



**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

**2020**

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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  
Jiangan District  
Hangzhou, China

## Principal Place of Business in Hong Kong

40th Floor, Sunlight Tower  
No. 248 Queen's Road East  
Wanchai, Hong Kong

## Principal Registrar and Transfer Office

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

## Hong Kong Share Registrar

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

## Joint Company Secretaries

Ms. ZHONG Ruoqin  
Ms. KO Mei Ying

### **Authorized Representatives**

Ms. ZHONG Ruoqin

Ms. KO Mei Ying

### **Legal Advisor**

Morrison & Foerster

33/F, Edinburgh Tower

The Landmark

15 Queen's Road Central, Hong Kong

### **Auditor**

KPMG

Public Interest Entity Auditor

registered in accordance with the  
Financial Reporting Council  
Ordinance

8th Floor, Prince's Building

10 Chater Road

Central

Hong Kong

### **Compliance Adviser**

Southwest Securities (HK) Capital Limited

40/F, Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

### **Principal Banks**

China Construction Bank Corporation

Agricultural Bank of China Limited

### **Company's Website**

[www.hzbjwy.com](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 2020 (the “**Period**”) and 30 June 2019 (the “**Corresponding Period of 2019**”).

## Consolidated results

	<b>Six months ended 30 June</b>	
	2019	2020
Revenue (RMB'000)	317,304	<b>415,978</b>
Increase	—	<b>31.1%</b>
Gross profit (RMB'000)	91,794	<b>136,695</b>
Increase	—	<b>48.9%</b>
Gross profit margin	28.9%	<b>32.9%</b>
Profit for the Period (RMB'000)	48,891	<b>103,782</b>
Increase	—	<b>112.3%</b>
Profit margin	15.4%	<b>24.9%</b>
Profit attributable to equity shareholders of the Company (RMB'000)	48,684	<b>102,649</b>
Increase	—	<b>110.8%</b>
Basic earnings per share	0.20	<b>0.37</b>

## Financial position

	At 31 December 2019	At 30 June 2020
Current assets (RMB'000)	1,084,484	<b>1,229,978</b>
including: Cash and cash equivalents (RMB'000)	516,707	<b>684,717</b>
Total assets (RMB'000)	1,203,626	<b>1,352,902</b>
Current liabilities (RMB'000)	476,316	<b>594,229</b>
Total liabilities (RMB'000)	477,078	<b>594,789</b>
Total equity attributable to equity shareholders of the Company (RMB'000)	721,834	<b>752,266</b>
Return on shareholders' equity	(1) 15.9%	<b>13.6%</b>
Current ratio	(2) 2.28	<b>2.07</b>
Gearing ratio	(3) 0.004	<b>0.004</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.

# Chairman's Statement

To all Shareholders,

Thank you for your trust in and support to the Group. On behalf of the Board of Directors of the Company (the “**Board**”), I am pleased to present our interim results for the six months ended 30 June 2020.

2020 has been an extraordinary year. Various industries have been affected by the sudden outbreak of novel coronavirus epidemic (the “**Epidemic**”). Since the Epidemic has been under control in China through the implementation of a series of effective measures for the prevention of the spreading of the Epidemic, production and operation have resumed since March 2020 and the economy has got back on track after the halt. Nonetheless, threats still linger. As property management service industry is closely related to peoples' daily life and supported by social insurance concession policy and relevant grants, the impact on the industry has been relatively small. In addition to the responsibility of epidemic prevention, the industry also shoulders the heavy responsibility of economic development. As at 30 June 2020, the real estate industry of Zhejiang, the place where we operate, recorded a year-on-year growth of 4%<sup>1</sup>. According to the first half of 2020 Hangzhou Property Market White Paper (2020年上半年杭州樓市白皮書) published by the China Index Academy (“**CIA**”), the total land premium of residential-use lands in urban area of Hangzhou reached RMB156.4 billion in the first half of 2020, ranking first among all cities across the China again. Taking advantages on the steady development of the real estate industry, and its important role in social governance, the property management industry has been able to fully demonstrate its value.

In the face of the sudden outbreak of the Epidemic, property management service providers shoulder the responsibilities for prevention of the spreading of the Epidemic in community. “**Go Where There Is Epidemic, Fight It till It Perishes (疫情就是命令，防控就是責任)**” was a commitment of Xi Jinping to fight the Epidemic, the general secretary of the Chinese Communist Party. As the backbone of community protection, property management service providers played an important role in ensuring the safety and security of community and living environment of property owners during the outbreak of the Epidemic. As the Group stayed alert on the large public health issue and assumed its responsibilities for community security, the management of the Group anticipated the development of the Epidemic and took effective measures for prevention of the spreading of the Epidemic by promptly establishing a task force to coordinate the deployment of staff and procurement of materials. As at 23 August 2020, there were no infections recorded by property owners and staff on properties under our management. Our prompt response, professional management and allocation of resources during the battle against the Epidemic were highly recognized in the Epidemic by property owners and local governments as well as the national and local media such as the People's Daily and the CCTV, etc.. Golden Jiangnan\* (金色江南), Jiangnan Star\* (江南之星) and Yuesheng International Community\* (悅盛國際中心社區) were awarded “Anti-epidemic Pioneer Property Project (抗疫先鋒物業項目)”. Jiangnan Star\* (江南之星), Wanjia Xingcheng\* (萬家星城), Wenjing Yuan\* (文景苑), Qiandaohu Dongfang Hai'an\* (千島湖東方海岸) and Daijiang Star\* (大江之星) were awarded “Outstanding Property for Effective Epidemic Prevention (防疫得力物業)” by Hangzhou Housing Security and Management Bureau (杭州市住房保障和房產管理局). Pinghu Wanjia Huacheng\* (平湖萬家花城) was awarded “Outstanding Unit for Anti-epidemic (抗疫先進單位)” by Pinghu Property Service Industry Association (平湖市物業服務行業協會).

\* for identification purpose only

<sup>1</sup> Source: Zhejiang Statistics Bureau

## Chairman's Statement

The Group continues to adhere to its qualitative development expansion strategy. Leveraging our in-depth knowledge of local market, the Group has established a brand name of property services by providing customized quality property management services, which is highly recognized by the market. The Group ranked 26th among the top 100 property management service brands selected by the CIA. As our quality services are highly recognized in the region, we have established a close relationship with Hangzhou Binjiang Investment Holdings Co., Ltd., ("**Binjiang Holdings**") and its subsidiaries ("**Binjiang Group**", a leading property developer in China), which continuously provide large number of premium properties to us. In the first half of the year, the sales of Binjiang Group amounted to RMB54.7 billion. In respect to the land market, Binjiang Group overcame intense competition and acquired 20 premium lands at a total consideration of RMB52.4 billion<sup>2</sup>. Furthermore, the recognition of our premium brand name helps facilitate our Group in the exploration of business opportunities with other independent developers and secure property management contracts for properties managed by property owners' committees. In the first half of the year, the Group achieved remarkable results in business expansion and the revenue derived from and area of properties developed by independent property developers under our management increased by 41.1% and 49.8%, respectively, as compared with the corresponding period of last year. As at 30 June 2020, area of properties developed by independent property developers under our management accounted for 34.6% of the total area under our management, representing an increase of 4.9 percentage points as compared with the corresponding period of last year. The Group maintained its steady growth and qualitative expansion.

In the future, the Group will always adhere to our mission statement of "Make Life Warmer" and further improve the quality of our professional and standardized services with an aim to provide property services with love and care. Great efforts will be put in developing innovative and smart management services. We will also enhance our risk awareness in order to prevent any problem in advance and will be strived to provide property owners with satisfaction, happiness and a safe and secured living environment. We aim to raise the industry value by sharpening the sense of responsibility and mission of the industry and strive to become an industry-leading brand and the benchmark for luxury quality.

<sup>2</sup> Source: 2020 interim report of Binjiang Group

# Management Discussion and Analysis

## BUSINESS REVIEW

In the first half of 2020, the Group maintained steady growth and continued to place emphasis on its development in the Yangtze River Delta. The Group further expanded its operations in the Yangtze River Delta. The Group has 72 subsidiaries and branches covering 20 regions across the Zhejiang Province, as well as in Shanghai, Jiangsu Province and Jiangxi Province in China, providing property management services to approximately 77,000 property units. Moreover, the gross floor area currently being managed by us (“**GFA under management**”) and the combined GFA including those under management and to be managed under signed management contracts (“**contracted GFA**”) of the Group also increased significantly. During the Period, the Group made amendments on the definition of contracted GFA as follows: the GFA managed or to be managed by us under signed property management services contracts. Such amended definition is more consistent with that used within the industry. The Group intends to calculate all contracted GFA thereafter based on the new definition. As at 30 June 2020, the GFA under management was 16.8 million sq.m., representing a year-on-year increase of 28.2%, while the contracted GFA (calculated based on the new definition, similarly hereinafter) was 30.2 million sq.m., representing a year-on-year increase of 29.1%.

Focusing on its operation in Hangzhou with its strong base in Zhejiang, the Group has gained great advantages brought by high regional concentration. According to the statistics data of National Bureau of Statistics of China in 2019, disposal income per capita in Zhejiang amounted to RMB49,899, representing 1.6 times the national average (RMB30,733) and ranked third nationally (Shanghai and Beijing ranked the first and the second, respectively) and first within the province. Due to the nature of the industry, the development of the Group is closely related to the supply of commercial housing. In the first half of 2020, the area of newly supplied commercial housing (excluding affordable housing) in Hangzhou was 1.526 million sq.m., representing an increase of 79.6% as compared with the corresponding period of last year. It is worth noting that the turnover of properties in Hangzhou sold at RMB5 million or above accounted for 16.8% of the total property turnover, representing a year-on-year increase of 3.2 percentage points. Of which, the percentage of turnover of properties sold at RMB10 million or above grew by 0.8 percentage points as compared with the corresponding period of last year<sup>1</sup>. Leveraging on its brand recognition among high-end properties, the Group has benefited from the high-end consumption trend in Hangzhou market. The Group’s main business focus is in Hangzhou and Zhejiang, with GFA within, accounting for 62.1% and 98.9% respectively in the first half of 2020. The Group was named as one of the “Top Ten Property Management Service Companies in Hangzhou (杭州物業服務優勢企業 TOP 10)” by the CIA.

<sup>1</sup> Source: China Index Academy



## Management Discussion and Analysis

In the first half of 2020, the Group was awarded the “2020 China Excellent Listed Property Management Company by Investment Value (2020中國上市物業服務投資價值優秀企業)” by the CIA. Below are some of the individual awards that properties under our management received during the first half of 2020. The phase I of Binjiang Wanjia Xincheng\* (濱江萬家星城) and Qingtang Yingxiang Community\* (錢塘印象社區) were awarded “2020 China 5-star Property Service Project (2020中國五星級物業服務項目)”. Hangzhou Wanjia Xingcheng Phase II\* (杭州萬家星城二期), Shaoxing Golden Home\* (紹興金色家園) and Quzhou Moon Bay\* (衢州月亮灣) were awarded “Waste Sorting High Standard Model Community in Zhejiang (浙江省生活垃圾分類高標準示範社區)”. Wanjia Xingcheng\* (萬家星城), Binjiang City Star\* (濱江城市之星), Dawn City\* (曙光之城), Daijiang Star\* (大江之星), Golden Home\* (金色家園) were named as “Beautiful Home (美好家園)” in Hangzhou. Quzhou Chunjiangyue\* (衢州春江月), Lvgu Yunxi\* (綠谷雲溪), Puyang One\* (浦陽壹號) were awarded “Garden Model Community in Zhejiang (浙江省園林示範社區)”. Quzhou Chunjiangyue\* (衢州春江月) was awarded “Red Property Alliance Model Community in Quzhou (衢州市紅色物業聯盟示範引領社區)” and “Excellent Property Management Model Residential Community in Quzhou (衢州市物業管理優秀示範住宅小區)”. Jinhua Binjiang Jinse Lanting\* (金華濱江金色藍庭) was awarded “Model Property Management Project in Jinhua (金華市物業管理示範項目)”. Nanxiaobu Wenjing Garden\* (南肖埠文景苑) and Nanxiaobu Qinghe Garden\* (南肖埠慶和苑) were awarded “Five-star Property Management Project (物業管理工作五星級物業)”. Puyang One\* (浦陽壹號) was awarded “Excellent Property Project in Jinhua (金華市優秀物業項目)”. Quzhou Moon Bay\* (衢州月亮灣) was awarded “Excellent Unit for Community Coordination and Disaster Prevention and Mitigation (社區聯動、防災減災優秀組織單位)” and “Excellent Property Management Model Residential Community in Quzhou (衢州市物業管理優秀示範住宅小區)”. Dawn City\* (曙光之城) was awarded “Excellent Community for Waste Sorting (垃圾分類工作優勝小區)”. Wanjia Mingcheng Phase II\* (萬家名城二期) was awarded “Outstanding Property Security Unit (優秀物業保安從業單位)”. Golden Dawn Phase I\* (金色黎明一期) was awarded “Outstanding Fire Station of Community (星級社區消防站)” and “Model Community for Waste Sorting in Hangzhou (杭州市垃圾分類示範小區)”. Golden Jiangnan\* (金色江南) was awarded “First Prize of Excellent Project in Qianjiang Century City (錢江世紀城優秀項目一等獎)”, “Five-star Property Service Project in Xiaoshan (蕭山區五星級物業服務項目)” and “Model Community for Waste Sorting in Hangzhou (杭州市垃圾分類示範小區)”. Xiaoshan Branch in Hangzhou was awarded “Outstanding Security Unit (優秀保安從業單位)” by Xiaoshan Branch of Hangzhou Public Security Authorities. Our Jinhua Branch was awarded “Outstanding Company in Building National Civilized Cities in Jinhua (金華市創建全國文明城市成績突出集體)”. The Group is committed to the corporate tenet of “Property Owners First, Service First, Quality First” through providing standardized and specialized services.

\* for identification purpose only

Leveraging on its high-quality service, the Group has been managed to expand its business through various ways and undertake a wide range of projects. In addition to undertaking government projects and maintaining good relationship with strategic partners, the Group also achieved remarkable results in bidding. The Group has undertaken Yun He Ting Phase I (雲荷廷一期) project since January 2020 and has been highly recognized by property owners with its quality services in only half year. With such recognition, we successfully attracted property owners in surrounding communities and won the bidding for Yun He Ting Phase II (雲荷廷二期) project in June 2020, demonstrated that the Group attracts potential customers with its high-quality services and grasp such opportunities to expand its business. In addition, Yinxing Hui (銀杏匯), a super high-rise and high-end residential building with a landmark height of 150 meters by the Qiantang River, became one of the projects managed by us in the first half of the year, reflecting that the service quality of the Group is well-recognized by high-end market.

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

### **BUSINESS MODELS OF THE GROUP**

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

- Property management services. The Group provides a series of high-quality property management services, including security, cleaning, gardening, repair, maintenance and ancillary services 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, displaying units and providing property sales venues management services to property developers at the pre-delivery state of a sale of property. 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.

## Management Discussion and Analysis

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

For the six months ended 30 June 2020, the Group's revenue increased by 31.1% from the corresponding period of last year to RMB416.0 million. The Group's gross profit increased by 48.9% from the corresponding period of last year to RMB136.7 million. The Group's gross profit margin increased by 4 percentage points from the corresponding period of last year to 32.9%. The increase was mainly due to the growth in property management services and value-added services to property owners and decrease in costs as a result of the social insurance concession policy in view of the outbreak of the Epidemic. Revenue generated from property management services were RMB254.5 million, revenue generated from value-added services to non-property owners were RMB121.4 million, and revenue generated from value-added services to property owners were RMB40.1 million.

In the first half of 2020, the average monthly property management fee of the Group was approximately RMB4.23 per sq.m. (the corresponding period of 2019: RMB4.06 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 our 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 2019:

	For the six months ended 30 June			
	2020		2019	
	Contracted GFA ('000 sq.m.)	GFA under Management ('000 sq.m.)	Contracted GFA ('000 sq.m.)	GFA under Management ('000 sq.m.)
At the beginning of the period	26,804	14,369	20,785	11,633
Addition	3,551	2,605	2,566	1,465
Termination	(159)	(159)	—	—
At the end of the period	30,196	16,815	23,351	13,098

Note: As at 30 June 2020, the Group had 196 contracted projects and the contracted GFA was 30.2 million sq.m. (as of 30 June 2019: 23.4 million sq.m.). During the Period, the average monthly property management fee of the Group was approximately RMB4.23 per sq.m. (the corresponding period of 2019: RMB4.06 per sq.m.) calculated by dividing the property management fee income for the period by the average chargeable GFA at the beginning and the end of the Period.

The 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 2019:

	For the six months ended 30 June					
	2020			2019		
	Revenue (RMB'000)	GFA under Management ('000 sq.m.)	Number of projects	Revenue (RMB'000)	GFA under Management ('000 sq.m.)	Number of projects
Residential	210,881	14,489	84	157,770	11,413	66
Non-residential	43,570	2,326	31	33,528	1,685	22
<b>Total</b>	<b>254,451</b>	<b>16,815</b>	<b>115</b>	<b>191,298</b>	<b>13,098</b>	<b>88</b>

The table below sets forth the breakdown of total property management services revenue, GFA under management and number of projects by type of developers during the Period and the corresponding period of 2019:

	For the six months ended 30 June					
	2020			2019		
	Revenue (RMB'000)	GFA under Management ('000 sq.m.)	Number of projects	Revenue (RMB'000)	GFA under Management ('000 sq.m.)	Number of projects
Properties developed by Binjiang Group	173,718	10,992	63	134,091	9,210	53
Properties developed by independent property developers	80,733	5,823	52	57,207	3,888	35
<b>Total</b>	<b>254,451</b>	<b>16,815</b>	<b>115</b>	<b>191,298</b>	<b>13,098</b>	<b>88</b>

## 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 geographic region during the Period and the corresponding period of 2019:

	For the six months ended 30 June					
	2020			2019		
	Revenue (RMB'000)	GFA under Management ('000 sq.m.)	Number of projects	Revenue (RMB'000)	GFA under Management ('000 sq.m.)	Number of projects
Hangzhou	191,884	10,446	78	152,127	8,540	61
Zhejiang province (excluding Hangzhou)	55,392	6,178	36	39,171	4,367	26
Outside Zhejiang	7,175	191	1	—	191	1
<b>Total</b>	<b>254,451</b>	<b>16,815</b>	<b>115</b>	<b>191,298</b>	<b>13,098</b>	<b>88</b>

## PROSPECTS

### Further promotion of quality brand building

The Group will further raise its service standard and develop tailor-made services in order to become a leading property service provider and a model company in Hangzhou and gain brand recognition by leveraging on the quality and brand recognition of Binjiang Real Estate. Through providing effective and consistent services, the Group will gain higher brand value and sustainable market competitiveness. Aiming to become an industry-leading brand and the benchmark for luxury quality, the Group will upgrade its existing service system, strictly and closely monitor its daily quality control and optimize its service system of the customer service butler team, so as to ensure the long-lasting quality of external projects and delivered property projects.

### Further expansion of business scale and market share

According to CIA, the property management service industry in China is highly fragmented. The Group intends to leverage on our successful experience in the high-end market in the Yangtze River Delta and our existing service management system and standard to expand the business coverage in eastern China, focusing on Hangzhou and the Yangtze River Delta. The Group will also explore the opportunities in Guangdong, Hong Kong, Macau and the mid-west China. Once we have established a presence in a new regional market, we plan to grow our presence rate in the market with a view to enhance our economies of scale.

### **Introduction of various services**

Based on the demands of property owners, the Group will refine the concept of “Living Home” service by leveraging on its professional property products and services, so as to expand its leasing service, renovation, repair and maintenance, existing household furnishing upgrades and replacements, sales of real estate and other businesses. 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 maintain and seek for more opportunities for cooperating with well-known enterprises in the industry, and will promote and replicate its successful cooperation model.

### **Further improvement of management and operation systems**

To sustain our growth, the Group has established a talent development system covering both internal training, promotion and external recruitment. The Group’s internal training features differentiated employee cultivation, performance assessment and incentive schemes which tailor to the needs of different positions from entry-level staff to senior management. The Group also focuses on external recruitment to expand our talent pool and nurture management for the future. The Group will also seek to reduce labour cost, improve the motivation of employees and improve management efficiency by using technology, introducing intelligent management system through various channels and rearranging business processes.

## FINANCIAL REVIEW

The Group's revenue was generated from three main business lines: (i) property management services; (ii) value-added services to non-property owners; and (iii) value-added services to property owners. During the Period, (i) the property management services is the largest source of revenue and profit for the Group, accounting for 61.2% of total revenue; (ii) value-added services to non-property owners is the second largest source of revenue for the Group, accounting for 29.2% of total revenue.

	For the six months ended 30 June				Changes %
	2020		2019		
	RMB'000	% of total revenue	RMB'000	% of total revenue	
<b>Property management services</b>	<b>254,451</b>	<b>61.2</b>	191,298	60.3	33.0
Property management services for residential properties	<b>210,881</b>	<b>50.7</b>	157,770	49.7	33.7
Property management services for non-residential properties	<b>43,570</b>	<b>10.5</b>	33,528	10.6	30.0
<b>Value-added services to non-property owners</b>	<b>121,390</b>	<b>29.2</b>	110,889	34.9	9.5
Pre-delivery services	<b>107,477</b>	<b>25.8</b>	92,641	29.2	16.0
Consulting services	<b>7,461</b>	<b>1.8</b>	8,253	2.6	(9.6)
Community space services	<b>6,452</b>	<b>1.6</b>	9,995	3.1	(35.4)
<b>Value-added services to property owners</b>	<b>40,137</b>	<b>9.6</b>	15,117	4.8	165.6
Home living services	<b>13,984</b>	<b>3.3</b>	13,098	4.2	6.8
Customized home furnishing services	<b>11,913</b>	<b>2.9</b>	1,020	0.3	1067.9
Property agent services	<b>833</b>	<b>0.2</b>	999	0.3	(16.6)
Sales of car park space and store room	<b>13,407</b>	<b>3.2</b>	—	—	—
<b>Total</b>	<b>415,978</b>	<b>100.0</b>	<b>317,304</b>	<b>100.0</b>	<b>31.1</b>

**Property management services** consist of security, cleaning, gardening, repair, maintenance and ancillary services. Revenue generated amounted to RMB254.5 million, representing an increase of 33.0% as compared with RMB191.3 million for the corresponding period of 2019. It was the Group's main source of revenue and accounted for 61.2% of total revenue for the six months ended 30 June 2020. The increase of revenue was mainly because the number of projects under management increased by 27 over the corresponding period of the last year. Revenue generated from the provision of property management services to properties developed by Binjiang Group was RMB173.7 million as compared with RMB134.1 million for the corresponding period of 2019, accounted for 68.3% of revenue from property management services during the Period.

**Value-added services to non-property owners** mainly include pre-delivery services, consulting services and community space services. Revenue generated amounted to RMB121.4 million, representing an increase of 9.5% as compared with RMB110.9 million for the corresponding period of 2019, and accounted for approximately 29.2% of the Group's total revenue. The increase of revenue was mainly due to the significant increase in the number of projects of value-added services to non-property owners projects.

**Value-added services to property owners** are mainly composed of home living services, customized home furnishing services and property agent services. Revenue generated amounted to RMB40.1 million, representing an increase of 165.6% as compared with RMB15.1 million for the corresponding period of 2019, and accounted for approximately 9.6% of the Group's total revenue. The increase of revenue was mainly due to the growth in customized home furnishing services and sales of car park space.

## GROSS PROFIT AND GROSS PROFIT MARGIN

Based on the above factors, during the Period, the Group's gross profit increased by 48.9% from RMB91.8 million for the six months ended 30 June 2019 to RMB136.7 million for the six months ended 30 June 2020. The Group's gross profit margin increased by 4.0 percentage points from 28.9% for the six months ended 30 June 2019 to 32.9% for the six months ended 30 June 2020, mainly due to significant increase in gross profit from property management services and significant growth in value-added services to property owners with higher gross profit margin.

	For the six months ended 30 June						
	2020			Change in gross profit margin Percentage points	2019		
	Gross profit  RMB'000	Gross profit margin  %	% of gross profit  %		Gross profit  RMB'000	Gross profit margin  %	% of gross profit  %
Property management services	55,873	22.0	40.9	6.1	30,346	15.9	33.1
Value-added services to non-property owners	59,758	49.2	43.7	2.1	52,241	47.1	56.9
Value-added services to property owners	21,064	52.5	15.4	(8.4)	9,207	60.9	10.0
Total	136,695	32.9	100.0	4.0	91,794	28.9	100.0

Gross profit of property management services increased by 84.5% from RMB30.3 million for the six months ended 30 June 2019 to RMB55.9 million for the six months ended 30 June 2020, and gross profit margin increased by 6.1 percentage points from 15.9% for the six months ended 30 June 2019 to 22.0% for the six months ended 30 June 2020, mainly due to the increase in gross profit margin from newly delivered projects and decrease in costs as a result of the social insurance concession policy during the outbreak of the Epidemic.

Gross profit of value-added services to non-property owners increased by 14.3% from RMB52.3 million for the six months ended 30 June 2019 to RMB59.8 million for the six months ended 30 June 2020, and gross profit margin increased by 2.1 percentage points from 47.1% for the six months ended 30 June 2019 to 49.2% for the six months ended 30 June 2020, mainly due to the decrease in costs as a result of the social insurance concession policy during the outbreak of the Epidemic.



Gross profit of value-added services to property owners increased by 129.3% from RMB9.2 million for the six months ended 30 June 2019 to RMB21.1 million for the six months ended 30 June 2020, and gross profit margin decreased from 60.9% for the six months ended 30 June 2019 to 52.5% for the six months ended 30 June 2020. The decrease was mainly due to the decrease in overall gross profit margin resulted from the significant growth in customized home furnishing services.

### **COST OF SALES**

During the Period, the Group's cost of sales increased by 23.8% from RMB225.5 million for the six months ended 30 June 2019 to RMB279.3 million for the six months ended 30 June 2020, mainly due to the increase in number of projects and growth of business scale.

### **SELLING AND MARKETING EXPENSES**

During the Period, the Group's selling and marketing expenses decreased by 50.0% from RMB0.4 million for the six months ended 30 June 2019 to RMB0.2 million for the six months ended 30 June 2020.

### **ADMINISTRATIVE EXPENSES**

During the Period, the Group's administrative expenses decreased by 52.6% from RMB26.6 million for the six months ended 30 June 2019 to RMB12.6 million for the six months ended 30 June 2020, mainly due to the listing expenses of RMB14.2 million incurred in the corresponding period of 2019, which the Group did not incur in the Period.

### **OTHER EXPENSES**

During the Period, the Group's other expenses increased from RMB2.3 million for the six months ended 30 June 2019 to RMB6.0 million for the six months ended 30 June 2020, mainly due to the increase in impairment losses on trade receivables as a result of the increase in credit risks.

### **NET FINANCE INCOME/(COSTS)**

During the Period, the Group's finance income represents interest income on bank deposits, the finance income increased from RMB3.9 million for the six months ended 30 June 2019 to RMB14.3 million for the six months ended 30 June 2020. The increase was mainly because the Group placed a certain amount of cash as fixed deposits held at the bank for higher interest income to secure liquidity. 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 decreased from RMB1.0 million for the six months ended 30 June 2019 to RMB0.2 million for the six months ended 30 June 2020, mainly due to the decrease in interest expenses on advance payments from customers.

### **SHARE OF PROFITS LESS LOSSES OF AN ASSOCIATE**

During the Period, the Group's share of profits less losses of an associate changed from a loss of RMB1.6 million for the six months ended 30 June 2019 to a loss of RMB0.9 million for the six months ended 30 June 2020, mainly because the results for the Period were not improved as the business of the Group's share of an associate was under expansion.

### PROFIT BEFORE TAXATION

During the Period, profit before taxation was RMB138.9 million, representing an increase of 109.5% as compared with RMB66.3 million for the corresponding period of 2019, mainly due to the growth in business and gross profit margins in the current period. In addition, the increase was because we did not incur any listing expenses and recorded an increase in interest income.

### INCOME TAX

During the Period, income tax expenses were RMB35.2 million, representing an increase of 102.3% as compared with RMB17.4 million for the corresponding period of 2019, mainly due to the increase in the profit before taxation for the Period.

### PROFIT FOR THE PERIOD

During the Period, the Group's profit was RMB103.8 million, representing an increase of 112.3% as compared with RMB48.9 million for the corresponding period of 2019, mainly due to increased business scale and sales income. Profit attributable to equity shareholders of the Company was RMB102.6 million, representing an increase of 110.7% as compared with RMB48.7 million for the corresponding period of 2019. Net profit margin (profit attributable to equity shareholders of the Company divided by revenue) was 24.7%, representing an increase of 9.4 percentage points as compared with 15.3% for the corresponding period of the last year, mainly because the Group recorded an increase in profit and did not incur any listing expenses in the Period.

### CURRENT ASSETS AND FINANCIAL RESOURCES

The Group maintained good financial performance during the Period. As at 30 June 2020, current assets were RMB1,230.0 million, representing an increase of 13.4% as compared with RMB1,084.5 million as at 31 December 2019.

The Group's cash and cash equivalents were RMB684.7 million, representing an increase of 32.5% as compared with RMB516.7 million as at 31 December 2019. This was mainly due to the growth in results of the Group. Current ratio during the Period was 2.07 times, representing a decrease as compared with 2.28 times as at 31 December 2019.

As at 30 June 2020, the total equity of the Group was RMB758.1 million, representing an increase of 4.3% as compared with RMB726.6 million as at 31 December 2019. This was mainly due to the increase in profit.

### 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 0.004 as at 30 June 2020 (as at 31 December 2019: 0.004).

## **PROPERTY, PLANT AND EQUIPMENT**

As at 30 June 2020, the property, plant and equipment of the Group amounted to RMB11.7 million, representing a decrease of 9.6% as compared with RMB12.9 million as at 31 December 2019, mainly due to the decrease in right of use assets for the Period.

## **CONTINGENT LIABILITIES**

The Group did not have any contingent liabilities as at 30 June 2020.

## **PLEGGED ASSETS**

The Group did not have any pledged assets as at 30 June 2020.

## **TRADE AND OTHER RECEIVABLES**

As at 30 June 2020, trade and other receivables amounted to RMB125.4 million, representing an increase of RMB59.1 million or 89.1% as compared with RMB66.3 million as at 31 December 2019, mainly due to seasonality because the Group usually enhances trade receivables collection at the year-end and the increased business scale and income of the Group.

## **TRADE AND OTHER PAYABLES**

As at 30 June 2020, trade and other payables amounted to RMB352.8 million, representing an increase of RMB34.5 million or 10.8% as compared with RMB318.3 million as at 31 December 2019. This was mainly due to an increase in business scale resulting in the increase in temporary receipts from property owners.

## **SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES**

For the six months ended 30 June 2020, the Group did not have any significant investments, acquisitions and disposals, or any material acquisitions and disposals of any subsidiaries, associated companies and joint ventures.

## 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 2020, the Group has established four joint ventures which manage seven projects under management and one 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 2020, the Group had a total of 4,836 employees (as at 31 December 2019: 4,280). The staff cost of the Group during the Period was RMB173.0 million (2019: RMB152.1 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.

### EVENTS AFTER THE PERIOD

The Group had no subsequent event after 30 June 2020 and up to the date of this 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 2020, the Company has adopted and complied with all applicable code provisions under the Corporate Governance Code (“**CG 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 2020.

For the six months ended 30 June 2020, 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

The Board resolved not to declare any interim dividend for the six months ended 30 June 2020.

### 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 the retirement of Cai Haijing, our Director, from the positions of independent non-executive director and a member of the audit committee of Zhejiang Jinke Culture Industry Co., Ltd.\* (浙江金科文化產業股份有限公司), a technology company listed on the Shenzhen Stock Exchange (stock code: 300459), after the expiry of her term of office with effect from 8 July 2020, there was no change to any information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules during the period from the publication date of annual report 2019 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 2020.

\* for identification purpose only

## USE OF PROCEEDS FROM THE LISTING

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

The Group had utilized approximately HK\$59.7 million of the net proceeds as at 30 June 2020. The unutilized net proceeds of approximately HK\$395.6 million are intended to be applied in the manner consistent with the proposed allocations. As at 30 June 2020, the net proceeds had been utilized as follows:

Use of proceeds	Amount of net proceeds HK\$ million	Unutilized amount as at 1 January 2020 HK\$ million	Utilized amount during the Period HK\$ million	Unutilized amount as at 30 June 2020 HK\$ million
Acquisition of property management companies located in major cities in the Yangtze River Delta to further increase the Group's market share in the existing market, and also in new cities such as Shenzhen to expand the Group's geographical coverage <sup>1</sup>	159.4	159.4	—	<b>159.4</b>
Updating the Group's management service systems and recruiting and nurturing talents <sup>2</sup>	113.8	103.7	24.3	<b>79.4</b>
Investment in the asset management platform to engage in the operation of industrial parks <sup>3</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>4</sup>	45.5	36.2	7.0	<b>29.2</b>
As working capital and for other general corporate purposes <sup>5</sup>	45.5	43.8	7.3	<b>36.5</b>
	<b>455.3</b>	<b>434.2</b>	<b>38.6</b>	<b>395.6</b>

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.

- <sup>1</sup> The Group is actively identifying acquisition targets, and this portion of proceeds will be used after the acquisition targets are determined. It is expected that this portion of proceeds will be completely utilized by 2022.
- <sup>2</sup> The Group has started to update the management service system in 2019, which is expected to be completed by 2021. The proceeds for recruitment and nurture of talents will be used according to the needs of the Group from time to time.
- <sup>3</sup> The Group expects that investment in the platform will be made in 2020 and the establishment of the platform will be completed by 2021. The Group actively explored a platform for investment for the six months ended 30 June 2020. The proceeds will be used when a suitable platform is identified.
- <sup>4</sup> The Group has launched the cooperation projects and established joint venture companies in the second half of 2019. The projects will be completed by 2021. As at 30 June 2020, 4 joint ventures had been established to manage 7 existing management projects and 1 pre-delivery project.
- <sup>5</sup> To be used according to the business needs of the Group from time to time. It is expected that this portion of proceeds will be completely utilized by 2022.

Any changes in the aforesaid plans of the use of proceeds will be published via an announcement in due course and updated in the annual report for 2020 of the Company.



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

As of 30 June 2020, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which had been notified to the Company and the 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 2020, each of Jovial Success Global Holdings Limited ("Jovial Success") and Haoyu Ventures Limited ("Haoyu") hold 12.89% of issued share capital of the Company, respectively. The entire issued share capital of Jovial Success and Haoyu are held by Infiniti Trust (Asia) Limited (through its nominee companies) as a trustee of each Splendid Force Trust and Great Splendor Trust, respectively. Splendid Force Trust is a discretionary trust set out by Mr. ZHU Huiming ("Mr. ZHU") as settlor on 19 November 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 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 2020, none of the Directors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the 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 2020, to the knowledge of the Directors of the Company, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register of the Company required to be maintained pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest	Number of shares	Long/Short position/ 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 (Note 2)	Settlor of a discretionary trust and interest in controlled corporation	35,640,000	Long position	12.89%
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 2020, Great Dragon holds 45.85% of issued share capital of the Company. The entire issued share capital of Great Dragon is held by Cantrust (Far East) Limited (through its nominee company) as trustee of Bright Cloud Trust. Bright Cloud Trust is a discretionary trust set up by Mr. QI as settlor on November 19, 2018. The beneficiaries of the Bright Cloud Trust include Mr. QI and certain family members of Mr. QI.
- (2) As of 30 June 2020, each of Jovial Success and Haoyu hold 12.89% of issued share capital of the Company, respectively. The entire issued share capital of Jovial Success and Haoyu are held by Infiniti Trust (Asia) Limited (through its nominee companies) as trustee of each Splendid Force Trust and Great Splendor Trust, respectively. Splendid Force Trust is a discretionary trust set 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 2020, to the knowledge of the Directors, none of any other person (other than the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register referred to in section 336 of the SFO.

### SHARE OPTION SCHEME

For the six months ended 30 June 2020, 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 2020 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 month 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 2020 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

27 August 2020

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2020 — unaudited  
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2020 RMB'000	2019 RMB'000
<b>Revenue</b>	3(a)	<b>415,978</b>	317,304
Cost of sales		<b>(279,283)</b>	(225,510)
<b>Gross profit</b>		<b>136,695</b>	91,794
Other revenue	4	<b>7,713</b>	1,452
Other net income	4	<b>118</b>	966
Selling and marketing expenses		<b>(183)</b>	(367)
Administrative expenses		<b>(12,597)</b>	(26,555)
Other expenses		<b>(6,008)</b>	(2,334)
<b>Profit from operations</b>		<b>125,738</b>	64,956
Finance income		<b>14,341</b>	3,899
Finance costs		<b>(226)</b>	(958)
<b>Net finance income</b>	5(a)	<b>14,115</b>	2,941
Share of profits less losses of associates		<b>(921)</b>	(1,566)
<b>Profit before taxation</b>	5	<b>138,932</b>	66,331
Income tax	6	<b>(35,150)</b>	(17,440)
<b>Profit for the period</b>		<b>103,782</b>	48,891
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>102,649</b>	48,684
Non-controlling interests		<b>1,133</b>	207
		<b>103,782</b>	48,891

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

for the six months ended 30 June 2020 — unaudited  
(Expressed in Renminbi Yuan)

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Profit for the period</b>		<b>103,782</b>	48,891
<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>7,896</b>	12,238
<b>Total comprehensive income for the period</b>		<b>111,678</b>	61,129
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>110,545</b>	60,922
Non-controlling interests		<b>1,133</b>	207
<b>Total comprehensive income for the period</b>		<b>111,678</b>	61,129
<b>Earnings per share</b>	7		
Basic and diluted (RMB)		<b>0.37</b>	0.20

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 2020 — unaudited  
(Expressed in Renminbi Yuan)

	<i>Note</i>	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	8	11,667	12,904
Investment in associates		2,452	922
Deferred tax assets		8,805	5,316
Time deposits	11(a)	100,000	100,000
		<b>122,924</b>	119,142
<b>Current assets</b>			
Inventories	9	32,698	33,379
Trade and other receivables	10	125,410	66,298
Time deposits	11(a)	344,928	428,514
Restricted bank balances	11(b)	42,225	39,586
Cash and cash equivalents	11(c)	684,717	516,707
		<b>1,229,978</b>	1,084,484
<b>Current liabilities</b>			
Contract liabilities	12	204,284	117,340
Trade and other payables	13	352,799	318,329
Lease liabilities		2,266	2,226
Current taxation		34,880	38,421
		<b>594,229</b>	476,316
<b>Net current assets</b>			
		<b>635,749</b>	608,168
<b>Total assets less current liabilities</b>			
		<b>758,673</b>	727,310
<b>Non-current liability</b>			
Lease liabilities		560	762
<b>NET ASSETS</b>			
		<b>758,113</b>	726,548

## Consolidated Statement of Financial Position

at 30 June 2020 — unaudited  
(Expressed in Renminbi Yuan)

	<i>Note</i>	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
<b>CAPITAL AND RESERVES</b>			
Share capital	14(b)	181	181
Reserves		752,085	721,653
<b>Total equity attributable to equity shareholders of the Company</b>		<b>752,266</b>	721,834
<b>Non-controlling interests</b>		<b>5,847</b>	4,714
<b>TOTAL EQUITY</b>		<b>758,113</b>	726,548

Approved and authorised for issue by the board of directors on 27 August 2020.

<b>Zhu Lidong</b>	)	
	)	
	)	
	)	Directors
<b>Zhong Ruoqin</b>	)	
	)	
	)	

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 2020 — unaudited  
(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company									
	Note	Share capital RMB'000 note 14(b)	Share premium RMB'000 note 14(c)	Capital reserve RMB'000	The People's Republic of China ("PRC") statutory reserves 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 2019</b>		129	87,043	(66,484)	10,000	50	150,620	181,358	3,374	184,732
<b>Changes in equity for the six months ended 30 June 2019:</b>										
Profit for the period		—	—	—	—	—	48,684	48,684	207	48,891
Other comprehensive income for the period		—	—	—	—	12,238	—	12,238	—	12,238
Total comprehensive income		—	—	—	—	12,238	48,684	60,922	207	61,129
Issue of ordinary shares upon initial public offering, net of issuing costs	14(b)(ii)	45	373,738	—	—	—	—	373,783	—	373,783
Issue of ordinary shares upon exercise of the over-allotment option in connection with initial public offering, net of issuing costs	14(b)(iii)	7	56,101	—	—	—	—	56,108	—	56,108
Dividends declared in respect of the previous year	14(a)	—	(24,235)	—	—	—	—	(24,235)	—	(24,235)
<b>Balance at 30 June 2019 and 1 July 2019</b>		181	492,647	(66,484)	10,000	12,288	199,304	647,936	3,581	651,517
<b>Changes in equity for the six months ended 31 December 2019:</b>										
Profit for the period		—	—	—	—	—	65,997	65,997	33	66,030
Other comprehensive income for the period		—	—	—	—	7,901	—	7,901	—	7,901
Total comprehensive income		—	—	—	—	7,901	65,997	73,898	33	73,931
Capital injection from non-controlling shareholders		—	—	—	—	—	—	—	1,100	1,100
<b>Balance at 31 December 2019</b>		181	492,647	(66,484)	10,000	20,189	265,301	721,834	4,714	726,548

## Consolidated Statement of Changes in Equity

for the six months ended 30 June 2020 — 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 note 14(b)	RMB'000 note 14(c)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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	—	—	—	—	7,896	102,649	110,545	1,133	111,678
Dividends declared in respect of the previous year	14(a)	(80,113)	—	—	—	—	(80,113)	—	(80,113)
<b>Balance at 30 June 2020</b>	181	412,534	(66,484)	10,000	28,085	367,950	752,266	5,847	758,113

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 2020 — unaudited  
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2020 RMB'000	2019 RMB'000
<b>Operating activities</b>			
Cash generated from operations		184,856	67,002
PRC Corporate Income tax paid		(42,180)	(24,910)
<b>Net cash generated from operating activities</b>		<b>142,676</b>	42,092
<b>Investing activities</b>			
Payments for the purchase of property, plant and equipment		(1,481)	(3,416)
Payments for purchase of financial assets classified as fair value through profit or loss (“FVPL”)		(138,000)	(587,000)
Proceeds from redemption of financial assets classified as FVPL		138,728	588,810
Increase in time deposits with maturity over three months		(306,513)	(523,046)
Decrease in time deposits with maturity over three months		395,718	—
Interest received		17,441	331
Payment for investment in an associate		(2,450)	—
<b>Net cash generated from/(used in) investing activities</b>		<b>103,443</b>	(524,321)
<b>Financing activities</b>			
Proceeds from issue of shares, net of issuing costs		—	429,891
Dividends paid		(80,113)	(24,235)
Other cash flows arising from financing activities		(273)	(230)
<b>Net cash (used in)/generated from financing activities</b>		<b>(80,386)</b>	405,426
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>165,733</b>	(76,803)
<b>Cash and cash equivalents at 1 January</b>	11	<b>516,707</b>	458,543
<b>Effect of foreign exchanges rate changes</b>		<b>2,277</b>	12,238
<b>Cash and cash equivalents at 30 June</b>	11	<b>684,717</b>	393,978

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 2020 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 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 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 2019 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 27 August 2020. 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 *References to the Conceptual Framework in IFRS Standards*
- Amendments to IFRS 3, *Definition of a Business*
- Amendments to IFRS 9, IAS 39 and IFRS 7, *Interest Rate Benchmark Reform*
- Amendments to IAS 1 and IAS 8, *Definition of Material*

None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. 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 value-added services to property owners.

The amount of each significant category of revenue that fall within the scope of IFRS15 and are recognised in the consolidated statement of profit or loss and other comprehensive income are as follows:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
<b>Revenue recognised over time:</b>		
Property management services	254,451	191,298
Value-added services to non-property owners	121,390	110,889
Value-added services to property owners	13,984	13,098
	<b>389,825</b>	315,285
<b>Revenue recognised at point in time:</b>		
Value-added services to property owners ( <i>note</i> )	26,153	2,019
	<b>415,978</b>	317,304

*Note:* For value-added services to property owners 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 2020, the Group had transactions with one customer exceeding 10% individually of its total revenue (six months ended 30 June 2019: one).

(Expressed in Renminbi Yuan unless otherwise indicated)

**3 Revenue and segment reporting** (Continued)**(b) Segment reporting**

The directors of the Company have been identified as the Group's most senior executive management. Operating segments are identified on the basis of internal reports that 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 income**

	<b>Six months ended 30 June</b>	
	<b>2020</b> <i>RMB'000</i>	<b>2019</b> <i>RMB'000</i>
<b>Other revenue</b>		
Government grants ( <i>note (i)</i> )	<b>7,579</b>	1,428
Others	<b>134</b>	24
	<b>7,713</b>	1,452
	<b>Six months ended 30 June</b>	
	<b>2020</b> <i>RMB'000</i>	<b>2019</b> <i>RMB'000</i>
<b>Other net income</b>		
Net loss on disposal of property, plant and equipment	<b>(2)</b>	(52)
Net realised gains on FVPL	<b>728</b>	1,810
Net foreign exchange losses	<b>(608)</b>	(792)
	<b>118</b>	966

- (i) During the six months ended 30 June 2020, the Group received the subsidy income of RMB4,880,000 from the relevant government in relation to the impact of the Coronavirus Disease 2019 ("COVID-19") (six months ended 30 June 2019: Nil).

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 5 Profit before taxation

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

#### (a) Net finance income

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Interest income on time deposits	(14,341)	(3,899)
Interest expense on advance payments from customers	115	838
Interest on lease liabilities	111	120
Net finance income	(14,115)	(2,941)

#### (b) Staff costs

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Salaries and other benefits	161,004	139,180
Contributions to defined contribution scheme	11,971	12,872
	172,975	152,052

- (i) 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 (six months ended 30 June 2019: Nil).

(Expressed in Renminbi Yuan unless otherwise indicated)

**5 Profit before taxation** (Continued)**(c) Other items**

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	<i>RMB'000</i>
Depreciation		
— owned property, plant and equipment	<b>1,623</b>	2,077
— right-of-use assets	<b>1,093</b>	1,112
	<b>2,716</b>	3,189
Impairment losses on trade receivables	<b>5,992</b>	2,269
Listing expenses	—	14,174
Expenses related to short-term leases and other leases with remaining lease term ended on or before 31 December 2019	<b>1,529</b>	1,453
Auditors' remuneration	<b>500</b>	500
Cost of inventories	<b>13,169</b>	802
Outsourcing labor costs	<b>40,866</b>	33,795

**6 Income tax**

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

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	<i>RMB'000</i>
<b>Current tax</b>		
PRC corporate income tax	<b>38,639</b>	18,882
<b>Deferred taxation</b>		
Origination and reversal of temporary differences	<b>(3,489)</b>	(1,442)
	<b>35,150</b>	17,440

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 2019: Nil).



## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 6 Income tax (Continued)

The Group's PRC subsidiaries are subject to PRC income tax at 25%. For certain subsidiaries recognised as a small profit enterprise in 2020, the portion of annual taxable income amount, which does not exceed RMB1 million, shall be computed at a reduced rate of 25% as taxable income amount, and be subject to enterprise income tax at 20%. And the portion of annual taxable income, which exceeds RMB1 million but does not exceed RMB3 million, shall be computed at a reduced rate of 50% as taxable income amount, and be subject to enterprise income tax at 20%.

### 7 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB102,649,000 for the six months ended 30 June 2020 (six months ended 30 June 2019: RMB48,684,000) and the weighted average of 276,407,000 ordinary shares (six months ended 30 June 2019: weighted average number of 244,197,000 shares), calculated as follows:

	2020	2019
Issued ordinary shares at 1 January	276,407,000	20
Effect of shares sub-division (note (i))	—	199,999,980
Effect of issue of 66,700,000 shares upon initial public offering on 15 March 2019 (note 14(b)(ii))	—	39,799,000
Effect of issue of 9,707,000 shares upon exercise of the over-allotment option on 10 April 2019 (note 14(b)(iii))	—	4,398,000
Weighted average number of ordinary shares at 30 June	276,407,000	244,197,000

- (i) The number of ordinary shares outstanding before the shares sub-division completed on 21 February 2019 (note 14(b)(i)) was adjusted for the proportionate increase in the number of ordinary shares outstanding without a corresponding change in resources, as if the shares sub-division had occurred at the beginning of the earliest period presented.

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 2020 and 2019.

### 8 Property, plant and equipment

#### Acquisition of owned assets

During the six months ended 30 June 2020, the Group acquired items of office equipment and furniture and motor vehicles with a cost of RMB1,481,000 (six months ended 30 June 2019: RMB3,416,000).

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 9 Inventories

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Properties held for re-sale ( <i>note</i> )	32,672	33,364
Consumables	26	15
	<b>32,698</b>	<b>33,379</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.

### 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:

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Within 1 year	64,089	19,105
1 to 2 years	1,193	1,805
Total trade receivables from third parties, net of loss allowance	<b>65,282</b>	20,910
Deposits and prepayments	<b>22,895</b>	24,785
Amounts due from related parties		
— trade nature	14,427	2,032
— non-trade nature	35	—
Payments on behalf of property owners	4,879	2,861
Advances to employees	5,843	1,077
Interest receivables	10,174	13,095
Other receivables	1,875	1,538
	<b>125,410</b>	<b>66,298</b>

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.

## 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

#### (a) Time deposits

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Time deposits held at the bank with original maturity over three months	444,928	528,514
Less: Amount included under "current assets"	(344,928)	(428,514)
	<b>100,000</b>	100,000

As at 30 June 2020, the time deposits held at the bank with original maturity over three months have annual interest rates ranging from 2.50% to 4.13% (2019: from 2.25% to 4.13%).

#### (b) Restricted bank balances

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Cash collected on behalf of the owners' associations	42,175	39,536
Restricted deposits	50	50
	<b>42,225</b>	39,586

#### (c) Cash and cash equivalents

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Cash on hand	213	233
Cash at bank	726,729	556,060
	<b>726,942</b>	556,293
Less: Restricted bank balances	(42,225)	(39,586)
	<b>684,717</b>	516,707

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 12 Contract liabilities

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
<b>Contract liabilities</b>		
Property management services	171,561	72,936
Value-added services to non-property owners	3,370	6,285
Value-added services to property owners	29,353	38,119
	<b>204,284</b>	<b>117,340</b>

### 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:

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
	<i>Note</i>	
Within 1 month or on demand	23,211	14,202
After 1 month but within 3 months	40	242
After 3 months but within 1 year	1,512	366
Over 1 year	330	624
Total trade payables from third parties	<b>25,093</b>	<b>15,434</b>
Amounts due to related parties	<i>(i)</i>	
— trade nature	18,418	23,309
— non-trade nature	164	206
Deposits	29,935	22,129
Other taxes and charges payable	9,164	8,530
Accrued payroll and other benefits	69,216	82,085
Cash collected on behalf of the property owners' associations	42,175	39,536
Temporary receipts from property owners	147,593	115,575
Other payables and accruals	11,041	11,525
	<b>352,799</b>	<b>318,329</b>

- (i) The amounts due to related parties are unsecured and interest-free. Among which, RMB16,432,000 (2019: RMB21,323,000) are prepaid consulting services fees received from related parties and expected to be recognised as income within one year.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 14 Capital, reserves and dividends

#### (a) Dividends

During the six months ended 30 June 2020, a final dividend of HKD0.228 per share and special dividend of HKD0.091 per share in respect of the year ended 31 December 2019 (six months ended 30 June 2019: final dividend of HKD0.1 per share) was declared and paid to the equity shareholders of the Company. The aggregate amount of the final and special dividend declared and paid during the six months ended 30 June 2020 amounted to HKD88,174,000 (RMB equivalent 80,113,000) (six months ended 30 June 2019: HKD27,641,000 (RMB equivalent 24,235,000)).

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2020.

#### (b) Share capital

	At 30 June 2020		At 31 December 2019	
	No. of shares ('000)	RMB'000	No. of shares ('000)	RMB'000
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	276,407	181	20	129
Issuance of shares	—	—	—	—
Shares sub-division (note (i))	—	—	199,980	—
Issuance of ordinary shares upon initial public offering (note (ii))	—	—	66,700	45
Partial exercise of over-allotment option (note (iii))	—	—	9,707	7
	<b>276,407</b>	<b>181</b>	<b>276,407</b>	<b>181</b>

##### (i) Share subdivision

In accordance with the shareholders' resolution of the Company dated 21 February 2019, the Company's share with par value of US\$1.00 each was subdivided into 10,000 shares with par value of US\$0.0001 each. Accordingly, the issued 20,000 shares of the Company with par value of US\$1.00 each were sub-divided into 200,000,000 shares with par value of US\$0.0001 each thereafter.

##### (ii) Issuance of ordinary shares upon initial public offering

On 15 March 2019, the Company issued 66,700,000 shares with par value of US\$0.0001, at a price of HK\$6.96 per share by initial public offering. Net proceeds from such issue amounted to HKD436,815,000 (equivalent to RMB373,783,000) out of HKD53,000 (equivalent to RMB45,000) and HKD436,762,000 (equivalent to RMB373,738,000) were recorded in share capital and share premium respectively.

(Expressed in Renminbi Yuan unless otherwise indicated)

**14 Capital, reserves and dividends** (Continued)**(b) Share capital** (Continued)

## (iii) Partial exercise of the over-allotment option

On 10 April 2019, the over-allotment option was partially exercised by the sole global coordinator in respect of an aggregate of 9,707,000 shares with par value of US\$0.0001, at a price of HK\$6.96 per share. Net proceeds from such issue amounted to HKD65,531,000 (equivalent to RMB56,108,000) out of which HKD8,000 (equivalent to RMB7,000) and HKD65,523,000 (equivalent to RMB56,101,000) were recorded in share capital and share premium respectively.

**(c) 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 Material related party transactions****(a) Name of and relationship with related parties**

Name of party	Relationship with the Group
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:	Binjiang Holding is controlled by Mr. Qi Jinxing
(i) Hangzhou Binjiang Real Estate Group Co., Ltd. (“ <b>Binjiang Real Estate</b> ”) 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
Yueqing Liangrong Real Estate Co., Ltd. 樂清市梁榮置業有限公司	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

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 15 Material related party transactions (Continued)

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

<b>Name of party</b>	<b>Relationship with the Group</b>
Wenzhou Zhetong Real Estate Co., Ltd. 溫州浙同置業有限公司	Associate of Binjiang Holding
Zhejiang Yaohua Construction Technology Co., Ltd. 浙江耀華建設構件科技有限公司	Associate of Binjiang Holding
Hangzhou Tongda Real Estate Co., Ltd. 杭州同達置業有限公司	Associate of Binjiang Holding
Deqing Jingsheng Real Estate Co., Ltd. 德清京盛房地產開發有限公司	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
Hangzhou Baohong Real Estate Co., Ltd. 杭州保泓房地產開發有限公司	Associate of Binjiang Holding
Hangzhou Binqin Real Estate Co., Ltd. 杭州濱沁房地產開發有限公司	Associate of Binjiang Holding
Jinhua Binlan Real Estate Co., Ltd. 金華濱藍房地產開發有限公司	Associate of Binjiang Holding
Hangzhou Jingjiang Real Estate Co., Ltd. 杭州京江房地產開發有限公司	Associate of Binjiang Holding
Hangzhou Tianyue Real Estate 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 Binan Real Estate Co., Ltd. 杭州濱安房地產開發有限公司	Associate of Binjiang Holding
Hangzhou Binbo Real Estate Co., Ltd. 杭州濱博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

(Expressed in Renminbi Yuan unless otherwise indicated)

**15 Material related party transactions** (Continued)**(a) Name of and relationship with related parties** (Continued)

Name of party	Relationship with the Group
Hangzhou Xinda Aoti Real Estate Co., Ltd. 杭州信達奧體置業有限公司	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 Bohang Real Estate Co., Ltd. 杭州博航房地產開發有限公司	Associate of Binjiang Holding

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

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

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Property management services and consulting services income from:		
— Binjiang Real Estate and its subsidiaries	63,913	65,544
— Associates of Binjiang Holding	36,104	24,205
Receiving services of short-term leases and other leases with remaining lease term ended on or before 31 December 2019		
— Binjiang Real Estate and its subsidiaries	21	48
Interest expense on lease liabilities:		
— Binjiang Real Estate and its subsidiaries (note (i))	111	119
Receiving catering services from:		
— Binjiang Catering	177	90
Purchasing goods from:		
— Binjiang Real Estate and its subsidiaries	—	21,697



## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 15 Material related party transactions (Continued)

#### (c) Balances with related parties

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
<b>Amounts due from:</b>		
Binjiang Real Estate and its subsidiaries:		
— Trade nature	10,329	681
Associates of Binjiang Holding:		
— Trade nature	4,098	1,351
— Non-trade nature	35	—
	4,133	1,351
	14,462	2,032
<b>Amounts due to:</b>		
Binjiang Real Estate and its subsidiaries:		
— Trade nature	12,639	15,711
— Non-trade nature	64	106
	12,703	15,817
Associates of Binjiang Holding:		
— Trade nature	5,779	7,598
— Non-trade nature	100	100
	5,879	7,698
	18,582	23,515
<b>Lease liabilities:</b>		
— Binjiang Real Estate and its subsidiaries (note (i))	2,826	2,965

- (i) The minimum amount of rent payable by the Group to related parties under the terms of the arrangement in connection with its use of office buildings had resulted in nil additions of right-of-use assets during the six months ended 30 June 2020 (six months ended 30 June 2019: nil) and the recognition of lease liabilities with the balance of RMB2,826,000 and right-of-use assets with the balance of RMB1,850,000 as at 30 June 2020 (31 December 2019: lease liabilities with the balance of RMB2,965,000 and right-of-use assets with the balance of RMB2,921,000).

In addition, the Group recorded depreciation of right-of-use asset of RMB1,071,000 and interest expenses on lease liabilities of RMB111,000 in its consolidated statement of profit or loss and other comprehensive income during the six months ended 30 June 2020 (six months ended 30 June 2019: depreciation of right-of-use asset of RMB1,091,000 and interest expenses on lease liabilities of RMB119,000). The payment of capital element and interest element of lease rentals by the Group to related parties were RMB139,000 and RMB111,000 respectively during the six months ended 30 June 2020 (six months ended 30 June 2019: RMB89,000 and RMB119,000 respectively).