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- Gross profit was RMB449.7 million in 2021, representing an increase of 51.3% as compared with RMB297.3 million in 2020. Gross profit margin was 32.1% in 2021, representing an increase of 1.1 percentage points as compared with 31.0% in 2020. The Company's gross profit margin of 5S value-added services increased by 16.3 percentage points as compared with that in the corresponding period of 2020 .
- Profit for the year was RMB325.0 million, representing an increase of 47.5% as compared with RMB220.3 million in 2020. Profit for the year attributable to equity shareholders of the Company was RMB321.8 million in 2021, representing an increase of 46.5% as compared with RMB219.6 million in 2020. Net profit margin¹ for 2021 was 23.2%, representing an increase of 0.3 percentage point as compared with 22.9% in 2020.
- As at 31 December 2021, cash and cash equivalents were RMB905.7 million, representing an increase of 12.5% as compared with RMB805.4 million as at 31 December 2020, mainly due to an increase of net cash inflow from operating activities driven by the growth of business as well as net proceeds from maturity of time deposits with original maturity over three months.
- Basic and diluted earnings per share was RMB1.16 in 2021, representing an increase of RMB0.37 or 46.8% as compared with RMB0.79 in 2020.
- Having considered the needs of business development of the Group and returns of shareholders of the Company, the Board recommends the payment of a final dividend for 2021 of HK\$0.473 per share. The dividend ratio of the year is approximately 60%.

1 Net profit margin is calculated as profit for the year divided by revenue.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	<i>Note</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue	4	1,398,947	960,201
Cost of sales		(949,270)	(662,884)
Gross profit		449,677	297,317
Other revenue	5	9,946	10,321
Other net income/(loss)	5	808	(544)
Selling and marketing expenses		(3,766)	(2,680)
Administrative expenses		(53,599)	(39,768)
Impairment loss on trade receivables		(12,140)	(11,491)
Other expenses		(1,141)	(195)
Profit from operations		389,785	252,960
Finance income		32,861	30,973
Finance costs		(689)	(541)
Net finance income	6	32,172	30,432
Share of profits less losses of associates		1,357	560
Share of profits less losses of a joint venture		(96)	—
Profit before taxation	6	423,218	283,952
Income tax	7	(98,197)	(63,678)
Profit for the year		325,021	220,274
Attributable to:			
Equity shareholders of the Company		321,751	219,550
Non-controlling interests		3,270	724
		325,021	220,274

	<i>Note</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit for the year		325,021	220,274
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation of financial statements of the Company		<u>(6,543)</u>	<u>(17,218)</u>
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		<u>2,665</u>	<u>(2,428)</u>
Total comprehensive income for the year		<u>321,143</u>	<u>200,628</u>
Attributable to:			
Equity shareholders of the Company		317,873	199,904
Non-controlling interests		3,270	724
Total comprehensive income for the year		<u>321,143</u>	<u>200,628</u>
Earnings per share			
Basic and diluted (<i>RMB</i>)	8	<u>1.16</u>	<u>0.79</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	<i>Note</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Non-current assets			
Investment properties		1,275	2,124
Property, plant and equipment		19,030	14,595
Investment in associates		5,289	3,932
Investment in a joint venture		414	—
Deferred tax assets		18,950	12,520
Time deposits		154,158	101,300
Prepayments		3,270	—
		202,386	134,471
Current assets			
Inventories		79,031	52,044
Trade and other receivables	<i>10</i>	173,390	95,691
Financial assets at fair value through profit or loss (“ FVPL ”)		24,044	-
Time deposits		243,019	368,528
Restricted bank balances		57,020	46,461
Cash and cash equivalents		905,746	805,394
		1,482,250	1,368,118
Current liabilities			
Contract liabilities		143,630	107,482
Trade and other payables	<i>11</i>	495,865	473,326
Lease liabilities		1,586	1,202
Current taxation		69,876	60,943
		710,957	642,953
Net current assets		771,293	725,165
Total assets less current liabilities		973,679	859,636

	<i>Note</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Non-current liability			
Lease liabilities		<u>119</u>	<u>1,303</u>
NET ASSETS		<u>973,560</u>	<u>858,333</u>
CAPITAL AND RESERVES			
Share capital		181	181
Reserves		<u>941,408</u>	<u>841,444</u>
Total equity attributable to equity shareholders of the Company		941,589	841,625
Non-controlling interests		<u>31,971</u>	<u>16,708</u>
TOTAL EQUITY		<u>973,560</u>	<u>858,333</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Significant accounting policies

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiaries and the Group’s interest in associates and a joint venture.

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

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

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

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

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

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

(c) Changes in accounting policies

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

- Amendment to IFRS 16, *Covid-19-related rent concessions*
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest rate benchmark reform — phase 2*

None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or

4 Revenue

The principal activities of the Group are property management services, value-added services to non-property owners and 5S value-added services.

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

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

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers within the scope of IFRS 15		
Revenue recognised over time:		
Property management services	840,546	554,241
Value-added services to non-property owners	419,542	312,014
5S value-added services	40,921	33,858
	1,301,009	900,113
Revenue recognised at point in time:		
5S value-added services	97,016	59,496
	1,398,025	959,609
Revenue from other sources		
5S value-added services		
— Rental income from investment properties	922	592
	1,398,947	960,201

5 Other revenue and other net income/(loss)

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Other revenue		
Government grants	6,676	8,403
Others	3,270	1,918
	<u>9,946</u>	<u>10,321</u>
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Other net income/(loss)		
Net loss on disposal of property, plant and equipment	(524)	(57)
Net realised and unrealised gains on FVPL	408	780
Net foreign exchange gains/(losses)	924	(1,267)
	<u>808</u>	<u>(544)</u>

6 Profit before taxation

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

(a) Net finance income

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest income on bank deposits	(32,861)	(30,973)
Interest expense on advance payments from customers	553	366
Interest on lease liabilities	136	175
	<u>(32,172)</u>	<u>(30,432)</u>
Net finance income	<u>(32,172)</u>	<u>(30,432)</u>

(b) Staff costs

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Salaries and other benefits	552,039	388,432
Contributions to defined contribution scheme	49,773	23,777
	601,812	412,209
Included in:		
Cost of sales	569,129	392,912
Administrative expenses	30,968	18,912
Selling and marketing expenses	1,715	385
	601,812	412,209

(c) Other items

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Depreciation		
— owned property, plant and equipment	4,219	3,347
— right-of-use assets	1,035	2,160
— investment properties	849	425
	6,103	5,932
Expenses related to short-term leases	5,950	3,670
Auditors' remuneration		
— annual audit services	1,700	1,600
— review services	500	500
Cost of inventories	13,223	29,494

7 Income tax in the consolidated statement of profit or loss and other comprehensive income

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax		
PRC Corporate Income Tax	104,541	70,880Taxatime pe

9 Dividends

(i) **Dividends payable to equity shareholders of the Company attributable to the year:**

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interim dividend of HKD0.379 per share after the consolidated statement of interim financial position date	86,996	—
Final dividend of HKD0.473 per share proposed after the consolidated statement of financial position date (2020: final dividend of HKD0.564 per share proposed after the consolidated statement of financial position date)	<u>106,055</u>	<u>131,632</u>
	<u>193,051</u>	<u>131,632</u>

The final dividend proposed for approval of the shareholders of the Company after the end of the Reporting Period has not been recognised as a liability at the end of the Reporting Period.

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HKD0.564 per share (2020: final dividend of HKD0.228 per share and special dividend of HKD0.091 per share)	<u>131,632</u>	<u>80,113</u>

10 Trade and other receivables

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	110,298	43,053
Less: Allowance for impairment of trade receivables	(31,306)	(19,175)
	<u>78,992</u>	<u>23,878</u>
Deposits and prepayments	20,545	13,834
Amounts due from related parties	65,231	34,436
Payments on behalf of property owners	5,070	4,308
Advances to employees	1,277	1,103
Interest receivables	—	16,309
Other receivables	2,275	1,823
	<u>173,390</u>	<u>95,691</u>

Trade receivables are primarily related to revenue recognised from the provision of property management services and value-added services to non-property owners.

(a) Ageing analysis

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 year	77,266	22,346
1 to 2 years	1,726	1,532
	<u>78,992</u>	<u>23,878</u>

11 Trade and other payables

	31 December 2021	31 December 2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	57,178	31,112
Amounts due to related parties	25,946	17,614
Deposits	44,915	32,158
Other taxes and charges payable	14,852	5,141
Accrued payroll and other benefits	165,812	119,755
Cash collected on behalf of the property owners' associations	56,970	46,411
Temporary receipts from property owners	112,182	207,462
Other payables and accruals	18,010	13,673
	<u>495,865</u>	<u>473,326</u>

As at the end of each reporting period, the ageing analysis of trade payables, based on invoice date is as follows:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month or on demand	56,498	27,500
After 3 months but within 1 year	28	300
Over 1 year	2,639	3,312
	<u>59,165</u>	<u>31,112</u>

Chairman’s Statement

To all Shareholders,

Thank you for your trust in and support to the Group. On behalf of the Board, I am pleased to present our annual results for the year ended 31 December 2021.

In 2021, despite the impact of the pandemic and the economic fluctuations, the Group strived to carry out its development strategy which aimed for high-quality development, and achieved a progressive growth.

On 12 March 2021, the “Fourteenth Five-Year Plan for National Economic and Social Development and the Outline of Long-term Goals for 2035 of the People’s Republic of China (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》)” were officially issued, which proposed to accelerate the development of various service industries, including the property service industry. It also specified the organic integration and precise alignment of different social services, including employment, social securities, elderly care, childcare, disability aids, medical and health care, domestic services, logistics, merchants, social security and law enforcement, dispute resolution and mediation and mental healthcare. The property service industry continued to consolidate its foundation and develop with innovations which brought a promising prospect.

Utilizing the quality for brand building

The Group adheres to its mission of providing high-quality services and strives to become a top property management brand in China and a benchmark in Zhejiang, and has continuously reviewed the quality of its projects on a regular basis. In 2021, the Group continued to refine its quality management system and improved its regular quality inspections and enhanced and expanded the monitoring of its daily quality control through group quality spot checks, project safety inspections and daily inspections by regional property departments. The quality inspection team, which is supervised by the senior management of the Group and comprised of experts from various areas, is responsible for examining and analyzing the operation of residential buildings, office buildings and industrial parks with professional insights based on the Group’s service quality standards, and supervising and guiding project managers for timely rectification. On the other hand, our outstanding performing projects were praised and introduced to other projects, so as to enhance the awareness of quality service among all project managers. In respect of quality control, the Group has established a problem-solving mechanism for sharing solutions and implemented a reward and punishment mechanism based on its management experience in order to enhance its management efficiency.

Utilizing our brand for market expansion

The Group continues to adhere to its quality expansion strategy, and strives to promote growth by utilizing its brand name and projects under management as success stories to attract third parties. As at 31 December 2021, the gross floor area (“**GFA**”) currently managed by us (“**GFA under management**”) under signed property management contracts was approximately 29.9 million sq.m., representing an increase of 50.1% as compared with the corresponding period of last year. GFA under management developed by independent third parties reached 14.4 million sq.m., accounting for 48.2% of total GFA under management and representing an increase of 13.5 percentage points as compared with the corresponding period of last year. GFA under management acquired during 2021 reached 10.0 million sq.m., 75.1% of which were independent third party properties. The GFA managed under signed management contracts (“**contracted GFA**”) was 49.8 million sq.m., representing an increase of 40.3% as compared with the corresponding period of last year. Contracted GFA developed by independent third parties reached 24.1 million sq.m., accounting for 48.4% of total contracted GFA. Contracted GFA acquired during 2021 reached 14.3 million sq.m., 76.0% of which were independent third party properties. In 2021, the Group introduced new strategic partners including Jianhang Real Estate (建杭置業), Yiwu Construction Investment Group (義烏建投) and Hainan Jiayuan Property (海南佳元地產), and expanded into Lishui, Zhejiang Province, Haikou, Hainan Province and Meizhou, Guangdong Province. The Group has also commenced its management of its first projects in Wenzhou, Zhejiang Province, Shangrao, Jiangxi Province and Nantong, Jiangsu Province and undertook a commercial project developed by an independent third party in Shanghai for the first time in 2021. The Group has strived to provide quality services to more property owners. The monthly property management fee of the new project, Tongxiang Chuntian Yueli (桐鄉春天悅里), was RMB7.6 per sq.m., and the monthly property management fee of Jiayuan-Jiangpan Jinyu (佳元 江畔錦御), a new project located in Haikou, Hainan Province, was RMB5.8 per sq.m., demonstrating the Group’s confidence in establishing local brand quality benchmarks. In addition, in 2021, the Group continued to expand its property management business and had new property management service projects including Hangzhou Lining Stadium (杭州李寧體育園) and Shanghai Yingchuang School (上海英創學院) and provided land bank management services to Hangzhou Municipal Bureau of Land Resources. In January 2022, the Group started the management of a healthcare project with the Hangzhou University Rehabilitation Hospital (杭州富春康復醫院). Driven by the Hangzhou Asian Games and the concept of “property + elderly care”, the Group has actively developed sports, educational, healthcare and urban services to strengthen its comprehensive service capabilities.

Utilizing concentration to promote value-added services

As at 31 December 2021, the GFA under management of the Group in Hangzhou reached 19.2 million sq.m., accounting for 64.1% of the total GFA under management of the Group. Leveraging its excellent brand reputation and concentration advantages, the Group gradually promoted its 5S value-added services (formerly known as value-added services to property owners) based on the needs of property owners and its own resource advantages. In 2021, the Group launched Binjiang Youjia (濱江優家), a directly managed agency platform, and Binjiang Youju (濱江優居), a one-stop home service platform. As at the end of 2021, Binjiang Youjia opened two brick and mortar stores in Hangzhou and succeeded in handling transactions, leasing and warrant business for over 6,000 customers in over 50 communities in Hangzhou. In addition, the Group continued to develop Youxiang living services (優享生活), providing customers with thoughtful and quality services based on its resources and brand image.

Improving management through standardization

The Group has put great efforts in promoting the standardization of products and management. As the business scale of the Group has been expanded in recent years, the service area and operating environment have changed significantly. By optimizing the management mechanism of its upgraded and star-rated services, the Group has accommodated to the increasing needs of the Company's services and products.

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

In addition, the Group capitalized on its advantage of regional concentration to further optimize its staff allocation by adjusting internal structure and promoting the "Set Sail Scheme (啟航計劃)", "Voyager Scheme (遠航計劃)", "Navigator Scheme (領航計劃)", "Chuying Program (雛鷹計劃)", "Feiying Program (飛鷹計劃)" and "Xiongying Program (雄鷹計劃)". In terms of Binjiang's style, specialization and management ability, the Group built a comprehensive and multi-layered training model to refine its supply chain of talents. The Group actively expanded campus recruitment channels by providing the "Binjiang College (濱江學堂)" mobile learning platform. In 2021, as approved by competent authorities, the Group has become a pilot institution for accrediting vocational qualification. The Group may accredit its employees as property management practitioners and issue national-recognized vocational skill level certificates to its qualified employees.

Enhancing efficiency through informatization

The Group actively promoted informatization and intelligentization development through the upgrading and enhancing of its internal financial management system and implementation of smart systems across its projects. The Group's app has also gone online at several properties and will be updated and optimized based on owners' feedback. Merging online systems and offline hardware, the Group is committed to providing property owners with a seamless experience while improving its management efficiency.

Placing great emphasis on both achievements and responsibilities

During the Reporting Period, the Group ranked 17th among the top 100 property management service brands selected by the China Index Academy ("CIA") and was honored by Hexun.com's 19th China's Financial Annual Champion Awards as "the Top 10 Annual Service Listed Companies with the Highest Property Owner Satisfaction (和訊網第十九屆中國財經風雲榜年度服務類上市公司業主滿意十強)" and named as "Best Small and Mid-Cap Listed Company (最佳中小市值上市公司)" in Sina Finance Golden Unicorn Best Hong Kong and US Stock Selection for 2021 (2021新浪財經金麒麟最佳港美股上市公司評選). The Group was also named as "Outstanding Property Service Brand in Zhejiang in the Thirteenth Five-Year Plan (「十三五」浙江傑出物業服務品牌)" and "Leader of Excellent Living in Zhejiang for 2021 (2021浙江年度美好生活引領者)" by Zhejiang Quality Habitat Forum* (浙江品質人居論壇). The Group was selected as "Top 100 Property Service Companies for 2021 (2021物業服務力百強)", "Top Ten Luxury Property Service Provider (高端物業服務力TOP10)" and "Outstanding Property Service Provider in Eastern China (華東區域物業服務優勢企業)" by CRIC. The brand value of the Group amounted to approximately RMB3.4 billion.

During the Reporting Period, the projects under the Group's management received 103 awards in total. Some of the awards are as follows: Jiangnan Star Apartment* (江南之星公寓) and Ginkgo Mansion* (銀杏匯) were awarded as "Outstanding Property Management — Residential Projects in 2021 (2021年度杭州市物業管理優秀住宅類項目)" by the Hangzhou Property Management Industry Association* (杭州市物業管理協會). Sunshine Coast* (陽光海岸), Xixi Zhixing* (西溪之星) and Qiandaohu Dongfang Hai'an* (千島湖東方海岸) were awarded as "Model Community for Residential Area in Hangzhou in 2021 (2021杭州市美好家園住宅示範小區)". Sunshine Coast* (陽光海岸), Qiandaohu Dongfang Hai'an* (千島湖東方海岸), Guandi International* (觀邸國際), Huajiachi Apartment* (華家池公寓), Golden Jiangnan* (金色江南) and Yiwu Park One* (義烏公園壹號) were awarded as "Model Community for High Standard Living Waste Sorting in Zhejiang Province* (浙江省高標準生活垃圾分類示範小區)". Qiandaohu Dongfang Hai'an* (千島湖東方海岸), Yujiangnan Apartment* (御江南華庭), Shangyu Star* (上虞城市之星) and Pujiang 8 Apartment* (浦江8號公館) were awarded as "Residential Area with Chinese Garden in Zhejiang* (浙江省園林式居住區)" by the Zhejiang Branch of the Ministry of Housing and Urban-Rural Development of the PRC (浙江省住房和城鄉建

設廳). Ginkgo Mansion* (銀杏匯), Wanjia Mingcheng Phase II* (萬家名城二期), Jiahe Court of Pinghu Wanjia Huacheng* (平湖萬家花城家和苑), Daijiang Star* (大江之星), Eastern Mansion* (東方名府), Golden Jiangnan* (金色江南), Huajiachi Apartment* (華家池公寓) and Puyuang One* (浦陽壹號) were awarded as "Model Community for Water Conservation in Zhejiang (浙江省節水型小區)" by the Zhejiang Branch of the Ministry of Housing and Urban-Rural Development of the PRC (浙江省住房和城鄉建設廳). Jiangnan Star* (江南之星) and Xixi Zhixing* (西溪之星) were awarded as "Five Stars Property Service Project in China in 2021 (2021中國五星級物業服務項目)". Lian Erhuan, an employee of the Company, was awarded as "Most Excellent Property Service Personnel in China (全國最美物業人)".

In addition, the Group proactively undertook social responsibilities in social governance, environmental protection, employee protection and charitable activities.

For social governance, the Group timely adjusted its emergency plans in respect of organization management and emergency procurement in response to extreme weather conditions and emergency. During the pandemic lockdown, the Group actively cooperated with the government to maintain the social order within its properties and to fulfill the needs of its property owners, which received social recognition.

For environmental protection, the Group has been committed to energy conservation and emission reduction. Energy saving LED light bulbs have been used in all properties project under management. The Group also strived to create water-saving communities, garden communities and other environmentally friendly communities in line with the needs of the owners.

For employee protection, the Group has fulfilled all basic needs of its employees and guaranteed salary levels to maintain the stability and enthusiasm of its employees. The Group has also implemented employee insurance policies and paid attention to the health issues of employees. Accidents that occurred at the workplace or during commuting have been deemed as work-related injuries.

For charitable activities, in June 2021, the Group organized a charitable activity, "Lighting up the tallest lighthouse by donating a good book (捐一本好書, 點亮一座最高燈塔)" in which over a thousand books were donated by property owners and employees of Binjiang to help Tibetan children have a better understanding of the world. During the year, in response to the government's call, the Group actively participated in charity donation activities for poverty-stricken areas. Employees also actively participated in poverty alleviation through the consumption and purchase of agricultural products in poverty-stricken areas. In 2021, the Group donated RMB300,000 to the "Common Wealth Fund (共富基金)" established by Kaixuan Street. The donation will be used to support entrepreneurship and basic social security for locals, reflecting the commitment of the Group in fulfilling its corporate responsibilities.

There is no limit to serve with quality. The Group will continue to assume its social responsibilities in alignment with its corporate reputation.

Zhu Lidong
Chairman

Hangzhou, March 31, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Reviewing 2021, the Group maintained steady growth and continued to develop and take root in the Yangtze River Delta, further expanding its operations within Yangtze River Delta and further expanded its operations within Yangtze River Delta. The Group has a total of 133 subsidiaries and branches across the Zhejiang Province, Shanghai, Jiangsu Province, Jiangxi Province, Hainan Province, Guangdong Province and Shenzhen in China, with contracted projects in 17 cities. Moreover, the GFA under management and contracted GFA of the Group also increased significantly. As at 31 December 2021, the GFA under management was approximately 29.9 million sq.m., representing a year-on-year increase of 50.1%, and the contracted GFA was 49.8 million sq.m., representing a year-on-year increase of 40.3%. The ratio of contracted GFA to GFA under management was approximately 1.66, which will strongly support the business growth of the Group.

For the year ended 31 December 2021, the Group's revenue increased by 45.7% to RMB1,398.9 million. The Group's gross profit increased by 51.3% from the corresponding period of 2020 to RMB449.7 million. The Group's gross profit margin increased by 1.1 percentage points from the corresponding period of 2020 to 32.1%. Revenue generated from property management services, value-added services to non-property owners and 5S value-added services amounted to RMB840.5 million, RMB419.5 million and RMB138.9 million, respectively. In 2021, the average monthly property management fee of the Group was approximately RMB4.30 per sq.m. (2020: RMB4.26 per sq.m.), calculated by dividing the property management fee income for the Reporting Period by the average chargeable GFA at the beginning and the end of the Reporting Period. Leveraging its brand recognition and industry influence, the Group was able to charge relatively high property management fee for its quality property management services. From 2015 to 2021, the Group increased management fee 37 times.

The Group provides high-quality services that are tailored to its customers' need and maintains its brand recognition and awareness. Its ranking increased to 17th among the top 100 property management service brands selected by the CIA. The Group was honored by Hexun.com's 19th China's Financial Annual Champion Awards with the Top 10 Annual Service Listed Companies with the Highest Property Owner Satisfaction (和訊網第十九屆中國財經風雲榜年度服務類上市公司業主滿意十強) and "Best Small and Mid-Cap Listed Company (最佳中小市值上市公司)" of 2021 Sina Finance Golden Unicorn Best Hong Kong and US Listed Companies. As the Group's quality services are highly recognized within the region, Hangzhou Binjiang Investment Holdings Co., Ltd., ("**Binjiang Holdings**") and its subsidiaries ("**Binjiang Group**"), a leading property developer in China, have established close business relationship with the Group and continuously provided a large number of premium properties to the Group. In 2021, the sales of Binjiang Group amounted to RMB169.1 billion, representing a year-on-year increase of 24% (source: CRIC).

Leveraging its high-quality services, the Group was able to expand its business through various channels and undertake a wide range of projects, including but not limited to undertaking government, major state-owned enterprise and private enterprise projects, maintaining good relationships with strategic partners and expanding its direct sales. As at 31 December 2021, the GFA under management was approximately 29.9 million sq.m., representing a year-on-year increase of 50.1%. GFA under management developed by independent third parties reached 14.4 million sq.m., accounting for 48.2% of total GFA under management and representing an increase of 13.5 percentage points as compared with the corresponding period of last year. During the year, the Group actively promoted the third-party project expansion strategy. GFA under management newly acquired in 2021 reached 10.0 million sq.m., 75.1% of which was developed by independent third parties. Revenue generated from property management services provided to projects developed by independent third parties amounted to RMB291.1 million, representing a year-on-year increase of 62.0%. In respect of diversifying the type of management business, the Group increased management projects including schools, resettlement and other livelihood projects as well as parks and other urban public space service projects. In respect of regional expansion, the Group increased projects in Hainan Province and Guangdong Province. The Group's projects basically covered all regions in Zhejiang Province (except Zhoushan).

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 services quality as its core competitiveness and will raise the standard of specialized services by leveraging its effective and flat structure management. The Group will increase its investment in technologies to enhance the efficiency of its management and operation. Through strengthening staff management, monitoring facilities and 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 achieve synergetic development of quality, scale and profitability.

Business models of the Group

Due to the expansion of services, while maintaining the development of basic property management and the existing value-added services, the Group positioned its 5S value-added services as a driver of future profit growth in strict accordance with the strategic deployment of the Board. As such, the existing value-added services to property owners are renamed as 5S value-added services and re-categorized into Youjia services, Youju services and Youxiang living services. The management classified business segments into property management services, value-added services to non-property owners and 5S value-added services, forming an entire value chain of comprehensive services within property management.

- **Property management services.** The Group provides a series of high-quality property management services, including security, cleaning, gardening, repair, maintenance and ancillary services to our property owners, and charges service fee from residents and property owners or real estate developers of such properties under our management for property management services. During the year, the Group introduced urban services and land reserve management services, primarily including land management and maintenance, green planting and maintenance, wall and fence painting works, muck removal and transportation, installation and management of monitoring devices, and others.
- **Value-added services to non-property owners.** The Group provides value-added services to non-property owners, mainly to property developers. These services refer to pre-delivery services, consulting services and community space services. Pre-delivery services include cleaning, assisting with quality check and security services for completed properties and display units and providing property sales venue management services to property developers during the pre-delivery stage of property sales. Consulting services include advising property developers at the early and construction stages on project planning, design management and construction management to enhance functionality, comfort and convenience. Community space services include (i) assisting advertisement companies with regards to advertisement placements in the community spaces in our managed properties, and (ii) managing community venues in our managed properties.
- **5S value-added services** (formerly known as “**value-added services to property owners**”). The Group also provides 5S value-added services to property owners. The value-added services to property owners are renamed as 5S value-added services, including three major businesses, namely Youjia services, Youju services and Youxiang living services.

Youjia services include the primary and secondary property sales and leasing agency services, car parking space and storage room services. The Group is committed to providing seamless services for customers with its platforms and reputation.

Youju services include the existing customized interior furnishing services. It adheres to its “Living Home” interior services concept to provide customers with elegant, stylish, modern and customized furnishing services and interior design services, and facility upgrade services and maintenance.

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

The table below sets out the contracted GFA and GFA under management of the Group for 2021 and 2020:

	As at 31 December 2021		As at 31 December 2020	
	Contracted GFA (<i>'000 sq.m.</i>)	GFA under management (<i>'000 sq.m.</i>)	Contracted GFA (<i>'000 sq.m.</i>)	GFA under management (<i>'000 sq.m.</i>)
At the beginning of the year	35,488	19,955	26,804	14,369
Addition	14,330	10,028	9,023	5,885
Termination	(35)	(35)	(339)	(299)
At the end of the year	<u>49,783</u>	<u>29,948</u>	<u>35,488</u>	<u>19,955</u>

Note: As of 31 December 2021, the Group had 315 contracted projects and the contracted GFA was 49.8 million sq.m. (as of December 31, 2020: 231 projects of 35.5 million sq.m.). Contracted GFA refers to the GFA managed or to be managed by the Group under signed management contracts. The Group's average monthly property management fees for 2021 (property management fees income during the period divided by the average chargeable GFA at the beginning and the end of the period) were approximately RMB4.30 per sq.m. (2020: RMB4.26 per sq.m).

The table below sets forth the breakdown of the Group's total property management services revenue, GFA under management and number of projects by type of properties during 2021 and 2020:

	As at 31 December 2021			As at 31 December 2020		
	Revenue (<i>RMB'000</i>)	GFA under management (<i>'000 sq.m.</i>)	Number of projects	Revenue (<i>RMB'000</i>)	GFA under management (<i>'000 sq.m.</i>)	Number of projects
Residential	667,003	23,635	132	447,206	16,908	98
Non-residential	160,099	6,313	64	107,035	3,047	35
Land management	13,444	—	—	—	—	—
Total	<u>840,546</u>	<u>29,948</u>	<u>196</u>	<u>554,241</u>	<u>19,955</u>	<u>133</u>

The table below sets forth the breakdown of the Group's total property management services revenue, GFA under management and number of projects by type of developers of 2021 and 2020:

	As at 31 December 2021			As at 31 December 2020		
	Revenue (RMB'000)	GFA under management ('000 sq.m.)	Number of projects	Revenue (RMB'000)	GFA under management ('000 sq.m.)	Number of projects
Properties developed by Binjiang Group	549,434	15,510	89	374,512	13,021	74
— early stage	295,448	8,756	53	219,098	8,710	50
— property owners' association stage	253,986	6,754	36	155,414	4,311	24
Properties developed by independent property developers	277,668	14,438	107	179,729	6,934	59
— early stage	179,046	10,584	80	138,333	5,574	50
— property owners' association stage	98,622	3,854	27	41,396	1,360	9
Land management	13,444	—	—	—	—	—
Total	840,546	29,948	196	554,241	19,955	133

The table below sets forth the breakdown of the Group's total property management services revenue, GFA under management and number of projects by geographic region of 2021 and 2020:

	As at 31 December 2021			As at 31 December 2020		
	Revenue (RMB'000)	GFA under management ('000 sq.m.)	Number of projects	Revenue (RMB'000)	GFA under management ('000 sq.m.)	Number of projects
Hangzhou	617,793	19,184	133	414,574	12,084	87
Zhejiang province (excluding Hangzhou)	206,098	9,980	58	126,421	7,680	45
Outside Zhejiang province	16,655	784	5	13,246	191	1
Total	840,546	29,948	196	554,241	19,955	133

The table below sets forth the distribution of contracted GFA of the Group in five major cities:

	Contracted GFA ('000 sq.m.)	Percentage of the total contracted GFA	Developed by the independent third parties	Number of projects
Hangzhou	29,216	58.7%	40.8%	198
Jinhua	6,911	13.9%	76.1%	37
Jiaxing	3,469	7.0%	45.0%	24
Shaoxing	2,456	4.9%	73.6%	15
Huzhou	1,421	2.9%	42.3%	8

Prospects

Further promotion of quality brand building

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

Further expansion of business scale and market share

The property management service industry in China is increasingly concentrated. The Group intends to leverage its success in the luxury market in the Yangtze River Delta and its existing service management systems and standards to expand its current market share and to further penetrate new markets. The Group utilizes a benchmark model where it takes root within the region once a benchmark property has been established within. Focusing in Hangzhou and taking root in the Yangtze River Delta, the Group will focus on the operation in the existing markets and strategically expand its business coverage in eastern China. The Group will also explore opportunities in Greater Bay Area and the mid-west China. Once the Group has established a presence in a new regional market, the Group plans to grow its presence in the market to enhance its economies of scale.

In addition, the Group also actively expands its business into healthcare, schools, urban services and other industries to strengthen its comprehensive service capabilities.

Introduction of various services

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

Further improvement of management and operation systems

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

Financial Review

The Group's revenue was generated from three main business lines: (i) property management services; (ii) value-added services to non-property owners; and (iii) 5S value-added services.

	2021		2020		Changes
	RMB'000	% of total revenue	RMB'000	% of total revenue	%
Property management services	840,546	60.1	554,241	57.7	51.7
Property management services for residential properties	667,003	47.7	447,206	46.6	49.1
Property management services for non-residential properties	160,099	11.4	107,035	11.1	49.6
Land management	13,444	1.0	0	0	100
Value-added services to non-property owners	419,542	30.0	312,014	32.5	34.5
Pre-delivery services	394,618	28.2	282,053	29.4	39.9
Consulting services	18,248	1.3	16,275	1.7	12.1
Community space services	6,676	0.5	13,686	1.4	-51.2
5S value-added services	138,859	9.9	93,946	9.8	47.8
Youjia services	91,825	6.6	35,977	3.8	155.2
Youju services	6,113	0.4	24,111	2.5	-74.6
Youxiang living services	40,921	2.9	33,858	3.5	20.9
Total	<u>1,398,947</u>	<u>100.0</u>	<u>960,201</u>	<u>100.0</u>	<u>45.7</u>

Revenue generated from **property management services** amounted to RMB840.5 million, representing an increase of 51.7% as compared with RMB554.2 million in 2020. It was the Group's main source of revenue and accounted for 60.1% of total revenue in 2021. Revenue generated from the provision of property management services to properties solely developed by Binjiang Group or its associates or jointly developed with other parties was RMB549.4 million, and accounted for 65.4% of revenue from property management services in 2021. Leveraging on its leading position in traditional property business, the Group aggressively expanded business to cover properties developed by the independent third parties and properties outside Hangzhou. For the year ended 31 December 2021, the revenue from property management services for properties developed by the independent third parties amounted to RMB291.1 million, representing an increase of 62.0% as compared with 2020; and the revenue from property management services for properties outside Hangzhou amounted to RMB222.8 million, representing an increase of 59.5% as compared with 2020. During the year, the Group introduced land reserve management services. For the year ended 31 December 2021, the revenue from land management services amounted to RMB13.4 million.

Revenue generated from **value-added services to non-property owners** amounted to RMB419.5 million, representing an increase of 34.5% as compared with RMB312.0 million in 2020, and accounted for approximately 30.0% of the Group's total revenue in 2021. The increase was mainly due to the stable growth in the number of projects undertaken during the year. As affected by the overall performance of the market, revenue from advertisement placements in community space decreased, which resulted in the drop in revenue from community space services.

Revenue generated from **5S value-added services** amounted to RMB138.9 million, representing an increase of 47.8% as compared with RMB94.0 million in 2020, and accounted for approximately 9.9% of the Group's total revenue in 2021. The increase was mainly due to the business expansion in primary brokerage service and the number of property owners served by the Group. The operation results of Youxiang living services declined as a result of the decrease in the number of projects related to customized home furnishing among the projects delivered during the year.

Gross profit and gross profit margin

Based on the above factors, the Group's gross profit increased by 51.3% from RMB297.3 million in 2020 to RMB449.7 million in 2021. The Group's gross profit margin increased by 1.1 percentage points from 31.0% in 2020 to 32.1% in 2021, mainly due to the growth of business.

	2021		2020	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Property management services	161,341	19.2	104,378	18.8
Value-added services to non-property owners	189,314	45.1	141,224	45.3
5S value-added services	99,022	71.3	51,715	55.0
Total	<u>449,677</u>	<u>32.1</u>	<u>297,317</u>	<u>31.0</u>

Gross profit of property management services increased by 54.5% from RMB104.4 million in 2020 to RMB161.3 million in 2021, and gross profit margin increased by 0.4 percentage point from 18.8% in 2020 to 19.2% in 2021. In 2021, leveraging on the Group's strong brand name, the Group was able to maintain the continuous increase in revenue by providing services for high value properties. In addition, through upgrade of operation system, operation efficiency was improved to effectively control cost while the quality of services was maintained.

Gross profit of value-added services to non-property owners increased by 34.1% from RMB141.2 million in 2020 to RMB189.3 million in 2021, and gross profit margin decreased slightly from 45.3% in 2020 to 45.1% in 2021.

Gross profit of 5S value-added services increased by 91.5% from RMB51.7 million in 2020 to RMB99.0 million in 2021, and gross profit margin increased from 55.0% in 2020 to 71.3% in 2021. The increase in gross profit was mainly due to the new brokerage services for primary property sales during the year.

Cost of sales

During the year, the Group's cost of sales increased by 43.2% from RMB662.9 million in 2020 to RMB949.3 million in 2021. The increase in cost of sales was in line with the growth of business scale.

Selling and marketing expenses

During the year, the Group's selling and marketing expenses increased from RMB2.7 million in 2020 to RMB3.8 million in 2021, mainly due to a year-on-year increase in sale commission as a result of the growth of sales business.

Administrative expenses

During the year, the Group's administrative expenses increased by 34.7% from RMB39.8 million in 2020 to RMB53.6 million in 2021, mainly due to the increase in staff cost as a result of the increase in the headcount of administrative and management personnel during the year.

Impairment loss on trade receivables

During the year, the Group's impairment loss on trade receivables increased from RMB11.5 million in 2020 to RMB12.1 million in 2021, mainly due to the growth of business and an increase in allowance on bad debts as a result of an increase of receivables during the year.

Current assets, financial resources and gearing ratio

The Group maintained a well financial performance in 2021. As at 31 December 2021, current assets were RMB1,482.3 million, representing an increase of 8.3% as compared with RMB1,368.1 million as at 31 December 2020.

As at 31 December 2021, the Group's cash and cash equivalents were RMB905.7 million, representing an increase of 12.5% as compared with RMB805.4 million as at 31 December 2020. This was mainly due to an increase of net cash inflow from operating activities of RMB242.4 million driven by the growth of business. As at 31 December 2021, current ratio was 2.08, representing a decrease as compared with 2.13 as at 31 December 2020.

As at 31 December 2021, the Group did not have any loans or borrowings (31 December 2020: Nil).

As at 31 December 2021, the total equity of the Group was RMB973.6 million, representing an increase of 13.4% as compared with RMB858.3 million as at 31 December 2020. This was mainly due to the growth of business and an increase in operating profit.

Treasury Policies

For the year ended 31 December 2021, 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.

Investment properties, property, plant and equipment

As at 31 December 2021, the investment properties, property, plant and equipment of the Group amounted to RMB20.3 million, representing an increase of 21.6% as compared with RMB16.7 million as at 31 December 2020, mainly due to the addition of property, plant and equipment of RMB4.4 million. In addition, property, plant and equipment for business development increased in line with the growth of business.

Contingent liabilities

The Group did not have any contingent liabilities as at 31 December 2021 and 2020.

Contract liabilities

As at 31 December 2021, contract liabilities of the Group recorded a year-on-year increase of 33.6%. The increase was mainly due to the increase in the number of projects delivered at the end of 2021, resulting in the increase of 31% in basic property service fees received in advance as compared with the previous year.

Pledged assets

The Group did not have any pledged assets as at 31 December 2021 and 2020.

Trade and other receivables

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

FINAL DIVIDEND

Having considered the needs of business development of the Group and returns of shareholders of the Company, the Board recommends the payment of a final dividend for 2021 of HK\$0.473 per share. The dividend ratio of the year is approximately 60%. The proposed final dividend amounted to approximately HK\$130.8 million in total, and shall be subject to approval by shareholders of the Company at the forthcoming annual general meeting of the Company (the "AGM"). The final dividend are expected to be paid to shareholders of the Company on or around Wednesday, 22 June 2022.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders of the Company who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 27 May 2022 to Wednesday, 1 June 2022 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer documents together with the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar for registration, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 26 May 2022.

For the purpose of determining the shareholders of the Company who are entitled to the right of the final dividend, the register of members of the Company will be closed from Wednesday, 8 June 2022 to Friday, 10 June 2022 (both days inclusive). Only those shareholders whose names appear on the register of members of the Company on Friday, 10 June 2022 will be entitled to the right of the final dividend. In order to qualify for receiving the final dividend, which must be approved by shareholders of the Company in the AGM, all completed transfer documents together with the relevant share certificates must be returned to the Company's Hong Kong branch share registrar for registration, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 7 June 2022.

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. During the Reporting Period, the Company has adopted and complied with all applicable code provisions under the Corporate Governance Code (the "**Corporate Governance Code**") in Appendix 14 to the Rules Governing the Listing of Securities of the Stock Exchange (the "**Listing Rules**"), except for the following deviations:

Pursuant to code provision A.2.1 of the Corporate Governance Code (which has been re-arranged as code provision C.2.1 since 1 January 2022), the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, the 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 will be sufficient independent voice within the Board to protect the interests of the Company and the Shareholders as a whole. In addition, all decisions of the Board shall be passed by majority vote. Therefore, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable 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 Reporting Period. The Company will continue to strictly abide by the corporate governance requirements under the Corporate Governance Code and the Listing Rules.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The Company has established the Audit Committee in compliance with the Listing Rules to perform the functions of reviewing and monitoring the financial reporting and internal control of the Company. The Audit Committee currently consists of three independent non-executive Directors, namely, Ms. Cai Haijing, Mr. Ding Jiangang and Mr. Li Kunjun. Ms. Cai Haijing is the chairperson of the Audit Committee.

The Audit Committee has reviewed with the management of the Company this annual 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 year ended 31 December 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set forth in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions of the Directors and relevant employees (the “**Securities Transactions Code**”). The Company had made specific enquiry with all Directors whether they have complied with the required standard set out in the Model Code and all Directors confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the year ended 31 December 2021.

The Company’s employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company’s relevant employees was noted by the Company during the year ended 31 December 2021.

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 during the Reporting Period.

PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules during the Reporting Period and up to the date of this announcement. The Company maintained the minimum level of public float of 25% of its total issued share capital.

EVENTS AFTER THE END OF REPORTING PERIOD

- (1) As each of the then existing master pre-delivery management services agreement and property management services agreement would expire on 31 December 2021, and the Group was expected to carry on the transactions contemplated thereunder upon their expiry, the Company entered into the 2022 master pre-delivery management services agreement and 2022 property management services agreement with Hangzhou Binjiang Real Estate Group Co., Ltd.* (杭州濱江房產集團股份有限公司) (“**Binjiang Real Estate**”) on 16 December 2021. Binjiang Real Estate was controlled by Mr. Qi, one of the controlling shareholders of the Company, and was therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2022 master pre-delivery management services agreement and 2022 property management services agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios for the annual caps contemplated under each of the agreements exceed 5%, the transactions contemplated thereunder were subject to the reporting, announcement, independent shareholders’ approval and annual review requirements in accordance with Chapter 14A of the Listing Rules. On 22 February 2022, an extraordinary general meeting of the Company was held and the agreements and the transactions contemplated thereunder respectively were approved. For details of the transactions, please refer to the Company’s announcement dated 16 December 2021 and the Company’s circular dated 28 January 2022.
- (2) Subsequent to the end of the Reporting Period, the Directors proposed a final dividend. Further details are disclosed in note 9 of this announcement.

USE OF PROCEEDS FROM LISTING

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

As at 31 December 2021, the Group had utilized approximately HK\$204.8 million of the net proceeds, and the unutilized net proceeds amounted to approximately HK\$250.5 million. As at 31 December 2021, the net proceeds had been utilized as follows:

Use of proceeds	Proposed use of net proceeds according to the prospectus (HK\$ million)	Unutilized amount as at 1 January 2021 (HK\$ million)	Utilized amount during the year (HK\$ million)	Unutilized amount as at 31 December 2021 (HK\$ million)
Acquisition of property management companies located in major cities in the Yangtze River Delta to further increase the Group's market share in the existing market, and also in new cities such as Shenzhen to expand the Group's geographical coverage ¹	159.4	159.4	—	159.4
Updating the Group's management service systems and recruiting and nurturing talents	113.8	6.6	6.6	—
Investment in the asset management platform to engage in the operation of industrial parks ²	91.1	91.1	—	91.1
Establishing joint venture companies or platform through the cooperation with local governments and property developers ³	45.5	16.5	16.5	—
As working capital and for other general corporate purposes	45.5	—	—	—
	<u>455.3</u>	<u>273.6</u>	<u>23.1</u>	<u>250.5</u>

1. The Group planned to fully utilize this portion of proceeds by 31 December 2023.
2. The Group planned to fully utilize this portion of proceeds by 31 December 2023.
3. 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 31 December 2021, 20 cooperation platforms had been established.

SCOPE OF WORK OF KPMG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT ON THE WEBSITES OF STOCK EXCHANGE AND THE COMPANY

The annual results announcement has been published on the websites of the Stock Exchange at (www.hkexnews.com.hk) and our Company at (<http://www.hzbjwy.com>) respectively. The annual report of the Company for the Reporting Period, which contains all information required by the Listing Rules, will be despatched to the Company's shareholders and published on the websites of the Stock Exchange and the Company in due course.

ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, 1 June 2022, while the notice and circular convening the AGM will be published and despatched to the Company's shareholders in due course.

By Order of the Board
Binjiang Service Group Co. Ltd.
Zhu Lidong
Chairman and Executive Director

Hangzhou, PRC
31 March 2022

As at the date of this announcement, the Board comprises Mr. Zhu Lidong and Ms. Zhong Ruoqin as executive Directors; Mr. Mo Jianhua and Mr. Cai Xin as non-executive Directors; Mr. Ding Jianguang, Mr. Li Kunjun and Ms. Cai Haijing as independent non-executive Directors.

* *For identification purposes only*