strategies, measures and feedback of the Group on issues related to ESG, which plays an active role in the sustainable development of the Group.

1.3 Stakeholder Participation

The Group's ESG stakeholders mainly include the employees, suppliers, customers, shareholders, investors, local government, and the communities under the management of the Group. The Group believes that listening to and understanding the opinions of stakeholders will provide a solid foundation for the long-term development and success of the Group. The Group actively explores various channels to maintain good communication with stakeholders, to enhance the stakeholders' understanding of the Group's development and operational policies, and to provide more opportunities for them to put forward suggestions so that the Group can provide them with timely and effective feedback regarding their concerns. In this way, the Group ensures that it is cooperating and working alongside stakeholders to achieve mutual benefits.

Stakeholders	Government	Shareholders	Employees	Customers	Suppliers	Community
Target & focus	• Respond to state policies • Operate according to laws and regulations • Pay taxes in accordance with applicable tax laws • Promote employment	• Business strategy & financial performance • Protect shareholder's legal rights • Business sustainability • Company transparency	• Payment & welfare • Guarantee of rights and interests • Career development • Safety and health • Corporate culture	• Timely service • Safety of householders • Privacy protection • Steadily improve service quality	• Abide by commercial ethics & state laws and rules • Be transparent and fair • Fulfill commitments, achieve mutual benefits and enable win-win cooperation	• Hold community activities • Assist in community construction • Secure community welfare • Promote the community's development
Method of communication and exchange	• Take part in discussions when relevant policies are being formulated, share enterprise experience • Guide and influence public policies actively • Engage in dialogue with the local government	• Enhance information disclosures • The board meeting, shareholders' meeting and investors' meeting. • Direct communication among shareholders	• Trade union • Employee representative conference • Employee survey and provision of timely feedback • Enhance information disclosure	• Communicate during the service offering process • Owners survey and provision of timely feedback • Complaint hotline • Enhance information disclosures	• Announce the supplier management rules • Contract negotiation • Daily business exchange • Enhance information disclosures	• Communicate with local government and organisations • Exchange ideas with community members • Enhance information disclosures
Key actions	• Implement state policies, abide by state laws and regulations • Accept supervision and check-ups • Create more posts to boost the employment rate • Guide garbage classification activities in cooperation with the government • Declare taxes in a timely manner	• Hold shareholder meetings regularly • Hold director board meetings regularly • Hold meetings with investors • Disclose statutory issues in a timely manner	• Enhance trainings for employees in respect of culture and technical skills • Improve employees living and working environment • Guarantee employees' rights and benefits, upgrade their welfare level • Health and safety guarantees • Establish an employee trade union	• Service normalisation and standardisation • Conduct regular customer satisfaction surveys • Respond to client complaints and provide them with feedback in a timely manner • Earnestly protect customer privacy	• Set up an open and transparent bid invitation system • Set up a communication platform for suppliers • Perfect the supplier selection system • Offer equal opportunities to suppliers	• Regularly hold activities to benefit community residents • Encourage good deeds • Be passionate about public welfare, contribute to society • Conduct employee volunteer activities
Key performance indicators	• Take action to implement garbage classification • Number of persons employed	• Stock value, dividend returns • Stock market value	• Number of hours of employee training • Remuneration and welfare system • The sum of money donated to employees with financial difficulties	• Investments in greening • Number of customer complaints • Solutions for handling customer privacy cases	• Contract performance rate • Assessment of suppliers	• Examples of good deeds • Investments in social welfare causes • Volunteer activities

1.4 Materiality Assessment

In the reporting year, we obtained the results of the materiality assessment from internal stakeholders, including directors, and senior and intermediate managerial personnel. The assessment was conducted through face-to-face interviews and questionnaires. We will also continually pay attention to all stakeholders, constantly review and update the materiality assessment, and include external stakeholders when the conditions are right, so as to achieve a more accurate and thorough understanding of the demands of various parties, and to provide guidance and direction to the enterprise's business operations and controls over environmental and social governance.

Based on the analysis and summary of the results of the materiality assessment from all stakeholders, we have formed the following materiality assessment matrix, which covers business operations, the business environment, society, governance and the Environmental, Social and Governance Reporting Guide. Since our Group mainly provides property management services, the focus is on social fields such as product health impact and safety and employee training and development, and non-hazardous waste discharging and other environmental issues.

Taking into account the effect of each key performance index on business operations and stakeholders, and after an overall evaluation, we decided that the following indexes will have a significant impact on the sustainable development of the Group. While taking into account all environmental and social responsibilities, the Group pays more attention to the corporate governance and energy conservation and emission reduction.

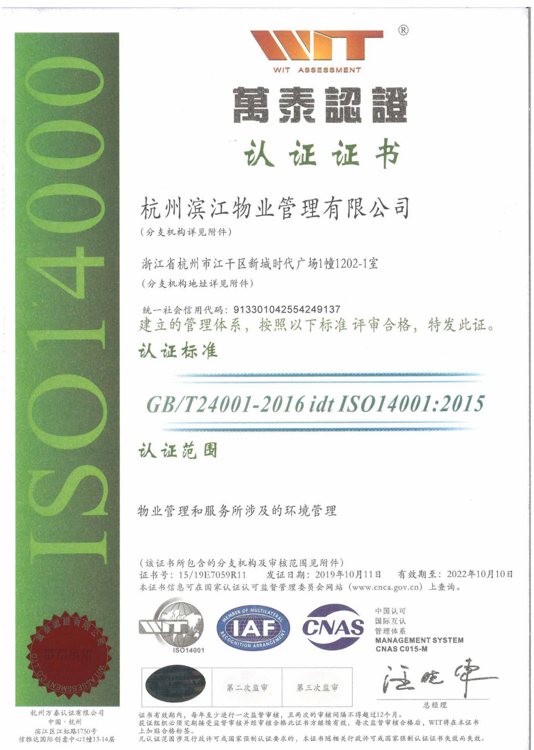
2 Environmental Protection

Environmental Policy

As a socially and environmentally responsible corporate citizen, the Group is fully aware of its responsibilities in environmental protection. In the process of daily operations and development, we maintain an emphasis on the importance of environmental protection, actively implementing green and low-carbon development strategies, minimizing the negative impact of business development on the environment, and trying to generally have a positive effect on the environment.

The Group strictly abides by laws and regulations that relate to the development of the Group, such as the Environmental Protection Law of the People's Republic of China and the Law of the People's Republic of China on Conserving Energy and strives to ceaselessly implement its environmental protection measures. In order to strengthen environmental protection awareness, the Group monitored the use of electrical appliances, water conservation, paperless office measures, business car management, and other areas, so as to regulate employees' environmental protection behavior in daily operations. The promotion and implementation of the green office system have greatly enhanced the awareness of all employees in saving energy and reducing consumption, playing a significant role in regulating employee behavior with regard to environmental protection, while also helping the Group achieve sustainable development.

In addition, the Group has a GB/T24001-2016 and ISO14001:2015 certified environmental management system, which affirms our achievements in environmental management. Going forward, we will work to further develop and optimize the environmental management system.


ISO14000

WIT ASSESSMENT

萬泰認證

认证证书

杭州滨江物业管理有限公司

（分支机构详见附件）

浙江省杭州市江干区新城时代广场1幢1202-1室

（分支机构地址详见附件）

统一社会信用代码：913301042554249137

建立的管理体系，按照以下标准评审合格，特发此证。

认证标准

GB/T24001-2016 idt ISO14001:2015

认证范围

物业管理和服务所涉及的环境管理

（该证书所包含的分支机构及审核范围见附件）

证书号：15/19E7059R11　发证日期：2019年10月11日　有效期至：2022年10月10日

本证书信息可在国家认证认可监督管理委员会网站（www.cnca.gov.cn）上查询。

ISO14001

中国认可
国际互认
管理体系
MANAGEMENT SYSTEM
CNAS C015-M

第二次监审　第三次监审

总经理

证书有效期内，每年至少进行一次监督审核，且两次的审核间隔不得超过12个月。

获证组织必须定期接受监督审核并经审核合格此证书方继续有效，每次监督审核合格后，WIT将在本证书上加贴合格标签。

凡认证范围涉及行政许可或国家强制认证要求的，本证书随相关行政许可或国家强制认证证书失效而失效。

Binjiang Service obtained a certification for its environmental management system

2.1 Emissions

Carbon emissions and environmental protection

The environmental changes caused by the emission of greenhouse gases have brought significant impacts to the climate and low carbon emission has become a priority for the whole world. The Group paid special attention to low carbon emission and environmental protection, actively responded to the country's energy saving and emission reduction initiatives. The Group's carbon emission was mainly generated by the use of electricity and natural gas in projects under our management and automobile fuel consumption, with an annual volume of 590,000 tonnes (2019: 560,000 tonnes, excluding commission based and lump sum based projects).

Indirect carbon dioxide emissions from outsourced electricity account for more than 99 percent (2019: 99%) of the Group's total carbon emissions. For this reason, this area is our key focus in reducing the Group's carbon emissions. The Group integrates energy conservation and consumption reduction measures into internal management and encourages employees to reduce carbon emissions in various ways. With regard to company-financed vehicles, their use is controlled and managed in a unified manner by the central management office. Employees are encouraged to make contribution to environmental protection by using public transportation. The Group advocates for a paperless office and encourages the use of recycled paper and double-sided printing. In these ways, the Group strives to reduce carbon emissions by reducing paper use. Please refer to the "Resource Use" section below for information regarding our electricity consumption.

	Source of emissions	2020		2019	
		Carbon dioxide Emissions (tonnes)	Percentage (%)	Carbon dioxide Emissions (tonnes)	Percentage (%)
Scope 1: Direct emissions	Company-financed vehicles	397.31	0.07%	307.97	0.05%
Scope 2: Indirect emissions	Outsourced electricity[1]	590,468.35	99.81%	560,536.39	99.74%
	Natural gas	736.71	0.12%	1,171.69	0.21%
	Sub-total	591,205.05	99.93%	561,708.08	99.95%
Total		591,602.36	100.00%	562,016.05	100.00%
Intensity (tonnes/operating income of RMB'000)		0.62		0.80	

Note 1: The increase in outsourced electricity was attributable to the increase in the number of projects under our management. Commission based and lump sum based projects are excluded in calculating the consumption of outsourced electricity since the Reporting Period

Emissions by Gasoline Cars	2020 Emissions (Kg)	2019 Emissions (Kg)
Nitrogen oxide	1,346.06	907.49
Sulfur oxide	2.23	1.73
Granulates	128.98	86.95

Garbage classification

Garbage classification is essential for social governance and relies on the cooperation and participation of the government, enterprises, residents, social organizations and other sectors. The government, enterprises, residents, social organizations and other stakeholders are able to promote their self and mutual regulation, service, education and supervision through cooperating and participating in garbage classification. Contentment, happiness and sense of security of people lie in the efforts made by all sectors in garbage classification.

Property management service providers assume important social responsibilities in garbage classification in Hangzhou. The local government inspects garbage disposed from residential areas from time to time and property management service companies will be warned and subject to punishment in case of any non-compliance. Driven by policy guidance and internal factors, the Group has adopted a number of measures to classify garbage at its source. As compared with traditional model, we have put more efforts and allocated more manpower and resources in respect of our property services to instill in people the concept of garbage classification. During the year, we implemented the following measures to promote garbage classification:

- organizing seminars in communities on a regular basis to introduce the four major categories of garbage (including kitchen waste, recyclable waste, non-recyclable waste and hazardous waste). A separate area is designated for the storage of hazardous waste, which shall be handled under the guidance of government professionals and collected by the government for disposal;

- providing door-to-door guidance on basic garbage classification to community residents by our property management staff;

- arranging specific place and schedule for garbage disposal and deploying staff to monitor the disposal of garbage, so as to effectively manage garbage classification.

Outstanding case of garbage classification and recycling: During the Double Eleven shopping festival in 2020, the service center of Binjiang Property formulated a plan in advance for recycling the large number of packaging boxes. Butlers of Huajiachi* (華家池) reminded owners to flatten packaging boxes and place them in front of their doors and notify the butlers to contact cleaning staff for collection. Flattened packaging boxes could also be disposed next to the trash bin placed on each floor and collected by cleaning staff on a regular basis. Owners of Wanjia Xincheng Phase I* (萬家星城一期) could contact exclusive butlers of its service center to collect packaging boxes from 9:00 to 16:00 each day since mid-November until 30 November, or dispose those boxes in recycling bins placed in the communities for recycling. The service center of Golden Dawn* (金色黎明) set up a recycling station, which facilitates owners to make contribution in recycling and also enhances their awareness on environmental protection.

In addition to daily domestic garbage, we have also standardized the treatment of waste and domestic sewage resulting from home maintenance. For maintenance waste generated in projects under our management, the property service center first places the waste in special warehouses on a temporary basis. They will then be collected and disposed of by the recovery units certified by the relevant qualification authority after the disposal scheme is approved by the Owner Committee. The property service center verifies the qualification of the recovery units on an annual basis. With regards to domestic sewage, the Group strictly complies with the relevant provisions of the *Environmental Protection Law of the People's Republic of China* and the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, so as to eliminate any irregular discharge that may have a negative impact on the environment.

In the reporting year, the Group did not have any irregular events which would damage the reputation of the Group in terms of air and greenhouse gas emissions, discharges on land or in bodies of water, or the production of hazardous waste.

2.2 Use of Resources

The Group regards resource conservation as a vital part of its development strategy and operational approach and is committed to constantly monitoring and improving our environmental protection performance. The resources used by the Group mainly include electricity, natural gas, gasoline and water. Among which, electricity and water are the main resources used and consumed by us.

Smart renovations that save energy

The Group's carbon emissions are mainly caused by electricity consumption. In the reporting year, the Group consumed electricity of 73.0235 million kWh in total (2019: 69.3218 million kWh), which indirectly produced greenhouse gas emissions of 591,600 tons (2019: 560,500 tons). In order to reduce and manage energy consumption reasonably and efficiently, we require employees to follow the Binjiang Property Green Office Management System, which requires the following:

— Reducing energy consumption for office devices; and turning off computers, printers, photocopiers and other devices when they are not in use, or switching them to power-saving mode;

— Making use of natural lighting in clear weather to reduce electricity consumption;

— For general properties, turning on air conditioners only when the temperature is above 30 degrees Celsius in summer and below 5 degrees Celsius in winter with air conditioning temperature at 26 degrees Celsius or above in summer and at 18 degrees Celsius or below in winter. Timers are set on for air conditioners;

— Implementing an accountability system for public areas: The user of electrical equipment is responsible for turning off all power sources when he or she leaves and must ensure that all lights have been turned off and all machines have been shut down.

In addition, we attach great importance on both energy conservation and emission reduction and owners' experience and satisfaction. We provide high-quality services while putting great efforts in improving our performance in energy conservation and energy efficiency. During the year, we covered swimming pools with reusable and energy-effective thermal insulation film at night, so as to reduce energy consumption for maintaining constant temperature of swimming pools.

	2020	2019
Power consumption[2] (kWh)	73,023,540.29	52,742,522.61
Power consumption density (kWh/ operating income of RMB1,000 Yuan)	76.05	75.15

Note 2: Commission based and lump sum based projects are not included.

Multiple measures for water recycling

The Group has no problem in accessing to water resources, but we are fully aware of the shortage of freshwater resources and importance of water conservation and actively plan and construct urban water-efficient communities.

	2020	2019
Water consumption (cubic meters)	2,201,447.397	1,498,579.79
Water consumption density (cubic meters/operating income of RMB1,000)	2.29	2.14

Outstanding case of water conservation: For instance, as water features in communities shall be decontaminated and refreshed on a regular basis, our property management staff put chemical precipitation in water features at night and decontaminated water with the assistance of robots in the morning of next day. We used to decontaminate water by manual operation and have started using robots few years ago. We significantly reduced our labor intensity and greatly improved working efficiency through improving our practice. As compared to traditional practice for water refreshing and decontamination, the new practice of the Group is highly effective in water and energy conservation and brings environmental, social and economic benefits.

2.3 Environment and Natural Resources

As the Group's business consists of property management, our business activities do not involve significant consumption of natural resources nor a significant impact on the environment. However, the Group is well aware of the possible environmental impact of day-to-day business operations. We will continue strengthening our environmental management system to ensure its compliance with all applicable environmental laws and regulations and make contributions to the common environmental protection cause of mankind.

2.4 Addressing Climate Changes

Global warming, sea level rise and abnormal weather intermittently affect people's work and life and have become main concerns of the society. Enterprises face tough challenges of addressing climate changes. With reference to the framework set out in the TCFD (Task Force on Climate-related Financial Disclosures), we have assessed risks and opportunities arising from climate changes and formulated strategies for managing risks and identifying and managing indicators and objectives.

Climate-related risks include risks in relation to the transition to a low-carbon economy (the "**Transition Risks**") and risks in relation to the physical impact of climate changes (the "**Physical Risks**"). Transition Risks include political and legal risks, technical risks, market risks, reputational risks while Physical Risks include acute risks (such as typhoons, floods and other extreme weather conditions) and chronic risks (persistent high temperatures and other changes in climate pattern). In order to address climate changes, in addition to preventing risks, we shall also put great efforts in identifying opportunities, including resource efficiency, energy sources, products and services, markets and resilience.

The Board of Binjiang Service is responsible for supervising environmental and social issues of the Group, including risk assessment, task prioritization and risk management. The Board is also responsible for identifying and analyzing the impact of climate changes on our business activities with relevant departments, so as to fully manage climate-related risks and grasp opportunities.

For the acute Physical Risks, as the Group is mainly engaged in the provision of high-end property management services, typhoons, rainstorms, high temperature and other extreme weather conditions may affect the projects under our management in different extent and may pose challenges to our property management. The Group pays close attention to climate changes and minimize any potential losses caused by extreme weather conditions through performing daily maintenance of our equipment to ensure its normal operation. The engineering department of the headquarter of the Group will notify service centers in case of any approaching extreme weather condition, such as a sudden drop in temperature, and owners will be notified by our butlers. All service centers have sufficient inventory of strategic materials, such as sand bags for flood prevention, haystacks for snow storm prevention and facial masks for epidemic prevention. After receiving forecast of extreme weather condition or emergency, our service centers will check the inventory to ensure sufficient materials are in place. Such contingency plan has become a part of standardized operation procedures of the Group to quickly and adequately respond any impact of extreme weather conditions.

For the chronic Physical Risks, the global warming may result in an increase in the operating costs of property projects under our management. On the other hand, as the society increasingly advocates for energy conservation and emission reduction, we expect that we will further integrate green and low-carbon development concepts and measures into our daily management strategies. The Group places high priority on energy conservation and emission reduction in its daily business operations. The Group adopts synergic and effective administrative measures and supervision mechanism to effectively reduce energy consumption and control chronic Physical Risks, whereby preventing any potential risks and mitigating the impact of such risks.

For the Transition Risks, we will continue to pay close attention to the impact of climate changes on the business of the Group. We will comply with the government policies and further optimize our strategies, risk management as well as indicator and objective identification and management. We will cooperate with other social sectors to address climate changes in an effort to achieve a sustainable development.

3 Social Responsibility

As a property service provider, the Group has been providing long term and stable job vacancies to the society which satisfies massive employment demands. The Group also offers renumeration that is higher than the average in the industry and maintains good relationship with its employees. In addition, as administrative division does not extend to the scope of communities, community properties bear the responsibility of security maintenance. With an aim to achieve safety, stability, harmony and happiness within the community, the Group is committed to maintaining social stability.

3.1 Employment

The Group has formulated a standardized recruitment process that ensures that employees will be provided reasonable remuneration, a non-discriminatory working atmosphere, fair and just promotion opportunities, and various training opportunities that meet their needs for diversified development. This process also ensures that employees will be given recognition and incentives based on their performance. When we help our employees with their career development, we are also laying a solid foundation for the future development of the enterprise.

Fair and equal talent recruitment

The Group adheres to the principle of fair competition and conducts open selections in an orderly manner. The Group recruits employees through various channels such as labor market fairs, online recruitment, campus recruitment, and others. We actively promote cooperation between schools and enterprises, implement trainee management plans, give outstanding students internship opportunities, and provide retention opportunities for outstanding performers.

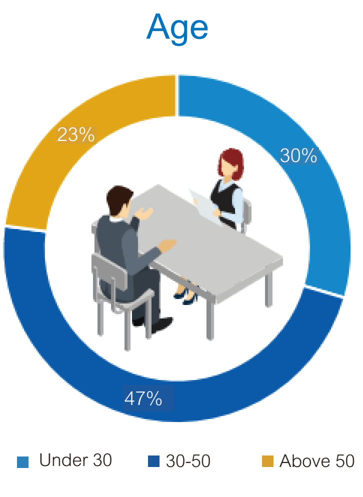
In 2020, the number of projects under our management increased from 99 to 133, and our demand for labor and talents increase significantly, which offers great employment opportunities to the society. As of the end of this reporting period, the Group and its subsidiaries have a total of 5,507 employees (2019: 4,280).

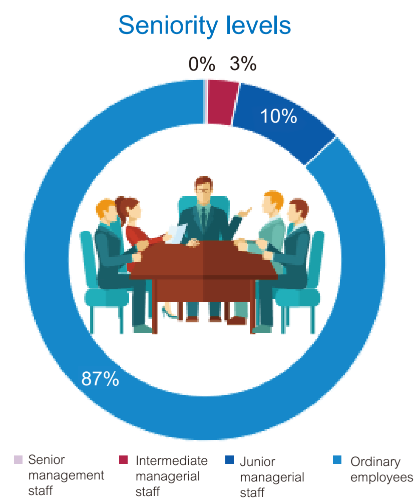
The Group abides by the principle of equality over human resource management. In regard to recruitment, promotion, training, remuneration and benefits, employees will not be discriminated against based on their age, gender, physical health status, mental health status, marital status, family status, race, color, nationality, religion, political affiliation or sexual orientation. As of the end of this reporting period, our male and female employees accounted for approximately 50% (2019: approximately 50%), respectively. Our staff includes 77 ethnic minorities (2019: 67) and 10 disabled individuals (2019: 10). Employees from different backgrounds work hard at their posts to realize their self-worth.

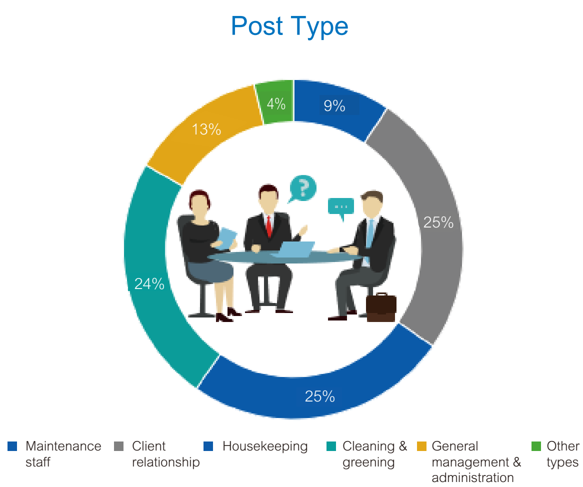
We have a planned and clear promotion path for employees. On one hand, we have a fair and prioritized promotion mechanism for internal personnel. In the reporting year, a total of 16 mid-level staff members (2019: 19) were promoted within the Group, accounting for 39% of the total number of new mid-level staff members (2019: 50%). On the other hand, we also provide equal promotion opportunities for junior staff in various divisions; and we encourage them to grow and surpass themselves, and to contribute more to the development of the Group.

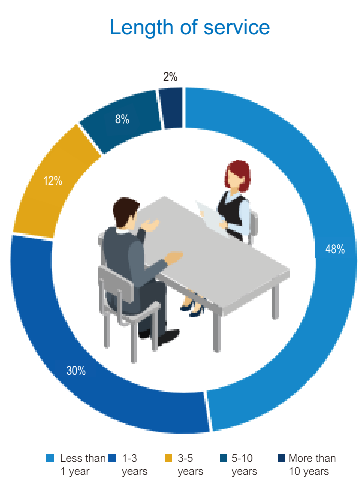
Our remuneration is in line with prevailing industry rate and reaches mid to high level of the industry, which enhance our attractiveness to talents. We will specify our position requirements to recruit suitable staff and provide on-the-job trainings to reduce turnover rate of the coming year.

The Group and its subsidiaries formulate standard working-hour systems in accordance with the relevant provisions of the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China. We provide reasonable overtime pay and subsidies for overtime hours, and we make arrangements for statutory holidays. For employees who must remain on duty, such as guards, cleaners and other special positions, we provide rest days or overtime payment. When an employee resigns, the Group pays compensation according to the Labor Contract Law of the People's Republic of China, as well as certain humanitarian compensation according to the actual situation. These measures effectively protect the rights and interests of employees.


Age
30%
47%
23%
Under 30
30-50
Above 50


Seniority levels
0%
3%
10%
87%
Senior management staff
Intermediate managerial staff
Junior managerial staff
Ordinary employees


Post Type
9%
25%
25%
24%
13%
4%
Maintenance staff
Client relationship
Housekeeping
Cleaning & greening
General management & administration
Other types


Length of service
48%
30%
12%
8%
2%
Less than 1 year
1-3 years
3-5 years
5-10 years
More than 10 years

Employee benefits

The Group considers its employees to be its most important asset and strives to give them maximum and meticulous care. We try to make it so that they feel they are part of a warm family. According to the specific needs of our employees, we provide significant benefits for them in various ways. We care about what our employees think, and we are eager to meet their needs. We provide them with the following benefits:

— Lunch allowance: On normal working days, employees can enjoy a daily working lunch according to the company's food policy and according to their normal attendance;

— Accommodation: We offer dormitories to security personnel and to engineers who are in charge of residential quarters. As of the end of this reporting year, a total of 540 rooms (2019: 536) were used as staff dormitories. The Group also helps staff members in applying for governmental welfare such as public rental housing, blue-collar apartments, etc. As at the end of the reporting year, staff members successfully applied for 13 blue-collar apartments (2019: 8). The Group assisted 559 staff members to apply for rental subsidies, 7 staff members to apply for public rental housing subsidies and 38 staff members have been granted subsidies on public rental housing;

— Festival gifts: We give holiday gifts to employees during the annual holidays;

— Physical examinations: The Group provides a free physical examination once every 2 years for employees whose service lengths are longer than one year;

— Heatstroke prevention: In the summer, we hand out heat-relief supplies, e.g. mung bean soup, watermelons and other items;

— Employee insurance: In the Reporting Period, the Group bought employer liability insurance for 813 retired employees (2019: 721) who have been re-engaged by the Group in order to provide protection for their health and safety;

— Targeted financial relief: The Group has made it clear through its welfare system that employees who have financial difficulties due to serious illness or other severe family calamities can apply for assistance funds, and the Group will also organize donations to help employees overcome such difficulties.

The Group reviews the above welfare system and employee needs on a regular basis and to ensure multiple measures and policies have been applied. These measures will allow the employees to feel the care and warmth of the enterprise, and effectively alleviate the problem of staff turnover in the property service industry's current environment. In the reporting year, head count of managerial staff was relatively stable, 23 (2019: 19) of them resigned, which represented a turnover rate of 15.59% (2019: 15.14%), well below the average turnover rate in the industry.

3.2 Occupational Health and Safety

The Group attaches great importance to the health of employees and the safety of the working environment. We have stipulated control procedures for environmental safety operations and occupational health and safety operations in the enterprise management manual. The Group strictly abides by relevant laws and regulations such as the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, and the *Norms for the Management of Labor Protective Articles for Employers*, so as to provide employees with a safe, healthy and comfortable working environment.

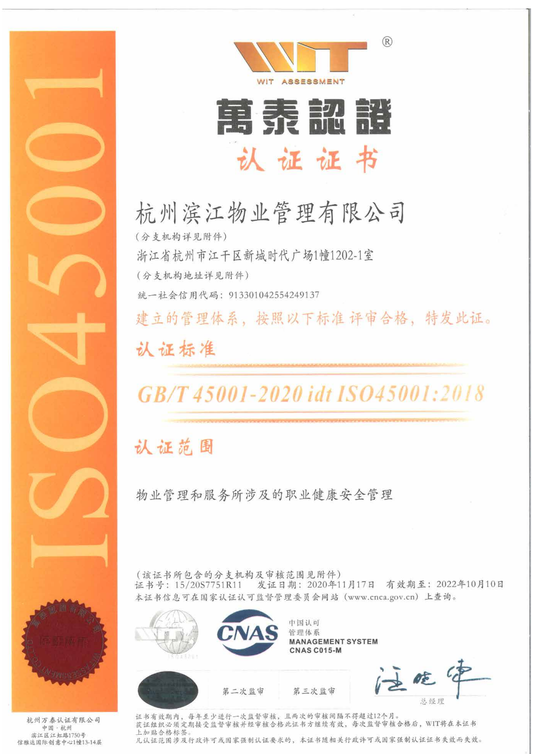
Protective gears

The Comprehensive Management Division purchases safety protection equipment regularly, and the purchased products are required to be designated with the product safety qualification identification mark issued by the national testing institution. The division is not allowed to buy unqualified products. Public protective equipment is kept in special custody to ensure that the service center can respond effectively and in a timely manner in the event of an emergency.

Occupational health system for employees' health

Physical health and personal safety are the basic guarantees necessary for people to pursue a better life. The Group adheres to this people-oriented idea and attaches importance to the health of its employees. In addition to providing regular physical examinations to employees, the Comprehensive Management Division establishes health records for all staff and workers, and cooperates with other divisions to identify, prevent and treat diseases in accordance with the Law on Prevention and Control of Occupational Diseases of the People's Republic of China, so as to ensure early diagnosis and treatment of any potential diseases.

The construction of the Group's occupational health and safety management system has achieved its initial results, and the system has been certified by the GB/T45001–2020 idt ISO45001: 2018 and GB/T28001-2011 idt. OHSAS 18001: 2007 authentication standard.


ISO45001

WIT ASSESSMENT

萬泰認證

认证证书

杭州滨江物业管理有限公司

（分支机构详见附件）

浙江省杭州市江干区新城时代广场1幢1202-1室

（分支机构地址详见附件）

统一社会信用代码：913301042554249137

建立的管理体系，按照以下标准评审合格，特发此证。

认证标准

GB/T 45001-2020 idt ISO45001:2018

认证范围

物业管理和服务所涉及的职业健康安全管理

（该证书所包含的分支机构及审核范围见附件）
证书号：15/20S7751R11　发证日期：2020年11月17日　有效期至：2022年10月10日
本证书信息可在国家认证认可监督管理委员会网站（www.cnca.gov.cn）上查询。

中国认可
管理体系
MANAGEMENT SYSTEM
CNAS C015-M

第二次监审　第三次监审

总经理

杭州万泰认证有限公司
中国 · 杭州
滨江区江虹路1750号
信雅达国际创意中心1幢13-14层

证书有效期内，每年至少进行一次监督审核，且两次的审核间隔不得超过12个月。
获证组织必须定期接受监督审核并经审核合格此证书方继续有效，每次监督审核合格后，WIT将在本证书上加贴合格标签。
凡认证范围涉及行政许可或国家强制认证要求的，本证书随相关行政许可或国家强制认证证书失效而失效。

Binjiang Service obtained a certification for its occupational health and safety management system

During the COVID-19 epidemic in 2020, the Human Resources Department of the Group responded quickly by gathering various epidemic control regulations through various channels and integrating them with our internal rules and regulations to formulate our internal rules for the control and prevention of epidemic. The human resources have been reallocated to ensure an orderly operation of property management of each service center. The Group also strictly complied with the governmental epidemic control requirements, including health code inspection for on duty staff and provided protection equipment to on duty staff. Staff that are not necessarily required to work on the spot may work remotely to protect the safety and health of staff that are on duty. Properties under our management have adopted the following measures:

- carrying out specific management through online exchange and communication, implementing shift duties and measuring body temperature and reporting on the epidemic situation of the particular zone while protecting the privacy of property owners;

- implementing the one-way and "pocket" management in Hangzhou firstly to guard the entry of our properties and assign designated staff to deal with returners from high-risk regions;

- adopting a case-by-case approach by confirming commute situations of staff that returned to hometown during the new year break through telephone calls;

- preparing precautionary supplies including masks and protective goggles and arranging onsite visitation to frontline staff by the senior management of the Group;

- relieving frontline staff who had difficulties to return to work from their hometown by the management of the Group, including Directors and Senior Management, during the peak of the epidemic.

As at the end of the Reporting Period, none of the properties under the management of the Group had confirmed cases of COVID-19.

3.3 Training and Development of Staff Members

Modern enterprises compete in terms of talents. As the advancement of knowledge and technology accelerate, enterprises are required to innovate continuously and introduce new technologies and philosophy through staff training. Staff training enhances the understanding of enterprise decision and executive ability of staff and enables our staff to familiarize with our management philosophy and advanced management approach. The advancement of our staff strengthens our competitiveness continuously.

The Group has implemented the Regulation for Training Management of Workers and Staff Members. It is committed to improving the staff training system, formulating an exclusive development path for each employee, stimulating the potential of employees, and supporting their growth. The Talent Echelon Development Plan aims to further facilitates the talent development efforts and helps the Group retain talents and achieve long-term development. In 2020, we drafted the plan for standardization of training system which is expected to be fully implemented in the next year.

Talent echelon for career development

The Group anticipates talent demand based on its business development and identifies external engagement needs based on the status of human resources. We conduct management trainee training and talent identification through campus recruitment and recruit experienced professionals through professional recruitment and organize manager training camps after talent identification. We perform scientific evaluation on staff at different stages and posts based on their capabilities, personalities and career development needs to select talents to form a talent echelon and establish a sound talent development mechanism. The Group helps the recruits build professional skills, expand professional capabilities, foster work ethics and good professional conduct to turn them into management personnel and core members who can work independently and cope with the Group's development within two to three years.

Relevant department of the Group conducts qualification assessment on lecturers before the training courses. Students will rate on the quality of the training courses to ensure their quality and effectiveness. We also provide anti-corruption trainings to the Board and organize our staff to study the Civil Code to raise their legal awareness. The Group has established the butler system for our staff to upgrade themselves with optional training contents to initiate their proactiveness in participating in trainings. Outstanding butlers are offered with gold key certified trainings.

Training programs	2020		2019	
	Number of participants	Training hours	Number of participants	Training hours
Orientation training	5,061	5,061	1,847	1,847
Vocational skill training	1,196	24,272	1,771	49,692
Professional qualification training	61	744	30	480
Learning from peers	62	496	104	1,664
Legal training	7	7	4	6
Total	6,380	30,573	3,756	53,689

In 2020, the Group focused on the optimization of human resources management system. We group several properties into a particular zone based on "Branch — District — Zone — Project" by applying the Amoeba operating model, and other service staff are jointly responsible for properties within the zone. Such measures professionalize and refine the division of duties and determine position and remuneration of staff based on the scale of management and profitability. With a combination of full-time and part-time staff, working proactiveness and operation effectiveness has been improved which facilitate the nurture and formation of our talent ladder and expand our talent pool.

3.4 Staff Rights and Interests

Laws and protection of staff's rights and interests

In accordance with the relevant laws and regulations of the People's Republic of China, such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and the Social Insurance Law of the People's Republic of China, Binjiang Group and its subsidiaries strictly protect the lawful rights and interests of their employees. The Group and its subsidiaries pay salaries on time without any arrears and pay social insurance premiums and housing reserve for employees. As of the end of the Reporting Period, our social insurance and housing reserve amounts were fully covered except for employees who have retired but were recruited again by the Group or its subsidiaries.

Prohibition of forced labor and child labor

In accordance with the relevant laws and regulations of the People's Republic of China, such as the Law of the People's Republic of China on the Protection of Minors and the Provisions on the Prohibition of Child Labor, the Group and its subsidiaries explicitly prohibit the employment of persons under the age of 18 and conduct strict examinations in the recruitment process so as avoid the employment of underage individuals. Young children represent the future of the country, and their healthy growth must be protected in all walks of life throughout the country. Therefore, we strongly oppose the use of child labor and resolutely reject such behavior.

The Group fully respects the freedom of its employees and does not conduct any improper activities, such as withholding their valid certificates, collecting deposits, engaging in forced labor or defaulting on remuneration during the period of employment. We have also set up an internal supervision mechanism to conduct regular employee satisfaction surveys at the supervisor level and above to ensure that no breaching behavior will occur. In the Reporting Period there were no incidents of child labor employment or forced labor.

3.5 Supply Chain Management

The Group strictly controls the selection of suppliers for material procurement and service outsourcing, and its purchase control procedures have clearly specified rules for supplier selection, the procurement process, and verification of purchased products and suppliers' services. At the same time, through effective communication, we constantly consolidate and expand our partnerships with suppliers to stabilize supply channels and ensure the supply quality.

Annual evaluations for the procurement process

Our Brand Operations Division and Integrated Management Division are responsible respectively for the procurement of materials and outsourced services needed by the Group for property service operations. When selecting suppliers, the regional business units must first report to the general headquarters. Then, the procurement investigation team, which consists of the functional divisions of the headquarters and the regional business units, evaluates, examines and verifies the suppliers, and produces a Supplier Investigation/ Evaluation Form. After this Form is approved by the vice president, the suppliers in the form will be included in the List of Qualified Suppliers.

In order to strengthen supplier management and procurement control, the Procurement Commission evaluates the suppliers each year to eliminate any unqualified suppliers. The Commission also regularly updates the List of Qualified Suppliers to ensure procurement quality. As at the end of 2020, a total of 82 suppliers were included in the centralized procurement scope (as at the end of 2019: 46). The amount of centralized procurement and its percentage in total procurement have increased during the year.

Green procurement from various sources

The Group has established a multi-dimensioned assessment system for our suppliers. The assessment team, headed by the headquarter of the Group, consists of over 30 members, including financial personnel, regional staff, vice president and president. The number of the assessment team members may vary depending on the business type. Assessment staff varies based on different types of business including new cleaning outsourcing and service outsourcing, and will be more specified and professional. Each service center corresponds to an outsourcing supplier and procurement proposals will be optimized based on regions. Outsourcing suppliers will be provided trainings from both parties, i.e., trainings offered by the supplier itself and trainings offered by us. In addition, we conduct inspections that last for one to two months on the safety of all tools of all businesses of the Group, including outsourcing business, biannually. Inspection staff mainly comprised of engineering staff and temporary staff.

The Group attaches importance to the environmental and social governance performance of suppliers. In the Supplier Investigation/Evaluation Form, the quality, environment and occupational health system authentication of the supplier constitutes 20 points (out of 100 in total). The supplier's corporate image, market reputation and social evaluation accounts for 10 points. The Group pays special attention to suppliers that have a significant impact on society and the environment, and exerts influence on them in the following ways:

— The Group informs them of our management policy in relation to quality, the environment, and occupational health and safety.

— The Group informs them of our requirements regarding the environment and occupational health and safety.

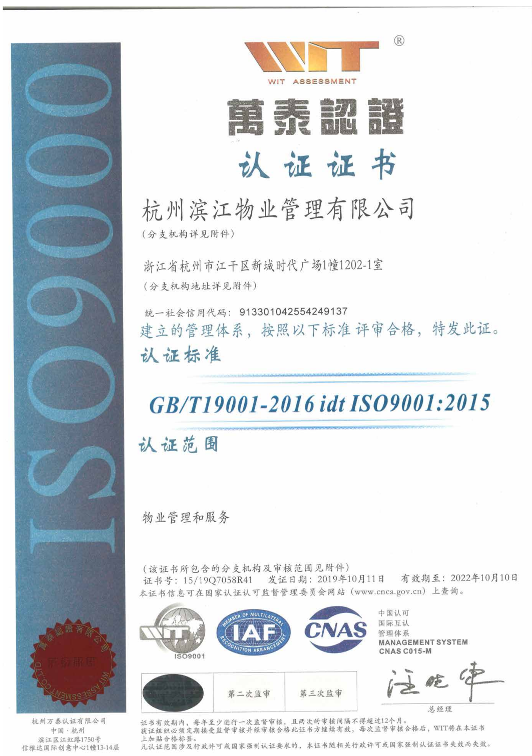
— If necessary, the Group makes a written request to the supplier, or specifies our requirements for environmental protection, and occupational health and safety management in related contracts and agreements.

3.6 Product Liability

Based on the enterprise principle of "owner first, service first and quality first," the Group's quality policy focuses on "sincerity, innovation, perfection, safety, health and green development," and treats every customer with sincerity. The Group uses scientific, reasonable and advanced technology and concepts to provide excellent services to customers. In accordance with the requirements of the Property Management Regulations issued by the State Council, we have compiled the Operational Instructions, Service Standards of Binjiang Property Residential Quarters and Standardized Management Manual of Binjiang Service, which requires that every work process must be improved with the ultimate goal of meeting owners' needs.

Ensure five-star quality

Our aspiration of property service is to refine our service quality continuously. After years of practical experience and innovations, the Group has established three major service models. These are, the community services based on the characteristics of the property, individualised service based on householder needs and property management service based on the property's use as an investment product. The core value of our service is to provide owners with a safe, comfortable and warm living or office environment, while maximising the value of property owners. For this reason, we earnestly control property service standards and quality, and ceaselessly promote the construction and development of the Quality Management System, which is certified by the ISO9001:2015 Authentication Standard. We strive to offer reliable and excellent services.


WIT ASSESSMENT
萬泰認證
认 证 证 书
杭州滨江物业管理有限公司
（分支机构详见附件）
浙江省杭州市江干区新城时代广场1幢1202-1室
（分支机构地址详见附件）
统一社会信用代码：913301042554249137
建立的管理体系，按照以下标准评审合格，特发此证。
认证标准
GB/T19001-2016 idt ISO9001:2015
认证范围
物业管理和服务
（该证书所包含的分支机构及审核范围见附件）
证书号：15/19Q7058R41　发证日期：2019年10月11日　有效期至：2022年10月10日
本证书信息可在国家认证认可监督管理委员会网站（www.cnca.gov.cn）上查询。
ISO9001
IAF
CNAS
中国认可
国际互认
管理体系
MANAGEMENT SYSTEM
CNAS C015-M
第二次监审　第三次监审
总经理
证书有效期内，每年至少进行一次监督审核，且两次的审核间隔不得超过12个月。
获证组织必须定期接受监督审核并经审核合格此证书方继续有效，每次监督审核合格后，WIT将在本证书上加贴合格标签。
凡认证范围涉及行政许可或国家强制认证要求的，本证书随相关行政许可或国家强制认证证书失效而失效。

Binjiang Service obtained a certification for its property management and service system

During the year, the Board set higher standards for service quality by imposing specific requirements for high-end properties and reviewing its service quality. The Group has established eight inspection teams to inspect the environment, equipment and facilities of 62 projects and set a deadline for the rectification of deficiencies identified. The Group plans to review the service quality on a regular basis, so as to manage its service quality effectively.

On September 10, 2020, at the 2020 China Real Estate Brand Value Research Achievement Conference and the 17th China Real Estate Brand Development Summit Forum (2020中國房地產品牌價值研究成果發佈會暨第十七屆中國房地產品牌發展高峰論壇) organized by the China Real Estate TOP10 Research Group (中國房地產TOP10研究組), with its high-quality and professional services and remarkable market performance, Binjiang Service was recognized as "2020 Leading Brand of China Property Service Companies in terms of Service Quality (2020中國物業服務專業化運營領先品牌企業)" with a brand value of RMB2.506 billion. In addition, Binjiang Service has been persisting in providing handyman services to meet the daily needs of owners. Binjiang Service provides door-to-door attentive services to owners, including small home appliances repairs, health care, hairdressing services and knife sharpening services. Binjiang Service aims to bring happiness to owners through fulfilling all of their needs and improving their experiences.

Upgrading its services and putting a high priority on owners' experiences

We have been putting utmost efforts in maintaining high quality of our services. The Group is committed to continuously improving service quality, adequately protecting the safety of owners and creating comfortable living environment, so as to provide owners with an ideal home. The property service staff in the community service center practiced Binjiang Service Group's business motto of "serving with heart and filling home with love (從心出發　讓愛回家)" with warm smiles and sincere service, which are highly recognized by owners.

Case: In October 2020, Mr. Yue Lianying (岳連營), the deputy head of the housekeeping department of Phase I of Wanjia Xingcheng* (萬家星城一期) who was having a day off at home, received an emergency call from Mr. Zhu, a shop owner. Mr. Yue rushed to the scene immediately and escorted Mr. Zhu to hospital for medical treatment and stayed with Mr. Zhu to finish all examinations. Mr. Zhu returned home safely ultimately. Mr. Zhu expressed his heartfelt gratitude to Mr. Yue and Binjiang Property with pennant and complimentary letter.

In addition to dedicated services, creating a comfortable and healthy environment of community is also the main focus of the property management of the Group. As we consider that technological innovation may improve labor efficiency and reduce labor intensity, we further promote the digital management of its property services and regard this initiative as our long-term task. During the year, the Group installed face recognition systems and vehicle recognition systems for most of the projects, purchased sweepers and surface cleaners, and upgraded management software and systems for owners to maintain an effective communication with owners and strengthen its internal management.

Owners' satisfaction is the ultimate goal of our services. For this reason, we strive to continually improve and upgrade ourselves. We will endeavour to satisfy owners with more excellent and perfect service.

Focusing on key areas to ensure safety

As protecting the safety of owners is the fundamental duty of property service providers, we place great importance on the health and safety of owners. We promise to provide safe accommodations for owners, adhere to the safety inspection system, and regularly carry out item-by-item inspections for safety risks. The Group also promises to ensure that all safety hazards are rectified within the time limit in a manner that "involves the owners, puts the government in charge, and is coordinated by property management." In the reporting year, we mainly focused on the following tasks in each residential project:

1. *Fire Safety*

   The Group adopts the policy of "focusing on fire prevention and managing fire safety through fire prevention and fire-fighting (預防為主，防消結合)", and requires each service center to organize fire drills at least once a year with the purpose of enhancing the fire prevention awareness and emergency response capacity of staff members and residents. In addition, the Overall Management Division provided firefighting knowledge and skills training to certain persons from each service center and set up voluntary fire brigades. The voluntary fire brigades are required to put out any fires and evacuate people before the arrival of the fire department, so as to minimize personal casualties and property loss. In order to eliminate fire accidents caused by battery flammability, the Group also checked battery motors placed at upper floors and required that the battery motors be moved to the ground floor.

   Case: On September 26, 2020, Mr. Lu Fuchun (魯福春), a staff of the housekeeping department of Zhejiang Publishing Group Building* (浙江出版集團大樓), found a car leaking oil when patrolling in the basement. Taking the basic safety precautions, Mr. Lu placed a fire extinguisher next to the car and covered the oil leaking area with sands. Mr. Lu calmly contacted the car owner and maintenance personnel and towed away the car for inspection. Mr. Lu effectively prevented a potential accident and was appreciated and praised by the car owner.

2. *Epidemic Prevention*

During the outbreak of epidemic, property management service providers have been an essential force for basic social governance while property management service personnel shoulder the responsibilities for prevention of the spreading of the epidemic. "Go Where There Is Epidemic, Fight It till It Perishes (疫情就是命令，防控就是責任)" was a commitment of Xi Jinping, the general secretary of the Chinese Communist Party, to fight the epidemic. As the backbone of community protection, property management service providers played an important role in ensuring the safety and security of community and living environment of property owners during the outbreak of the epidemic.

As the Group stayed alert on the large public health issue and assumed its responsibilities for community security, the management of the Group anticipated the development of the epidemic and took effective measures for prevention of the spreading of the epidemic by promptly establishing a task force to coordinate the deployment of staff and procurement of materials. There were no infections recorded by property owners and staff on properties under our management. Our prompt response, professional management and allocation of manpower and resources during the battle against the epidemic were highly recognized by property owners and local governments as well as the national and local media such as the People's Daily and the CCTV, etc.. Golden Jiangnan* (金色江南), Jiangnan Star* (江南之星) and Yuesheng International Community* (悦盛國際中心社區) were awarded "Anti-epidemic Pioneer Property Project (抗疫先鋒物業項目)". Jiangnan Star* (江南之星), Wanjia Xingcheng* (萬家星城), Wenjing Yuan* (文景苑), Qiandaohu Dongfang Haian* (千島湖東方海岸) and Daijiang Star* (大江之星) were awarded "Outstanding Property for Effective Epidemic Prevention (防疫得力物業)" by Hangzhou Housing Security and Management Bureau (杭州市住房保障和房產管理局). Pinghu Wanjia Huacheng* (平湖萬家花城) was awarded "Outstanding Unit for Anti-epidemic (抗疫先進單位)" by Pinghu Property Service Industry Association (平湖市物業服務行業協會).

Renewal of the privacy protection policy

The Group believes that effective protection and management of owners' privacy is an essential factor in the establishment of long-term trust and friendly cooperation between owners and the property service provider. We strictly abide by relevant laws and regulations for the protection of personal data and privacy, and make clear provisions in the Operation Instructions. On the one hand, property service personnel are required to strictly keep the owners' information and related materials confidential. The owner's informational files must be sealed and stored at the time when the house is delivered. Additionally, we have formulated the Management Regulations for the Information System, Computers and Network. The Group also only allows electronic informational materials to be accessed by authorized users. Access to the information must first be examined and approved by the division head in order to ensure that the network runs efficiently and that electronic informational materials are effectively protected.

Seeking opinions for improvement

Our success depends on the satisfaction of householders. To uncover weak points in our services, we earnestly listen to the voices of householders in order to increase their satisfaction and improve our service quality. We perform owner satisfaction assessments with regard to property services in a variety of ways and conduct owner satisfaction surveys in several levels, namely a comprehensive survey conducted by the Group at the end of each year, an interim sample survey conducted by the Company, a monthly telephone sample survey and a quarterly communication with owners' committees. Through the multi-dimensional survey data we acquire, we perform overall and specific assessments on the work quality and achievements of each service center. We regard each survey as a valuable opportunity for communication to understand the actual needs of owners. We make vertical comparison between results of annual satisfaction surveys, so as to improve our services and address the needs of owners.

The Group has established open channels for complaints. These channels include opinion boxes, a service hotline, email, and other measures. The Group has also formulated a multilevel process for addressing internal and external householder complaints, and has specified responsible individuals, rectification plans, rectification time limits, and other matters. In this way, the Group is able to resolve complaints effectively. The entire process is reviewed by multi-level managers, and a follow-up is conducted within 24 hours after the final process is completed.

3.7 Anti-Corruption Measures

Building honest operations and constantly guarding against corruption

Misconduct in commercial activities, such as embezzlement, bribery, extortion fraud, money laundering, violating the enterprise's interests, violating the principle of fair trade or damaging the enterprise's reputation, will seriously disrupt the Group's normal management and operations. The Group therefore firmly opposes and expressly prohibits these types of misconducts.

In consideration of the Law of the People's Republic of China against Unfair Competition, the Group has put in place specific provisions for anti-corruption control processes in its operational instructions. The Group has also set up a comprehensive and detailed anti-corruption system. To enhance the construction of a clean governance and democratic supervision mechanism inside the Group, we execute the system in a comprehensive manner. The system has a zero-tolerance policy, and the Group works to ensure the system has no blind spots. The anti-corruption system is based on macro planning, the enterprise's real circumstances, temporary and permanent goals, and short and long-term goals.

An open reporting channel and improvements to the anti-corruption mechanism

In August 2017, the Group established an internal discipline supervision and inspection team, and appointed the Wang Guoyi, the vice president, as the team leader. The Group set up a supervision and report bulletin boards at the Group headquarters and service centers, and provided contact phone numbers, mailboxes and mailing addresses to ensure that any unfair actions or disciplinary violations within the Group can be effectively communicated through open channels. At the same time, the Group encourages reform and innovation and has sought to enhance the supervision and management of the enterprise's assets by establishing a restraint mechanism. We also enhanced the corporate governance structure to enable checks and balances. We work to improve the enterprise management personnel selection system, and we have established a standardized employment mechanism. In this way, we can prevent instances of corruption from the very start.

During the Reporting Period, the Group did not receive any compliant or report regarding anti-corruption nor aware of any violation regarding anti-corruption.

3.8 Investment in our Communities

The Group is committed to building a harmonious and inclusive relationship between the enterprise and communities. In daily operational management, the Group takes into consideration the community's interests and the needs of residents and actively organizes various kinds of community activities. While cultivating a sense of belonging for residents, we also seek to realize social corporate benefits at a higher level.

People's well-being and targeted poverty relief measures

The year of 2020 marked the milestone of building a moderately prosperous society and poverty alleviation. Building a moderately prosperous society and poverty alleviation are arduous tasks and responsibilities of all social sectors which rely on the efforts of the government, social enterprises and the public. Binjiang Service persists in performing its social responsibilities and supports the initiatives introduced by the Party and the government by actively participating in poverty alleviation and making contribution as an enterprise.

Case 1: In March 2020, the China Property Management Association and the China Community Poverty Alleviation Alliance launched a poverty alleviation programme named "Join Hands with Tibetan Children (藏區青苗牽手計劃)". The programme supports one Tibetan child for one acre of hulless barley field purchased by property companies. We spread love and care with our expanding charitable team. We shared hulless barley with our employees and over 100 elders, including elder residents living alone in properties under the management of Binjiang, senior citizens living in subdistrict communities and elders living in nursing homes.

Case 2: In June 2020, the residents of Hangzhou Yuesheng International Building* (杭州悅盛國際大廈) and other kind-hearted citizens proactively responded to the appeal of Binjiang Property to donate books to Tibetan children. "Exploring the World with good books (讀一本好書，打開世界窗口)" is an expectation placed by the charitable team of Binjiang Property on Tibetan children. Every property owner and employee of Binjiang wishes to build a beacon with love to illuminate the way forward for poor households and encourage more people to make contribution to charity.

Handyman services for home owners

The Group's investment in communities mainly focuses on community services that satisfy the needs of owners, as well as holding rich and colourful cultural activities during holidays and weekends. Handyman services provided to owners include knife sharpening, blood pressure measuring, shoe repairs, umbrella repairs, haircuts, healthcare and other activities. The utility of these activities has been unanimously praised by the owners, especially the "star projects", such as knife sharpening, umbrella repairs, shoe repairs, haircuts and others. In the reporting year, the Group provided such services on 328 occasions, with a total of 19,680 persons participating.

Case 1: On March 5, 2020, the Lei Feng Memorial Day, the property management service personnel of Binjiang inherited the spirit of Lei Feng and duly performed their duties in combating the epidemic and providing owners with attentive services. Through cooperating with City Star Community* (城星社區), the service center of City Star* (城市之星) took effective initiatives in epidemic prevention and control while providing haircut services to owners, so as to solve the problem of owners about getting haircut during the outbreak of the epidemic. All steps, including contacting owners by phone, making appointment by owners and providing haircut services to owners, were taken in order, so as to provide a warm, safe and free haircut services to owners.

Case 2: In 2020, due to the outbreak of the epidemic, residents were not able to enjoy movies in cinemas. Therefore, Binjiang Property organized an outdoor movie night named "Summer Evening Breeze (夏日晚風)". From August 14 to August 24, the service centers of Hangzhou Golden Dawn* (杭州金色黎明), Xixuan* (溪軒) and Zhuxuan* (竺軒) of Hangzhou Castalia Court* (杭州雲荷廷), Hangzhou City Star* (杭州城市之星) and Shanghai Garden Number One* (上海公園壹號) screened movies outdoor in the communities to fulfill the need of owners of enjoying movies. Such activity was highly praised by owners.

Holiday activities

The Group instructs the service centers to carry out cultural activities during holidays to boost communication between neighbours and add colour to residents' lives. Such holidays include Lantern Festival, Lantern Carnival, making rice dumplings for Dragon Boat Festival, Mid-Autumn Festival evening, "Tasting Free Laba Porridge (臘八香粥)", fun sports, etc. In this reporting period, a total of 442 community cultural activities were carried out with more than 44,000 participants.

Case 1: On the Dragon Boat Festival of 2020, in Quzhou Chunjiangyue* (衢州春江月), Golden Dawn* (金色黎明), Xianghu One* (湘湖壹號), Wanjia Xincheng Phase III* (萬家星城三期), Golden Home* (金色家園), Qiandaohu Dongfang Coast* (千島湖東方海岸) and other communities, the Group took all epidemic prevention and disinfection measures, made signing up arrangement and set the limit on the number of participants, and organized a wide range of Dragon Boat Festival cultural activities for owners to promote the traditional Dragon Boat Festival atmosphere with rice dumplings and herbal fragrance.

Hangzhou Yuesheng International Building* (杭州悅盛國際大廈)

Case 2: In order to further inherit the traditional culture of Mid-Autumn Festival, celebrate the National Day and create a cultural community, Binjiang Property celebrated the Mid-Autumn Festival and National Day with owners by organizing Mid-Autumn Festival evening parties in various places. In addition, Hangzhou City Star* (杭州城市之星), Hangzhou Golden Coast* (杭州金色海岸), Hangzhou Yuesheng International Building* (杭州悅盛國際大廈), Hangzhou Wanjia Mingcheng* (杭州萬家名城), Wanjia Zhixing* (萬家之星), Xixi Zhixing* (西溪之星), Shangyu Yuelong Mansion* (上虞越瓏府) and other service centers of Binjiang Property organized mooncake DIY activities to provide owners with opportunities to experience the traditional culture of the Mid-Autumn Festival and enjoy the time spent together.


Hangzhou Wenchao One* (杭州聞潮一品)


Hangzhou City Star* (杭州城市之星)

Improving public welfare and contributing to society

As the Group has a large number of young and middle-aged employees, we encourage and support them in donating blood in order to help patients who are in need, and pass on love and warmth. When promoting voluntary blood donation, we emphasize the importance of donating blood to save patients; and at the same time, we educate employees about the benefits of blood donation to our health.

Case: On June 14, 2020, the party branch committee of Binjiang Property organized a voluntary blood donation activity and encouraged comrades to participate in such charitable activity. After announcing the initiative in voluntary blood donation through WeChat group, the activity was strongly supported by the comrades. The comrades proactively signed up for the activity and performed their responsibilities and obligations as a comrade of the Communist Party with their actions. 16 comrades of Binjiang Property made blood donation with a total of 4,200 ml of blood donated in this blood donation activity. Through this activity, the comrades had a deeper understanding of the true meaning of “Staying True to our Original Aspiration and Founding Mission”, persisted the ambition and belief as a comrade and took on the responsibilities and accomplished the missions of the party.

In the year, the Company was recognized as "Outstanding Unit for Voluntary Blood Donation in Jianggan in 2020 (2020年度江幹區無償獻血工作先進單位)" by the People's Government of Jianggan, Hangzhou City. We provided corresponding day-off opportunities and subsidies to blood donors to express the Group's strong support and concern for their participation. In the future, we will continue to show great dedication to charity and encourage owners to support charitable activities, so as to make further contribution to charity with greater power.

Reference for General Information Disclosure for ESG

Environmental, Social and Governance Reporting Guide		Section
Subject Area A. Environment		
Aspect A1: Emissions		
A1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	2.1 Emissions
A1.1	The types of emissions and respective emissions data.	2.1 Emissions
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2.1 Emissions
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Note 1
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Note 1
A1.5	Description of emissions target(s) set and steps taken to achieve them.	2.1 Emissions
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	2.1 Emissions
Aspect A2: Use of Resources		
A2	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	2.2 Use of Resources
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	2.2 Use of Resources
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	2.2 Use of Resources
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	2.2 Use of Resources
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	2.2 Use of Resources
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Note 1
Aspect A3: The Environment and Natural Resources		
A3	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	2.3 Environment and Natural Resources
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	2.3 Environment and Natural Resources
A4	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	2.4 Addressing Climate Changes
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	2.4 Addressing Climate Changes

Environmental, Social and Governance Reporting Guide		Section
Subject Area B: Social		
Employment and Labour Practices		
Aspect B1: Employment		
B1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	3.1 Employment
B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	3.1 Employment
B1.2	Employee turnover rate by gender, age group and geographical region.	Note 4
Aspect B2: Health and Safety		
B2	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	3.2 Occupational Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Note 4
B2.2	Lost days due to work injury.	Note 4
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	3.2 Occupational Health and Safety
Aspect B3: Development and Training		
B3	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	3.3 Training and Development of Staff Members
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Note 4
B3.2	The average training hours completed per employee by gender and employee category.	Note 4
Aspect B4: Labour Standards		
B4	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	3.4 Staff Rights and Interests
B4.1	Description of measures to review employment practices to avoid child and forced labour.	3.4 Staff Rights and Interests
B4.2	Description of steps taken to eliminate such practices when discovered.	3.4 Staff Rights and Interests

Environmental, Social and Governance Reporting Guide		Section
Operating Practices		
Aspect B5: Supply Chain Management		
B5	General Disclosure Policies on managing environmental and social risks of the supply chain.	3.5 Supply Chain Management
B5.1	Number of suppliers by geographical region.	Note 2
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	3.5 Supply Chain Management
5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.5 Supply Chain Management
5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.5 Supply Chain Management
Aspect B6: Product Responsibility		
B6	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	3.6 Product Liability
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Note 3
B6.2	Number of products and service related complaints received and how they are dealt with.	Note 4
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Note 3
B6.4	Description of quality assurance process and recall procedures.	3.6 Product Liability
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	3.6 Product Liability
Aspect B7: Anti-corruption		
B7	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	3.7 Anti-corruption Measures
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	3.7 Anti-corruption Measures
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	3.7 Anti-corruption Measures
B7.3	Description of anti-corruption training provided to directors and staff.	3.3 Training and Development of Staff Members

Environmental, Social and Governance Reporting Guide		Section
Community		
Aspect B8: Community Investment		
B8	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	3.8 Investment in our communities
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	3.8 Investment in our communities
B8.2	Resources contributed (e.g. money or time) to the focus area.	Note 4

Note 1: The operation of the Group does not involve heavy industry production, discharge of hazardous waste or the use of packaging materials; its non-hazardous waste mainly includes domestic waste generated by owners, and the volume of emissions are in proportion to the number of owners in the management projects, which are not accounted for in the Reporting Period.

Note 2: As the Group's operations are mainly located in the Yangtze River Delta region, this report does not provide any more detailed geographical information regarding the suppliers.

Note 3: Not applicable as there is no relevant information in the Group in the current reporting period.

Note 4: The Group has elected not to disclose data regarding this indicator for the Reporting Period.

To the shareholders of Binjiang Service Group Co. Ltd.
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Binjiang Service Group Co. Ltd. ("**the Company**") and its subsidiaries ("**the Group**") set out on pages 106 to 176, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("**the Code**") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (Continued)

Revenue recognition of value-added services to non-property owners

Refer to accounting policy note 1(s) and note 3 to the consolidated financial statements.

The Key Audit Matter

For the year ended 31 December 2020, the Group generated total revenue of RMB960.2 million which comprised revenue from property management services, value-added services to non-property owners and value-added services to property owners. Among which, revenue from value-added services to non-property owners for the year ended 31 December 2020 totaled RMB312.0 million, increasing by 39% from RMB224.1 million for the year ended 31 December 2019.

The Group's revenue from value-added services to non-property owners is mainly derived from pre-delivery services and consulting services to Hangzhou Binjiang Real Estate Group Co., Ltd. ("**Binjiang Real Estate**") and its subsidiaries and associates, related parties of the Group. These value-added services contribute a significant part of the Group's gross profit. The Group recognises such revenue over time by reference to the progress towards complete satisfaction of the relevant performance obligation.

We identified revenue recognition of value-added services to non-property owners as a key audit matter because revenue is one of the key performance indicators of the Group and there is an inherent risk that revenue could be recorded in an incorrect period or could be subject to manipulation in order to achieve financial targets and expectations.

How the matter was addressed in our audit

Our audit procedures to assess revenue recognition of value-added services to non-property owners included the following:

- understanding and assessing the design, implementation and operating effectiveness of the key internal controls over the Group's revenue recognition of value-added services to non-property owners;

- inspecting service contracts with customers on a sample basis to understand and assess the terms and conditions therein which may affect the recognition of revenue;

- comparing, on a sample basis, revenue transactions recorded during the year with the underlying service contracts, service acknowledgement receipts and their supporting documents, invoices and bank-in slips for settled balances and assessing whether the related revenue had been recognised in accordance with the Group's revenue recognition policies;

- comparing, on a sample basis, service prices charged to Binjiang Real Estate and its subsidiaries and associates against service prices charged to third parties and other market data, enquiring of management the reasons for any significant differences and assessing the reasonableness of management explanations;

- comparing sales transactions recorded just before and after the year end with the relevant underlying documents, including service acknowledgement receipts and their supporting documents and invoices, to assess if the related revenue had been recognised in the appropriate accounting period; and

- scrutinising all manual journal entries relating to revenue of value-added servers to non-property owners which were raised during the year, enquiring of management the reasons for such adjustments and inspecting underlying documentation on a sample basis.

Key audit matters (Continued)

Expected credit loss allowance for trade receivables

Refer to accounting policy note 1(m), note 14 and note 23(a) to the consolidated financial statements.

The Key Audit Matter

As at 31 December 2020, the Group's gross trade receivables from third parties and a loss allowance for expected credit losses (ECLs) amounted to RMB43.1 million and RMB19.2 million, respectively.

The Group's trade receivables comprise mainly receivables from property owners and property developers.

Management measures the loss allowance at an amount equal to lifetime ECL of trade receivables based on the loss patterns for different customers grouped according to the shared credit risk characteristics, ageing of trade receivables, historical loss rates, current economic conditions and forward-looking information at the end of each reporting period.

We identified the ECL allowance for trade receivables as a key audit matter because the balance of trade receivables is material to the Group's consolidated financial statements and the recognition of expected credit loss is inherently subjective and requires the exercise of significant management judgement.

How the matter was addressed in our audit

Our audit procedures to assess ECL allowance for trade receivables included the following:

- obtaining an understanding of and evaluating the design, implementation and operating effectiveness of key internal controls relating to credit control, segmentation of trade receivables, ageing analysis review, and estimation of credit loss allowances;
- evaluating the Group's policy for estimating the credit loss allowance with reference to the requirements of the prevailing accounting standard;
- obtaining an understanding on the key data and assumptions of the expected credit loss model adopted by management, including the basis of segmentation of trade receivables based on credit loss characteristics, historical default data and assumptions involved in management's estimation of loss rate;
- assessing the appropriateness of management's estimation of loss allowance and examining the information used by management to derive such estimates, including testing accuracy of the historical default data and evaluating whether historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information;
- assessing whether items in the trade receivables ageing report were categorised in the appropriate ageing bracket by comparing with the demand notes, invoices and other relevant underlying documentation, on a sample basis; and
- re-performing the calculation of the loss allowance as at 31 December 2020 based on the Group's credit loss allowance policies.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Fung Ping Kwong.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020
(Expressed in Renminbi Yuan)

	Note	2020 RMB'000	2019 RMB'000
Revenue	3(a)	960,201	701,875
Cost of sales		(662,884)	(504,835)
Gross profit		297,317	197,040
Other revenue	4	10,321	3,964
Other net (loss)/income	4	(544)	657
Selling and marketing expenses		(2,680)	(799)
Administrative expenses		(39,768)	(56,603)
Impairment loss on trade receivables	23(a)	(11,491)	(4,466)
Other expenses		(195)	(262)
Profit from operations		252,960	139,531
Finance income		30,973	19,527
Finance costs		(541)	(1,696)
Net finance income	5(a)	30,432	17,831
Share of profits less losses of associates		560	(4,064)
Profit before taxation	5	283,952	153,298
Income tax	6	(63,678)	(38,377)
Profit for the year		220,274	114,921
Attributable to:			
Equity shareholders of the Company		219,550	114,681
Non-controlling interests		724	240
		220,274	114,921

For the year ended 31 December 2020
(Expressed in Renminbi Yuan)

	Note	2020 RMB'000	2019 RMB'000
Profit for the year		**220,274**	114,921
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation of financial statements of the Company		**(17,218)**	20,136
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**(2,428)**	3
Total comprehensive income for the year		**200,628**	135,060
Attributable to:			
Equity shareholders of the Company		**199,904**	134,820
Non-controlling interests		**724**	240
Total comprehensive income for the year		**200,628**	135,060
Earnings per share	*9*		
Basic and diluted *(RMB)*		**0.79**	0.44

The notes on pages 112 to 176 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 22(c).

Consolidated Statement of Financial Position

At 31 December 2020
(Expressed in Renminbi Yuan)

	Note	2020 RMB'000	2019 RMB'000
Non-current assets			
Investment properties	10	2,124	—
Property, plant and equipment	10	14,595	12,904
Investment in associates	12	3,932	922
Deferred tax assets	21(b)	12,520	5,316
Time deposits	15	101,300	100,000
		134,471	119,142
Current assets			
Inventories	13	52,044	33,379
Trade and other receivables	14	95,691	66,298
Time deposits	15	368,528	428,514
Restricted bank balances	16	46,461	39,586
Cash and cash equivalents	17	805,394	516,707
		1,368,118	1,084,484
Current liabilities			
Contract liabilities	18	107,482	117,340
Trade and other payables	19	473,326	318,329
Lease liabilities	20	1,202	2,226
Current taxation	21(a)	60,943	38,421
		642,953	476,316
Net current assets		725,165	608,168
Total assets less current liabilities		859,636	727,310

At 31 December 2020
(Expressed in Renminbi Yuan)

	Note	2020 RMB'000	2019 RMB'000
Non-current liability			
Lease liabilities	20	1,303	762
NET ASSETS		858,333	726,548
CAPITAL AND RESERVES			
Share capital	22(b)	181	181
Reserves	22(d)	841,444	721,653
Total equity attributable to equity shareholders of the Company		841,625	721,834
Non-controlling interests		16,708	4,714
TOTAL EQUITY		858,333	726,548

Approved and authorised for issue by the board of directors on 30 March 2021.

Zhu Lidong) Directors
Zhong Ruoqin)

The notes on pages 112 to 176 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020
(Expressed in Renminbi Yuan)

	Note	Share capital RMB'000 note 22(b)	Share premium RMB'000 note 22(d)(i)	Capital reserve RMB'000	PRC statutory reserves RMB'000 note 22(d)(ii)	Exchange reserve RMB'000 note 22(d)(iii)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to equity shareholders of the Company								
Balance at 1 January 2019		129	87,043	(66,484)	10,000	50	150,620	181,358	3,374	184,732
Changes in equity for 2019:										
Profit for the year		—	—	—	—	—	114,681	114,681	240	114,921
Other comprehensive income		—	—	—	—	20,139	—	20,139	—	20,139
Issue of ordinary shares upon initial public offering, net of issuing costs	22(b)(ii)	45	373,738	—	—	—	—	373,783	—	373,783
Issue of ordinary shares upon exercise of the over-allotment option in connection with initial public offering, net of issuing costs	22(b)(iii)	7	56,101	—	—	—	—	56,108	—	56,108
Dividends declared in respect of the previous year	22(c)(ii)	—	(24,235)	—	—	—	—	(24,235)	—	(24,235)
Capital injection from non-controlling shareholders		—	—	—	—	—	—	—	1,100	1,100
Balance at 31 December 2019		181	492,647	(66,484)	10,000	20,189	265,301	721,834	4,714	726,548

	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	PRC statutory reserves RMB'000 note 22(d)(ii)	Exchange reserve RMB'000 note 22(d)(iii)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to equity shareholders of the Company								
Balance at 1 January 2020		181	492,647	(66,484)	10,000	20,189	265,301	721,834	4,714	726,548
Changes in equity for 2020:										
Profit for the year		—	—	—	—	—	219,550	219,550	724	220,274
Other comprehensive income		—	—	—	—	(19,646)	—	(19,646)	—	(19,646)
Dividends declared in respect of the previous year	22(c)(ii)	—	(80,113)	—	—	—	—	(80,113)	—	(80,113)
Appropriation to statutory reserve		—	—	—	15,451	—	(15,451)	—	—	—
Capital injection from non-controlling shareholders		—	—	—	—	—	—	—	11,270	11,270
Balance at 31 December 2020		181	412,534	(66,484)	25,451	543	469,400	841,625	16,708	858,333

The notes on pages 112 to 176 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2020
(Expressed in Renminbi Yuan)

	Note	2020 RMB'000	2019 RMB'000
Operating activities			
Cash generated from operations	*17(b)*	366,104	183,587
PRC Corporate Income Tax paid	*21(a)*	(48,360)	(25,013)
Net cash generated from operating activities		317,744	158,574
Investing activities			
Payments for the purchase of property, plant and equipment		(8,198)	(5,136)
Proceeds from disposal of property, plant and equipment		—	46
Payments for investment in an associate		(2,450)	—
Payments for purchase of financial assets classified as fair value through profit or loss ("**FVPL**")		(163,000)	(956,000)
Proceeds from redemption of FVPL		163,780	958,161
Payments for time deposits with original maturity over three months		(394,509)	(646,748)
Proceeds from maturity of time deposits with original maturity over three months		430,318	122,579
Interest received		14,664	6,514
Net cash generated from/(used in) investing activities		40,605	(520,584)
Financing activities			
Capital contribution from non-controlling interests		11,270	1,100
Capital element of lease rentals paid	*17(c)*	(3,032)	(2,182)
Proceeds from issue of shares, net of issuing costs		—	429,891
Interest element of lease rentals paid	*17(c)*	(175)	(194)
Dividends paid		(80,113)	(24,235)
Net cash (used in)/generated from financing activities		(72,050)	404,380
Net increase in cash and cash equivalents		286,299	42,370
Cash and cash equivalents at 1 January	*17(a)*	516,707	458,543
Effect of foreign exchange rate changes		2,388	15,794
Cash and cash equivalents at 31 December	*17(a)*	805,394	516,707

The notes on pages 112 to 176 form part of these financial statements.

(Expressed in Renminbi Yuan unless otherwise indicated)

1 Significant accounting policies

(a) Statement of compliance

The consolidated financial statements of Binjiang Service Group Co. Ltd. (the "**Company**") and its subsidiaries (together referred to as the "**Group**") have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board ("**IASB**"). These financial statements also comply with the disclosure requirement of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiaries and the Group's interest in associates.

The Company was incorporated in the Cayman Islands on 6 July 2017 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 March 2019 (the "**Listing**"). The principal activities of the Group are the provision of property management services and related services in the PRC.

The consolidated financial statements are presented in Renminbi ("**RMB**"), rounded to the nearest thousand, which is the presentation currency. It is prepared on the historical cost basis except for financial assets classified as fair value through profit or loss which are stated at their fair value.

RMB is the functional currency for the Company's subsidiaries established in the mainland China. The functional currency of the Company and the Company's subsidiaries outside the mainland China are Hong Kong dollars.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

1 Significant accounting policies (Continued)

(b) Basis of preparation of the financial statements (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

(c) Changes in accounting policies

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendments to *References to the Conceptual Framework in IFRS Standards*
- Amendments to IFRS 3, *Definition of a Business*
- Amendments to IFRS 9, IAS 39 and IFRS 7, *Interest Rate Benchmark Reform*
- Amendments to IAS 1 and IAS 8, *Definition of Material*

None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

(Expressed in Renminbi Yuan unless otherwise indicated)

1 Significant accounting policies (Continued)

(d) Subsidiaries and non-controlling interests (Continued)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with note 1(o) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(f)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 1(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(j)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

1 Significant accounting policies (Continued)

(e) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 1(j)(ii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associates, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's any other long-term interests that in substance form part of the Group's net investment in the associate (after applying the expected credit losses (ECLs) model to such other long-term interests where applicable (see note 1(j)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(f)).

(Expressed in Renminbi Yuan unless otherwise indicated)

1 Significant accounting policies (Continued)

(e) Associates (Continued)

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses (see note 1(j)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(f) Other investments in debt and equity financial instruments

The Group's and the Company's policies for investments in debt and equity financial instruments, other than investments in subsidiaries and associates, are set out below:

Investments in debt and equity financial instruments are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

— Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 1(s)(iv)).

— fair value through other comprehensive income (FVOCI) — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— fair value at profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

1 Significant accounting policies (Continued)

(f) Other investments in debt and equity financial instruments (Continued)

Equity investments

An investment in equity financial instruments is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity financial instruments, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 1(s)(iii).

(g) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(i)) to earn rental income and/or for capital appreciation.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment loss. Rental income from investment properties are accounted for as described in note 1(s)(ii).

Depreciation is calculated to write off the costs of investment properties, less a residual value, if any, using the straight-line method over their lease terms.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 1(i)), and the same accounting policies are applied to that interest as are applied to other investment property leased under finance leases. Lease payments are accounted for as described in note 1(i).

(h) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(j)).

— right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest; and

— items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 1(i)).

(Expressed in Renminbi Yuan unless otherwise indicated)

1 Significant accounting policies (Continued)

(h) Property, plant and equipment (Continued)

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write-off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

— Office equipment and furniture	3–5 years
— Other properties leased for own use	shorter of the unexpired term of lease and the Buildings' estimated useful lives
— Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains a lease component and non-lease component, the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

1 Significant accounting policies (Continued)

(i) Leased assets (Continued)

(i) As a lessee (Continued)

The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(h) and 1(j)(ii)). Depreciation is calculated to write off the costs of right-of-use asset, less a residual value, if any, using the straight-line method over their lease terms.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' or 'inventories' if they are held for sales in the ordinary course of business and presents lease liabilities separately in the consolidated statement of financial position.

(Expressed in Renminbi Yuan unless otherwise indicated)

1 Significant accounting policies (Continued)

(i) Leased assets (Continued)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 1(s)(ii).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 1(i)(i), then the Group classifies the sub-lease as an operating lease.

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for ECLs on the following items:

— Financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables);

— Contract assets as defined in IFRS 15 (see note 1(l))

Financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— Fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

— Variable-rate financial assets: current effective interest rate;

1 Significant accounting policies (Continued)

(j) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and contract assets (Continued)

Measurement of ECLs (Continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— Lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, amounts due from related parties (trade nature) and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic condition at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

(Expressed in Renminbi Yuan unless otherwise indicated)

1 Significant accounting policies (Continued)

(j) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and contract assets (Continued)

Significant increases in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instruments credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with note 1(s)(iv) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

1 Significant accounting policies (Continued)

(j) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and contract assets (Continued)

Basis of calculation of interest income (Continued)

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— Significant financial difficulties of the debtor;

— Significant decrease in property management and other service fees collection rate;

— A breach of contract, such as a default or delinquency in interest or principal payments;

— It becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— The disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(Expressed in Renminbi Yuan unless otherwise indicated)

1 Significant accounting policies (Continued)

(j) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— investment properties;

— property, plant and equipment, including right-of-use assets;

— investment in an associate; and

— investment in subsidiaries and associates in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

1 Significant accounting policies (Continued)

(j) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets (Continued)

— *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(k) Inventories and other contract costs

(i) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 1(k)(i)) and property, plant and equipment (see note 1(h)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

(Expressed in Renminbi Yuan unless otherwise indicated)

1 Significant accounting policies (Continued)

(k) Inventories and other contract costs (Continued)

(ii) Other contract costs (Continued)

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 1(s).

(l) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 1(s)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in note 1(j)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 1(m)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 1(s)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(m)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(s)(iv)).

1 Significant accounting policies (Continued)

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 1(l)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 1(j)(i)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 1(j)(i).

(o) Trade and other payables

Trade and other payables are initially recognised at fair value, and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Employee benefits

Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to the PRC local retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred.

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

(Expressed in Renminbi Yuan unless otherwise indicated)

1 Significant accounting policies (Continued)

(q) Income tax (Continued)

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

1 Significant accounting policies (Continued)

(q) Income tax (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) Provisions and contingent liabilities

Provisions are recognised when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue and other income recognition

Income is classified by the Group as revenue when it arises from sale of goods, the provision of services or the use by others of the group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value-added tax or other sales taxes and is after deduction of any trade discounts.

(Expressed in Renminbi Yuan unless otherwise indicated)

1 Significant accounting policies (Continued)

(s) Revenue and other income recognition (Continued)

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Property management service, value-added services to non-property owners and value-added services to property owners

For property management service, the Group recognises revenue in the amount to which the Group has the right to invoice based on the value of performance completed to date.

For property management service income arising from properties managed under lump sum basis, where the Group acts as principal, the Group entitles to revenue at the value of property management service fee received. For property management service income arising from properties managed under commission basis, where the Group acts as an agent of the property owners, the Group entitles to revenue at a pre-determined percentage or fixed amount of the property management service fees the property owners are obligated to pay.

Value-added services to non-property owners mainly include consulting services to property developers and cleaning, greening, repair and maintenance services to property developers at the pre-delivery stage. The Group recognises revenue over time by reference to the progress towards complete satisfaction of the relevant performance obligation.

Value-added services to property owners mainly include housekeeping services, brokerages services, sales of furniture, parking places and storage rooms and other community value-added services to property owners. For sales of goods, including sales of furniture, parking places and storage rooms, and brokerage services, the Group recognises revenue at point in time when the property owners take possession of and accept the goods and services. For housing keeping services and other community value-added services, the Group recognises revenue when the services are rendered. Housing keeping services and other community value-added services are normally billable immediately upon the services are provided.

1 Significant accounting policies (Continued)

(s) Revenue and other income recognition (Continued)

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(iii) Dividends

Dividend income from unlisted investments is recognised when the equity shareholder's right to receive payment is established.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 1(j)(i)).

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset by way of recognised in other revenues.

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

(Expressed in Renminbi Yuan unless otherwise indicated)

1 Significant accounting policies (Continued)

(t) Translation of foreign currencies (Continued)

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(u) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1 Significant accounting policies (Continued)

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various service lines and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 Accounting judgement and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty in the preparation of these financial statements are as follows:

(i) Impairment for trade and other receivables

The impairment allowances for trade and other receivables are based on assumptions about risk of expected credit loss rates. The Group adjusts judgement in making these assumption and selecting inputs for computing such impairment loss, broadly based on the available customers' historical data, existing market conditions including forward looking estimates at the end of each reporting period. Any change in such assumptions and judgement would affect the expected credit loss to be recognised and hence the net profit in future years.

(ii) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(Expressed in Renminbi Yuan unless otherwise indicated)

3 Revenue and segment report

(a) Revenue

The principal activities of the Group are property management services, value-added services to non-property owners and value-added services to property owners.

Revenue represents income from property management services, value-added services to non-property owners and value-added services to property owners.

The amount of each significant category of revenue are as follows:

	2020 *RMB'000*	2019 *RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Revenue recognised over time:		
Property management services	554,241	411,529
Value-added services to non-property owners	312,014	224,110
Value-added services to property owners	33,858	34,629
	900,113	670,268
Revenue recognised at point in time:		
Value-added services to property owners *(note)*	59,496	31,607
	959,609	701,875
Revenue from other sources		
Value-added services to property owners		
— Rental income from investment properties	592	—
	960,201	701,875

Note: For value-added services to property owners that involve sale of goods, including sales of furniture, parking places and storage rooms, and brokerage services for property sales and leasing, the Group recognises revenues at point in time when the property owners take possession of and accept the goods and services.

For the year ended 31 December 2020, the Group had transactions with one customer exceeding 10% individually of its total revenue for the year ended 31 December 2020 (2019: one).

3 Revenue and segment report (Continued)

(a) Revenue (Continued)

(i) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

For property management services and value-added services to non-property owners, the Group recognises revenue in the amount to which the Group has a right to invoice that corresponds directly with the value of performance completed to date. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts. The majority of the property management service contracts do not have a fixed term. The term of the contracts for consulting services is generally set to expire when the counterparties notify the Group that the services are no longer required.

For value-added services to property owners that involved provision of services, they are rendered in a short period of time and there is no unsatisfied performance obligation at the end of each reporting period. For value-added services to property owners that involved in sales of furniture in customised interior furnishing services, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts as at 31 December 2020 is RMB7,416,000 (2019: RMB25,640,000). The amount as at 31 December 2020 includes the interest component of sales of furniture contracts under which the Group obtains significant financing benefits from the customers (see note 1(s)). The Group will recognise the expected revenue in future when the furniture is delivered to and accepted by the customers as follows:

	2020 ***RMB'000***	2019 *RMB'000*
2020	**—**	20,045
2021	**5,685**	5,595
2022	**997**	—
2023	**734**	—
	7,416	25,640

(Expressed in Renminbi Yuan unless otherwise indicated)

3 Revenue and segment report (Continued)

(b) Segment reporting

The directors of the Company have been identified as the Group's most senior executive management. Operating segments are identified on the basis of internal reports that Group's most senior executive management reviews regularly in allocating resource to segments and in assessing their performances.

The Group's most senior executive management makes resources allocation decisions based on internal management functions and assess the Group's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

No geographical segment analysis is shown as all of the Group's revenue are derived from activities in, and from customers located in the PRC and almost all of carrying values of the Group's non-current assets are situated in the PRC.

4 Other revenue and other net (loss)/income

	2020 ***RMB'000***	2019 *RMB'000*
Other revenue		
Government grants *(note (i))*	**8,403**	2,804
Others	**1,918**	1,160
	10,321	3,964

(i) Government grants mainly represent unconditional discretionary financial support from local municipal government authorities. During the year ended 31 December 2020, the Group received the subsidy income of RMB4,880,000 from the relevant government in relation to the impact of the Coronavirus Disease 2019 ("**COVID-19**") (the year ended 31 December 2019: RMB Nil).

	2020 ***RMB'000***	2019 *RMB'000*
Other net (loss)/income		
Net loss on disposal of property, plant and equipment	**(57)**	(170)
Net realised gains on FVPL	**780**	2,161
Net foreign exchange losses	**(1,267)**	(1,334)
	(544)	657

(Expressed in Renminbi Yuan unless otherwise indicated)

5 Profit before taxation

Profit before taxation is arrived at after (crediting)/charging:

(a) Net finance income

	2020 *RMB'000*	2019 *RMB'000*
Interest income on bank deposits	**(30,973)**	(19,527)
Interest expense on advance payments from customers *(note 18)*	**366**	1,502
Interest on lease liabilities *(note 17(c))*	**175**	194
Net finance income	**(30,432)**	(17,831)

(b) Staff costs

	2020 *RMB'000*	2019 *RMB'000*
Salaries and other benefits	**388,432**	304,125
Contributions to defined contribution scheme *(note (i))*	**23,777**	26,483
	412,209	330,608
Included in:		
Cost of sales	**392,912**	313,167
Administrative expenses	**18,912**	16,784
Selling and marketing expenses	**385**	657
	412,209	330,608

(i) Employees of the Group's PRC subsidiaries are required to participate in a defined contribution scheme administered and operated by the local municipal governments. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with these schemes beyond the annual contributions described above.

Due to the impact of COVID-19, a number of policies including the relief of social insurance have been promulgated by the government since February 2020 to expedite resumption of economic activities, which resulted in the relief of contributions to defined contribution scheme of RMB9,675,000 and other social insurance of RMB5,557,000 during the year ended 31 December 2020 (2019: Nil and Nil).

(Expressed in Renminbi Yuan unless otherwise indicated)

5 Profit before taxation (Continued)

(c) Other items

	2020 *RMB'000*	2019 *RMB'000*
Depreciation *(note 10)*		
— owned property, plant and equipment	**3,347**	2,852
— right-of-use assets	**2,160**	2,224
— investment properties	**425**	—
	5,932	5,076
Expenses related to short-term leases and other leases with remaining lease term ended on or before 31 December 2019	**3,670**	2,554
Auditors' remuneration		
— annual audit services	**1,600**	1,500
— review services	**500**	500
Listing expenses	**—**	14,174
Cost of inventories	**29,494**	16,342

6 Income tax in the consolidated statement of profit or loss and other comprehensive income

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2020 *RMB'000*	2019 *RMB'000*
Current tax		
PRC Corporate Income Tax	**70,880**	40,758
Under-provision in respect of prior years	**2**	37
	70,882	40,795
Deferred tax		
Origination and reversal of temporary differences *(note 21(b))*	**(7,204)**	(2,418)
	63,678	38,377

6 Income tax in the consolidated statement of profit or loss and other comprehensive income (Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2020 *RMB'000*	2019 *RMB'000*
Profit before taxation	**283,952**	153,298
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned *(note (i))*	**62,408**	37,297
Tax effect of non-taxable income	**(1,488)**	(1,288)
Tax effect of non-deductible expenses	**2,310**	1,069
Tax effect of share of results of associates	**(140)**	1,016
Tax effect of unused tax losses not recognised	**830**	246
Utilisation of tax losses previously not recognised	**(244)**	—
Under-provision in respect of prior years	**2**	37
Actual tax expense	**63,678**	38,377

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

The income tax rate applicable to the Group's subsidiary incorporated in Hong Kong for the income subject to Hong Kong Profits Tax during the reporting period is 16.5%. A two-tiered profits tax rates regime was introduced in 2018 whereby the first HKD2 million in assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) while the remaining profits will continue to be taxed at 16.5%. No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the reporting period (2019: Nil).

The Group's PRC subsidiaries are subject to PRC income tax at 25%. For certain subsidiaries recognised as a small profit enterprise in 2019 and 2020, the portion of annual taxable income amount, which does not exceed RMB1 million, shall be computed at a reduced rate of 25% as taxable income amount, and be subject to enterprise income tax at 20%. And the portion of annual taxable income, which exceeds RMB1 million but does not exceed RMB3 million, shall be computed at a reduced rate of 50% as taxable income amount, and be subject to enterprise income tax at 20%.

(Expressed in Renminbi Yuan unless otherwise indicated)

7 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Year ended 31 December 2020				
	Directors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	Total *RMB'000*
Executive directors					
Zhu Lidong	—	763	260	29	1,052
Zhong Ruoqin	—	352	216	25	593
Non-executive directors					
Mo Jianhua	—	—	—	—	—
Cai Xin	—	—	—	—	—
Independent non-executive directors					
Cai Haijing	100	—	—	—	100
Ding Jiangang	100	—	—	—	100
Li Kunjun	100	—	—	—	100
	300	1,115	476	54	1,945

(Expressed in Renminbi Yuan unless otherwise indicated)

7 Directors' emoluments (Continued)

	Year ended 31 December 2019				
	Directors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	Total *RMB'000*
Executive directors					
Zhu Lidong	—	661	360	27	1,048
Zhong Ruoqin	—	244	118	24	386
Non-executive directors					
Mo Jianhua	—	—	—	—	—
Cai Xin	—	—	—	—	—
Independent non-executive directors					
Cai Haijing (appointed on 21 February 2019)	83	—	—	—	83
Ding Jiangang (appointed on 21 February 2019)	83	—	—	—	83
Li Kunjun (appointed on 21 February 2019)	83	—	—	—	83
	249	905	478	51	1,683

8 Individuals with highest emoluments

Of the five individuals with the highest emoluments, one (2019: one) is director whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other four (2019: four) individuals are as follows:

	2020 ***RMB'000***	2019 *RMB'000*
Salaries, allowance, and benefits-in-kind	**2,566**	2,323
Discretionary bonuses	**942**	1,184
Retirement scheme contributions	**87**	80
	3,595	3,587

(Expressed in Renminbi Yuan unless otherwise indicated)

8 Individuals with highest emoluments (Continued)

The emoluments of the four (2019: four) individuals with the highest emoluments are within the following bands:

	2020 Number of individuals	2019 Number of individuals
Nil–HKD1,000,000	**1**	1
HKD1,000,001–HKD1,500,000	**3**	3

9 Earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB219,550,000 (2019: RMB114,681,000) and the weighted average number of 276,407,000 shares in issue during the year ended 31 December 2020 (2019: weighted average number of 260,434,000 shares), after adjusting for the shares sub-division occurred during the reporting period, calculated as follows:

Weighted average number of ordinary shares

	2020	2019
Issued ordinary shares at 1 January	**276,407,000**	20,000
Effect of shares sub-division *(note (i))*	**—**	199,980,000
Effect of issuance of shares upon initial public offering *(note 22(b)(ii))*	**—**	53,360,000
Effect of issuance of shares upon exercise of the over-allotment option *(note 22(b)(iii))*	**—**	7,074,000
Weighted average number of ordinary shares at 31 December	**276,407,000**	260,434,000

(i) The number of ordinary shares outstanding before the shares sub-division completed on 21 February 2019 (note 22(b)(i)) was adjusted for the proportionate increase in the number of ordinary shares outstanding without a corresponding change in resources, as if the shares sub-division had occurred at the beginning of the earliest period presented.

There were no dilutive potential shares outstanding for the years ended 31 December 2020 and 2019 and therefore the diluted earnings per share are same as the basic earnings per share.

(Expressed in Renminbi Yuan unless otherwise indicated)

10 Investment property and property, plant and equipment

(a) Reconciliation of carrying amount

	Office equipment and furniture *RMB'000*	Motor vehicles *RMB'000*	Other properties leased for own use carried at cost *RMB'000*	Sub-total of Property, plant and equipment *RMB'000*	Investment properties *RMB'000*	Total *RMB'000*
Cost:						
At 1 January 2019	9,158	8,640	5,170	22,968	—	22,968
Additions	1,622	2,913	—	4,535	—	4,535
Disposals	(296)	(344)	—	(640)	—	(640)
At 31 December 2019	10,484	11,209	5,170	26,863	—	26,863
Additions	2,836	4,419	—	7,255	2,549	9,804
Disposals	(177)	(842)	—	(1,019)	—	(1,019)
At 31 December 2020	13,143	14,786	5,170	33,099	2,549	35,648
Accumulated depreciation:						
At 1 January 2019	4,453	4,854	—	9,307	—	9,307
Charge for the year	1,369	1,483	2,224	5,076	—	5,076
Written back on disposals	(226)	(198)	—	(424)	—	(424)
At 31 December 2019	5,596	6,139	2,224	13,959	—	13,959
Charge for the year	1,565	1,782	2,160	5,507	425	5,932
Written back on disposals	(162)	(800)	—	(962)	—	(962)
At 31 December 2020	6,999	7,121	4,384	18,504	425	18,929
Net book value:						
At 31 December 2020	6,144	7,665	786	14,595	2,124	16,719
At 31 December 2019	4,888	5,070	2,946	12,904	—	12,904

(Expressed in Renminbi Yuan unless otherwise indicated)

10 Investment property and property, plant and equipment (Continued)

(b) Right-of-use assets (including investment property and property, plant and equipment)

The analysis of the net book value of right-of-use assets (including investment property and property, plant and equipment) by class of underlying asset is as follows:

	Note	31 December 2020 RMB'000	1 January 2020 RMB'000
Other properties leased for own use, carried at depreciated cost *(note (i))*		786	2,946
Investment properties, carried at depreciated cost — leased properties to earn rental income *(note (i))*		2,124	—
		2,910	2,946

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2020 RMB'000	2019 RMB'000
Depreciation charge of right-of-use assets (including investment property and property, plant and equipment) by class of underlying asset:		
Other properties leased for own use	2,160	2,224
Investment properties	425	—
	2,585	2,224
Interest on lease liabilities *(note 5(a))*	175	194
Expense relating to short-term leases and other leases with remaining lease term ended on or before 31 December 2019	3,670	2,554

During the year, additions to right-of-use assets (including investment property and property, plant and equipment) were RMB2,549,000 (2019: RMB Nil). This amount primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in notes 17(d) and 20, respectively.

(Expressed in Renminbi Yuan unless otherwise indicated)

10 Investment property and property, plant and equipment (Continued)

(b) Right-of-use assets (including investment property and property, plant and equipment) (Continued)

(i) Other properties leased for own use or earn rental income, carried at depreciated cost

The Group has obtained the right to use other properties as its office and parking places or earn rental income through tenancy agreements. The leases typically run for an initial period of 3 years.

(c) Investment properties

The Group leases out investment properties through operating leases. The leases typically run for an initial period of 3 years. None of the leases includes variable lease payments.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**851**	—

The Group mainly leased out investment properties through operating leases from 2020. As at 31 December 2020, the fair value of investment properties was approximately the same as their carrying amount.

(Expressed in Renminbi Yuan unless otherwise indicated)

11 Investments in subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Name of company	Place and date of establishment/ incorporation	Registered/ issued and paid-in capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities and legal status
Robust Class Limited	BVI 28 June 2017	Not applicable/ USD2	100%	100%	—	Investment holding, limited liability company
Binjiang Service Group (Hong Kong) Co., Limited	Hong Kong 28 August 2017	Not applicable/ HKD107,245,314	100%	—	100%	Investment holding, limited liability company
Hangzhou Binjiang Property Management Company Limited ("**Binjiang PM**") 杭州濱江物業管理有限公司*	the PRC 21 April 1997	RMB120,000,000/ RMB120,000,000	100%	—	100%	Property management services, limited liability company
Hangzhou Binjiang Real Estate Brokerage Management Company Limited 杭州濱江房地產經紀有限公司*	the PRC 18 March 2009	RMB1,000,000/ RMB1,000,000	100%	—	100%	Brokerage and other service, limited liability company
Hangzhou Binrui Decoration Company Limited 杭州濱瑞裝飾有限公司*	the PRC 12 September 2016	RMB1,000,000/ RMB1,000,000	51%	—	51%	Decoration service and sales of furniture, limited liability company
Hangzhou Binwan Home Decoration Company Limited 杭州濱萬家居裝飾有限公司*	the PRC 9 May 2017	RMB5,000,000/ RMB5,000,000	100%	—	100%	Decoration service and sales of furniture, limited liability company
Hangzhou Binjiang Home Decoration Company Limited 杭州濱江家居裝飾有限公司*	the PRC 11 May 2017	RMB5,000,000/ RMB5,000,000	100%	—	100%	Decoration service, limited liability company
Hangzhou Binhe Property Management Company Limited 杭州濱合物業管理有限公司*	the PRC 31 January 2018	RMB5,000,000/ RMB5,000,000	51%	—	51%	Property management, limited liability company
Hangzhou Zhuo Cai Advertising Company Limited 杭州卓采廣告有限公司*	the PRC 28 February 2018	RMB1,000,000/ RMB1,000,000	100%	—	100%	Advertisement design, producing and releasing service, limited liability company

(Expressed in Renminbi Yuan unless otherwise indicated)

11 Investments in subsidiaries (Continued)

Name of company	Place and date of establishment/ incorporation	Registered/ issued and paid-in capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities and legal status
Ningbo Binrun Property Management Company Limited 寧波濱潤物業服務有限公司*	the PRC 14 May 2019	RMB25,000,000/ RMB25,000,000	100%	—	100%	Property management services, sales of parking places and storage rooms, limited liability company
Hangzhou Binxin Property Management Company Limited 杭州濱芯物業管理有限公司*(i)	the PRC 20 August 2019	RMB2,000,000/ RMB2,000,000	45%	—	45%	Property management services, limited liability company
Hangzhou Xiaoshan Binyue Management Company Limited 杭州蕭山濱悅物業管理服務有限公司*	the PRC 28 October 2019	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company
Jinhua Binyue Property Management Company Limited 金華濱悅物業管理有限公司*	the PRC 31 October 2019	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company
Yongkang Binsheng Property Management Company Limited 永康濱盛物業管理有限公司*	the PRC 1 November 2019	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company
Hangzhou Binyao Property Management Company Limited 杭州濱耀物業管理有限公司*	the PRC 4 November 2019	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company
Taizhou Binyao Property Management Company Limited 台州濱耀物業管理有限公司*	the PRC 5 November 2019	RMB1,000,000/ RMB1,000,000	51%	—	51%	Property management services, limited liability company
Wenzhou Binyao Property Management Company Limited 溫州濱耀物業管理有限公司*	the PRC 8 November 2019	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company
Huzhou Binyao Property Management Company Limited 湖州濱耀物業管理有限公司*	the PRC 11 November 2019	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company
Hangzhou Xiaoshan Binhui Property Management Company Limited 杭州蕭山濱惠物業管理有限公司*	the PRC 15 November 2019	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company

(Expressed in Renminbi Yuan unless otherwise indicated)

11 Investments in subsidiaries (Continued)

Name of company	Place and date of establishment/ incorporation	Registered/ issued and paid-in capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities and legal status
Hangzhou Binfeng Property Management Company Limited 杭州濱豐物業管理有限公司*	the PRC 15 November 2019	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company
Hangzhou Bintai Property Management Company Limited 杭州濱泰物業管理有限公司*	the PRC 15 November 2019	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company
Hangzhou Binhao Property Management Company Limited 杭州濱豪物業管理有限公司*	the PRC 15 November 2019	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company
Wenling Binrui Property Management Company Limited 溫嶺濱瑞物業管理有限公司*	the PRC 25 December 2019	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company
Hangzhou Binqing Property Management Company Limited 杭州濱青物業管理有限公司*	the PRC 8 April 2020	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company
Hangzhou Binsha Property Management Company Limited 杭州濱廈物業管理有限公司*	the PRC 14 April 2020	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company
Hangzhou Binxing Property Management Company Limited 杭州濱星物業管理有限公司*	the PRC 24 April 2020	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company
Hangzhou Binfeng Property Management Company Limited 杭州濱鳳物業管理有限公司*	the PRC 9 May 2020	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company
Hangzhou Xiaoshan Binkang Property Management Company Limited 杭州蕭山濱康物業管理有限公司*	the PRC 14 May 2020	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company
Hangzhou Xiaoshan Binchao Property Management Company Limited 杭州蕭山濱潮物業管理有限公司*	the PRC 19 May 2020	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company

(Expressed in Renminbi Yuan unless otherwise indicated)

11 Investments in subsidiaries (Continued)

Name of company	Place and date of establishment/ incorporation	Registered/ issued and paid-in capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities and legal status
Hangzhou Xiaoshan Bintao Property Management Company Limited 杭州蕭山濱濤物業管理有限公司*	the PRC 19 May 2020	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company
Pinghu Binhe Property Management Company Limited 平湖濱河物業管理有限公司*	the PRC 7 July 2020	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company
Hangzhou Bingang Property Management Company Limited 杭州濱港物業服務有限公司*	the PRC 13 July 2020	HKD10,000,000/ HKD10,000,000	100%	—	100%	Property management services, limited liability company
Suzhou Binlan Property Management Company Limited 蘇州濱藍物業管理有限公司*	the PRC 1 September 2020	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company
Hangzhou Chunan Binrun Property Management Company Limited 杭州淳安濱潤物業管理有限公司*	the PRC 3 September 2020	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company
Hangzhou Binxin Property Management Company Limited 杭州濱信物業管理有限公司*	the PRC 15 October 2020	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company
Hangzhou Binyu Property Management Company Limited 杭州濱語物業管理有限公司*	the PRC 19 October 2020	RMB1,000,000/ RMB1,000,000	100%	—	100%	Property management services, limited liability company
Hangzhou Xiaoshan Binhong Property Management Company Limited 杭州蕭山濱弘物業管理有限公司*	the PRC 24 November 2020	RMB22,000,000/ RMB22,000,000	51%	—	51%	Property management services, limited liability company

* All the PRC entities are limited liability companies. The English translation of the company name is for reference only. The official names of these companies are in Chinese.

(i) Pursuant to the agreement dated 6 September 2019, the Group could control 60% voting rights of the board of directors, and could control the financial and operating policies of the entity. Accordingly, the entity's financial information was consolidated into the Group's consolidated financial statements from 6 September 2019.

As at 31 December 2020, no subsidiaries of the Group had material interest that non-controlling interests had in the Group's operating results and cash flows.

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12 Interest in associates

	2020 *RMB'000*	2019 *RMB'000*
Costs of investment, unlisted	**8,450**	6,000
Share of post-acquisition results, net of dividends	**(4,518)**	(5,078)
	3,932	922

The following list contains associates of the Group, which are unlisted corporate entities, whose quoted market price are not available:

Name of associates	Form of business structure	Place of incorporation and business	Registered/ issued capital	Effective interest held by the Group At 31 December 2020	2019	Principal activities
Hangzhou Zhibin Technology Service Company Limited ("**Zhibin Technology**") 杭州智濱科技服務有限公司*	Incorporated	the PRC	RMB30,000,000/ RMB30,000,000	**20%**	20%	Technology development and service, provision of leasing and property management services of industrial parks
Hangzhou Zhihe Property Management Company Limited 杭州智閤物業管理有限公司*	Incorporated	the PRC	RMB5,000,000/ RMB5,000,000	**49%**	—	Property management services

* This PRC entity is a limited liability company. The English translation of the company name is for reference only. The official name of this company is in Chinese.

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13 Inventories

	2020	2019
	RMB'000	*RMB'000*
Properties held for re-sale *(note)*	**52,013**	33,364
Consumables	**31**	15
	52,044	33,379

Note: Properties held for re-sale represent right-of-use assets relating to car parking places and storage rooms purchased by the Group for re-sale.

14 Trade and other receivables

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**43,053**	28,594
Less: Allowance for impairment of trade receivables *(note 14(b))*	**(19,175)**	(7,684)
	23,878	20,910
Deposits and prepayments	**13,834**	24,785
Amounts due from related parties *(note 25(d))*	**34,436**	2,032
Payments on behalf of property owners	**4,308**	2,861
Advances to employees	**1,103**	1,077
Interest receivables	**16,309**	13,095
Other receivables	**1,823**	1,538
	95,691	66,298

Trade receivables are primarily related to revenue recognised from the provision of property management services and value-added services to non-property owners.

Amounts due from related parties are unsecured and interest-free. Details of the amounts due from related parties are set out in note 25(d).

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14 Trade and other receivables (Continued)

(a) Ageing analysis

As at the end of each reporting period, the ageing analysis of trade receivables based on the date of revenue recognition and net of allowance for impairment of trade receivables, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**22,346**	19,105
1 to 2 years	**1,532**	1,805
	23,878	20,910

Trade receivables are due when the receivables are recognised. Further details on the Group's credit policy are set out in note 23(a).

(b) Impairment of trade receivable

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 1(j)(i)).

The movement in the allowance for impairment of trade receivables during the year is as follows:

	2020	2019
	RMB'000	*RMB'000*
At 1 January	**7,684**	3,218
Impairment loss recognised	**11,491**	4,466
At 31 December	**19,175**	7,684

Further details on the Group's credit risk management policy and credit risk arising from trade and other receivables are set out in note 23(a).

(Expressed in Renminbi Yuan unless otherwise indicated)

15 Time deposits

	2020 RMB'000	2019 RMB'000
Time deposits held at the bank with original maturity over three months	**469,828**	528,514
Less: Amount included under "current assets"	**(368,528)**	(428,514)
	101,300	100,000

As at 31 December 2020, the time deposits held at the bank with original maturity over three months have annual interest rates ranging from 1.32% to 4.13% (2019: from 2.09% to 4.13%).

16 Restricted bank balances

	2020 RMB'000	2019 RMB'000
Cash collected on behalf of the property owners' associations *(note 19)*	**46,411**	39,536
Restricted deposits	**50**	50
	46,461	39,586

The Group has cash collection on behalf of the property owners' associations in its property management service business. Since the property owners' associations often face difficulties opening bank accounts, the Group opens and manages these bank accounts on behalf of the property owners' associations.

17 Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	2020 RMB'000	2019 RMB'000
Cash on hand	**231**	233
Cash at bank	**682,892**	556,060
Fixed deposits held at the bank with original maturity within three months	**168,732**	—
	851,855	556,293
Less: Restricted bank balances *(note 16)*	**(46,461)**	(39,586)
	805,394	516,707

(Expressed in Renminbi Yuan unless otherwise indicated)

17 Cash and cash equivalents (Continued)

(b) Reconciliation of profit before taxation to cash generated from operations:

	2020 RMB'000	2019 RMB'000
Profit before taxation	**283,952**	153,298
Adjustments for:		
Amortisation and depreciation *(note 5(c))*	**5,932**	5,076
Share of profits less losses of associates	**(560)**	4,064
Finance income *(note 5(a))*	**(30,973)**	(19,527)
Finance costs	**541**	1,696
Net realised gains on FVPL *(note 4)*	**(780)**	(2,161)
Net loss on disposal of property, plant and equipment *(note 4)*	**57**	170
Impairment losses on trade receivables	**11,491**	4,466
Foreign exchange loss	**843**	—
Changes in working capital:		
Increase in inventories	**(18,665)**	(32,903)
Increase in trade and other receivables	**(24,575)**	(13,157)
Increase in trade and other payables	**155,940**	103,970
Decrease in contract liabilities	**(10,224)**	(12,926)
Increase in restricted cash	**(6,875)**	(8,479)
Cash generated from operations	**366,104**	183,587

(Expressed in Renminbi Yuan unless otherwise indicated)

17 Cash and cash equivalents (Continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Lease liabilities RMB'000 (Note 20)	Dividend payable RMB'000	Total RMB'000
At 1 January 2020	2,988	—	2,988
Changes from financing cash flows:			
Capital element of lease rentals paid	(3,032)	—	(3,032)
Interest element of lease rentals paid	(175)	—	(175)
Profit distribution	—	(80,113)	(80,113)
Total changes from financing cash flows	(3,207)	(80,113)	(83,320)
Other changes:			
Increase in lease liabilities from entering into new leases during the year	2,549	—	2,549
Interest expenses *(note 5(a))*	175	—	175
Profit distribution *(note 22(c))*	—	80,113	80,113
Total other changes	2,724	80,113	82,837
At 31 December 2020	2,505	—	2,505

(Expressed in Renminbi Yuan unless otherwise indicated)

17 Cash and cash equivalents (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Lease liabilities *RMB'000* *(Note 20)*	Dividend payable *RMB'000*	Total *RMB'000*
At 1 January 2019	5,170	—	5,170
Changes from financing cash flows:			
Capital element of lease rentals paid	(2,182)	—	(2,182)
Interest element of lease rentals paid	(194)	—	(194)
Profit distribution	—	(24,235)	(24,235)
Total changes from financing cash flows	(2,376)	(24,235)	(26,611)
Other changes:			
Interest expenses *(note 5(a))*	194	—	194
Profit distribution *(note 22(c))*	—	24,235	24,235
Total other changes	194	24,235	24,429
At 31 December 2019	2,988	—	2,988

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2020 ***RMB'000***	2019 *RMB'000*
Within operating cash flows	**3,670**	2,554
Within financing cash flows	**3,207**	2,376
	6,877	4,930

(Expressed in Renminbi Yuan unless otherwise indicated)

18 Contract liabilities

	2020	2019
	RMB'000	*RMB'000*
Contract liabilities		
Property management services	**87,517**	72,936
Value-added services to non-property owners	**4,175**	6,285
Value-added services to property owners	**15,790**	38,119
	107,482	117,340

Movements in contract liabilities were as follows:

	2020	2019
	RMB'000	*RMB'000*
Balance at 1 January	**117,340**	128,764
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	**(114,113)**	(127,043)
Increase in contract liabilities as a result of receipts in advances of provision of services	**103,889**	114,117
Increase in contract liabilities as a result of accruing interest expense on advances	**366**	1,502
Balance at 31 December	**107,482**	117,340

Contract liabilities represents prepaid property management fees, consulting services fees and customised interior furnishing services fees received from third parties.

The amount of receipts in advance of performance expected to be recognised as income after more than one year is RMB1,710,000 (2019: RMB5,595,000).

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19 Trade and other payables

	Note	31 December 2020 RMB'000	31 December 2019 RMB'000
Trade payables	*(a)*	31,112	15,434
Amounts due to related parties	*(b)*	17,614	23,515
Deposits	*(c)*	32,158	22,129
Other taxes and charges payable		5,141	8,530
Accrued payroll and other benefits		119,755	82,085
Cash collected on behalf of the property owners' associations *(note 16)*		46,411	39,536
Temporary receipts from property owners	*(d)*	207,462	115,575
Other payables and accruals		13,673	11,525
		473,326	318,329

(a) Trade payables mainly represent payables arising from sub-contracting services including cleaning, security, landscaping and maintenance services provided by suppliers.

(b) The amounts due to related parties are unsecured and interest-free. Details of the amounts due to related parties are set out in note 25(d). Among which, RMB17,221,000 (2019: RMB21,323,000) are prepaid consulting services fees received from related parties and expected to be recognised as income within one year.

(c) Deposits represent miscellaneous decoration deposits received from property owners during the decoration period.

(d) Temporary receipts mainly represent utility charges received from property owners on behalf of utility companies and other charges received from property owners for the payment of deed tax on behalf.

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

	2020 RMB'000	2019 RMB'000
Within 1 month or on demand	27,500	14,202
After 1 month but within 3 months	—	242
After 3 months but within 1 year	300	366
Over 1 year	3,312	624
	31,112	15,434

20 Lease liabilities

At 31 December 2020, the lease liabilities were repayable as follows:

	2020 RMB'000	2019 RMB'000
Within 1 year	**1,202**	2,226
After 1 year but within 2 years	**1,303**	762
	2,505	2,988

21 Income tax in the consolidated statement of financial position

(a) Current taxation in the consolidated statement of financial position represents:

	2020 RMB'000	2019 RMB'000
PRC Corporate Income Tax		
At 1 January	**38,421**	22,639
Charged to profit or loss	**70,882**	40,795
Payments during the year	**(48,360)**	(25,013)
At 31 December	**60,943**	38,421

(b) Deferred tax assets recognised:

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Impairment loss on trade receivables RMB'000	Tax losses RMB'000	Accrued expenses RMB'000	Depreciation charge of right-of-use assets RMB'000	Total RMB'000
At 1 January 2019	804	142	1,952	—	2,898
Credited/(charged) to profit or loss	1,117	(142)	1,432	11	2,418
At 31 December 2019	1,921	—	3,384	11	5,316
Credited to profit or loss	2,873	—	4,331	—	7,204
At 31 December 2020	**4,794**	**—**	**7,715**	**11**	**12,520**

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21 Income tax in the consolidated statement of financial position (Continued)

(c) Deferred tax assets not recognised

Deferred tax assets have not been recognised in respect of the following items:

	2020 RMB'000	2019 RMB'000
Unused tax losses — PRC	3,339	997

In accordance with the accounting policy set out in note 1(q), the Group has not recognised deferred tax assets of RMB835,000 (2019: RMB249,000) in respect of unused tax losses of certain subsidiaries as at 31 December 2020. The directors consider it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of the reporting period will expire in the following years:

	2020 RMB'000	2019 RMB'000
2022	—	—
2023	13	13
2024	9	984
2025	3,317	—
	3,339	997

(d) Deferred tax liabilities not recognised

According to PRC corporate income tax laws and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008.

Deferred tax liabilities of RMB46,294,000 (2019: RMB26,252,000) were not recognised in respect of 10% PRC dividend withholding tax that would be payable on the distribution of retained profits of RMB462,944,000 as at 31 December 2020 (2019: RMB262,519,000) in respect of the Group's subsidiaries in the PRC as the Group controls the dividend policy of these subsidiaries and it was determined that it was probable that these profits would not be distributed in the foreseeable future.

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22 Capital, reserves and dividends

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

Company	Note	Share capital RMB'000 Note 22(b)	Share premium RMB'000 Note 22(d)(i)	Exchange reserve RMB'000 Note 22(d)(iii)	(Accumulated losses)/ Retained profits RMB'000	Total RMB'000
Balance at 1 January 2019		129	87,043	7	(5)	87,174
Changes in equity for 2019:						
Total comprehensive income for the year		—	—	20,128	2,963	23,091
Issue of ordinary shares upon initial public offering, net of issuing costs	22(b)(ii)	45	373,738	—	—	373,783
Issue of ordinary shares upon exercise of the over-allotment option in connection with initial public offering, net of issuing costs	22(b)(iii)	7	56,101	—	—	56,108
Dividends declared in respect of the previous year	22(c)(ii)	—	(24,235)	—	—	(24,235)
Balance at 31 December 2019 and 1 January 2020		181	492,647	20,135	2,958	515,921
Changes in equity for 2020:						
Total comprehensive income for the year		—	—	(17,218)	3,675	(13,543)
Dividends declared in respect of the previous year	22(c)(ii)	—	(80,113)	—	—	(80,113)
Balance at 31 December 2020		181	412,534	2,917	6,633	422,265

(Expressed in Renminbi Yuan unless otherwise indicated)

22 Capital, reserves and dividends (Continued)

(b) Share Capital

Authorised share capital

	2020		2019	
	No. of shares *('000)*	Amount *US$'000*	No. of shares *('000)*	Amount *US$'000*
Authorised:				
Ordinary shares of US$0.0001 each	1,000,000	100	1,000,000	100

Issued share capital

	2020		2019	
	No. of shares *('000)*	*RMB'000*	No. of shares *('000)*	*RMB'000*
Ordinary shares, issued and fully paid:				
At 1 January	276,407	181	20	129
Shares sub-division *(note (i))*	—	—	199,980	—
Issuance of ordinary shares upon initial public offering *(note (ii))*	—	—	66,700	45
Partial exercise of over-allotment option *(note (iii))*	—	—	9,707	7
At 31 December	276,407	181	276,407	181

(i) Shares sub-division

In accordance with the shareholders' resolution of the Company dated 21 February 2019, the Company's share with par value of US$1.00 each was subdivided into 10,000 shares with par value of US$0.0001 each. Accordingly, the issued 20,000 shares of the Company with par value of US$1.00 each were sub-divided into 200,000,000 shares with par value of US$0.0001 each thereafter.

(ii) Issuance of ordinary shares upon initial public offering

On 15 March 2019, the Company issued 66,700,000 shares with par value of US$0.0001, at a price of HK$6.96 per share by initial public offering. Net proceeds from such issue amounted to HKD436,815,000 (equivalent to RMB373,783,000) out of which HKD53,000 (equivalent to RMB45,000) and HKD436,762,000 (equivalent to RMB373,738,000) were recorded in share capital and share premium respectively.

22 Capital, reserves and dividends (Continued)

(b) Share Capital (Continued)

Issued share capital (Continued)

(iii) Partial exercise of the over-allotment option

On 10 April 2019, the over-allotment option was partially exercised by the sole global coordinator in respect of an aggregate of 9,707,000 shares with par value of US$0.0001, at a price of HK$6.96 per share. Net proceeds from such issue amounted to HKD65,531,000 (equivalent to RMB56,108,000) out of which HKD8,000 (equivalent to RMB7,000) and HKD65,523,000 (equivalent to RMB56,101,000) were recorded in share capital and share premium respectively.

(c) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	2020	2019
	RMB'000	*RMB'000*
Final dividend of HKD0.564 per share proposed after the consolidated statement of financial position date (2019: final dividend of HKD0.228 per share and special dividend of HKD0.091 per share proposed after the consolidated statement of financial position date)	**131,632**	80,113

The final dividend proposed for shareholders' approval after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2020	2019
	RMB'000	*RMB'000*
Final dividend and special dividend in respect of the previous financial year, approved and paid during the year, of HKD HKD0.228 per share and special dividend of HKD0.091 per share (2019: final dividend of HKD0.1 per share)	**80,113**	24,235

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22 Capital, reserves and dividends (Continued)

(d) Nature and purpose of reserves

(i) Share premium

Share premium represents the difference between the total amount of the par value of shares issued and the amount of the net proceeds received from the equity shareholders. Under the Companies Law of the Cayman Islands, the share premium account of the Company is distributable to the equity shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) PRC statutory reserves

Statutory reserves is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to equity holders.

For the entities concerned, statutory reserves can be used to cover previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of equity holders, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside the mainland China. The reserve is dealt with in accordance with the accounting policies set out in note 1(t).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost. The Group's overall strategy remains unchanged throughout the years ended 31 December 2019 and 2020.

The capital structure of the Group consists of bank loans and lease liabilities less cash and cash equivalents, and equity of the Group, comprising issued share capital, retained profits and other reserves.

The directors of the Company review the capital structure periodically. Based on the operating budgets, the directors consider the cost of capital and the risks associated with each class of capital and balances its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debts.

The Group is not subject to externally imposed capital requirements throughout the reporting period.

23 Financial risk management

Exposure to credit, liquidity, interest rate and currency risks arise in the normal course of the Group's business.

Financial assets of the Group include cash and cash equivalents, time deposits, financial assets measured at fair value through profit or loss and trade and other receivables. Financial liabilities of the Group include trade and other payables.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to cash at bank, time deposits and trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The cash at bank and time deposits of the Group are mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

The Group's wealth management products classified as financial assets at fair value through profit or loss are issued by well-known financial institutions. The Group considers that there is no significant credit risk and these wealth management products did not generate any losses during the reporting period.

In respect of amounts due from related parties, the Group has assessed that the expected credit loss rate for these receivables is immaterial. Thus no loss allowance provision for these receivables was recognised during the reporting period.

In respect of other receivables including deposits and prepayment, payments on behalf of property owners, advances to employees and others, the Group has assessed that the expected credit loss rate for these receivables is immaterial under 12 months expected losses method based on historical settlement records and looking-forward information (including the economic environment). Thus no loss allowance provision for these receivables was recognised during the reporting period.

In respect of trade receivables from third parties, the Group measures loss allowances at an amount equal to lifetime ECLs, which is calculated using a provision matrix. The Group considers that a default event occurs when significant decrease in property management and other service fee collection rate and estimates the expected credit loss rate for each reporting period. For trade receivables relating to non-property management services, such as consulting services, these receivables are normally settled within 6 months. The Group has assessed that the expected credit loss rate for these receivables is immaterial under lifetime ECLs based on historical settlement records and looking-forward information (including the economic environment). As the Group's historical credit loss experience indicates significantly different loss patterns for different customer segments, the loss allowance based on ageing information, which is analysed base on the date of revenue recognition, is further distinguished between the Group's different customer bases.

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23 Financial risk management (Continued)

(a) Credit risk (Continued)

The Group has no concentrations of credit risk from third parties in view of its large number of customers.

At 31 December 2020, the Group's trade receivables of RMB11,631,000 (31 December 2019: RMB Nil) were individually determined to be impaired. The individually impaired receivables related to customers that were in collection difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowance for impairment of trade and other receivables of RMB10,936,000 (31 December 2019: RMB Nil) were recognised as at 31 December 2020.

At 31 December 2020, the allowances for doubtful debts of RMB8,239,000 (2019: RMB7,684,000) were additionally made based on a collective group basis assessment by ageing of trade receivables. The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables by using a provision matrix as at 31 December 2020 and 2019.

At 31 December 2020	Expected loss rate	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*
Non-property management services			
Within 3 months	—	9,068	—
After 3 months but within 6 months	—	113	—
After 6 months but within 1 year	—	62	—
		9,243	—
Property management services			
Within 1 year	22%	15,908	3,500
1 to 2 years	60%	3,829	2,297
Over 2 years	100%	2,442	2,442
		22,179	8,239
Total		31,422	8,239

(Expressed in Renminbi Yuan unless otherwise indicated)

23 Financial risk management (Continued)

(a) Credit risk (Continued)

At 31 December 2019	Expected loss rate	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*
Non-property management services			
Within 3 months	—	6,726	—
After 3 months but within 6 months	—	1,221	—
After 6 months but within 1 year	—	331	—
		8,278	—
Property management services			
Within 1 year	20%	13,536	2,709
1 to 2 years	65%	5,156	3,351
Over 2 years	100%	1,624	1,624
		20,316	7,684
Total		28,594	7,684

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Further quantitative disclosures in respect of Group's exposure to credit risk arising from trade and other receivables are set out in note 14.

(b) Liquidity risk

The Group's management reviews the liquidity position of the Group on an ongoing basis, including review of the expected cash inflows and outflows and maturity of loans and borrowings in order to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions and/or from other Group companies to meet its liquidity requirements in the short and longer term.

(Expressed in Renminbi Yuan unless otherwise indicated)

23 Financial risk management (Continued)

(b) Liquidity risk (Continued)

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay:

	As at 31 December 2020					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 31 December
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	**473,326**	**—**	**—**	**—**	**473,326**	**473,326**
Lease liabilities	**1,302**	**1,346**	**—**	**—**	**2,648**	**2,505**
	474,628	**1,346**	**—**	**—**	**475,974**	**475,831**

	As at 31 December 2019					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 31 December
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	318,329	—	—	—	318,329	318,329
Lease liabilities	2,373	832	—	—	3,205	2,988
	320,702	832	—	—	321,534	322,317

23 Financial risk management (Continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from cash and cash equivalents, restricted cash, time deposits and lease liabilities.

The following table details the interest rate profile of the Group's interest-bearing financial instruments:

	At 31 December 2020		At 31 December 2019	
	Effective interest rate %	*RMB'000*	*Effective interest rate %*	*RMB'000*
Fixed rate financial instruments:				
Time deposits held at the bank with original maturity over three months *(note 15)*	1.32%–4.13%	469,828	2.09%–4.13%	528,514
Fixed deposits held at the bank with original maturity within three months *(note 17)*	3.30%	168,732	—	—
Lease liabilities *(note 20)*	4.75%	(2,505)	4.75%	(2,988)
Variable rate financial instruments:				
Cash at bank and restricted bank balance *(note 17)*	0.30%	682,892	0.30%	556,060

The Group does not account for any fixed rate financial instruments, such as time deposits and lease liabilities, at fair value through profit or loss. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss.

In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative financial instruments held by the Group, such as cash and cash equivalents and restricted cash, at the end of the reporting period, the Group is not exposed to significant interest rate risk as the interest rates of cash at bank are not expected to change significantly.

Overall, the Group's exposure to interest rate risk is not significant.

(Expressed in Renminbi Yuan unless otherwise indicated)

23 Financial risk management (Continued)

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities.

The Company, the BVI subsidiary and the Hong Kong subsidiary's functional currency is Hong Kong Dollar (HKD). Their businesses are principally conducted in HKD. In addition, as the HKD is pegged to the USD, the Group considers the risk of movements in exchange rates between the HKD and the USD to be insignificant.

The Group's PRC subsidiaries' functional currency is RMB and their businesses are principally conducted in RMB. Therefore, the Group considers the currency risk to be insignificant.

(e) Fair value measurement

As at 31 December 2020 and 2019, the Group did not have the financial instruments carried at fair value.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2020 and 2019.

24 Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2020.

25 Material related party transactions

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the Group entered into the following significant related party transactions.

(a) Name of and relationship with related parties

During the reporting period, transactions with the following parties are considered as related party transactions:

Name of related party	Relationship with the Group
Mr. Qi Jinxing 戚金興先生	Controlling shareholder of the Company
Hangzhou Binjiang Investment Holding Limited ("**Binjiang Holding**") and its subsidiaries 杭州濱江投資控股有限公司及其子公司, including: (i) Binjiang Real Estate and its subsidiaries (杭州濱江房產集團股份有限公司及其子公司); and (ii) Hangzhou Binjiang Catering Management Limited ("**Binjiang Catering**") (杭州濱江餐飲管理有限公司)	Mr. Qi Jinxing is a controlling shareholder
Hangzhou Binbao Real Estate Development Co., Ltd. 杭州濱保房地產開發有限公司	Associate of Binjiang Holding
Hangzhou Jingbin Real Estate Co., Ltd. 杭州京濱置業有限公司	Associate of Binjiang Holding before January 2019 and subsidiary of Binjiang Holding after January 2019
Shanghai Binan Real Estate Development Co., Ltd. 上海濱安房地產開發有限公司	Associate of Binjiang Holding before July 2019 and subsidiary of Binjiang Holding after July 2019
Yiwu Binxin Estate Development Co., Ltd. 義烏濱信房地產開發有限公司	Associate of Binjiang Holding before January 2019 and subsidiary of Binjiang Holding after January 2019
Hangzhou Xinda Real Estate Co., Ltd. 杭州信達地產有限公司	Associate of Binjiang Holding
Hangzhou Xinda Aoti Real Estate Co., Ltd. 杭州信達奧體置業有限公司	Associate of Binjiang Holding
Hangzhou Tongda Real Estate Co., Ltd. 杭州同達置業有限公司	Associate of Binjiang Holding
Ningbo Binjiang Weibao Real Estate Co., Ltd. 寧波濱江維堡置業有限公司	Associate of Binjiang Holding
Hangzhou Xingyue Real Estate Co., Ltd. 杭州星悦房地產開發有限公司	Associate of Binjiang Holding
Yueqing Liangrong Real Estate Co., Ltd. 樂清市梁榮置業有限公司	Associate of Binjiang Holding
Hangzhou Baohong Estate Development Co., Ltd. 杭州保泓房地產開發有限公司	Associate of Binjiang Holding
Deqing Jingsheng Estate Development Co., Ltd. 德清京盛房地產開發有限公司	Associate of Binjiang Holding
Wenzhou Zhetong Real Estate Co., Ltd. 溫州浙同置業有限公司	Associate of Binjiang Holding

(Expressed in Renminbi Yuan unless otherwise indicated)

25 Material related party transactions (Continued)

(a) Name of and relationship with related parties (Continued)

Name of related party	Relationship with the Group
Ningbo Jinghai Investment Management Co., Ltd. 寧波京海投資管理有限公司	Associate of Binjiang Holding
Hangzhou Binqin Real Estate Development Co., Ltd. 杭州濱沁房地產開發有限公司	Associate of Binjiang Holding
Jinhua Binlan Real Estate Development Co., Ltd. 金華濱藍房地產開發有限公司	Associate of Binjiang Holding
Hangzhou Jingjiang Real Estate Development Co., Ltd. 杭州京江房地產開發有限公司	Associate of Binjiang Holding
Hangzhou Tianyue Real Estate Development Co., Ltd. 杭州天悦房地產開發有限公司	Associate of Binjiang Holding
Hangzhou Xijiang Real Estate Co., Ltd. 杭州西江置業有限公司	Associate of Binjiang Holding
Hangzhou Bohang Real Estate Co., Ltd. 杭州博航房地產開發有限公司	Associate of Binjiang Holding
Hangzhou Binfeng Real Estate Co., Ltd. 杭州濱豐房地產開發有限公司	Associate of Binjiang Holding
Hangzhou Binbo Real Estate Development Co., Ltd. 杭州濱博房地產開發有限公司	Associate of Binjiang Holding
Hangzhou Binyu Real Estate Co., Ltd. 杭州濱宇房地產開發有限公司	Associate of Binjiang Holding
Hangzhou Binan Real Estate Co., Ltd. 杭州濱安房地產開發有限公司	Associate of Binjiang Holding
Hangzhou Xijiangqiao Estate Development Co., Ltd. 杭州西江橫橋置業有限公司	Associate of Binjiang Holding

The English translation of the Company name is for reference only. The official names of these companies are in Chinese.

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	2020 *RMB'000*	2019 *RMB'000*
Salaries, allowances and benefits in kind	5,323	3,817
Discretionary bonuses	2,090	1,892
Retirement scheme contributions	228	158
	7,641	5,867

Total remuneration is included in "staff costs" (see note 5(b)).

(Expressed in Renminbi Yuan unless otherwise indicated)

25 Material related party transactions (Continued)

(c) Significant related party transactions

Particulars of significant transactions between the Group and the above related parties during the reporting period are as follows:

Recurring transactions

	2020 *RMB'000*	2019 *RMB'000*
Property management services and consulting services income from:		
— Binjiang Holding and its subsidiaries		
— Binjiang Real Estate and its subsidiaries	181,767	126,656
— Binjiang Holding and its other subsidiaries	225	—
— Associates of Binjiang Holding	82,797	56,690
Receiving services of short-term leases and other leases with remaining lease term ended on or before 31 December 2019		
— Binjiang Real Estate and its subsidiaries	37	61
Interest expense on lease liabilities:		
— Binjiang Real Estate and its subsidiaries *(note (i))*	133	192
Receiving catering services from:		
— Binjiang Catering	204	307
Purchasing goods from:		
— Binjiang Real Estate and its subsidiaries	29,129	42,753

(d) Balances with related parties

	2020 *RMB'000*	2019 *RMB'000*
Amounts due from:		
Binjiang Real Estate and its subsidiaries		
— Trade nature	23,748	681
Associates of Binjiang Holding		
— Trade nature	10,688	1,351
	34,436	2,032

(Expressed in Renminbi Yuan unless otherwise indicated)

25 Material related party transactions (Continued)

(d) Balances with related parties (Continued)

	2020 RMB'000	2019 RMB'000
Amounts due to:		
Binjiang Real Estate and its subsidiaries		
— Trade nature	12,566	15,711
— Non-trade nature	—	106
	12,566	15,817
Associates of Binjiang Holding		
— Trade nature	5,048	7,598
— Non-trade nature	—	100
	5,048	7,698
	17,614	23,515
Lease liabilities due to:		
— Binjiang Real Estate and its subsidiaries *(note (i))*	791	2,965

(i) The minimum amount of rent payable by the Group to related parties under the terms of the arrangement in connection with its use of office buildings had resulted in nil additions of right-of-use assets during the year ended 31 December 2020 (2019: Nil) and the recognition of lease liabilities with the balance of RMB791,000 and right-of-use assets with the balance of RMB785,000 as at 31 December 2020 (2019: lease liabilities with the balance of RMB2,965,000 and right-of-use assets with the balance of RMB2,921,000).

In addition, the Group recorded depreciation of right-of-use asset of RMB2,143,000 and interest expenses on lease liabilities of RMB133,000 in its consolidated statement of profit or loss and other comprehensive income during the year ended 31 December 2020 (2019: depreciation of right-of-use asset of RMB2,183,000 and interest expenses on lease liabilities of RMB234,000). The payment of capital element and interest element of lease rentals by the Group to related parties were RMB2,175,000 and RMB133,000 respectively during the year ended 31 December 2020 (2019: RMB2,139,000 and RMB192,000 respective).

(ii) For the year ended 31 December 2020 and 2019 the Group used the trademarks of Binjiang Real Estate in the PRC on a royalty-free basis.

(iii) Amounts due from/to related parties are unsecured and interest-free.

(Expressed in Renminbi Yuan unless otherwise indicated)

25 Material related party transactions (Continued)

(e) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of provision of property management services and consulting services to Binjiang Real Estate and its subsidiaries above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "CONTINUING CONNECTED TRANSACTIONS" of the Report of Directors.

The related party transactions in respect of using trademarks of Binjiang Real Estate, receiving rental and catering services from Binjiang Real Estate and Binjiang Catering above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. However those transactions are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1).

26 Company-level statement of financial position

	2020 *RMB'000*	2019 *RMB'000*
Non-current assets		
Investment in a subsidiary	**90,249**	87,111
Property, plant and equipment	**468**	698
	90,717	87,809
Current assets		
Trade and other receivables	**13,493**	6,198
Time deposits	**318,528**	328,514
Cash and cash equivalents	**10,798**	104,353
	342,819	439,065
Current liability		
Trade and other payables	**11,271**	10,953
	11,271	10,953
Net current assets	**331,548**	428,112
Total assets less current liabilities	**422,265**	515,921
NET ASSETS	**422,265**	515,921
CAPITAL AND RESERVES *(note 22(a))*		
Share capital	**181**	181
Reserves	**422,084**	515,740
TOTAL EQUITY	**422,265**	515,921

(Expressed in Renminbi Yuan unless otherwise indicated)

27 Non-adjusting events after the reporting period

Subsequent to the end of the reporting period, the directors proposed a final dividend and special dividend. Further details are disclosed in note 22(c)(i).

28 Immediate and ultimate controlling party

At 31 December 2020, the directors consider the ultimate controlling party of the Group to be Mr. Qi Jinxing, an individual person.

At 31 December 2020, the directors consider the immediate parent of the Group to be Great Dragon Ventures Limited. This entity does not produce financial statements available for public use.

29 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2020

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and a new standard, IFRS 17, Insurance contracts, which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendment to IFRS 16, *Covid-19-Related Rent Concessions*	1 June 2020
Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
Amendments to IFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Amendments to IAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to IAS 37, *Onerous Contracts — Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to IFRSs 2018–2020 Cycle	1 January 2022
Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*	1 January 2023
IFRS 17, *Insurance Contracts* and amendments to IFRS 17 *Insurance Contracts*	1 January 2023
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an Investor and its associate or joint venture*	Available for optional adoption/effective date deferred indefinitely

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 application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.