



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

INTERIM REPORT

2021

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# 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

## Stock Code

3316

## Registered Office

Cricket Square  
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  
Shangcheng District  
Hangzhou, China

## Principal Place of Business in Hong Kong

40th Floor, Dah Sing Financial Centre  
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

## 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

### **Principal Banks**

China Construction Bank Corporation

Agricultural Bank of China Limited

### **Company's Website**

[www.hzbjwy.com](http://www.hzbjwy.com)

## Financial Summary

The following is a summary of the results and assets and liabilities of Binjiang Service Group Co. Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”) for each of the six months ended 30 June 2021 (the “**Period**”) and 30 June 2020 (the “**Corresponding Period of 2020**”).

### Consolidated results

	Six months ended 30 June	
	2020	2021
Revenue (RMB'000)	415,978	<b>591,190</b>
Increase	—	<b>42.1%</b>
Gross profit (RMB'000)	136,695	<b>195,239</b>
Increase	—	<b>42.8%</b>
Gross profit margin	32.9%	<b>33.0%</b>
Profit for the Period (RMB'000)	103,782	<b>146,491</b>
Increase	—	<b>41.2%</b>
Profit margin	24.9%	<b>24.8%</b>
Profit attributable to equity shareholders of the Company (RMB'000)	102,649	<b>145,037</b>
Increase	—	<b>41.3%</b>
Basic earnings per share	0.37	<b>0.52</b>

### Financial position

	Note	At 31 December 2020	At 30 June 2021
Current assets (RMB'000)		1,368,118	<b>1,431,842</b>
including: Cash and cash equivalents (RMB'000)		805,394	<b>802,850</b>
Total assets (RMB'000)		1,502,589	<b>1,572,606</b>
Current liabilities (RMB'000)		642,953	<b>700,638</b>
Total liabilities (RMB'000)		644,256	<b>701,297</b>
Total equity attributable to equity shareholders of the Company (RMB'000)		841,625	<b>853,147</b>
Return on shareholders' equity	(1)	26.1%	<b>17.0%</b>
Current ratio	(2)	2.13	<b>2.04</b>
Gearing ratio	(3)	0.003	<b>0.005</b>

#### Notes:

- (1) Return on shareholders' equity is calculated as total profit attributable to equity shareholders of the Company divided by shareholders' equity.
- (2) Current ratio is calculated as current assets divided by current liabilities.
- (3) 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 0.005 and 0.003 as at 30 June 2021 and 31 December, 2020, respectively.

To all Shareholders,

Thank you for your trust in and support to the Group. On behalf of the Board, I am pleased to present our interim results for the six months ended 30 June 2021.

With the improvement of the social development level, the property service industry has played an increasingly important role in promoting basic governance, responding to emergencies and the safeguarding of the daily life of people. At the beginning of the year, 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》) was jointly issued by Ministry of Housing and Urban-Rural Development and ten ministries and commissions, pursuant to which provincial and municipal governments issued new policies on the property management to follow the policy guidance of the Central Government. Furthermore, "property service" was mentioned for six times in the outline of "14th Five-Year Plan", reflecting that the Central and local governments have been committed to supporting and encouraging the development of the property management industry. On 28 May 2021, the Opinions on Promoting the Construction of a 15-minute Convenient Living Circle in Cities (《關於推進城市一刻鐘便民生活圈建設的意見》) was jointly issued by twelve ministries, including the Ministry of Commerce, to encourage qualified property service companies to extend their business to various sectors. As part of the initiative, the integration of property services and lifestyle services was promoted as the development direction of the property service industry.

With its strategic positioning of becoming an industry-leading brand and the benchmark for luxury quality, the Group further promoted its brand building and increased its management scale in accordance with the strategies formulated by the Board in 2020. Leveraging its professional property products and services as well as renowned quality, the Group developed a value-added services system focusing on 5S. Meanwhile, the Group actively implemented management standardization and product standardization. The Group also improved its operating efficiency through technological means in an effort to provide better service experience for property owners.

### **STRIVING TO BUILD BRAND NAME WITH QUALITY SERVICES**

The Group adheres to its mission of providing high-quality service and strives to become a leading property service provider in China and a model company in Hangzhou within one to three years. All service centers conscientiously perform duties in line with the Company's star-rated service standard system. The Group's functional departments has continuously reviewed the quality of its projects on a regular basis by carrying out comprehensive inspections on projects in seven aspects, including safety hazards, internal management, maintenance, cleaning and gardening, civil construction and installation, directories and other details. The quality inspection team, which is supervised by the senior management of the Group and comprised of experts from various areas, is responsible for examining the operation of residential buildings, office buildings and industrial parks with professional insights and providing on-site guidance to project managers for rectification. As such, the awareness of quality service among all project managers was enhanced. The Group has implemented reward and punishment mechanism and established a problem-solving mechanism for sharing solutions based on its management experience in order to enhance its management efficiency.

In addition, attaching great importance to safety, the Group strengthened its fire safety management and took precautionary measures for floods and typhoons in the first half of 2021. Project managers are responsible for the implementation of such measures while professional teams at our headquarters are responsible for verification to effectively prevent accident from occurring.

### **COMMITTED TO EXPANDING BUSINESS WITH EXCELLENT BRAND IMAGE**

The Group continues to adhere to its qualitative development expansion strategy and strives to promote its growth based on its brand name and expanding its business through projects under management. As at 30 June 2021, GFA under management ("**GFA under management**") under signed property management contracts reached 24.9 million sq.m., representing an increase of 48.0% as compared with the corresponding period of last year. GFA under management developed by independent third parties reached 10.8 million sq.m., accounting for 43.4% of total GFA under management and representing an increase of 8.8 percentage points as compared with the corresponding period of last year. GFA under management acquired during the first half of 2021 reached 4.9 million sq.m., 78.3% of which was developed by independent third parties. In the first half of the year, the Group proactively expanded its business into Lishui, Zhejiang, Wenzhou, Zhejiang, and Shangrao, Jiangxi by undertaking management projects and undertook a commercial management project developed by an independent third party in Shanghai for the first time. In the first half of 2021, the Group established cooperation relationships with two new strategic partners, namely Jianhang Real Estate (建杭置業) and Yiwu Construction Investment (義烏建投). In the first half of the year, the Group further expanded its business into the Zhejiang market through establishing a regional operation department in central and southern Zhejiang.

### **PROMOTING VALUE-ADDED SERVICES BY CAPITALIZING ON ITS REPUTATION AMONG PROPERTY OWNERS**

As at 30 June 2021, the GFA under management in Hangzhou of the Group reached 15.4 million sq.m., accounting for 62.0% of the total GFA under management of the Group, which remained relatively stable. Leveraging its excellent brand reputation and concentration advantages, the Group gradually promoted its 5S value-added services based on the needs of property owners and its own resource advantages. 5S value-added services are full-cycle one-stop services covering property management and maintenance. In the first half of 2021, the Group launched Binjiang Youjia (濱江優家), a direct brokerage business platform, and Binjiang Youju (濱江優居), a one-stop home furnishing service platform. The establishment and optimization of the teams responsible for the operation of these platforms are underway. In addition, the Group continued to develop home living services, including lifestyle optimization services (優享生活), so as to provide customers with thoughtful and quality services based on its existing resources and brand image.

### **IMPROVING MANAGEMENT THROUGH STANDARDIZATION**

The Group has put great efforts in promoting the standardization of management and products. Capitalizing on its advantages of high regional concentration of projects, the Group further optimized its staffing through internal restructuring. The Group has refined gold butler training to build a gold butler team that focuses on "services, quality and operation" and provided clear career and promotion path to its employees, laying a solid foundation for the further enhancement of service quality. Through the promotion of the "Young Eagle Plan" management trainee mechanism, the Company has applied scientific and standardized methods to reserve the workforce for future development of the Company following the process of "setting standards, selecting seedlings and promoting growth", and has fostered management talents who are able to "understand strategies, emphasize quality, know how to operate, coordinate well, and know how to manage" to provide a solid backbone for sustainable development of the Company through the introduction of the "Pilot Plan" training system.

In addition, the Group has formulated specific standards for individual projects under management with reference to standardized management manual, which have been reviewed by professional team. The Group has also revised and refined the management manual based on the actual situation of projects, so as to further increase the feasibility of standardized management system.

### ENHANCING EFFICIENCY WITH INFORMATION TECHNOLOGY

Recognizing the importance of information technology and intelligent development to property service companies, the Group has strived to promote the application of information technology, including upgrading the internal management system of the Group and applying intelligent devices for projects. At present, the applications of the Group have been piloted in individual projects and will be updated and optimized based on the feedback from property owners. Through integration of its online systems and offline devices, the Group is committed to providing property owners with excellent service experience and enhancing its management efficiency.

### PLACING GREAT EMPHASIS ON BOTH ACHIEVEMENTS AND RESPONSIBILITIES

During the Period, the Group ranked 17th among the top 100 property management service brands selected by the China Index Academy (“CIA”) and was honored as “Leader of Excellent Living in Zhejiang for 2021 (2021浙江年度美好生活引領者)” by Zhejiang Quality Habitat Forum\* (浙江品質人居論壇). During the Period, the projects under the Group's management received over 20 awards in total. Some of the awards are as follows: Xingyi Home\* (興議家園) was titled as “Governing Unit of the Construction Promotion Association for Property Service Enterprise in Xiaoshan, Hangzhou (杭州市蕭山區物業服務企業建設促進會理事單位)”. Qinghe Garden\*(慶和苑) was awarded “Excellent Model Community in Zhejiang (Waste Sorting) (浙江省高標準示範小區(垃圾分類))”. Xixi Zhixing\* (西溪之星), Wenjing Yuan\* (文景苑) and Huajiachi Apartment\* (華家池公寓) were awarded “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) was awarded “Model Community for Water Conservation in Zhejiang (浙江省節水型小區)”. In respect of individual honors of our employees, Ms. Wang Weifang and Ms. Zhang Xiuying were awarded “Excellent Security Guard in Hangzhou (杭州市治保先進個人)” by Hangzhou Municipal Public Security Bureau\* (杭州市公安局). In addition, the Group is also committed to its social responsibilities. In June 2021, the Group organized a charitable activity, “Lighting up the tallest lighthouse by donating a good book (捐一本好書·點亮一座最高燈塔)” in which over a thousand books were donated by property owners and employees of Binjiang in over 10 days. 939 books were selected and delivered to Tibetan children despite 4,000 km travelling distance and altitude of nearly 4,000 meters, so as to help Tibetan children have a better understanding of the world. The Group will continue to assume its social responsibilities in its pursuit of more corporate honors.

\* for identification purpose only

# Management Discussion and Analysis

## BUSINESS REVIEW

Reviewing the first half of 2021, 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 114 subsidiaries and branches across the Zhejiang Province, Shanghai, Jiangsu Province, Jiangxi Province and Hainan Province in China. Moreover, the GFA under management and GFA under signed management contracts (“**contracted GFA**”) of the Group also increased significantly. As at 30 June 2021, the GFA under management was 24.9 million sq.m., representing an increase of 48.0% as compared with the corresponding period of last year, the contracted GFA was 40.6 million sq.m., representing an increase of 34.4% as compared with the corresponding period of last year, which will strongly support the business growth of the Group.

For the six months ended 30 June 2021, the Group’s revenue increased by 42.1% to RMB591.2 million. The Group’s gross profit increased by 42.8% from the corresponding period of 2020 to RMB195.2 million. The Group’s gross profit margin increased by 0.1 percentage points from the corresponding period of 2020 to 33.0%. Revenue generated from property management services, value-added services to non-property owners and 5S value-added services amounted to RMB364.5 million, RMB161.0 million and RMB65.6 million, respectively. In the first half of 2021, the average monthly property management fee of the Group was approximately RMB4.28 per sq.m. (corresponding period of 2020: RMB4.23 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. Leveraging its brand recognition and industry influence, the Group was able to charge relatively high property management fee for its quality property management services.

The Group provides high-quality services that are tailored to its customers’ need and maintains its brand recognition and awareness. Its ranking increased to 17th among the top 100 property management service brands selected by the CIA. The Group was honored as “Leader of Excellent Living in Zhejiang for 2021 (2021浙江年度美好生活引領者)” by Zhejiang Quality Habitat Forum\* (浙江品質人居論壇). As our quality services are highly recognized within the region, Hangzhou Binjiang Investment Holdings Co., Ltd., (“**Binjiang Holdings**”) and its subsidiaries (“**Binjiang Group**”), a leading property developer in China, have established close business relationship with the Group and continuously provided a large number of premium properties to us. In the first half of 2021, the sales of Binjiang Group amounted to RMB87.92 billion. In respect of land market, Binjiang Group acquired 21 parcels of high-quality land with a value of RMB85.0 billion.

\* for identification purpose only

Leveraging its high-quality services, the Group was able to expand its business through various channels and undertake a wide range of projects, including but not limited to undertaking government projects, maintaining good relationships with strategic partners and expanding its direct sales. As at 30 June 2021, the contracted GFA acquired by the Group from independent third parties during the first half of the year reached 3.3 million sq.m., accounting for 64.2% of the total contracted GFA acquired. GFA under management developed by independent third parties reached 10.8 million sq.m., representing a year-on-year increase of 85.5% and accounting for 43.4% of the total GFA under management. For the six months period ended 30 June 2021, revenue generated from property management services provided to projects developed by independent third parties amounted to RMB125.6 million, representing a year-on-year increase of 55.6% and accounting for 34.5% of the total revenue generated from property management services. As at 30 June 2021, the Group further upgraded the geographic coverage and staffing of its expansion teams. In the first half of 2021, the Group further expanded its business into the Zhejiang market through establishing a regional operation department in central and southern Zhejiang. 54 projects under our management were located in regions other than Hangzhou in Zhejiang with GFA under management of 8.9 million sq.m., representing a year-on-year increase of 44.7%. In response to the policies of China, the Group launched the first property management project for resettlement housing and formulated property service standards for the resettlement housing project to improve the housing support system. In addition, the Group further expanded the coverage of its services by acquiring management projects outside Zhejiang, including projects located in Jiangxi and Shanghai.

In view of the rapid development of the overall property services industry in recent years, the Group has focused on expanding its scale and increasing its profit while maintaining its service quality. The Group will regard its services quality as its core competitiveness and will raise the standard of specialized services by leveraging 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 equipments 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 achieve synergetic development of quality, scale and profitability.

### BUSINESS MODELS OF THE GROUP

Due to the expansion of services, the Group positioned its 5S value-added services as a driver of future profit growth in strict accordance with the strategic deployment of the Board. As such, the value-added services to property owners are renamed as 5S value-added services and re-categorised into three major business. The management classified business segments into property management services, value-added services to non-property owners and 5S value-added services, forming 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 and 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.
- 5S value-added services (formerly known as “value-added services to property owners”). The Group also provides 5S value-added services to property owners. The value-added services to property owners are renamed as 5S value-added services, including three major businesses, namely home optimization services, living optimization services and lifestyle optimization services.

Home optimization services include the existing property agent services and car parking space and storage room services, and the new sales agency business. The Group is committed to providing attentive services for customers with its resources.

Living optimization services include the existing customized interior furnishing services. It adheres to its “Living Home” interior services concept to provide elegant, stylish, modern and customized interior furnishing services for its customers.

Lifestyle optimization services include the existing home living services. In view of the different functions in residential and non-residential properties, the Group provides additional services that are tailored to its customers’ need.

- As at 30 June 2021, the revenue of the Group amounted to RMB591.2 million, representing an increase of 42.1% as compared with the amount for the corresponding period of 2020. Gross profit amounted to RMB195.2 million, representing an increase of 42.8% as compared with the amount for the corresponding period of 2020. Gross profit margin was 33.0%, representing an increase of 0.1 percentage point as compared with the gross profit margin for the corresponding period of 2020. Revenue from property management services, value-added services to non-property owners and 5S value-added services amounted to RMB364.5 million, RMB161.0 million and RMB65.6 million, respectively.

In the first half of 2021, the average monthly property management fee of the Group was approximately RMB4.28 per sq.m. (the corresponding period of 2020: RMB4.23 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.

It has been the strategic objective of the Group to expand its managed area. The Group seeks to maintain steady increase in contracted GFA and GFA under management through various channels.

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

	For the six months ended 30 June			
	2021		2020	
	Contracted GFA ( <i>'000 sq.m.</i> )	GFA under Management ( <i>'000 sq.m.</i> )	Contracted GFA ( <i>'000 sq.m.</i> )	GFA under Management ( <i>'000 sq.m.</i> )
At the beginning of the period	35,488	19,955	26,804	14,369
Addition	5,123	4,951	3,551	2,605
Termination	15	15	159	159
At the end of the period	40,596	24,891	30,196	16,815

*Note:* As at 30 June 2021, the Group had 261 contracted projects and the contracted GFA was 40.6 million sq.m. (as of 30 June 2020: 30.2 million sq.m.). During the Period, the average monthly property management fee of the Group was approximately RMB4.28 per sq.m. (the corresponding period of 2020: RMB4.23 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.

## Management Discussion and Analysis

The table below sets forth the breakdown of total property management services revenue, GFA under management and number of projects by type of properties during the Period and the corresponding period of 2020:

	For the six months ended 30 June					
	2021			2020		
	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	292,934	20,940	118	210,881	14,489	84
Non-residential	71,581	3,951	41	43,570	2,326	31
<b>Total</b>	<b>364,515</b>	<b>24,891</b>	<b>159</b>	<b>254,451</b>	<b>16,815</b>	<b>115</b>

The table below sets forth the breakdown of total property management services revenue, GFA under management and number of projects by type of the property developers during the Period and the corresponding period of 2020:

	For the six months ended 30 June					
	2021			2020		
	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	238,929	14,090	80	173,718	10,992	63
Properties developed by independent property developers	125,586	10,801	79	80,733	5,823	52
<b>Total</b>	<b>364,515</b>	<b>24,891</b>	<b>159</b>	<b>254,451</b>	<b>16,815</b>	<b>115</b>

The table below sets forth the breakdown of total property management services revenue, GFA under management and number of projects by geographic region during the Period and the corresponding period of 2020:

	For the six months ended 30 June					
	2021			2020		
	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	262,300	15,435	102	191,884	10,446	78
Zhejiang province (excluding Hangzhou)	95,868	8,941	54	55,392	6,178	36
Outside Zhejiang	6,347	515	3	7,175	191	1
<b>Total</b>	<b>364,515</b>	<b>24,891</b>	<b>159</b>	<b>254,451</b>	<b>16,815</b>	<b>115</b>

### **FUTURE 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 and an industry-leading brand and the benchmark for luxury quality. Through providing effective and consistent services, the Group will gain higher brand value and sustainable market competitiveness. 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**

The property management service industry in China is becoming concentrated. 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 Greater Bay Area and mid-west China. Once the Group has established a presence in a new regional market, the Group plans to grow its presence in the market to enhance its economies of scale.

In addition, the Group will actively grasp opportunities to expand its business into healthcare, schools, urban services and other industries to strengthen its comprehensive service capabilities.

#### **Providing diversified services**

Based on the demand of property owners, the Group strives to become a trustworthy property manager and caretaker for property owners by leveraging 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 Company 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 its management experience, the Group intends to accelerate the arrangement for the application of smart technologies and the construction of its informationalized 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) 5S value-added services. During the Period, (i) the property management services is the largest source of revenue and profit for the Group, accounting for 61.7% of total revenue; (ii) value-added services to non-property owners is the second largest source of revenue for the Group, accounting for 27.2% of total revenue.

	For the six months ended 30 June				
	2021		2020		Changes
	RMB'000	% of total revenue	RMB'000	% of total revenue	
<b>Property management services</b>	<b>364,515</b>	<b>61.7</b>	254,451	61.2	43.3
Property management services for residential properties	292,934	49.5	210,881	50.7	38.9
Property management services for non-residential properties	71,581	12.2	43,570	10.5	64.3
<b>Value-added services to non-property owners</b>	<b>161,038</b>	<b>27.2</b>	121,390	29.2	32.7
Pre-delivery services	145,974	24.7	107,477	25.8	35.8
Consulting services	9,578	1.6	7,461	1.8	28.4
Community space services	5,486	0.9	6,452	1.6	-15.0
<b>5S value-added services</b>	<b>65,637</b>	<b>11.1</b>	40,137	9.6	63.5
Home optimization services	46,739	7.9	14,236	3.4	228.3
Living optimization services	1,193	0.2	12,746	3.0	-90.6
Lifestyle optimization services	17,705	3.0	13,155	3.2	34.6
Total	<b>591,190</b>	<b>100.0</b>	415,978	100.0	42.1

**Property management services** consist of security, cleaning, gardening, repair, maintenance and ancillary services. Revenue generated amounted to RMB364.5 million, representing an increase of 43.3% as compared with RMB254.5 million for the corresponding period of 2020. It was the Group's main source of revenue and accounted for 61.7% of total revenue for the six months ended 30 June 2021. The increase of revenue was mainly because the Group strived to improve its quality based on the advantages of traditional management services. Revenue generated from the provision of property management services to properties developed by Binjiang Group was RMB238.9 million as compared with RMB173.7 million for the corresponding period of 2020, and accounted for 65.5% of revenue from property management services during the Period, representing a year-on-year decrease of 2.8 percentage points.

**Value-added services to non-property owners** mainly include pre-delivery services, consulting services and community space services. Revenue generated amounted to RMB161.0 million, representing an increase of 32.6% as compared with RMB121.4 million for the corresponding period of 2020, and accounted for approximately 27.2% of the Group's total revenue. The increase of revenue was mainly due to the stable growth in the number of projects undertaken by the Group.

**5S Value-added services** are mainly composed of home optimization services, living optimization services, lifestyle optimization services. Revenue generated amounted to RMB65.6 million, representing an increase of 63.6% as compared with RMB40.1 million for the corresponding period of 2020, and accounted for approximately 11.1% of the Group's total revenue. The increase of revenue was mainly because the Group developed new value-added services such as brokerage services for property transactions in addition to the existing value-added services to property owners during the Period.

## GROSS PROFIT AND GROSS PROFIT MARGIN

Based on the above factors, during the Period, the Group's gross profit increased by 42.8% from RMB136.7 million for the six months ended 30 June 2020 to RMB195.2 million for the six months ended 30 June 2021. The Group's gross profit margin increased by 0.1 percentage points from 32.9% for the six months ended 30 June 2020 to 33.0% for the six months ended 30 June 2021, mainly because the increase in the 5S value-added services, which had a higher gross profit margin.

	For the six months ended 30 June					
	2021			2020		
	Gross profit RMB'000	Gross profit margin %	% of gross profit %	Gross profit RMB'000	Gross profit margin %	% of gross profit %
Property management services	75,564	20.7	38.7	55,873	22.0	40.9
Value-added services to non-property owners	72,729	45.2	37.3	59,758	49.2	43.7
5S value-added services	46,946	71.5	24.0	21,064	52.5	15.4
<b>Total</b>	<b>195,239</b>	<b>33.0</b>	<b>100.0</b>	<b>136,695</b>	<b>32.9</b>	<b>100.0</b>

## Management Discussion and Analysis

Gross profit of property management services increased by 35.2% from RMB55.9 million for the six months ended 30 June 2020 to RMB75.6 million for the six months ended 30 June 2021. Gross profit margin decreased by 1.3 percentage points from 22.0% for the six months ended 30 June 2020 to 20.7% for the six months ended 30 June 2021, which was mainly due to the absence of the social insurance concession policy for the pandemic during the Period.

Gross profit of value-added services to non-property owners increased by 21.6% from RMB59.8 million for the six months ended 30 June 2020 to RMB72.7 million for the six months ended 30 June 2021. Gross profit margin decreased by 4 percentage points from 49.2% for the six months ended 30 June 2020 to 45.2% for the six months ended 30 June 2021, which was mainly due to the absence of the social insurance concession policy for the pandemic during the Period.

Gross profit of 5S value-added services increased by 122.3% from RMB21.1 million for the six months ended 30 June 2020 to RMB46.9 million for the six months ended 30 June 2021. Gross profit margin increased from 52.5% for the six months ended 30 June 2020 to 71.5% for the six months ended 30 June 2021, which was mainly because the Group developed new value-added services such as long-term rental apartments and brokerage services for one-hand property sales in addition to the existing value-added services to property owners during the Period.

### **COST OF SALES**

During the Period, the Group's cost of sales increased by 41.8% from RMB279.3 million for the six months ended 30 June 2020 to RMB396.0 million for the six months ended 30 June 2021, mainly due to the increase in cost of sales as a result of the growth of business during the Period.

### **SELLING AND MARKETING EXPENSES**

During the Period, the Group's selling and marketing expenses were RMB0.2 million for the six months ended 30 June 2021, as compared to RMB0.2 million for the corresponding period of 2020, which remained basically the same.

### **ADMINISTRATIVE EXPENSES**

During the Period, the Group's administrative expenses increased by 44.4% from RMB12.6 million for the six months ended 30 June 2020 to RMB18.2 million for the six months ended 30 June 2021, mainly due to an increase in office expenses in line with the expansion of business scale during the Period.

### **IMPAIRMENT LOSSES ON TRADE RECEIVABLES**

During the Period, the Group's impairment losses on trade receivables decreased from RMB6.0 million for the six months ended 30 June 2020 to RMB4.2 million for the six months ended 30 June 2021, mainly due to the increased effort on the property management fee collection from property owners and property developers.

### NET FINANCE INCOME

During the Period, the Group's finance income represented interest income on bank deposits. The finance income increased from RMB14.3 million for the six months ended 30 June 2020 to RMB17.7 million for the six months ended 30 June 2021. 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 interest expenses on lease liabilities and prepaid customized home furnishing service fees received from property owners categorized as contract liabilities. The finance costs were RMB0.2 million for the six months ended 30 June 2021, as compared to RMB0.2 million for the corresponding period of 2020, which remained basically the same.

### SHARE OF PROFITS LESS LOSSES OF ASSOCIATES

During the Period, the Group's share of profits less losses of associates changed from a loss of RMB0.9 million for the six months ended 30 June 2020 to a profit of RMB1.0 million for the six months ended 30 June 2021, mainly because the associates turned losses into profits during the Period.

### PROFIT BEFORE TAXATION

During the Period, the Group's profit before taxation was RMB193.4 million, representing an increase of 39.2% as compared with RMB138.9 million for the corresponding period of 2020, mainly because the Company actively expanded basic property services and developed various new value-added services during the Period.

### INCOME TAX

During the Period, the Group's income tax expenses were RMB46.9 million, representing an increase of 33.2% as compared with RMB35.2 million for the corresponding period of 2020, mainly due to the growth of business of the Group during the Period and a year-on-year increase in income tax expenses as a result of an increase in gross profit.

### PROFIT FOR THE PERIOD

During the Period, the Group's profit was RMB146.5 million, representing an increase of 41.1% as compared with restated amount of RMB103.8 million for the corresponding period of 2020, mainly due to the growth of business. Profit attributable to equity shareholders of the Company was RMB145.0 million, representing an increase of 41.3% as compared with RMB102.6 million for the corresponding period of 2020. Net profit margin was 24.8%, representing a decrease of 0.1 percentage points as compared with net profit margin of 24.9% for the corresponding period of last year, mainly because the Group covered the effect of the social insurance concession policy in 2020 and active promotion of value-added services during the Period.

### **CURRENT ASSETS AND FINANCIAL RESOURCES**

The Group maintained good financial performance during the Period. As at 30 June 2021, current assets were RMB1,431.8 million, representing an increase of 4.7% as compared with RMB1,368.1 million as at 31 December 2020.

The Group's cash and cash equivalents remained stable at RMB802.9 million, as compared to RMB805.4 million as of 31 December 2020. Current ratio during the Period was 2.04 times, representing a decrease as compared with 2.13 times as at 31 December 2020.

As at 30 June 2021, the total equity of the Group was RMB871.3 million, representing an increase of 1.5% as compared with RMB858.3 million as at 31 December 2020. This was mainly due to the growth of business and an increase in operating profit during the Period.

### **INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT**

As at 30 June 2021, the investment properties, property, plant and equipment of the Group amounted to RMB18.2 million, representing an increase of 9.0% as compared with RMB16.7 million as at 31 December 2020, mainly due to the growth of property, plant and equipment for business development in line with the expansion of business.

### **CONTINGENT LIABILITIES**

The Group did not have any contingent liabilities as at 30 June 2021.

### **PLEGGED ASSETS**

The Group did not have any pledged assets as at 30 June 2021.

### **TRADE AND OTHER RECEIVABLES**

As at 30 June 2021, trade and other receivables amounted to RMB161.0 million, representing an increase of RMB65.3 million or 68.2% as compared with RMB95.7 million as at 31 December 2020 and a year-on-year increase of 28.4% as compared with RMB125.4 million as at 30 June 2020, mainly due to the increases in receivables as a result of expansion of business scale of the Group.

### **TRADE AND OTHER PAYABLES**

As at 30 June 2021, trade and other payables amounted to RMB371.8 million, representing a decrease of RMB101.5 million or 21.4% as compared with RMB473.3 million as at 31 December 2020, mainly due to the decrease in the temporary receipts from property owners.

### **SIGNIFICANT INVESTMENTS**

The Company did not have any significant investments (including significant investments which accounted for 5% or more of the total assets of the Group) during the Period.

## **DETAILS ABOUT SIGNIFICANT ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the Period, the Group did not have any significant acquisitions and disposals of subsidiaries, associates and joint ventures.

## **TREASURY POLICIES**

During the Period, the Group has adopted a prudent financial management approach towards its treasury policies to ensure the liquidity requirements from daily operation as well as capital expenditures are met. The Board closely monitors the Group's liquidity positions, while surplus cash are invested appropriately with the consideration of the credit risks, liquidity risks and market risks of the financial instruments, such as the Group placed a certain amount of cash as bank deposits with maturity over three months for higher interest income to secure liquidity mentioned above.

## **CAPITAL STRUCTURE**

There has been no change in capital structure of the Company during the Period. The capital of the Company comprises ordinary shares and other reserves.

## **GEARING RATIO**

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 ratio was 0.005 as at 30 June 2021 (as at 31 December 2020: 0.003).

## **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's 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 PRC is RMB and their businesses are principally conducted in RMB. Therefore, the Group considers the currency risk to be insignificant. Currently, the Group has not entered into any hedging transactions.

### **FUTURE PLANS FOR SUBSTANTIAL INVESTMENTS OR CAPITAL ASSETS**

As stated in the prospectus of the Company dated 28 February 2019 (the “**Prospectus**”) and the announcement of the Company dated 4 April 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. From the date of Listing to the date of this report, the Company has been exploring and tracking potential opportunities in the market in a diligent and cautious manner. As of 30 June 2021, the Group has established 9 joint ventures which manage 16 projects under management and 1 pre-delivery management project. 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. 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.

### **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2021, the Group had a total of 6,186 employees (as at 31 December 2020: 5,507). The staff cost of the Group during the Period was RMB253.1 million (six months ended 30 June 2020: RMB173.0 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 is based on the performance of individual employees in recognition of and contribution to their contribution. The Group has 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 its employees. During the Period, the Group also provided its staff with systematical and extensive training plans and promotion and rotation programs. During the Period, the Group did not adopt any share option scheme.

### **CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

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 30 March 2021.

### **EVENTS AFTER THE PERIOD**

Subsequent to the end of the Period, the Directors proposed an interim dividend. Further details are disclosed in Note 14(a)(i) to the Unaudited Interim Financial Report.

### COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability of the Company. Throughout the six months ended 30 June 2021, the Company has adopted and complied with all applicable code provisions under the Corporate Governance Code (“**Corporate Governance Code**”) in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”), except for the following deviation:

Pursuant to code provision A.2.1 of the Corporate Governance Code, the roles of chairman 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 president and the responsibility of both chairman and president vest in Mr. ZHU Lidong. The Board believes that vesting the responsibilities of both chairman and president in the same person has the benefit of ensuring the consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group. Besides, with three independent non-executive Directors out of a total of seven Directors in the Board, there is sufficient independent voice within the Board to protect the interests of the Company and the shareholders of the Company as a whole. Therefore, the Board considers that the balance of power and authority for the present arrangement is not impaired and this structure enables the 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 president of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Save as disclosed above, the Company complied with the Corporate Governance Code during the Period. The Company will continue to strictly abide by the corporate governance requirements under the Corporate Governance Code and the Listing Rules.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code of Securities Transactions by Directors of Listed Issuers (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 throughout the six months ended 30 June 2021.

For the six months ended 30 June 2021, 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.

### INTERIM DIVIDEND

Having considered the positive performance of business development of the Group and returns of shareholders of the Company, the Board recommends the payment of an interim dividend for the six months ended 30 June 2021 of HK\$0.379 per share (“**Interim Dividend**”) 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 of its net profit attributable to equity shareholders of the Company is approximately 60%. The proposed Interim Dividend amounted to approximately HK\$104.8 million in total. The Interim Dividend are expected to be paid on or before Monday, 8 November 2021.

### CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders who are entitled to the right of the Interim Dividend, the register of members of the Company will be closed from Thursday, 7 October 2021 to Friday, 8 October 2021 (both days inclusive). Only those shareholders whose names appear on the register of members of the Company on Friday, 8 October 2021 will be entitled to the right of the Interim Dividend. In order to qualify for receiving the Interim Dividend, all completed transfer documents together with the relevant share certificates must be returned to the Company's Hong Kong branch share registrar for registration, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 6 October 2021.

### AUDIT COMMITTEE

The Company has established the audit committee (the "**Audit Committee**") which 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 Stock Exchange and the Company.

The Audit Committee has reviewed with the management of the Company this unaudited consolidated interim results and the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial statements matters, including the review of the consolidated financial statements of the Group for the Period.

### CHANGES OF INFORMATION IN RELATION TO THE DIRECTORS

Save for Mr. DING Jiangang, the independent non-executive Director, who now serve as an independent non-executive director and a member of the remuneration committee of Shinsun Holdings (Group) Co., Ltd., a property development company listed on the Stock Exchange (stock code: 02599), the Directors were not aware of any 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 and up to the date of this report.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2021.

## USE OF PROCEEDS FROM THE LISTING

The total proceeds from the Listing and the exercise of the over-allotment option 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 exercise of the over-allotment option 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\$200.7 million of the net proceeds as at 30 June 2021. The unutilized net proceeds of approximately HK\$254.6 million are intended to be applied in the manner consistent with the proposed allocations. As at 30 June 2021, the net proceeds had been utilized as follows:

Use of proceeds	Intended use of proceeds HK\$ million	Unutilized amount as at 1 January 2021 HK\$ million	Utilized amount during the Period HK\$ million	Unutilized amount as at 30 June 2021 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 <sup>1</sup>	159.4	159.4	—	<b>159.4</b>
Updating the Group's management service systems and recruiting and nurturing talents	113.8	6.6	6.6	—
Investment in the asset management platform to engage in the operation of industrial parks <sup>2</sup>	91.1	91.1	—	<b>91.1</b>
Establishing joint venture companies or platform through the cooperation with local governments and property developers <sup>3</sup>	45.5	16.5	12.4	<b>4.1</b>
As working capital and for other general corporate purposes	45.5	—	—	—
	<b>455.3</b>	<b>273.6</b>	<b>19</b>	<b>254.6</b>

## Management Discussion and Analysis

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 expects to invest in the platform in 2021. The Group actively explored a platform for investment in a prudent manner during the Period. This portion of 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.
3. The Group has launched the cooperation projects and established joint venture companies from the second half of 2019. The projects will be completed by 2021. As at 30 June 2021, 9 joint ventures had been established to manage 16 existing management projects and one pre-delivery project.

Any changes in the aforesaid plans of the use of proceeds will be published via an announcement in due course or updated in the 2021 annual report of the Company.

### DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As of 30 June 2021, 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 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 Stock Exchange pursuant to 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 (“Mr. MO”)	Settlor of a discretionary trust and interest in controlled corporation	35,640,000 (Note 1)	Long position	12.89%

Note:

- (1) As at 30 June 2021, Haoyu Ventures Limited (“Haoyu”) held 12.89% of issued share capital of the Company. The entire issued share capital of Haoyu is held by Infiniti Trust (Asia) Limited (through its nominee companies) as a trustee of Great Splendor Trust. Great Splendor Trust is a discretionary trust set out by Mr. MO as settlor on 19 November 2018. The beneficiaries of the Great Splendor Trust include Mr. MO and certain family members of Mr. MO.

Save as disclosed above, as of 30 June 2021, 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 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 Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As of 30 June 2021, 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/ Lending pool	Approximate percentage of shareholding in the Company
Mr. QI Jinxing ("Mr. QI") (Note 1)	Settlor of a discretionary trust and interest in controlled corporation	126,720,000	Long position	45.85%
Great Dragon Ventures Limited ("Great Dragon") (Note 1)	Beneficial owner	126,720,000	Long position	45.85%
Bright Cloud Holding Limited (Note 1)	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 ("Mr. ZHU") (Note 2)	Settlor of a discretionary trust and interest in controlled corporation	35,640,000	Long position	12.89%
Jovial Success Global Holdings Limited ("Jovial Success") (Note 2)	Beneficial owner	35,640,000	Long position	12.89%
Splendid Force Holding Limited (Note 2)	Interest in controlled corporation	35,640,000	Long position	12.89%
Haoyu (Note 2)	Beneficial owner	35,640,000	Long position	12.89%
Great Splendor Holding Limited (Note 2)	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%

## Management Discussion and Analysis

### Notes:

- (1) As of 30 June 2021, Great Dragon held 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 of 30 June 2021, each of Jovial Success and Haoyu held 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 up by Mr. ZHU as settlor on November 19, 2018. The beneficiaries of the Splendid Force Trust include Mr. ZHU and certain family members of Mr. ZHU. 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 of 30 June 2021, 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 six months ended 30 June 2021, no share option scheme has been adopted, granted, exercised or cancelled by the Company.

# Review Report to the Board of Directors



## **Review report to the board of directors of Binjiang Service Group Co. Ltd.**

*(Incorporated in the Cayman Islands with limited liability)*

### **Introduction**

We have reviewed the interim financial report set out on pages 28 to 48 which comprises the consolidated statement of financial position of Binjiang Service Group Co. Ltd. as of 30 June 2021 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, Interim Financial Reporting, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **Scope of review**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34, Interim Financial Reporting.

#### **KPMG**

*Certified Public Accountants*

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

30 August 2021

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2021 — unaudited  
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
<b>Revenue</b>	3(a)	<b>591,190</b>	415,978
Cost of sales		<b>(395,951)</b>	(279,283)
<b>Gross profit</b>		<b>195,239</b>	136,695
Other revenue	4	<b>3,168</b>	7,713
Other net (loss)/income	4	<b>(276)</b>	118
Selling and marketing expenses		<b>(244)</b>	(183)
Administrative expenses		<b>(18,232)</b>	(12,597)
Impairment losses on trade receivables		<b>(4,239)</b>	(5,992)
Other expenses		<b>(493)</b>	(16)
<b>Profit from operations</b>		<b>174,923</b>	125,738
Finance income		<b>17,699</b>	14,341
Finance costs		<b>(240)</b>	(226)
<b>Net finance income</b>	5(a)	<b>17,459</b>	14,115
Share of profits less losses of associates		<b>985</b>	(921)
<b>Profit before taxation</b>	5	<b>193,367</b>	138,932
Income tax	6	<b>(46,876)</b>	(35,150)
<b>Profit for the period</b>		<b>146,491</b>	103,782
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>145,037</b>	102,649
Non-controlling interests		<b>1,454</b>	1,133
		<b>146,491</b>	103,782

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2021 — unaudited  
(Expressed in Renminbi Yuan)

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Profit for the period</b>		<b>146,491</b>	103,782
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation of financial statements of the Company		<b>(2,858)</b>	7,896
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		<b>975</b>	—
<b>Total comprehensive income for the period</b>		<b>144,608</b>	111,678
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>143,154</b>	110,545
Non-controlling interests		<b>1,454</b>	1,133
<b>Total comprehensive income for the period</b>		<b>144,608</b>	111,678
<b>Earnings per share</b>	7		
Basic and diluted (RMB)		<b>0.52</b>	0.37

The notes on pages 35 to 48 form part of this interim financial report. Details of dividends payable to equity shareholders of the company are set out in note 14(a).

# Consolidated Statement of Financial Position

at 30 June 2021 — unaudited  
(Expressed in Renminbi Yuan)

	<i>Note</i>	<b>At 30 June 2021 RMB'000</b>	At 31 December 2020 RMB'000
<b>Non-current assets</b>			
Investment properties		1,699	2,124
Property, plant and equipment	8	16,515	14,595
Investment in associates		4,917	3,932
Deferred tax assets		16,333	12,520
Time deposits	11(a)	101,300	101,300
		<b>140,764</b>	134,471
<b>Current assets</b>			
Inventories	9	80,259	52,044
Trade and other receivables	10	160,990	95,691
Time deposits	11(a)	345,208	368,528
Restricted bank balances	11(b)	42,535	46,461
Cash and cash equivalents	11(c)	802,850	805,394
		<b>1,431,842</b>	1,368,118
<b>Current liabilities</b>			
Contract liabilities	12	277,702	107,482
Trade and other payables	13	371,760	473,326
Lease liabilities		1,363	1,202
Current taxation		49,813	60,943
		<b>700,638</b>	642,953
<b>Net current assets</b>			
		<b>731,204</b>	725,165
<b>Total assets less current liabilities</b>			
		<b>871,968</b>	859,636
<b>Non-current liability</b>			
Lease liabilities		659	1,303
<b>NET ASSETS</b>			
		<b>871,309</b>	858,333

## Consolidated Statement of Financial Position

at 30 June 2021 — unaudited  
(Expressed in Renminbi Yuan)

	<i>Note</i>	<b>At 30 June 2021 RMB'000</b>	At 31 December 2020 RMB'000
<b>CAPITAL AND RESERVES</b>			
Share capital		181	181
Reserves		<b>852,966</b>	841,444
<b>Total equity attributable to equity shareholders of the Company</b>		<b>853,147</b>	841,625
<b>Non-controlling interests</b>		<b>18,162</b>	16,708
<b>TOTAL EQUITY</b>		<b>871,309</b>	858,333

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

Zhu Lidong	)	
	)	
	)	
	)	Directors
	)	
Zhong Ruoqin	)	
	)	
	)	

The notes on pages 35 to 48 form part of this interim financial report.

# Consolidated Statement of Changes in Equity

for the six months ended 30 June 2021 — unaudited  
(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company									
	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	The People's Republic of China ("PRC") statutory reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>Balance at 1 January 2020</b>		181	492,647	(66,484)	10,000	20,189	265,301	721,834	4,714	726,548
<b>Changes in equity for the six months ended 30 June 2020:</b>										
Profit for the period		—	—	—	—	—	102,649	102,649	1,133	103,782
Other comprehensive income for the period		—	—	—	—	7,896	—	7,896	—	7,896
Total comprehensive income for the period		—	—	—	—	7,896	102,649	110,545	1,133	111,678
Dividends approved in respect of the previous year	14(a)	—	(80,113)	—	—	—	—	(80,113)	—	(80,113)
<b>Balance at 30 June 2020 and 1 July 2020</b>		181	412,534	(66,484)	10,000	28,085	367,950	752,266	5,847	758,113
<b>Changes in equity for the six months ended 31 December 2020:</b>										
Profit for the period		—	—	—	—	—	116,901	116,901	(409)	116,492
Other comprehensive income for the period		—	—	—	—	(27,542)	—	(27,542)	—	(27,542)
Total comprehensive income for the period		—	—	—	—	(27,542)	116,901	89,359	(409)	88,950
Appropriation to statutory reserve		—	—	—	15,451	—	(15,451)	—	—	—
Capital injection from non-controlling shareholders		—	—	—	—	—	—	—	11,270	11,270
<b>Balance at 31 December 2020</b>		181	412,534	(66,484)	25,451	543	469,400	841,625	16,708	858,333

## Consolidated Statement of Changes in Equity

for the six months ended 30 June 2021 — unaudited  
(Expressed in Renminbi Yuan)

	Note	Attributable to equity shareholders of the Company								
		Share capital	Share premium	Capital reserve	PRC statutory reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2021</b>		181	412,534	(66,484)	25,451	543	469,400	841,625	16,708	858,333
<b>Changes in equity for the six months ended 30 June 2021:</b>										
Profit for the period		—	—	—	—	—	145,037	145,037	1,454	146,491
Other comprehensive income for the period		—	—	—	—	(1,883)	—	(1,883)	—	(1,883)
Total comprehensive income for the period		—	—	—	—	(1,883)	145,037	143,154	1,454	144,608
Dividends approved in respect of the previous year	14(a)	—	(131,632)	—	—	—	—	(131,632)	—	(131,632)
<b>Balance at 30 June 2021</b>		181	280,902	(66,484)	25,451	(1,340)	614,437	853,147	18,162	871,309

The notes on pages 35 to 48 form part of this interim financial report.

# Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2021 — unaudited  
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
<b>Operating activities</b>			
Cash generated from operations		157,485	184,856
PRC Corporate Income tax paid		(61,819)	(42,180)
<b>Net cash generated from operating activities</b>		<b>95,666</b>	142,676
<b>Investing activities</b>			
Payments for the purchase of property, plant and equipment		(6,834)	(1,481)
Payments for purchase of financial assets classified as fair value through profit or loss (“FVPL”)		(60,700)	(138,000)
Proceeds from redemption of financial assets classified as FVPL		61,025	138,728
Increase in time deposits with maturity over three months		(262,169)	(306,513)
Decrease in time deposits with maturity over three months		282,390	395,718
Interest received		19,174	17,441
Payment for investment in an associate		—	(2,450)
<b>Net cash generated from investing activities</b>		<b>32,886</b>	103,443
<b>Financing activities</b>			
Dividends paid		(131,632)	(80,113)
Other cash flows arising from financing activities		(909)	(273)
<b>Net cash used in financing activities</b>		<b>(132,541)</b>	(80,386)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(3,989)</b>	165,733
<b>Cash and cash equivalents at 1 January</b>	11	<b>805,394</b>	516,707
<b>Effect of foreign exchanges rate changes</b>		<b>1,445</b>	2,277
<b>Cash and cash equivalents at 30 June</b>	11	<b>802,850</b>	684,717

The notes on pages 35 to 48 form part of this interim financial report.

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

## 1 BASIS OF PREPARATION

The interim financial report of Binjiang Service Group Co. Ltd. (the “**Company**”) as at and for the six months ended 30 June 2021 comprises the Company and its subsidiaries (together referred to as the “**Group**”). The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting” adopted by the International Accounting Standards Board (“**IASB**”).

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 interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company and approved for issue by the Board of Directors on 30 August 2021. The interim financial report has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the Hong Kong Institute of Certified Public Accountants. KPMG’s independent review report to the Board of Directors is included on page 27.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 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 IFRS 16, *COVID-19-related rent concessions*
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest Rate Benchmark Reform Phase 2*

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.

### 3 REVENUE AND SEGMENT REPORTING

#### (a) Revenue

The principal activities of the Group are property management services, value-added services to non-property owners and 5S value-added services (formerly named as "value-added services to property owners"). 5S value-added services include community value-added services, customised interior furnishing services and brokerage services for property sales and leasing.

Revenue represents income from property management services, value-added services to non-property owners and 5S value-added services.

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

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
<b>Revenue recognised over time:</b>		
Property management services	364,515	254,451
Value-added services to non-property owners	161,038	121,390
5S value-added services	17,705	13,984
	543,258	389,825
<b>Revenue recognised at point in time:</b>		
5S value-added services ( <i>note</i> )	47,313	26,153
	590,571	415,978
<b>Revenue from other sources</b>		
5S value-added services		
— Rental income from investment properties	619	—
	591,190	415,978

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 3 REVENUE AND SEGMENT REPORTING (Continued)

#### (a) Revenue (Continued)

*Note:* For 5S value-added services that involve sale of goods 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 six months ended 30 June 2021, the Group had transactions with one customer exceeding 10% individually of its total revenue (six months ended 30 June 2020: one).

#### (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 the 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 assets are situated in the PRC.

### 4 OTHER REVENUE AND OTHER NET (LOSS)/INCOME

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
<b>Other revenue</b>		
Government grants ( <i>note (i)</i> )	3,150	7,579
Others	18	134
	<b>3,168</b>	<b>7,713</b>

- (i) Government grants mainly represent unconditional discretionary financial support from local municipal government authorities. During the six months ended 30 June 2021, the Group did not receive any subsidy income from the relevant government in relation to the impact of the Coronavirus Disease 2019 ("COVID-19") (six months ended 30 June 2020: RMB4,880,000).

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 4 OTHER REVENUE AND OTHER NET (LOSS)/INCOME (Continued)

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
<b>Other net (loss)/income</b>		
Net loss on disposal of property, plant and equipment	(744)	(2)
Net realised gains on FVPL	325	728
Net foreign exchange gains/(losses)	143	(608)
	<b>(276)</b>	<b>118</b>

### 5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after (crediting)/charging:

#### (a) Net finance income

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Interest income on bank deposits	(17,699)	(14,341)
Interest expense on advance payments from customers	178	115
Interest on lease liabilities	62	111
Net finance income	<b>(17,459)</b>	<b>(14,115)</b>

#### (b) Staff costs

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Salaries and other benefits	228,724	161,004
Contributions to defined contribution scheme (note i)	24,617	11,971
	<b>253,341</b>	<b>172,975</b>

- (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.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 5 PROFIT BEFORE TAXATION (Continued)

#### (b) Staff costs (Continued)

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 RMB3,588,000 and other social insurance of RMB5,514,000 during the six months ended 30 June 2020.

#### (c) Other items

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Depreciation		
— Property, plant and equipment	2,427	2,716
— <i>owned property, plant and equipment</i>	2,166	1,623
— <i>right-of-use assets</i>	261	1,093
— Investment properties	425	—
	2,852	2,716
Impairment losses on trade receivables	4,239	5,992
Expenses related to short-term leases	3,057	1,529
Auditors' remuneration	500	500
Cost of inventories	7,136	13,169
Outsourcing labor costs	60,488	40,866

### 6 INCOME TAX

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
<b>Current tax</b>		
PRC corporate income tax	50,683	38,637
Under-provision in respect of prior years	6	2
	50,689	38,639
<b>Deferred taxation</b>		
Origination and reversal of temporary differences	(3,813)	(3,489)
	46,876	35,150

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 6 INCOME TAX (Continued)

Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands (“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%. 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 (six months ended 30 June 2020: Nil).

The Group’s PRC subsidiaries are subject to PRC income tax at 25%. For certain subsidiaries recognised as a small profit enterprise in 2021, the portion of annual taxable income amount, which does not exceed RMB1 million, shall be computed at a reduced rate of 12.5% (six months ended 30 June 2020: 25%) as taxable income amount, and be subject to enterprise income tax at 20% (six months ended 30 June 2020: 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% (six months ended 30 June 2020: 50%) as taxable income amount, and be subject to enterprise income tax at 20% (six months ended 30 June 2020: 20%).

### 7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB145,037,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB102,649,000) and the weighted average of 276,407,000 ordinary shares (six months ended 30 June 2020: weighted average number of 276,407,000 shares) in issue during the period.

Diluted earnings per share is equal to basic earnings per share as there were no dilutive potential shares outstanding for the six months ended 30 June 2021 and 2020.

### 8 PROPERTY, PLANT AND EQUIPMENT

#### Acquisition of owned assets

During the six months ended 30 June 2021, the Group acquired items of office equipment and furniture and motor vehicles with a cost of RMB5,807,000 (six months ended 30 June 2020: RMB1,481,000).

### 9 INVENTORIES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Properties held for re-sale (note)	80,240	52,013
Consumables	19	31
	<b>80,259</b>	<b>52,044</b>

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.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 10 TRADE AND OTHER RECEIVABLES

As at the end of each reporting period, the ageing analysis of trade receivables from third parties based on the date of revenue recognition and net of allowance for impairment of trade receivables, is as follows:

	<b>At 30 June 2021 RMB'000</b>	At 31 December 2020 RMB'000
Within 1 year	<b>76,256</b>	22,346
1 to 2 years	<b>4,815</b>	1,532
Total trade receivables from third parties, net of loss allowance	<b>81,071</b>	23,878
Deposits and prepayments	<b>11,675</b>	13,834
Amounts due from related parties	<b>41,533</b>	34,436
Payments on behalf of property owners	<b>6,374</b>	4,308
Advances to employees	<b>3,181</b>	1,103
Interest receivables	<b>14,834</b>	16,309
Other receivables	<b>2,322</b>	1,823
	<b>160,990</b>	95,691

Trade receivables are due when the receivables are recognised.

Except for certain prepayments which will be offset against future payment of expenses or transferred to the relevant asset category upon receipt of the assets, all of the trade and other receivables classified as current assets are expected to be recovered within one year.

### 11 TIME DEPOSITS, RESTRICTED BANK BALANCES AND CASH AND CASH EQUIVALENTS

#### (a) Time deposits

	<b>At 30 June 2021 RMB'000</b>	At 31 December 2020 RMB'000
Time deposits held at the bank with original maturity over three months	<b>446,508</b>	469,828
Less: Amount included under "current assets"	<b>(345,208)</b>	(368,528)
	<b>101,300</b>	101,300

As at 30 June 2021, the time deposits held at the bank with original maturity over three months have annual interest rates ranging from 1.32% to 4.13% (31 December 2020: from 1.32% to 4.13%).

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 11 TIME DEPOSITS, RESTRICTED BANK BALANCES AND CASH AND CASH EQUIVALENTS (Continued)

#### (b) Restricted bank balances

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Cash collected on behalf of the property owners' associations	40,047	46,411
Restricted deposits	2,488	50
	<b>42,535</b>	<b>46,461</b>

#### (c) Cash and cash equivalents

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Cash on hand	341	231
Cash at bank	330,405	682,892
Fixed deposits held at the bank with original maturity within three months	514,639	168,732
	<b>845,385</b>	<b>851,855</b>
Less: Restricted bank balances	<b>(42,535)</b>	<b>(46,461)</b>
	<b>802,850</b>	<b>805,394</b>

### 12 CONTRACT LIABILITIES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
<b>Contract liabilities</b>		
Property management services	244,385	87,517
Value-added services to non-property owners	4,482	4,175
5S value-added services	28,835	15,790
	<b>277,702</b>	<b>107,482</b>

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 13 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade payables from third parties, based on the invoice date, is as follows:

	<i>Note</i>	<b>At 30 June 2021 RMB'000</b>	At 31 December 2020 RMB'000
Within 1 month or on demand		28,228	27,500
After 1 month but within 3 months		662	—
After 3 months but within 1 year		—	300
Over 1 year		3,131	3,312
<b>Total trade payables from third parties</b>		<b>32,021</b>	31,112
Amounts due to related parties	(i)	17,647	17,614
Deposits		41,436	32,158
Other taxes and charges payable		2,611	5,141
Accrued payroll and other benefits		115,543	119,755
Cash collected on behalf of the property owners' associations (note 11(b))		40,047	46,411
Temporary receipts from property owners		104,976	207,462
Other payables and accruals		17,479	13,673
		<b>371,760</b>	473,326

(i) The amounts due to related parties are unsecured and interest-free. Among which, RMB17,262,000 (31 December 2020: RMB17,221,000) are prepaid consulting services fees received from related parties and expected to be recognised as income within one year.

### 14 DIVIDENDS AND RESERVES

#### (a) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the interim period:

	<b>Six months ended 30 June</b>	
	<b>2021 RMB'000</b>	2020 RMB'000
Interim dividend of HKD0.379 per share proposed after the interim period (six months ended 30 June 2020: Nil)	86,990	—

The interim dividends 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.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 14 DIVIDENDS AND RESERVES (Continued)

#### (a) Dividends (Continued)

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period:

During the six months ended 30 June 2021, a final dividend of HKD0.564 per share in respect of the year ended 31 December 2020 (six months ended 30 June 2020: final dividend of HKD0.228 per share and special dividend of HKD0.091 per share) was declared and paid to the equity shareholders of the Company. The aggregate amount of the final dividend declared and paid during the six months ended 30 June 2021 amounted to HKD155,894,000 (RMB equivalent 131,632,000) (six months ended 30 June 2020: HKD88,174,000 (RMB equivalent 80,113,000)).

#### (b) 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.

### 15 COMMITMENTS

Capital commitments outstanding at 30 June 2021 not provided for in the interim financial report

	<b>At 30 June 2021 RMB'000</b>	At 31 December 2020 RMB'000
Contracted for	<b>1,920</b>	—

(Expressed in Renminbi Yuan unless otherwise indicated)

**16 MATERIAL RELATED PARTY TRANSACTIONS****(a) Name of and relationship with related parties**

<b>Name of related party</b>	<b>Relationship with the Group</b>
Mr. Qi Jinxing 戚金興先生	Controlling shareholder of the Company
Hangzhou Binjiang Investment Holding Limited (“ <b>Binjiang Holding</b> ”) and its subsidiaries 杭州濱江投資控股有限公司及其子公司, including:	Mr. Qi Jinxing is a controlling shareholder
(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 (“ <b>Binjiang Catering</b> ”) (杭州濱江餐飲管理有限公司)	
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 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. 杭州星悅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
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

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 16 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

#### (a) Name of and relationship with related parties (Continued)

<b>Name of related party</b>	<b>Relationship with the Group</b>
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. 杭州天悅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
Hangzhou Greentown Zhezhi Estate Development Co., Ltd. 杭州綠城浙芷置業有限公司	Associate of Binjiang Holding

The English translation of the company name is for reference only. The official names of these companies are in Chinese.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 16 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Particulars of significant transactions between the Group and related parties are as follows:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Property management services, pre-delivery services, consulting services and brokerage services for property sales income from:		
— Binjiang Holding and its subsidiaries		
— Binjiang Real Estate and its subsidiaries	120,662	63,913
— Binjiang Holding and its other subsidiaries	527	—
— Associates of Binjiang Holding	50,021	36,104
Receiving services of short-term leases		
— Binjiang Real Estate and its subsidiaries	261	21
Interest expense on lease liabilities:		
— Binjiang Real Estate and its subsidiaries (note (i))	17	111
Receiving catering services from:		
— Binjiang Catering	—	177
Purchasing goods from:		
— Binjiang Real Estate and its subsidiaries	33,468	—

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 16 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

#### (c) Balances with related parties

	<b>At 30 June 2021 RMB'000</b>	At 31 December 2020 RMB'000
<b>Amounts due from:</b>		
Binjiang Real Estate and its subsidiaries:		
— Trade nature	<b>31,798</b>	23,748
Associates of Binjiang Holding:		
— Trade nature	<b>9,735</b>	10,688
	<b>41,533</b>	34,436
<b>Amounts due to:</b>		
Binjiang Real Estate and its subsidiaries:		
— Trade nature	<b>12,466</b>	12,566
Associates of Binjiang Holding:		
— Trade nature	<b>5,181</b>	5,048
	<b>17,647</b>	17,614
<b>Lease liabilities:</b>		
— Binjiang Real Estate and its subsidiaries	<b>600</b>	791

### 17 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the directors proposed an interim dividend. Further details are disclosed in note 14(a)(i).