蓝光嘉宝服务

JUSTBON

四川藍光嘉寶服務集團股份有限公司

SICHUAN LANGUANG JUSTBON SERVICES GROUP CO., LTD.

(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock code : 2606

SERVE YOUR LIFE WITH MY HEART

Annual Report 2020

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Yao Min *(Chairman)*
Mr. Sun Zhefeng
Mr. Liu Xia

Non-executive Directors

Mr. Chi Feng
Mr. Yang Wuzheng (Appointed on 18 February 2021)
Ms. Chang Heng (Appointed on 6 January 2021)
Mr. Yu Chi (Resigned on 29 January 2021)
Mr. Meng Hongwei (Resigned on 13 November 2020)

Independent Non-executive Directors

Mr. Li Shujian
Mr. Chan Shing Yee, Joseph
Mr. Zhang Shouwen

SUPERVISORY COMMITTEE

Ms. Wang Lu *(Chairman)*
Mr. Liu Jiang
Ms. Li Ru (Resigned on 29 January 2021)
Mr. Xu Qingshan
Mr. Liu Deming
Mr. Zhang Zhang (Appointed on 29 January 2021)

AUDIT COMMITTEE

Mr. Chan Shing Yee, Joseph *(Chairman)*
Mr. Li Shujian
Mr. Zhang Shouwen
Mr. Chi Feng
Mr. Yang Wuzheng

REMUNERATION COMMITTEE

Mr. Li Shujian *(Chairman)*
Mr. Chan Shing Yee, Joseph
Mr. Zhang Shouwen
Mr. Yao Min
Ms. Chang Heng

NOMINATION COMMITTEE

Mr. Yao Min *(Chairman)*
Mr. Li Shujian
Mr. Chan Shing Yee, Joseph
Mr. Zhang Shouwen
Mr. Liu Xia

JOINT COMPANY SECRETARIES

Ms. Tsui Sum Yi
Mr. Zou Hao (Resigned on 10 March 2021)

AUTHORISED REPRESENTATIVES

Mr. Yao Min
Ms. Tsui Sum Yi (Appointed on 10 March 2021)
Mr. Zou Hao (Resigned on 10 March 2021)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22/F Prince's Building
Central
Hong Kong

COMPLIANCE ADVISOR

Ballas Capital Limited

LEGAL ADVISOR

Paul Hastings (as to Hong Kong laws)
JunHe LLP (as to PRC laws)

REGISTERED OFFICE IN THE PRC

No. 22, South Section 3
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Wuhou District, Chengdu
Sichuan Province
PRC

CORPORATE INFORMATION

HEADQUARTER IN THE PRC

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Sichuan Province
PRC

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33 Hysan Avenue
Causeway Bay
Hong Kong

H SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANK

China Construction Bank Chengdu Jinxianqiao Branch
Industrial and Commercial Bank of China (Asia) Ltd.

INVESTOR RELATIONS

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STOCK CODE

2606

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2020	2019	**Change %**
Results Summary			
Revenue (RMB'000)	**2,733,862**	2,100,224	30.2%
Gross profit (RMB'000)	**975,690**	760,228	28.3%
Profit for the year (RMB'000)	**549,984**	444,127	23.8%
Gross profit margin (%)	**35.7**	36.2	-0.5 percentage points
Basic earnings per Share (basic) (RMB)	**2.99**	3.10	-3.5%

	As at 31 December		
	2020	2019	**Change %**
Balance Sheet Summary			
Total assets (RMB'000)	**4,818,130**	3,481,888	38.4%
Cash and cash equivalents (RMB'000)	**2,150,087**	1,962,719	9.5%
Total liabilities (RMB'000)	**2,126,701**	1,234,259	72.3%
Total equity (RMB'000)	**2,691,429**	2,247,629	19.7%
Equity attributable to owners of the Company (RMB'000)	**2,559,390**	2,199,126	16.4%
Current ratio (times)	**1.79**	2.49	
Liabilities to assets ratio (%)	**44.1**	35.4	

ANNUAL REVIEW/HONORS AND AWARDS

EVENTS IN 2020

Date	Event
30 January 2020	With its "Letter to All Owners of Languang Justbon"(《致藍光嘉寶服務全體業主的一封信》), Sichuan Languang Justbon Services Group Co., Ltd. informed all its owners of the details of COVID-19 and launched the "First Shot" ("第一槍") of the Company in the fight against COVID-19.
12 February 2020	Sichuan Languang Justbon Services Group Co., Ltd. released the first propaganda film in the industry – "Not Far Spring Breeze, Sooner or Later Flower Blooming,"(《春風不遠，花開有期》 to salute to property workers in the front line against "COVID-19".
13 March 2020	Sichuan Languang Justbon Services Group Co., Ltd. launched the "Distant Home Service: Farmer Aid Program"("遠方的'嘉'—愛心助農計畫"), purchasing 4,000 jin of cabbage from farmers in Pingwu County of Sichuan to repay the owners and help farmers fight against the "pandemic"("疫").
16 March 2020	Sichuan Languang Justbon Services Group Co., Ltd. launched the selection of the "most beautiful countermarching persons who fight against the COVID-19 for our families" ("戰疫保家，最美嘉人") and selected 187 "most beautiful countermarching persons" ("最美嘉人") from tens of thousands of front-line employees with awards and promotions.
28 April 2020	Owners of "Wuhan Languang Lincoln Park"(武漢藍光林肯公園) spontaneously organized the presentation ceremony of the banners of "Cold Pandemic, Warm Justbon" ("疫情無情，嘉寶有愛"). More than 30 owner representatives presented 49 banners to the property managers of the Company to express their appreciation and encouragement to Sichuan Languang Justbon Services Group Co., Ltd. for its outstanding performance during the pandemic.
10 May 2020	"Happiness home" ("家倍幸福") – Sichuan Languang Justbon Services Group Co., Ltd. Happy Residence Plan 2020 Conference was held successfully in Xinjin Tianfu Agricultural Expo Park. The "Happy Residence Plan 2.0"("幸福居2.0") released at the Conference added three paths to the original plan, namely "repeated operation of service products", "smart life upgrade" and "spiritual and cultural advancement"("服務產品反覆運算" "智慧生活升級""精神文化進階"), forming four brand cores of "responsibility, focus, temperature and wisdom"("責任、專注、溫度、智慧").
15 May 2020	MSCI announced the results of its semi-annual review and Sichuan Languang Justbon Services Group Co., Ltd. was included in the MSCI China Small Cap Index.
25 August 2020	In response to the deployment of the competent authority with respect to the urgent flood control in Sichuan Leshan, Sichuan Languang Justbon Services Group Co., Ltd. gathered more than 20 people in the first time to rush to Leshan for flood control with more than 200 pieces of supplies, including pumping pumps, shovels, rain boots, masks, gas masks and flood vests.

ANNUAL REVIEW/HONORS AND AWARDS

Date	Event
26 September 2020	The 6th Owner Arts Festival – "Languang Home, Wave Era"("家在藍光潮浪時代") organized by Languang Customer Club (藍光客戶俱樂部) and Sichuan Languang Justbon Services Group Co., Ltd officially inaugurated in "Chengdu Languang Champagne Plaza"(成都藍光香檳廣場), the Event, by inviting brands in all sectors, integrated traditional culture, classical culture and modern fashion culture to enrich owners' life in multiple forms.
20 November 2020	"The Fire Control, Life First – Sichuan Fire Safety Emergency Response Joint Drill 2020 for Property Service Industry organized by the Company"("關注消防、生命至上--2020年四川省物業服務行業消防安全應急處置聯合演練") was successfully held in" Chengdu Languang Full Happiness Commercial Street Square"(藍光 • 幸福滿庭商業街廣場), the Joint Drill was supported and recognized by Sichuan Provincial Department of Housing and Urban-Rural Development, Sichuan Real Estate Association, and the administrative departments of urban-rural housing development in various cities (prefectures) of Sichuan Province.
14 December 2020	Sichuan Languang Justbon Services Group Co., Ltd officially launched "the Industrial Park Operation File Edition 1.0"(1.0版《產業園區作業文件》), formally established the business format of its industrial parks and formed a complete property service standard.
18 December 2020	Sichuan Languang Justbon Services Group Co., Ltd officially released "the Standardized Management Manual for Commercial Block Operation Edition 3.0"(《商業街區運營標準化管理手冊》3.0版本), formulating corresponding standards for basic property management and multi-property business operation and management of commercial blocks.
31 December 2020	Sichuan Languang Justbon Services Group Co., Ltd has passed the credit management system and information security management system of China Quality Certification Center (CQC). These are the international/national authoritative system certifications of Sichuan Languang Justbon Services Group Co., Ltd after obtaining the three certification systems of quality control system, environmental management system and occupational health and safety management system.

ANNUAL REVIEW/HONORS AND AWARDS

MAJOR HONORS AND AWARDS IN 2020

1. 2020 TOP 100 Property Management Companies in China (TOP 11)
2. 2020 Leading Brand of China Property Service Companies in terms of Service Quality, with a brand value of RMB7.002 billion
3. 2020 Top 10 Listed Company of Property Management Service (TOP 8)
4. 2020 Top 50 Property Enterprises in Service Capacity in China
5. 2020 China Property Quality Service Brand
6. 2020 Aggressive Enterprise in China Capital Market
7. AAA Integrity Business Enterprise
8. AAA Enterprise Credit Evaluation Certificate
9. 2020 Top 10 Property Enterprises in Operation Capacity in China
10. 2020 Top 50 Model Property Enterprises in Customer Satisfaction in China
11. 2020 Top 10 Property Enterprises in Enterprise Growth in China
12. Power of Community – TOP 11 Pioneer Forces of Poverty Alleviation by Consumption
13. Zhang Yin was awarded the Advanced Individual in Fighting against COVID-19 of the National Housing and Urban-Rural Development Establishment
14. 2020 TOP 20 Property Enterprises in Digital Power in China
15. Golden Keys China – Property Leading Group in China Service, 2020 Model Company of China Service

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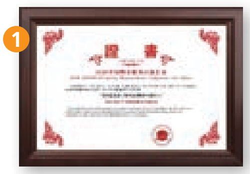
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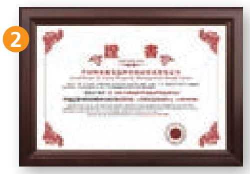
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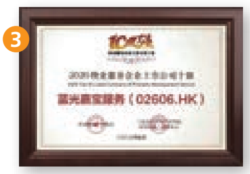
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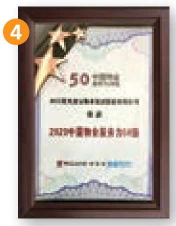
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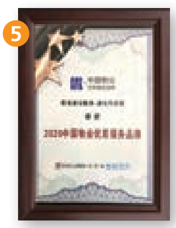
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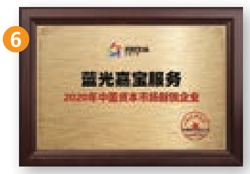
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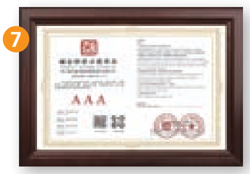
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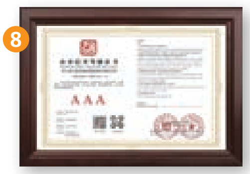
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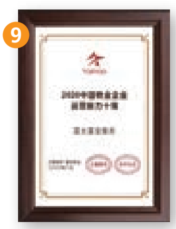
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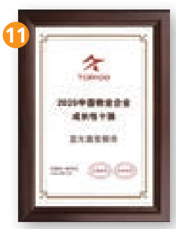
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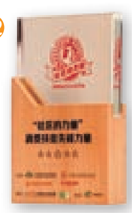
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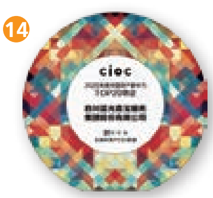
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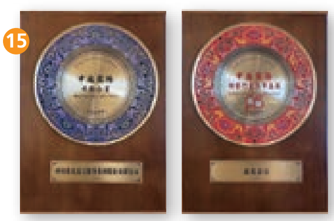

CHAIRMAN'S STATEMENT

Dear Shareholders:

On behalf of the Sichuan Languang Justbon Services Group., Ltd ("Languang Justbon Services" or the "Company") Board of Directors, I am pleased to report the audited results, business overview and outlook of the Company and its subsidiaries (generally referred to as "the Group") for the year ended 31 December 2020 (the "Year", "During the Year", "Whole Year").

Looking back on the unusual year of 2020, which brought us the unprecedented risks of coronavirus and global recession, we saw how China became the first to put the pandemic under control to resume work and production as its GDP rebounded from negative growth to a record level breaching the RMB100 trillion mark. Standing at a point in history intersecting two 100 years, China has transformed itself into an affluent society, having reached the goal it strove for over the past century and is now embarking on a new journey towards a new goal for the next hundred years.

Against a backdrop of rising living standards, the property service industry is undergoing accelerated transition, driven by key factors such as policy, technology, capital and mass consumption. Through swifter growth of operational scale, digital technology layout, enhanced service conditions, innovative services and products and upgraded talent pool, the traditional property service industry is being redefined.

Over the past year, the Company leveraged its wealth of property service experiences and inherent edge, coupled with a precise strategy to further market layout and strategic development and responded proactively to changes in policy, the economy and market environment, to broaden earnings, save cost, enhance efficiency and undertook innovations to obtain positive results.

Maintaining firm strategy to propel ahead in operational scale and efficiency

Based on our prediction of industry environment and economic development trends, we quickly moved into a state of "operational readiness" in early 2020 when we resumed work. Through analysis and coordinated planning of different regional markets in the country, we firmly adhered to our "1+1+N" nationwide growth strategy, continued to strengthen our leading edge in Sichuan, put focus on the north China region, comprehensively expanded our layout for high-value regions of the entire country including southwest China, central China and north China regions. During the Reporting Period, we expanded the scale of business management in multiple formats, such as M&A (mergers and acquisitions), custody, undertaking delivery commitments of our parent company and collaborations with third-party developers. As of 31 December 2020, the Group achieved gross floor area ("GFA") under management of 129.9 million sq. m. and contracted GFA under management of 213.7 million sq. m., increased by 58.2 million sq. m. and 96.8 million sq. m. from 2019 with a year-on-year growth of approximately 81.2 % and 82.8% respectively.

While our property management scale continues to grow unabated, we have sought to develop a business development ecosystem with the companies we took possession of through M&A. We have injected value-added businesses into the companies and transferred skills to them to raise their management efficiency, in order to enhance the service quality and operational efficiency of property projects that we collaborated on.

CHAIRMAN'S STATEMENT

Impacted by the pandemic, we ran into challenges with our innovative, value-added services. Despite this, we still made 2020 the year for rolling out such services. The Group fully unleashed the natural edge of the property industry with regard to traffic revolving around people, vehicles, the aged, the young, money and tourism, that we integrated with various consumption needs. We provided for the needs of property owners with value-added services like property agency assistance, furnished accommodation, advertising, media and community retail. With regard to property life cycle, the services provided include property repair, sale of parking space, fire safety, greening, equipment repair and maintenance, cleaning as well as engineering repair spanning the layout of up-and-downstream assets chain. During the Reporting Period, the earnings from community value-added services increased 39.0% year-on-year to RMB624.5 million. Apart from the residential sector, another service segment where we possess a unique edge is business management capabilities, encompassing multi-ownership management and multiformat services management models. In the commercial property segment, the contracted GFA of properties managed by the Group is approximately 6.4 million sq. m. Of these projects, 62 of them are key commercial projects. As the property market continues to enter the inventory age, our residential property agents moved along with the trend. For the entire year, we achieved earnings of RMB111.6 million, representing a year-on-year increase of approximately 434.3%.

For the year ended 31 December 2020, the Group achieved revenue of approximately RMB2,733.9 million, an increase of 30.2% over the entire year of 2019. Gross profit totalled around RMB975.7 million, representing a year-on-year increase of 28.3%. Net profit for the year was around RMB550.0 million, an increase of 23.8% compared to 2019. Profit attributable to shareholders of the Company amounted to around RMB533.2 million, an increase of 24.1% compared to the entire year of 2019. Basic earnings per share totalled around RMB2.99.

Putting focus on Sichuan business base, fully unleashing our leading edge in the region

Benefiting from the hard work we put in the region for the past twenty years, the market density of our Sichuan business base has grown incessantly. Correspondingly, our regional leading edge has also gained prominence. During the Reporting Period, the Group had a GFA under management of approximately 54.5 million sq. m. in Sichuan, realising business revenue RMB758.1 million. Due to the large numbers of property owners and high customer satisfaction level, the willingness to spend in our communities among property owners has been continually on the rise. Due to this, our community value-added services have been smoothly launched in Sichuan and the ratio of earnings from them in the communities we manage are higher than usual.

Given the extensive tourism resources in Sichuan province, we are able to spot enormous room for market development and the teeming opportunities available. Focusing on the two major themes of tourism and food, the Group has proactively leveraged our leading industry edge in the region, deeply explored the property services provided at the famous sightseeing and tourist regions of Sichuan. Counting on our ability to integrate resources on the basis of full property lifecycle, we deeply explored the potential of property services around the famous attractions and tourism regions in Sichuan to lay out the related property services and capitalise on cultural tourism in the province.

CHAIRMAN'S STATEMENT

Creating a second growth curve upon the cornerstone of high customer satisfaction

During the fight against the epidemic, we moved online to "Jia Vegetable Garden" (嘉菜園) providing property owners with fast, convenient grocery-shopping and errand services to overcome "last mile" limitations. Due to such continuous input and contributions amid the pandemic, the Group was widely endorsed by the government and customers. To raise the professionalism of our services and standardization levels, we held a total of more than 29,000 training sessions on property services and service improvement, with the "Standard Operating Documents for Industrial Zone Services Edition 1.0" (產業園區服務標準作業文件1.0版), "Four Sets of Service Model Operating Documents C-0 Edition" (四套服務模式作業文件C-0版) and other documents published. The spiritual wellbeing of property owners was one of the key concerns in our provision of quality services. In 2020, we upgraded the "Happy Living Culture" (幸福居文化) to the 2.0 edition and held 1,200 community-level cultural events that attracted the participation of close to 3 million property owners cumulatively. By organizing the 6th Property Owners Cultural Festival, we innovatively facilitated collaboration among trendy labels and put together a cross-sector thematic event. Lasting 40 days, the event covered more than 100 projects appealing to property owners of all age groups. On the strengths of our service capacity and publicly acknowledged service quality, we succeeded at adjusting our management rates for 12 projects in Shanghai and Zhuhai in 2020, with an adjustment margin of 32% on the average.

With increasingly more property owners willing to spend in our communities, we constantly increase the possibilities of our community value-added services to benefit from the trend. These cover identification of property owners' needs, product development, resource integration, sales channel improvement and after-sales services, all of which have increasingly matured. The range of products and services we provide to property owners is being continually recognized. We have set up a "Lifestyle Research Institute", to bring traditionally public value-added services into the privacy of homes and provide property owners with customized services such as performing household chores. We believe our community value-added services will bring forth endless opportunities and room for further imagination. During the year, we worked assiduously on social scenarios along across the upper and downstream assets chains to promote rapid growth of these services.

Leveraging on digital technology to upgrade community service and company management

The traditional model of real-estate services is primed for change in light of increasing digital technology application. The Group has leveraged digital technology with the commitment to enhance the experience of property owners, while freeing up frontline staff to deliver personalised, customised services and a better service quality. Teaming up with tech giants like Alibaba Cloud in strategic partnership, we have created a smart home-living platform based on AI+IOT to deliver total solutions from a one-stop range of property services. As AI technology matures, we are joining hands with Sensetime Technology, a global leading Artificial Intelligence company, to achieve tight "AI +real estate" integration of scenarios, to facilitate smart vehicle parking, analysis of crowd density, abnormal sojourn alerts, lift passengers' heat sensing and garbage overflows, grass turf damage, green pruning and illegal vehicle parking. Our plan is to utilise the power of technology to provide swift responses in addressing the needs of property owners. As of 31 December 2020, we cumulatively completed the benchmarked creation of 57 smart zones with 7 types of AI accompaniments, 17 types of AI security solutions, 7 types of AI quality initiatives amounting to 31 application scenarios. In 2020, we also used the core technology of ICBA + 5G to build the three clouds (i.e. "Service cloud, operating cloud, management cloud"). The two platform systems ("AIoT lifestyle platform + Big Data management platform") we built also support total coverage of service, operation and management, the completion of a finances sharing center and a HR statistics system, raise management efficiency and users' experience to lay the foundation for the Group's linked control and smart developments. We are also drawing on technology to convey human warmth and foster a "satisfying, surprising and touching" living experience for customers.

CHAIRMAN'S STATEMENT

Organisational excellence, talents support, robust corporate culture

Talents are the cornerstone of our sustained development. We constantly attach importance to the career growth and happiness of our employees. Currently, we count on organisational change to drive the competencies of our talents, making use a "beacon structure" to strengthen our regional base, inspiring our HQ management to see far, upgrading our regional base for excellence, professionalism and efficiency towards smooth operation, promoting our city-based companies to return to the basics of service and raising per capita competency. The Group has actively created a fair, transparent, healthy and standardized cultural atmosphere, and established a "fair, open and just" occupational development platform. Foremostly, we consider our project managers as the fundamental units to execute a three-points inventory of our talents, pave the foundation for manpower structure excellence, implement a Lean management system for talents. Secondly, we have changed our notion of manpower deployment to one based on industry growth and our development requirements, along with attempts to facilitate occupational downsizing at regional and urban levels. Thirdly, we will perform industry benchmarking with outstanding companies, take a Lean approach to achieve first-tier manpower deployment management and raise our efficiency. In 2020, we regard ourselves as a striving force, championing talents as well as selecting and deploying outstanding personnel. In the entire year, we promoted 1,252 outstanding staff, while 16 of our colleagues achieved national and provincial-grade craftsmen titles and some have been recognised as dedicated pandemic fights at a provincial level.

OUTLOOK

Standing on the cusp of a new era in 2021, we will continue to conduct real-estate services with pragmatism, leverage our inherent advantages and bright spots and start the twin engines to drive our future development. On the one hand, we will continue to deepen efforts developing the Sichuan market, reinforce our leadership position in the region and safeguard shareholders' interests. On the other hand, we will continue to increase our market shares in east China, proactively build our image to provide a benchmarking reference, attract multiple brands to enter the public construction realm, support our developments through multiple channels and with service quality and lean management and raise our operation and profitability levels. Based on our superior edge, we will further improve our business operation and management model, maintain a high rate of cash returns and stabilise our tourism-related business in our Sichuan operation base.

Looking ahead, the Group will positively respond to the constant challenge of ever-changing trends in the real-estate services profession. We will continually improve our service standards and management capacity in residential and non-residential segments, unleash the potential of our business and tourism-related endeavours and expand our city-based services, while embracing a new mindset, new layout and more personalised service quality, warmer service experience and more genuine service efficiency to support the second growth curve of Languang Justbon Services and its long-term developments.

YAO Min
Chairman

22 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is a leading property management service provider in Southwest China and Sichuan Province in the PRC. The Company had its shares listed on the Main Board of the Stock Exchange on 18 October 2019, becoming the first property management enterprise from western China being listed in the Hong Kong stock market. The Group ranked first among the Top 100 Property Management Companies in China in 2020 in terms of GFA under management in Sichuan Province. In 2020, the Group ranked 11th among the Top 100 Property Management Companies in China with a brand value of approximately RMB7.002 billion.

During the Relevant Year, the Group generated revenue from three business lines, namely, property management services, consultancy services and community value-added services, forming an integrated service spectrum covering a comprehensive chain of services in property management.

The Group provides property developers, property owners and residents with a wide range of property management services, including security, cleaning, greening and gardening, and repairs and maintenance services. As at 31 December 2020, the Group had a total GFA under management of approximately 129.9 million sq.m., representing an increase of approximately 81.2% from 71.7 million sq.m. as at 31 December 2019.

The Group's property management business not only brings about significant revenue, but provides a solid customer base for its consultancy services and community value-added services. The Group's consultancy services business helps establish and cultivate business relationships with property developers in the early stages of property development projects, thereby granting the Group a competitive advantage when competing for potential engagement in property management services subsequently. The Group's community value-added service business, through the offer of diversified products, enhances the satisfaction and loyalty of its customers and improves the market acceptance of the Group's brand and services. The synergies among the three business lines of the Group help diversify its revenue streams and capture new market opportunities.

BUSINESS REVIEW

During the Relevant Year, the Group generated total revenue of RMB2,733.9 million, representing an increase of approximately 30.2% as compared with 2019. Gross profit of the Group was RMB975.7 million, representing a year-on-year increase of approximately 28.3%. Net profit for the year was RMB550.0 million, representing a year-on-year increase of approximately 23.8%. Profit attributable to the owners of the Company amounted to RMB533.2 million, representing an increase of approximately 24.1% as compared with 2019. The basic earnings per share for the Relevant Year was RMB2.99 per share.

MANAGEMENT DISCUSSION AND ANALYSIS

Persevering with high-quality, steady expansion of business with a focus on residential properties

In 2020, under the Group's "1+1+N" strategy, the Group strengthened its leading position in southwest China, focused on development in eastern China, and expanded its geographical presence across China. During the Relevant Year, the Group has been expanding its business scale through various means, including managing properties developed and delivered by its parent company, mergers and acquisitions, strategic cooperation with third-party property developers, public tenders, and entering into service engagements with property owner associations. As at 31 December 2020, the GFA under management and contracted GFA of the Group were 129.9 million sq.m. and 213.7 million sq.m., respectively, representing an increase of approximately 81.2% and 82.8%, respectively, as compared with 2019.

By virtue of its business management capabilities and advantages, realizing considerable operating value

The Group has 20 years of experience in commercial operations and services, focusing on servicing various commercial projects such as commercial streets, specialized markets, community businesses, office buildings and apartments. The contracted GFA of the Group's commercial projects is approximately 6.4 million sq.m., of which 62 are key commercial operation projects. The Company operates projects such as Chengdu Golden Lotus Specialized Apparel Market (成都金荷花服裝專業市場), Shuadu Chunjiang Huayue Featured Street (耍都春江花月特色街區), commercial and office buildings of Chengdu Champagne Plaza (成都香檳廣場), and Chengdu Airport Headquarter Base (成都空港總部基地). The above-mentioned projects, with huge business potential and economic value, have become an important window for Chengdu to show its features.

Innovating with the "Justbon Life Pro (嘉寶生活家)" value-added service model, and constructing a full-cycled value chain for residential living

The Group's "Justbon Life Pro (嘉寶生活家)" mobile application strives to build a full-cycled and comprehensive service model that covers residential living products, housekeeping and cleaning, housing decoration and maintenance, and fixed asset management. As at 31 December 2020, the Group's "Justbon Life Pro (嘉寶生活家)" mobile application had accumulated and attracted around 1,000,000 registered users. The Group provides services including residential living products, housekeeping and repairs, travelling and automobile maintenance. During the Relevant Year, the Group recorded a breakthrough in sales volume of its innovative turnkey and move-in furnishing and customised decoration services and was expanding its residential property agency, real estate brokerage, car park sales businesses at the same time. In 2020, the Group recorded revenue from its community value-added services in the amount of RMB624.5 million, representing a year-on-year increase of approximately 39.0%. Through diversifying the portfolio of community value-added services, the Group has built a richer profit model and a more stable profit structure.

OUTLOOK

In 2021, the Group will closely follow contemporary trends and continue developing its three core business lines of property management services, consulting services, and community value-added services, with strong emphasis on brand leadership and customer satisfaction. Taking advantage of the rapid growth and transformation of the property management industry in China, the Group believes that it is well-positioned to achieve high-quality growth focusing on both profitability and scale with access to capital and technology.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the Relevant Year, the Group derived its revenue from three business lines, namely (i) property management services; (ii) consultancy services; and (iii) community value-added services. The following table sets forth the details of the Group's revenue recognised by business line for the years indicated:

	Year ended 31 December		Change in percentage
	2020	2019	
	RMB'000	RMB'000	%
Property management services	**1,491,953**	1,139,394	30.9
– Residential property	**1,318,905**	1,031,104	27.9
– Non-residential property	**173,048**	108,290	59.8
Consultancy services	**617,438**	511,438	20.7
– Languang Group	**514,692**	434,738	18.4
– Third-party property developers	**102,746**	76,700	34.0
Community value-added services	**624,471**	449,392	39.0
Total	**2,733,862**	2,100,224	30.2

The Group's revenue increased by approximately 30.2% from RMB2,100.2 million for the year ended 31 December 2019 to RMB2,733.9 million for the year ended 31 December 2020. This increase was mainly attributable to:

(i) the increase in revenue from property management services by approximately 30.9% from RMB1,139.4 million for the year ended 31 December 2019 to RMB1,492.0 million for the year ended 31 December 2020, primarily due to the increase of the GFA under management as a result of the Group's business expansion;

(ii) the increase in revenue from consultancy services by approximately 20.7% from RMB511.4 million for the year ended 31 December 2019 to RMB617.4 million for the year ended 31 December 2020, which was primarily driven by the increase in number of consultancy projects served by the Group; and

(iii) the increase in revenue from community value-added services by approximately 39.0% from RMB449.4 million for the year ended 31 December 2019 to RMB624.5 million for the year ended 31 December 2020, which was primarily driven by the increase in scale of the Group's property management business and the expansion of the Group's value-added service offered.

MANAGEMENT DISCUSSION AND ANALYSIS

Property management services

The following table sets forth a breakdown of the GFA under management as at the dates indicated and total revenue from the provision of property management services for the years indicated by type of property developer:

	As at/Year ended 31 December			
	2020		2019	
	GFA under management sq.m.	Revenue RMB	GFA under management sq.m.	Revenue RMB
	(in thousands)			
Languang Group[1]	35,091	690,113	29,106	586,397
Third-party property developers[2]	94,802	801,840	42,611	552,997
Total	129,893	1,491,953	71,717	1,139,394

Notes:

(1) Includes projects solely developed by Languang Group and properties that Languang Group jointly developed with other property developers for which Languang Group held a controlling interest.

(2) Includes properties developed by independent third party developers, and projects developed by joint ventures and associates of Languang Development.

During the Relevant Year, the GFA under management increased by approximately 81.2% from 71.7 million sq.m. as at 31 December 2019 to 129.9 million sq.m. as at 31 December 2020; and the contracted GFA increased by approximately 82.8% from 116.9 million sq.m. as at 31 December 2019 to 213.7 million sq.m. as at 31 December 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

To facilitate the management of its property management network, the Group divided its geographic coverage into five major regions in China, namely Sichuan Province, East and South China, Southwest China, Central and North China and others. The following table sets forth a breakdown of the GFA under management as at the dates indicated and total revenue for the years indicated from the provision of property management services by geographic coverage:

	As at/Year ended 31 December			
	2020		2019	
	GFA under management sq.m.	Revenue RMB	GFA under management sq.m.	Revenue RMB
	(in thousands)			
Sichuan Province	54,458	758,102	37,153	665,340
East and South China[(1)]	50,162	434,128	22,037	240,700
Southwest China (excluding Sichuan Province)[(2)]	10,295	165,991	7,965	153,888
Central and North China[(3)]	9,559	92,925	3,881	76,022
Others[(4)]	5,419	40,807	681	3,444
Total	129,893	1,491,953	71,717	1,139,394

Notes:

(1) East and South China mainly includes Zhejiang Province, Jiangsu Province, Shanghai, Guangdong Province, Anhui Province, Shandong Province, Guangxi Zhuang Autonomous Region and Hainan Province.

(2) Southwest China mainly includes Yunnan Province, Guizhou Province and Chongqing.

(3) Central and North China mainly includes Beijing, Tianjin, Hebei Province, Hubei Province, Jiangxi Province, Hunan Province, Shanxi Province and Henan Province.

(4) Others include Ningxia Hui Autonomous Region, Shaanxi Province, Liaoning Province, Gansu Province and Jilin Province.

MANAGEMENT DISCUSSION AND ANALYSIS

Consultancy services

The Group provides consultancy services primarily in the form of preliminary planning and design consultancy services, sales assistance, home inspection and consultancy services to property management companies. The following table sets forth the components of revenue from consultancy services for the years indicated:

	Year ended 31 December		Change in percentage
	2020	2019	
	RMB'000	RMB'000	%
Preliminary planning and design consultancy services	6,297	–	N/A
Sales assistance	477,608	328,640	45.3
Home inspection	132,297	182,719	-27.6
Consultancy services to property management companies	1,236	79	1,464.6
Total	617,438	511,438	20.7

Community value-added services

The Group provides four categories of community value-added services, namely (i) resident services, such as property maintenance and repair, housekeeping and cleaning, decoration, turnkey and move-in furnishing, purchase assistance and public resources administration services; (ii) residential property agency; (iii) commercial property management and operation services; and (iv) advertisement. The community value-added services provided by the Group aim to provide property owners and residents with access to a wide range of products and services through a variety of channels, bringing more convenience to them and enhance their living experience. The following table sets forth the components of its revenue from value-added services for the years indicated:

	Year ended 31 December		Change in percentage
	2020	2019	
	RMB'000	RMB'000	%
Resident services	381,726	314,558	21.4
Residential property agency	111,589	20,884	434.3
Commercial property management and operation services	2,483	15,406	-83.9
Advertisement	128,673	98,544	30.6
Total	624,471	449,392	39.0

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales

The Group's cost of sales mainly consist of (i) staff cost; (ii) greening and cleaning expenses; (iii) maintenance costs; (iv) utilities; (v) short-term lease payments; (vi) business taxes and other levies; and (vii) others. The Group's cost of sales increased by approximately 31.2% from RMB1,340.0 million for the year ended 31 December 2019 to RMB1,758.2 million for the year ended 31 December 2020. This increase was generally consistent with the growth of the Group's business.

Gross profit and gross profit margin

	Year ended 31 December			
	2020		2019	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Property management services	404,094	27.1	322,409	28.3
Consultancy services	325,975	52.8	275,524	53.9
Community value-added services	245,621	39.3	162,295	36.1
Total	975,690	35.7	760,228	36.2

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit increased by approximately 28.3% from RMB760.2 million for the year ended 31 December 2019 to RMB975.7 million for the year ended 31 December 2020.

The Group's gross profit margin decreased from 36.2% for the year ended 31 December 2019 to 35.7% for the year ended 31 December 2020, primarily due to the relatively low gross profit margin of the acquired companies.

Costs of sales and distribution

The Group's costs of sales and distribution mainly consist of (i) advertising expenses; and (ii) employee benefit expenses for its selling and marketing staff. The Group's expenses increased by approximately 35.3% from RMB5.1 million for the year ended 31 December 2019 to RMB6.9 million for the year ended 31 December 2020, primarily due to the increase in advertising expenses in relation to the Group's housing brokerage business and the expansion of Life Pro Experience Centers (生活家體驗中心).

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses

The Group's administrative expenses mainly consist of (i) staff cost; (ii) travelling and entertainment expenses; (iii) office expenses; (iv) consultancy fees; (v) bank charges; (vi) depreciation and amortisation charges; (vii) business taxes and other levies; and (viii) others, which mainly include research and development expenses, recruitment expenses; rental expenses and listing expenses. The Group's administrative expenses increased by approximately 44.7% from RMB202.1 million for the year ended 31 December 2019 to RMB292.5 million for the year ended 31 December 2020, primarily due to the increase in merger and acquisition expenses of agencies, travelling expenses and office expenses.

Other income

The Group's other income primarily include (i) government grants, which consist mainly of financial subsidies granted by the local governments; (ii) interest income from bank deposits; and (iii) others, which mainly include late fee income from overdue property management fees and deduction of value-added tax. The Group's other income increased by approximately 310.5% from RMB12.4 million for the year ended 31 December 2019 to RMB50.9 million for the year ended 31 December 2020, primarily due to the increase in interest income from bank deposits and government grants in relation to the Group's operations and deduction of value-added tax.

Other gains/(losses) – net

The Group's net other gains/(losses) mainly consist of (i) fair value gains on investment properties; (ii) written-off of payables; and (iii) net foreign exchange differences. For the year ended 31 December 2020, the Group recorded net other gains of RMB12.2 million, primarily due to the increase in net foreign exchange gains.

Finance costs

The Group's finance costs remained at RMB0.3 million and RMB2.0 million for the years ended 31 December 2019 and 2020, respectively, primarily due to the unpaid interest calculated according to leases standards and interest expenses amortisation of long-term payables.

Income tax expenses

The Group's income tax expenses comprise PRC corporate income tax. The Group's income tax expense increased by approximately 26.3% from RMB88.5 million for the year ended 31 December 2019 to RMB111.8 million for the year ended 31 December 2020. Such increase was primarily due to the increase in the Group's profit before tax as a result of its business expansion.

The effective income tax rate of the Group remained relatively stable at 16.6% and 16.9% for the years ended 31 December 2019 and 2020, respectively. Such rate was lower than the PRC statutory corporate income tax rate of 25%, primarily because the Company and some of the Group's subsidiaries enjoyed a 15% preferential income tax treatment for western regions in China, while some of the Group's subsidiaries enjoyed the preferential income tax treatment for small and micro businesses.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the year

As a result of the aforementioned changes of the Group's financials, the Group's profit for the year increased by approximately 23.8% from RMB444.1 million for the year ended 31 December 2019 to RMB550.0 million for the year ended 31 December 2020.

Property, plant and equipment

The Group's property, plant and equipment comprise vehicles, office equipment, machinery and leasehold improvements and right-of-use assets. As at 31 December 2019 and 2020, the carrying amounts of the Group's property, plant and equipment were RMB18.2 million and RMB75.4 million respectively, representing an increase of approximate 314.3%. Such increase was primarily due to the increase in the investment of intelligent equipment transformation.

Goodwill

As at 31 December 2020, the Group's goodwill amounted to RMB740.8 million, representing an increase of approximately 177.0% from RMB267.4 million as at 31 December 2019, mainly due to the increase in goodwill as a result of the acquisition of some companies in 2020.

Other intangible assets

The Group's other intangible assets mainly include trademarks, customer relationships and computer software. As at 31 December 2020, the Group's other intangible assets amounted to RMB391.6 million, representing an increase of approximately 140.7% from RMB162.7 million as at 31 December 2019, mainly due to the intangible assets from the acquisition and upgrade of the Group's information technology system.

Trade and other receivables

The Group's trade and other receivables comprise trade receivables, other receivables, prepayments to suppliers and prepaid tax. As at 31 December 2020, the Group's trade and other receivables amounted to RMB1,342.8 million, representing an increase of approximately 33.8% from RMB1,003.8 million as at 31 December 2019.

The Group's trade receivables mainly arise from property management services under a lump sum basis and consultancy services. As at 31 December 2020, the Group's trade receivables amounted to RMB936.6 million, representing an increase of approximately 8.0% from RMB867.0 million as at 31 December 2019, mainly due to the increase in revenue of the Group upon business expansion and the increase in receivables in prior period from some acquired companies.

The Group's other receivables primarily consist of other receivables from third parties, which mainly include deposit guarantee, tender deposits, advances to employees and receivables from the former shareholders of the newly acquired subsidiaries. As at 31 December 2020, other receivables amounted to RMB337.0 million, representing an increase of approximately 255.9% from RMB94.7 million as at 31 December 2019, mainly due to the increase in receivables from the former shareholders of the newly acquired subsidiaries and the increase in payment on behalf of residents.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2020, the Group's prepayments to suppliers amounted to RMB65.7 million, representing an increase of approximately 59.1% from RMB41.3 million as at 31 December 2019, mainly due to the increase in costs of procurement driven by the business expansion.

Trade and other payables

The Group's trade and other payables comprise trade payables, other payables, accrued payroll, other taxes payables and dividend payable. As at 31 December 2020, the Group's trade and other payables amounted to RMB1,396.3 million, representing an increase of approximately 74.5% from RMB800.3 million as at 31 December 2019.

The Group's trade payables mainly represent its obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, including subcontracting expenses and cost of materials. As at 31 December 2020, the Group's trade payables amounted to RMB287.3 million, representing an increase of approximately 116.3% from RMB132.8 million as at 31 December 2019, mainly due to the increase in costs of the Group's procurement driven by the business expansion.

The Group's other payables mainly represent outstanding payment of consideration payables for the acquisition, cash collected on behalf of property developers and owners, retention and deposits from property owners. As at 31 December 2020, the Group's other payables amounted to RMB893.2 million, representing an increase of approximately 79.0% from RMB499.0 million as at 31 December 2019, mainly due to the increase in consideration payables for the acquisition of companies and the increase in receipts on behalf of property developers and owners as a result of the business expansion.

As at 31 December 2020, accrued payroll amounted to RMB200.1 million, representing an increase of approximately 39.8% from RMB143.1 million as at 31 December 2019, mainly due to the increase in number of employee and salary increment.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group met and expects to continue meeting its operating capital, capital expenditure and other capital needs with cash generated from operations and proceeds from the Listing.

Net current assets

As at 31 December 2020, the Group's net current assets amounted to RMB1,563.5 million (31 December 2019: RMB1,782.3 million). The Group's total current assets increased by approximately 18.6% from RMB2,981.4 million as at 31 December 2019 to RMB3,537.2 million as at 31 December 2020. The Group's total current liabilities increased by approximately 64.6% from RMB1,199.1 million as at 31 December 2019 to RMB1,973.6 million as at 31 December 2020. The increase in the Group's total current liabilities was primarily attributable to the increase in trade payables.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash position

As at 31 December 2020, the Group had cash and cash equivalents of RMB2,150.1 million (31 December 2019: RMB1,962.7 million), including RMB2,121.3 million (31 December 2019: RMB424.4 million) denominated in RMB, approximately RMB28.8 million (31 December 2019: approximately RMB1,537.2 million) denominated in HK$ and approximately RMB0 million (31 December 2019: approximately RMB1.1 million) denominated in US$.

Indebtedness

As at 31 December 2020, the Group had lease liabilities of RMB12.6 million (31 December 2019: RMB5.2 million). The Group had no bank loans or convertible loans during the Relevant Period and as at 31 December 2020 (31 December 2019: nil). As a result, the Group's gearing ratio (calculated as total bank and other borrowings divided by total equity) as at 31 December 2020 was nil (31 December 2019: nil).

Pledge of assets

As at 31 December 2020, the Group did not have any pledged assets (31 December 2019: nil).

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 30 September 2020, the Company and Mr. Liu Wenyang, Ms. Lin Xiulian and Mr. Liu Daiwei (the "Sellers") entered into the Equity Transfer Agreement, pursuant to which the Company conditionally agreed to acquire, and the Sellers conditionally agreed to sell 90% equity interest in each of Shanaghai Yizhen Property Management Limited Company (上海益鎮物業管理有限公司) and Shanghai Huaxin Property Management Limited Company (上海華欣物業管理有限公司), at the aggregate Consideration of RMB198,000,000 (Note(1)). Upon completion of the Acquisition on 23 November 2020, Shanghai Yizhen Property Management Limited Company and Shanghai Huaxin Property Management Limited Company will become non-wholly owned subsidiaries of the Company.

On 30 November 2020, the Company and ALD (HK) Limited (the "Seller") entered into the Equity Transfer Agreement, pursuant to which the Company conditionally agreed to acquire, and the Seller conditionally agreed to sell 60% equity interest in Shanghai Shangzhi Property Group Limited Company (上海上置物業集團有限公司), at the aggregate Consideration of RMB158,886,700. Upon completion of the Acquisition on 14 December 2020, Shanghai Shangzhi Property Group Limited Company will become a non-wholly owned subsidiary of the Company.

The above acquisitions enable the Group to further expand the scale and the scope of its business, and increase its influence and competitiveness in the market, which is in line with the strategic development needs of the Group. For details, please refer to the announcements of the Company dated 4 October 2020 and 30 November 2020.

Save as disclosed above, the Company has no other significant investments or significant acquisitions of subsidiaries, associates and joint ventures in 2020.

Note 1: The aggregate consideration of Shanghai Yizhen Property Management Limited Company and Shanghai Huaxin Property Management Limited Company was RMB213,000,000, and has been subsequently adjusted to RMB198,000,000 during the year ended 31 December 2020, which is subject to the Consideration Adjustment Mechanism according to the Equity Transfer Agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

Updates on Guarantees in Respect of the Acquisitions

Reference is made to the announcement of the Company dated 6 December 2019 in relation to the acquisition of 60% equity interest of Zhejiang Zhongneng Property Management Service Co., Ltd. (浙江中能物業服務有限公司). Up to the date of this report, there are no changes to the terms of the results guarantee where the guaranteed GFA and the guaranteed revenue shall not be less than the following respective amounts:

	The guaranteed GFA ('000 sq.m)	The guaranteed revenue (RMB' 000)
For the year ending 31 December 2020	4,741	69,643
For the year ending 31 December 2021	4,978	73,125
For the year ending 31 December 2022	5,227	76,781

The guaranteed GFA and the guaranteed revenue for the year ended 31 December 2020 have been realized, according to the audited report of Zhejiang Zhongneng Property Management Service Co., Ltd. received in March 2021.

Reference is made to the announcement of the Company dated 4 October 2020 in relation to the acquisition of 90% equity interest in each of Shanaghai Yizhen Property Management Limited Company and Shanghai Huaxin Property Management Limited Company. Up to the date of this report, there are no changes to the terms of the results guarantee where the guaranteed GFA and the guaranteed revenue shall not be less than the following respective amounts:

	The guaranteed GFA ('000 sq.m)	The guaranteed revenue (RMB' 000)
First performance undertaking year (i.e. December 2020 to November 2021)	8,460	166,482
Second performance undertaking year (i.e. December 2021 to November 2022)	8,860	180,572

Reference is made to the announcement of the Company dated 30 November 2020 in relation to the acquisition of 60% equity interest in Shanghai Shangzhi Property Group Limited Company (上海上置物業集團有限公司) ("Shanghai Shangzhi"). Up to the date of this report, there are no changes to the terms of the results guarantee where the guaranteed GFA and the guaranteed profit shall not be less than the following respective amounts:

	The guaranteed GFA ('000 sq.m)	The guaranteed profit (RMB' 000)
For the year ending 31 December 2021	2,916	16,170

The Company has been in constant liaison with ALD (HK) Limited, the vendor, and the remaining shareholders of Shanghai Shangzhi and monitoring closely on the guarantee status of the acquisitions according to the acquisition agreements.

MANAGEMENT DISCUSSION AND ANALYSIS

Future Plans for Material Investments or Capital Assets

The Group intends to utilise the net proceeds raised from the Listing according to the plans set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the Change in Use of Proceeds Announcement issued on 1 March 2021 and the supplemental announcement dated 5 March 2021.

Financial risks

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Foreign exchange risk

The Group's businesses are principally conducted in RMB, which is the functional currency of the group companies. Foreign currency transaction included mainly receipts of proceeds from the Listing and payment of professional fees which are dominated in HK$ and US$. As at 31 December 2020, major non-RMB assets are cash and cash equivalents denominated in HK$ in the amount of RMB28.8 million and major non-RMB liabilities are lease liabilities denominated in HK$ in the amount of RMB6.2 million. Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations. The Group currently does not have a foreign currency hedging policy, and manage its foreign currency risk by closely monitoring the movement of foreign currency rate.

Credit risk

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by the management.

The Group is exposed to credit risk in relation to its trade and other receivables, cash deposits at banks and financial assets at fair value through profit or loss. The carrying amounts of trade and other receivables, cash and cash equivalents and financial assets at fair value through profit or loss represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

For trade and other receivables, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group expects that there is no significant credit risk associated with financial assets at fair value through profit or loss since the Group furnishes investment mandates to commercial banks and trust companies, which require them to invest in wealth management products with high market credit rating, liquidity and stable return. Management does not expect that there will be any significant losses from non-performance by these counterparties.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group considers the probability of default upon initial recognition of asset and any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available forwarding-looking information, including internal credit rating, external credit rating, actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations, actual or expected significant changes in the operating results of individual property owner or the borrower and significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers and changes in the operating results of the borrower.

Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group did not have any material contingent liabilities (31 December 2019: nil).

COMMITMENTS

As at 31 December 2020, the Group had capital commitment of RMB5.7 million (31 December 2019: RMB3.9 million).

KEY FINANCIAL RATIOS

As at 31 December 2020, the current ratio was 1.79 (31 December 2019: 2.49) and its liabilities to assets ratio was 44.1% (31 December 2019: 35.4%).

Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective dates and multiplied by 100%. Liabilities to assets ratio is calculated based on the total liabilities, which represent the sum of current liabilities and non-current liabilities, divided by total assets, which represent the sum of current assets and non-current assets, as at the respective dates and multiplied by 100%.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at 31 December 2020, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

Net proceeds from the Listing (including the full exercise of the over-allotment option on 1 November 2019), after deducting the underwriting commission and other estimated expenses in connection with the Listing which the Company received amounted to approximately RMB1,600.51 million. The difference between the net proceeds disclosed here and the 2020 interim report of the Company dated 27 August 2020 is caused by exchange rate fluctuation. As at 31 December 2020, the unutilised net proceeds have been placed as interest bearing deposits with a licensed bank in Mainland China and Hong Kong. As at 31 December 2020, such net proceeds received have been used according to the plan described in the Prospectus of the Company, and will continue to be used, in an allocation manner and period proposed in the Change in Use of Proceeds Announcement issued on 1 March 2021 and the supplemental announcement dated 5 March 2021.

An analysis of the use of the net proceeds from the Listing Date up to 31 December 2020 is set out below:

	Planned use of net proceeds as stated in the Prospectus and after considering the additional net proceeds received from the full exercise of the over-allotment option on 1 November 2019		Actual use of net proceeds up to 31 December 2020	Unutilised net proceeds as at 31 December 2020	Expected timeline for the unutilised net proceeds[(1) & (2)]
	% to total amount	RMB'000	RMB'000	RMB'000	
Expansion of property management services	77%	1,232,390	459,017	773,373	By September 2022
Community value-added services enhancement	5%	80,025	22,051	57,974	By September 2022
Maintenance and update of information technology system	8%	128,041	57,346	70,695	By September 2022
General working capital	10%	160,051	133,394	26,657	N/A
Total	100%	1,600,507	671,807	928,700	

Notes:

(1) For the detailed breakdown and description of the proceeds and the expected timeline of the intended use of proceeds, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus.

(2) The expected timeline for the unutilised net proceeds was based on the best estimation and assumption of future market conditions and industry development made by the Company at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry. It is subject to change based on the current and future development of the Group's business and the market conditions.

MANAGEMENT DISCUSSION AND ANALYSIS

Except the adjustment set out in the Change in Use of Proceeds Announcement issued on 1 March 2021 and the supplemental announcement dated 5 March 2021, the Directors are not aware of any other material change to the planned use of net proceeds as at the date of this report. The unutilised net proceeds and its following intended timeframe for utilisation will be applied in a manner consistent with that mentioned in the Change in Use of Proceeds Announcement issued on 1 March 2021 and the supplemental announcement dated 5 March 2021.

As disclosed in the above-mentioned announcements, the current plan of use of net proceeds is set out as below:

Revised use of the Net Proceeds	Percentage of the revised allocation %	Revised allocation RMB million	Amount of the Net Proceeds used as at the date of 1 March 2021 RMB million	Remaining balance of the Net Proceeds after the revised allocation RMB million
Investment Plan				
– Injecting capital into subsidiaries, acquiring (including injecting capital into subsidiaries for acquisitions) other property management companies and other property management related business companies	**52%**	**832.39**	**588.33**	**244.06**
CVAS Enhancement and IT Upgrade of the Group's System	**13%**	**208.07**	**80.43**	**127.64**
For working capital and general corporate purposes	**35%**	**560.05**	**137.55**	**422.50**
Total	**100%**	**1,600.51**	**806.31**	**794.20**

For the avoidance of doubt, if there is any discrepancy between the total number and the final number of each item, it is caused by rounding.

Among the unutilised net proceeds of RMB794.2 million, the amount of RMB244.06 million for "Investment Plan – injecting capital into subsidiaries, acquiring (including injecting capital into subsidiaries for acquisitions) other property management companies and other property management related business companies" is expected to be used up by December 2021, and the amount of RMB127.64 million for "CVAS Enhancement and IT Upgrade of the Group's System" and the amount of RMB422.50 million "For working capital and general corporate purposes" are expected to be used up by September 2022.

The reasons for such change in use of proceeds are set out in the Change in Use of Proceeds Announcement issued on 1 March 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE AND REMUNERATION POLICY

Human resource has always been the most valuable resource of the Group. As at 31 December 2020, the Group employed a total of 16,468 full-time employees (31 December 2019: 11,494). For the year ended 31 December 2020, the staff cost recognised as expenses of the Group amounted to RMB1,043.9 million (2019: RMB820.1 million).

The remuneration policy of the Group is to reward its employees based on, among other things, the Group's operating results, individual performance and comparable market statistics. The Group offers its employees competitive wages and benefits, systematic training opportunities and internal upward mobility, so as to attract and retain quality staff. In order to retain talents for achieving the Group's strategic and operational goals, the Company has adopted a share incentive scheme on 9 November 2018. As required by the relevant PRC laws and regulations, the Group makes contributions to social insurance fund (including pension fund, medical insurance, un-employment insurance, work- related injury insurance, and maternity insurance) and housing provident fund for the benefit of its PRC employees.

In determining the remuneration of the Directors, the Board will make reference to the proposal of the remuneration committee of the Company, taking into account, among others, their respective duties and responsibilities, individual performance and the prevailing market conditions.

The Group provides systematic and extensive training programs to its employees and knowledge of industry quality standards and work place safety standards to enhance their technical and service skills. In addition, the Group provides orientation trainings to new hires, introducing them to its corporate culture, procuring them to adapt to teamwork and showing them videos to visually demonstrate its service standards and procedures. Each of the fresh graduate employees is also assigned an experienced manager to serve as their mentors, who provide tailored coaching and guidance. The Group provides online training courses and regular seminars on various aspects of its business operations, such as quality control and customer relationship management, to its employees.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As at the date of this report, the biographical details of Directors, Supervisors and senior management of the Company are as follows:

BIOGRAPHICAL DETAILS OF DIRECTORS

Mr. Yao Min (姚敏), aged 56, was appointed as the Director in March 2009 and as the chairman of the Board in October 2013. Mr. Yao is primarily responsible for the strategic planning and making business decisions for the Group. He is also the chairman of the Nomination Committee and a member of the Remuneration Committee.

Mr. Yao joined the Group in March 2005. From March 2005 to August 2008, he successively served as the deputy general manager, executive deputy general manager and general manager at Languang Building Co., Ltd., where he was responsible for the operations and management of the company. From August 2006 to October 2008, he served as an assistant to the president of the Company and was responsible for the operation and management of the housing brokerage business. From December 2007 to March 2009, he was appointed as the Supervisor. From October 2008 to July 2012, he was appointed as vice president and subsequently promoted to executive vice president and also served as the general manager of the Chengdu branch office, where he was responsible for assisting the president and chairman of the Board to promote the Company's business and the overall operations and management of the Chengdu branch office. Mr. Yao served as the president from July 2012 to July 2019, where he was responsible for the overall operations and management the Group.

Prior to joining the Group, from August 1983 to September 1989, Mr. Yao worked at Chengdu Bus Factory (成都客車廠). From September 1989 to September 1997, he served as an engineer at Sichuan Automobile Industry Group Company Ltd. (四川汽車工業集團公司), a company mainly engaged in the manufacturing of passenger cars and off-road vehicles, where he was responsible for the design work of electrical engineering. From September 1997 to December 2001, he served as the deputy general manager at Chengdu Jincheng Property Service Co., Ltd. (成都市錦城物業服務有限責任公司) and was responsible for the operations and management of the company. From February 2002 to February 2003, Mr.Yao served as the general manager at Chengdu Huihuang Property Management Co., Ltd. (成都市輝煌物業管理有限公司), where he was responsible for strategic planning and operations and management. From September 2003 to February 2005, he worked at Chengdu Jiajing Asset Management Co., Ltd. (成都佳境資產管理有限責任公司) as executive deputy general manager, where he was responsible for the overall operations and business coordination. Mr. Yao currently serves as the executive partner at Chengdu Jiayu and at Ningbo Jiaqian Corporate Management Partnership (Limited Partner) (寧波嘉乾企業管理合夥企業（有限合夥)), where he is responsible for making strategic decisions and managing overall operations.

Mr. Yao is currently the vice president of the China Property Management Institute (中國物業管理協會), the research fellow of the China Property Management Industry Development Research Center (中國物業管理行業發展研究中心), a committee member of the Standardization Working Committee of the China Property Management Association (中國物業管理協會標準化工作委員會), the vice president and chairman of the property management professional committee of Sichuan Real Estate Association (四川省房地產業協會), the vice president and industry special lecturer of the Chengdu Property Management Association (成都市物業管理協會), the intellectual expert on property management at the China Construction News (中國建設報社) and the deputy director of the Application and Promotion Center of Smart Property at the National Smart Building and Residential Area Digitalization and Standardization Technical Committee (全國智能建築及居住區數字化標準化技術委員會). He was an honorary professor of the President Senior Training Course of Property Management at Renmin University of China (中國人民大學) from November 2011 to November 2013.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Yao was selected by the Chengdu Property Management Association (成都市物業管理協會) as the New Talent of Property Management Industry in Chengdu in March 2005, the Senior Entrepreneur of the Property Service Enterprises in Chengdu in July 2011 and the 10 Best Business Manager in March 2012, by the Organization Committee of the China International Exposition of Housing Industry (中國國際住宅產業博覽會) as the China International (Commercial) Property Management Expert in November 2009, by the Sichuan Real Estate Association (四川省房地產業協會) as the Advanced Person in February 2011, by the Sichuan Provincial Department of Housing and Urban-Rural Development (四川省住房和城鄉建設廳) as the Advanced Person in the legal construction of the property management industry in April 2012, by the "Urban Development" Magazine Co., Ltd. (《城市開發》雜誌社有限公司) as the Tutor in October 2015, by the Sichuan Provincial Department of Housing and Urban-Rural Development (四川省住房和城鄉建設廳) as the Property Management Expert in Sichuan in March 2016, by the China Property Management Magazine (《中國物業管理》雜誌社) as an Outstanding Figure in July 2016 and by the Chengdu Urban and Rural Housing Authority (成都市城鄉房產管理局) as the Property Management Professional in Chengdu in January 2018.

Mr. Yao was awarded the Second Prize of Property Management Paper in Chengdu by the Chengdu Property Management Association in January 2003, the Property Management Technology Transformation Innovation Award by Modern Property Management Magazine (現代物業雜誌社) in April 2008 and the Experienced Manager of Property Service Enterprise during the commendation of the 30th Anniversary of Property Management Reform and Development (物業管理改革發展30周年) in October 2011.

Mr. Yao graduated from Sichuan Radio and Television University (四川廣播電視大學) in the PRC, where he completed the curriculum of electro-oxygen engineering in July 1989 and industrial and commercial enterprise management in July 2002. He graduated from The Open University of China (國家開放大學) (formerly known as China Central Radio and Television University (中央廣播電視大學)) in the PRC in April 2006, where he completed the curriculum of business management. Mr. Yao became an electrical engineer in the PRC in October 1995.

Mr. Sun Zhefeng (孫哲峰), aged 45, was appointed as an executive Director in March 2020 and was appointed as the deputy president in March 2020. Mr. Sun is primarily responsible for investment development, brand strategy and human resource business of the Group.

Prior to joining the Group, from July 1998 to May 2003, Mr. Sun was an investment manager of China Sigma Co., Ltd.* (中國希格瑪有限公司). From June 2003 to July 2010, he was a vice president of Angzhan Holdings (China) Co., Ltd.* (昂展控股（中國）有限公司). From August 2010 to April 2015, he was the executive Director of YangGuang HouTu (Tianjin) Equity Investment and Fund Management Co. Ltd* (陽光厚土（天津）股權投資基金管理有限公司) (a company cancelled in October 2016). From August 2011 to June 2017, he was a director of Xiangcun Gaoke Agricultural Co., Ltd.* (湘村高科農業股份有限公司) (a company listed on National Equities Exchange and Quotations System prior to November 2017). From February 2016 to December 2018, he was a director of Henan Liujiang Ecological Animal Husbandry Co., Ltd.* (河南柳江生態牧業股份有限公司) (a company listed on National Equities Exchange and Quotations System prior to June 2017). From April 2015 to September 2019, he was a general manager of CMIG Futurelife Holdings Group Co., Ltd. (中民未來控股集團有限公司). From December 2018 to August 2019, he was a chairman of Suzhou Yangtze New Materials Co., Ltd. (蘇州揚子江新型材料股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock code: 002652.SZ).

Mr. Sun was graduated from Tsinghua University of the PRC with a bachelor's degree in materials science and engineering in 1998 and obtained a master of business administration degree from The Chinese University of Hong Kong in 2005 and a doctoral degree in business administration in Grenoble Ecole de Management in France in 2019.

Mr. Liu Xia (劉俠), aged 42, was appointed as the president in July 2019 and an executive Director in March 2020, is primarily responsible for overall operations and management of the Group. He is also a member of the Nomination Committee.

Mr. Liu joined the Group in July 2002 and acquired a range of experiences in human resources management, administrative management and property management in several senior management positions, including assistant to the president, director of human resources department and general manager of the Company until July 2013. He rejoined the Group in October 2014 as the general manager until January 2015, where he was responsible for overall operations and management of the Group.

Prior to rejoining the Group, from August 2013 to March 2014, Mr. Liu served as the general manager at Chengdu Rixin Weiye Real Estate Co., Ltd. (成都日新偉業置業有限公司), a company mainly engaged in real estate development, where he was responsible for company's overall operation and management. In January 2015, he joined Sichuan Languang Business Management Co., Ltd. (四川藍光商業經營管理有限公司), a subsidiary of Languang Hejun, as the president until July 2016, then was promoted to the vice chairman of the board in July 2016 and further promoted to the chairman of the board in November 2017, where he was responsible for overall strategic planning, operational management and business decisions until July 2019.

Mr. Liu obtained his bachelor's degree in law from Southwest University for Nationalities (西南民族大學) (formerly known as Southwest College for Nationalities (西南民族學院)) in the PRC in July 2001. He obtained his master's degree in business management from Sichuan University (四川大學) in the PRC in December 2013. He completed the curriculum of the internet and e-commerce in Tsinghua University Shenzhen Graduate School (清華大學深圳研究生院) in the PRC in December 2016.

Mr. Chi Feng (遲峰), aged 48, a non-executive Director of the Company. He is also a member of the Audit Committee. Mr. Chi graduated from Jilin University in the PRC with a bachelor's degree in International economic law in 1995 and obtained a master degree in business administration from China Europe International Business School in 2008. Mr. Chi joined China Resources Group in August 1999. From August 1999 to March 2006, Mr. Chi served as the assistant general manager of China Resources (Shanghai) Co., Ltd.* (華潤（上海）有限公司). From March 2006 to June 2010, Mr. Chi served as the general manager of China Resources Xinhongji Real Estate (Wuxi) Co., Ltd.* (華潤新鴻基房地產（無錫）有限公司). From June 2010 to June 2013, Mr. Chi served as the vice president and the Jiangsu regional general manager of China Resources Land Limited. From January 2013 to December 2019, Mr. Chi served as the senior vice president (Grade I Profit Centre General Manager), Jiangsu regional general manager, East China regional general manager, and chairman of the property head office of China Resources Land Limited. Since December 2019, Mr. Chi served as the director, vice chairman of the board and president of Sichuan Languang Development Co., Ltd.* (四川藍光發展股份有限公司) ("Languang Development"), a joint stock limited company listed on the Shanghai Stock Exchange in the PRC (stock code: 600466.SH), which is one of the controlling Shareholders.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Yang Wuzheng (楊武正), aged 25, a non-executive Director of the Company. He is also a member of the Audit Committee. Mr. Yang graduated from Drexel University of the United States with a bachelor's degree in finance and obtained a master's degree from the University of Warwick of the United Kingdom. Mr. Yang now serves as a director of Languang Investment Holdings Group Co., Ltd.* (藍光投資控股集團有限公司) and a director of the seventh board of directors, chief operating officer and executive vice president of Sichuan Languang Development Co., Ltd.* (四川藍光發展股份有限公司). Mr. Yang was a director of Languang Investment Holdings Group Co., Ltd.* (藍光投資控股集團有限公司) and an assistant to chairman of the board of directors and deputy general manager of investment development center of Sichuan Languang Development Co., Ltd.* (四川藍光發展股份有限公司).

Ms. Chang Heng (常珩), aged 40, a non-executive Director of the Company. She is also a member of the Remuneration Committee. Ms. Chang graduated from Sichuan Normal University with a bachelor's degree in accounting. Ms. Chang now serves as the assistant president and the general manager of financial capital department of Languang Development Co., Ltd.* (四川藍光發展股份有限公司). Ms. Chang joined Chengshang Group Co., Ltd.* (成商集團股份有限公司), served as general manager assistant of legal and audit department of Languang Investment Holdings Group Co., Ltd.* (藍光投資控股集團有限公司), general manager of legal and audit department and budget cost department and assistant to president of Sichuan Languang Hejun Industries Co., Ltd.* (四川藍光和駿實業有限公司) and supervisor of the sixth and seventh board of supervisors and assistant to president of Sichuan Languang Development Co., Ltd.* (四川藍光發展股份有限公司).

Mr. Li Shujian (李書劍), aged 51, was appointed as the independent non-executive Director in November 2018. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee.

In September 1997, Mr. Li joined Henan Zhenghong Real Estate Co., Ltd. (河南正弘置業有限公司) as the vice president until April 2018, where he was responsible for administration and human resources management, project development and customer services. From October 2008 to April 2018, he served as the chairman of the board at Henan Zhenghong Property Management Co., Ltd. (河南正弘物業管理有限公司), where he was responsible for overall management and operations of the company. Since September 2018, he has been serving as the executive director and general manager at Henan Zhengmei Property Service Co., Ltd. (河南正美物業服務有限公司), where he is primarily responsible for overall management and operations of the company. Mr. Li has been the Distinguished Professor at Henan University of Animal Husbandry & Economy (河南牧業經濟學院) since June 2013 and was the Visiting Professor at Henan University of Economics and Law (河南財經政法大學) from May 2014 to May 2017.

Mr. Li served as the member of the Standardization Working Committee of the China Property Management Association (中國物業管理協會標準化工作委員會) from November 2015 to November 2018. He currently serves as the vice president at China Property Management Institute (中國物業管理協會) and Zhengzhou Property Management Association (鄭州市物業管理協會), the president of Legal Policy Committee of China Property Management Association (中國物業管理協會法律政策工作委員會), a research fellow at Industry Development Research Centre of China Property Management Institute (中國物業管理協會行業發展研究中心) and a member of National Property Service Standardization Technical Committee (全國物業服務標準化技術委員會).

Mr. Li graduated from Correspondence College of Party School of the Central Committee of C.P.C (中共中央黨校函授學院) in the PRC in December 2003, where he completed the curriculum of law. He graduated from China Europe International Business School (中歐國際工商學院) in the PRC in October 2015, where he obtained a master degree of business administration.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Chan Shing Yee, Joseph (陳承義), aged 54, was appointed as the independent non-executive Director in November 2018. He is also the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee.

From July 1989 to April 1994, Mr. Chan worked at Arthur Andersen (安達信會計師事務所), where he was responsible for providing auditing services. From April 1994 to December 2005, he successively served as the planning manager at PepsiCo Inc., a company listed on the National Association of Securities Dealers Automated Quotations (stock code: PEP), as business development and corporate affairs manager at Philip Morris Asia Limited, a company mainly engaged in cigarette and tobacco manufacturing, and as the business development manager at Hutchison Port Group Co., Ltd. (和記港口集團有限公司), a company mainly engaged in port operations, where he was primarily responsible for strategic planning, financial planning and analysis and business development. From January 2006 to July 2010, he served as the managing partner at Finance Street Limited, a company mainly engaged in accounting and private equity services, where he was responsible for private equity and international accounting services. From August 2010 to February 2012, he served as the chief financial officer and company secretary at Yashili International Holdings Ltd (雅士利國際控股有限公司), a company listed on the Stock Exchange (stock code: 1230), where he was responsible for corporate governance, investor relations and finance operations. From August 2012 to July 2014, he served as a general manager of finance at The University of Hong Kong-Shenzhen Hospital (香港大學深圳醫院), where he was responsible for finance operations and management of social insurance and the cashier office of public hospital and promoting cooperation in public healthcare. From March 2015 to May 2017, he served as the executive vice president at OrbusNeich Medical Company Limited (祥豐醫療有限公司), a company mainly engaged in design, development, manufacturing and marketing of medical devices for the treatment of vascular diseases, where he was responsible for establishing corporate governance and business restructuring. He founded MGTC Consulting in May 2018, a management consulting company, and served as the chief executive officer where he is responsible for providing management consulting to private and public sectors.

Mr. Chan was awarded the Silver Award Certificate and the Gold Award Certificate for Volunteer Services (Individual) by the Social Welfare Department in Hong Kong in December 2013 and December 2014, 2015, 2016 and 2017, respectively. He has been appointed as the independent member of the Tender Committee of The Hong Kong Amateur Athletic Association since April 21 2016, where he is responsible for providing advices to the committee.

Mr. Chan graduated from Hong Kong Polytechnic University in November 1997, where he obtained a bachelor degree in accounting. He graduated from The Chinese University of Hong Kong in December 1999, where he obtained a master degree in business administration. Mr. Chan became a fellow of The Association of Chartered Certified Accountants in the United Kingdom in November 1997 and a fellow of The Hong Kong Society of Accountants in Hong Kong in May 2000.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhang Shouwen (張守文), aged 54, was appointed as the independent non-executive Director in November 2018. He is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr. Zhang worked at the Law School of Peking University (北京大學) as the instructor from July 1994 to August 1997, the associate professor from August 1997 to August 2001 and the professor and doctoral advisor since August 2001. He currently serves as the director of the Institute of Economic Law and the dean of the Institute of Legal and Development of Peking University. He has been serving as an independent director at Sunshine Asset Management Corporation Limited (陽光資產管理股份有限公司) since June 2018, a company mainly engaged in investment management, at Minmetals Development Co., Ltd. (五礦發展股份有限公司) since September 2018, a company listed on the Shanghai Stock Exchange (stock code: 600058), and at Chia Tai Investment Co., Ltd. (正大投資股份有限公司) since January 2021, a company mainly engaged in the production and sales of agri-food.

Mr. Zhang graduated from Peking University (北京大學) in the PRC, where he obtained a bachelor degree in law and master degree in economic law in July 1989 and July 1994, respectively, and a doctor degree in International economic law in July 1999.

BIOGRAPHICAL DETAILS OF SUPERVISORS

Ms. Wang Lu (王璐), aged 40, was appointed as the Supervisor in January 2020 and the chairman of the Supervisory Committee in January 2020. Ms. Wang is primarily responsible for arranging work of the Supervisory Committee and supervising the Board and senior management of the Company.

In June 2019, Ms. Wang obtained an EMBA from the Southwestern University of Finance and Economics (西南財經大學) in the PRC. Prior to joining the Group, from February 2001 to June 2008, Ms. Wang served as an internal accountant of Languang Development, one of the Controlling Shareholders (as defined under the Listing Rules). From June 2008 to March 2010, Ms. Wang served as an accounting supervisor of Huashen Group Co., Ltd.* (成都華神集團股份有限公司) (now known as Chengdu Taihe Health Technology Group Inc., Ltd. (成都泰合健康科技集團股份有限公司) (stock code: 000790.SZ)), where she was responsible for internal control matters. From March 2010 to April 2012, she served as an accounting manager of Sichuan Gongga Tianyu Travel Development Company Limited* (四川貢嘎天域旅遊開發有限公司), where she was responsible for internal control and internal supervisory work. For the period from April 2012 to November 2019, Ms. Wang has served as an assistant to the general manager of the audit and legal affairs centre of Sichuan Languang Hejun Industries Co., Ltd. (四川藍光和駿實業有限公司), a supervisor at the chairman's office of Languang Development and the assistant to the chairman of Languang Investment Holdings Group Co., Ltd. (藍光投資控股集團有限公司), all of which are the Controlling Shareholders and that Ms. Wang was in charge of internal control and human resources matters.

Ms. Wang graduated from Sichuan Radio and TV University (四川廣播電視大學) majoring in Accounting in July 2003. In June 2019, Ms. Wang obtained an EMBA from the Southwestern University of Finance and Economics (西南財經大學) in the PRC.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Liu Jiang (劉江), aged 38, was appointed as the Supervisor in November 2018. Mr. Liu is primarily responsible for supervising the Board and the senior management of the Company. Mr. Liu joined the Group in June 2017 as the deputy general manager of audit and supervision centre, where he is responsible for risk control and audit management.

Prior to joining the Group, from July 2005 to February 2007, Mr. Liu successively served as the office administrator and marketing manager at Sunyouth Environmental Technologies Co., Ltd. (申昱環保科技股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 430527), where he was responsible for marketing management. From March 2008 to February 2012, he served as the director of audit and supervision department at Chengdu Kanghong Pharmaceutical Group Co., Ltd. (成都康弘藥業集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002773), where he was responsible for assisting the supervisor in conducting audit and monitoring. From July 2012 to February 2014, he served as the auditor at Sichuan Dikang Technology Pharmaceutical Co., Ltd. (四川迪康科技藥業股份有限公司), where he was responsible for auditing and monitoring. From February 2014 to June 2017, he served as the audit director at Sichuan Languang Meishang Drinks Co., Ltd. (四川藍光美尚飲品股份有限公司) where he was responsible for risk control and audit team management.

Mr. Liu graduated from Xihua University (西華大學) in the PRC in June 2005, where he obtained a bachelor degree in business administration.

Mr. Zhang Zhang (張樟), aged 34, was appointed as the employee representation Supervisor and the deputy general manager of the legal and audit department of the Company in January 2021. Mr. Zhang is primarily responsible for the establishment of risk management system for the overall legal affairs of the Company and training of legal personnel of the Company.

Prior to joining the Group, from July 2012 to July 2017, Mr. Zhang served as an in-house counsel at legal risk control department of PowerChina Real Estate Group Ltd.* (中國電建地產集團有限公司) and he was responsible for legal risk control of investment projects. From July 2017 to January 2021, Mr. Zhang served as the deputy director of legal affairs of the auditing and legal affairs center of the headquarters, legal director of Sichuan regional legal affairs center, general manager of Sichuan regional legal affairs center, chief legal officer of the western region and general manager of Sichuan regional legal affairs center, chief legal officer of western region and deputy general manager of auditing and legal center of northwestern region of the group at Sichuan Languang Development Co., Ltd.* (四川藍光發展股份有限公司) successively, where he was responsible for the overall legal affairs of the 3 regions and 5 provinces of the western region.

Mr. Zhang obtained his master's degree in law from Renmin University of China in the PRC in July 2012. Mr. Zhang holds the legal professional qualification certificate issued by the Ministry of Justice of the PRC in March 2011.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Xu Qingshan (徐青山), aged 42, was appointed as the Supervisor in November 2018. Mr. Xu is primarily responsible for supervising the Board and the senior management of the Company.

From July 2002 to August 2009, Mr. Xu successively served as an officer of the president's office, the director of the administrative office and the deputy director of the president's office at Zhuoda Group Co., Ltd. (卓達集團有限公司), a company mainly engaged in real estate development, where he was primarily responsible for administrative management and daily affairs. He joined Zhuoda Property Services Co., Ltd. (卓達物業服務股份有限公司) in September 2009 as the deputy general manager and then was promoted to the general manager in August 2011, where he was primarily responsible for the overall operations and management of the company.

Mr. Xu graduated from Shi Jia Zhuang University of Applied Technology (石家莊職業技術學院) in the PRC in July 2002, where he obtained a diploma in modern secretarial.

Mr. Liu Deming (劉德明), aged 52, was appointed as the Supervisor in August 2019. Mr. Liu is primarily responsible for supervising the Board and the senior management of the Company.

Prior to joining the Group, from August 1991 to April 2004, Mr. Liu successively served as an editor at Shandong Dazhong News Group Limited (山東大眾報業（集團）有限公司), a company primarily engaged in newspaper publication, a manager of property management department at Dazhong News Group (大眾報業集團) and a general manager at a property management company affiliated to Dazhong News Group (大眾報業集團). Since April 2004, Mr. Liu has been serving as the chairman of the board at Shandong Mingde Property Management Group Co., Ltd. (山東明德物業管理集團有限公司) ("Shandong Mingde"), a company primarily engaged in property management for properties owned by higher education institutions, hospitals and local governments across 26 provinces, municipalities and autonomous regions in China, where he is responsible for its overall strategic planning. In September 2016, Mr. Liu joined A-living Services Co., Ltd. (雅居樂雅生活服務股份有限公司), a company listed on the Stock Exchange (stock code: 3319), as the chief executive officer and was appointed as an executive director in July 2017, where he was responsible for overall business operations and management, major decision making and executing the board's decisions until November 2018. Mr. Liu currently serves as a director in Shandong Minde and its certain subsidiaries.

BIOGRAPHIES OF SENIOR MANAGEMENT

Mr. Zhang Jinwei (張晉偉), aged 40, is the co-president of the Company. He is responsible for the management of the digital technology department, Life Pro community business division and housing brokerage division of the Group and assists the president in other matters of the Company. Mr. Zhang has over 15 years of professional experience in digital technology and information technology. Prior to joining the Group, Mr. Zhang worked as a project manager at Techlogix (Beijing) Software Co. Ltd.* (北京泰克勞斯軟件有限公司) from April 2005 to July 2007. From August 2007 to August 2014, Mr. Zhang served as the director of the technology strategy department of Accenture (China) Co., Ltd. From August 2014 to February 2017, Mr. Zhang served as the director of the process and information management department of Longfor Group Holdings Limited and the chief information officer of Longfor Property Service Group Co., Ltd.* (龍湖物業服務集團有限公司). From February 2017 to July 2019, Mr. Zhang served as the general manager of the property cloud business department and the general manager of the customer success department of Beijing Qianding Internet Limited* (北京千丁互聯科技有限公司). From August 2019 to April 2020, he served as the chief information officer of Shanghai Shengxu Corporate Management Consulting Co., Ltd.* (上海盛煦企業管理諮詢有限公司).

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhang graduated from Shandong University of Technology in 2002 with a bachelor's degree in information and computing science. Mr. Zhang later graduated from the 15th Research Institute of China Electronics Technology Group Corporation (North China Institute of Computing Technology) in 2005 with a master's degree in computer applications technology.

Ms. Li Lijuan (李麗娟), aged 45. Ms. Li joined the Group as the assistant to the general manager in August 2016, where she was responsible for assisting the general manager in formulating the Company's business strategy from the legal and financial perspective. She was appointed as the chief risk officer in January 2017 and the vice president in November 2018 and is responsible for risk management and legal compliance of the Group. She was appointed as the senior vice president in December 2019 and is responsible for the Group's investment development business.

Prior to joining the Group, from December 1998 to December 2007, Ms. Li served as a manager of financial department at Sichuan Cable TV Network Co., Ltd. Leshan Branch Office (四川省有線廣播電視網絡股份有限公司樂山分公司), where she was responsible for financial system construction, investment management, financial management and accounting. From January 2008 to June 2016, she worked at Sichuan Jinjiao Property Development Co., Ltd. (四川金嬌房地產開發有限公司) as the deputy general manager, where she was responsible for financial management, administrative management, cost monitoring and contract management. She joined Languang Development in June 2016 and served as the deputy general manager of the audit and legal affairs centre, where she was responsible for financial operations and auditing until August 2016. Ms. Li currently serves as the supervisor at Sichuan Languang Culture Tourism Industry Co., Ltd. (四川藍光文化旅游產業有限公司), at Hangzhou Lvyu and at Shanghai Zhenxian, where she is responsible for supervising the board of directors and the senior management of such companies.

Ms. Li graduated from Yili Kazakh Autonomous Prefecture Finance and Trade School (伊犁哈薩克自治州財貿學校) in the PRC in July 1993, where she completed the curriculum of corporate finance. She obtained an executive master of business administration (EMBA) degree from Southwestern University of Finance and Economics (西南財經大學) in the PRC in February 2016.

Ms. Li became a Senior Project Manager certified by the Ministry of Human Resources and Social Security of the People's Republic of China (中華人民共和國人力資源和社會保障部) in December 2013 and a Senior Economist certified by the Inner Mongolia Autonomous Region Office of Human Resources and Social Security (內蒙古自治區人力資源和社會保障廳) in October 2016.

Mr. Lv Lianghai (呂良海), aged 40, was appointed as the vice president in May 2018. Mr. Lv is primarily responsible for the management of East and South China of the Group. Mr. Lv joined the Group in February 2015 as the deputy general manager and general manager of property management centre of the Company, where he was responsible for department operations and management until June 2016. He served as the assistant to general manager and the deputy general manager of Chengdu branch office from June 2016 to August 2017, where he was responsible for the implementation of business operations and management solutions. From August 2017 to May 2018, he served as the assistant to the president, where he was responsible for assisting the president in the development and implementation of strategic planning and annual business plans. From May 2018 to November 2020, he served as vice president of operations and chief operation officer responsible for the property operation and community value-added services of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Prior to joining the Group, from February 2007 to May 2014, he served as a quality manager at Chengdu Longfor Property Service Co., Ltd. (成都龍湖物業服務有限公司), where he was responsible for quality management of property services and standardization management. He subsequently served as the assistant to general manager at Guangzhou Tianli Property Management Co., Ltd. (廣州天力物業管理有限公司), where he was responsible for quality management of property services and business planning until January 2015.

Mr. Lv graduated from Sichuan Radio and Television University (四川廣播電視大學) in the PRC in June 2005, where he completed the curriculum of administration management. He graduated from Beijing International University (北京外事研修學院) in the PRC in July 2008, where he completed the curriculum of property management.

Mr. Wu Gang (吳剛), aged 44, was appointed as the executive Director in November 2018 and as vice president in August 2015. He resigned as executive Director in March 2020 and continues to serve as the vice president of the Company. Mr. Wu joined the Group in March 2009 and successively served as assistant to general manager and the deputy general manager of our Chengdu branch office and the deputy general manager of the Company, where he was responsible for regional development and implementation of the business plans. He currently serves as the legal representative, director and general manager of Chengdu Jiamei and the head of our Wuhan branch office, Qingdao branch office, Hefei branch office and Changsha branch office, respectively, where he is responsible for overall operations and management.

Prior to joining the Group, from February 2002 to January 2009, he successively served as deputy manager and manager at Chengdu Senyu Property Co., Ltd. (成都市森宇物業有限責任公司), where he was responsible for the management of the Wenjiang Senyu Music Garden Project.

Mr. Wu graduated from The Open University of China (國家開放大學) (formerly known as China Central Radio and Television University (中央廣播電視大學)) in the PRC in July 2009, where he completed the curriculum of business administration. He graduated from Southwest Jiaotong University (西南交通大學) in the PRC in July 2012, where he completed the curriculum of civil engineering through distance learning.

Mr. Kang Long (康龍), aged 44, joined the Group in August 2018. Mr. Kang currently serves as vice president of the Company responsible for the operation management business of the Group. From August 2018 to December 2019, Mr. Kang served as the assistant to the president of Sichuan Justbon Property Management Group Co., Ltd. (the former name of the Company); from December 2019 to December 2020, as executive vice president of the Chengdu branch office of Sichuan Languang Justbon Services Group Co., Ltd. Prior to joining the Group, Mr. Kang served as a section level position in Chengdu Public Security Bureau from August 2000 to June 2018.

Mr. Kang graduated from University of Electronic Science and Technology of China (電子科技大學) in June 2000, and obtained a bachelor degree in computer and application.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

The Group is committed to achieving a high standard of corporate governance to protect the Shareholders' overall interests.

During the Relevant Year, the Company has adopted and applied the Corporate Governance Code contained in Appendix 14 to the Listing Rules as its own corporate governance code. To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the Corporate Governance Code during the Relevant Year.

BOARD OF DIRECTORS

Composition of the Board

As at the date of this report, the Board consists of three executive Directors (namely Mr. Yao Min (Chairman), Mr. Sun Zhefeng and Mr. Liu Xia), three non-executive Directors (namely Mr.Chi Feng, Mr. Yang Wuzheng and Ms. Chang Heng), and three independent non-executive Directors (namely Mr. Li Shujian, Mr. Chan Shing Yee, Joseph and Mr. Zhang Shouwen). An updated list of Directors and their roles and functions is posted on the websites of the Stock Exchange and the Company, respectively. Their names and biographical details are set out in the "Biographical details of Directors, Supervisors and Senior Management" section of this report. The Board has the overall management of the Company's operations, as well as the responsibility for overseeing and formulating the overall business strategy.

Apart from the information disclosed in the section headed "Biographical Details of Directors, Supervisors and Senior Management" of this report, there is no financial, business, family and other material or relevant relationship among the respective Directors, the Supervisors, the chairman and the president of the Company.

During the Relevant Year, the Board has consistently complied with Rules 3.10(1) and (2) of the Listing Rules regarding the appointment of at least three independent non-executive Directors and at least one independent non-executive Director who shall have appropriate professional qualifications or accounting and financial management expertise. The three independent non-executive Directors account for one-third of the Board, which meets the requirements of Rule 3.10A of the Listing Rules, that is, the independent non-executive Directors of the listed issuer must represent at least one-third of the Board. The Board believes that the Board has sufficient independence to safeguard the interests of the Shareholders.

DUTIES OF DIRECTORS

The Board is responsible for overseeing all major matters of the Company, including formulating and approving all policy matters, overall strategy, internal control and risk management systems, and supervising the duty performance of senior management. Directors shall make objective decisions based on the Company's overall interests. As at the date of this report, the Board consists of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. The names and biographical details of the Directors are listed in the section headed "Biographical Details of Directors, Supervisors and Senior Management" of this report.

The liability insurance of the Directors, Supervisors and senior management of the Company is maintained by the Company to prevent and cover certain legal liabilities that may arise in the course of performing their duties.

CORPORATE GOVERNANCE REPORT

BOARD AUTHORISATION

The management consisting of executive Directors and other senior management is authorised to implement the strategies and guidelines approved by the Board from time to time and is responsible for the day-to-day management and operations of the Group. The executive Directors and senior executives meet regularly to review the performance of the Group's overall business, coordinate overall resources, and make financial and operating decisions. The Board also gives clear instructions on its management powers (including circumstances where the management should report to it) and will regularly review the authorisation arrangements to ensure that they are suitable for the needs of the Group.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility to prepare the Group's consolidated financial statements in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure the timely release of the Group's consolidated financial statements. The Directors are not aware of any significant uncertainties related to events or conditions, and these uncertainties may have a significant impact on the Company's ability to continue as a going concern. Therefore, the Directors have prepared the consolidated financial statements of the Group in accordance with the going concern standard.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive Directors play an important role in the Board by virtue of their independent judgments, and their views are of great significance in the decision of the Board. The functions of independent non-executive Directors include holding impartial views and judgments on such issues as the Company's strategy, performance and control; and reviewing the Company's performance and monitoring performance reports.

All independent non-executive Directors have extensive academic, professional, industry knowledge and management experience, and have made positive contributions to the Company's development by providing professional advice to the Board.

Confirmation of independence

The independence of the independent non-executive Directors has been assessed in accordance with the applicable Listing Rules, and the Company has received from each independent non-executive Director an annual written confirmation of his/her independence in accordance with Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules and are independent.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

The Board has adopted the Board Diversity Policy, which sets out ways to achieve board diversity. The Company recognises and embraces the benefits of a diverse board and considers board-level diversity to be an important element in supporting the achievement of the Company's strategic goals and sustainable development. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge and years of service. All Board appointments are based on elite management and consider candidates based on objective criteria while fully taking into account the benefits of board diversity.

The Board consists of nine Directors with comprehensive and balanced knowledge, skills and experience in the areas of property management, accounting, investment, engineering and financial management. They have obtained various professional degrees, including engineering, business management, economics and accounting. The Board has three independent non-executive Directors who have different industry backgrounds and account for one third of the Board members. In addition, the age of Board members ranges broadly from 25 to 56.

The Company has also taken and will continue to take measures to enhance diversity at all levels of the Company, including but not limited to the Board and management level. Although the Company recognises that the existing composition of the Board can increase the diversity of the Board, it will continue to refer to the Board Diversity Policy and apply the rules of appointment based on the actual condition.

Regarding gender diversity in the Board, the Board Diversity Policy further stipulates that the Board should take the opportunity to increase the proportion of female members when selecting suitable candidates and making recommendations. The Company had a female Director, Ms. Chang Heng, on Board already. The Company's goal is to maintain an appropriate balance between gender diversity by reference to stakeholder expectations and best practices recommended internationally and locally.

The Nomination Committee is responsible for ensuring the diversity of Board members and will review the Board Diversity Policy from time to time to ensure its continued effectiveness.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

According to the Articles of Association, Directors shall be elected by general meeting and the term of office of the Directors (including non-executive Directors) is from the date of passing the resolutions at the general meeting to the expiry date of the term of office of the Board of that session. The term of each session of the Board is three years, and the Directors are eligible for re-election upon expiry of the term.

At any time before the expiration of the Director's term, the Shareholders may dismiss any Director by an ordinary resolution at any general meeting convened and held in accordance with the Articles of Association, despite the contrary in the Articles of Association or the existence of any agreement reached between the Company and the Director (but without prejudice to any claim for damages under that agreement).

CORPORATE GOVERNANCE REPORT

DIRECTOR TRAINING AND PROFESSIONAL DEVELOPMENT

Each newly appointed Director receives comprehensive, formal and customised training at the time of appointment. Subsequently, the Directors will obtain the latest developments regarding the Listing Rules, legal and other regulatory requirements, as well as the Group's business development, and they will be encouraged to participate in continuous professional development to expand their knowledge and skills. For the year ended 31 December 2020, the Directors (including executive Directors, Mr. Yao Min, Mr. Sun Zhefeng and Mr. Liu Xia, non-executive Director, Mr. Chi Feng, former executive Director, Mr. Wu Gang, former non-executive Directors, Mr. Yu Chi, Mr. Chen Jingchao, Mr. Zhang Qiaolong, Mr. Meng Hongwei and Mr. Wang Wanfeng, independent non-executive Directors, Mr. Li Shujian, Mr. Chan Shing Yee, Joseph and Mr. Zhang Shouwen) participated in the continuous professional development plan. In accordance with the code provisions set out in the Corporate Governance Code, all Directors have provided the Company with training records for the Relevant Year.

The summary of their training records is as follows:

Director	**Type of the continuous professional development** *(Note 1)*	**Content of the continuous professional development** *(Note 2)*
Mr. Yao Min	1, 2	A, B
Mr. Sun Zhefeng	1, 2	A, B
Mr. Liu Xia	1, 2	A, B
Mr. Chi Feng	1, 2	A, B
Mr. Yu Chi	1, 2	A, B
Mr. Wu Gang	1, 2	A, B
Mr. Chen Jingchao	1, 2	A, B
Mr. Zhang Qiaolong	1, 2	A, B
Mr. Meng Hongwei	1, 2	A, B
Mr. Wang Wanfeng	1, 2	A, B
Mr. Li Shujian	1, 2	A, B
Mr. Chan Shing Yee, Joseph	1, 2	A, B
Mr. Zhang Shouwen	1, 2	A, B

Note 1:

1. Attending in-house briefings/trainings, lectures, seminars or forums

2. Reading newspapers, publications and update information

Note 2:

A. Related business of the Company

B. Laws, regulations and rules, accounting rules

CORPORATE GOVERNANCE REPORT

BOARD MEETING

The Board meets regularly to discuss and formulate the overall strategy, operations and financial performance of the Group. Directors can participate in person or through electronic communication. The Board holds at least four meetings per year at a frequency of approximately once a quarter, and will arrange ad hoc meetings if necessary. The date of each meeting is set in advance so that the Directors can attend the meeting in person.

During the year ended 31 December 2020, the Directors made positive contributions to the affairs of the Group and held 24 Board meetings.

Director attendance record

During the Reporting Period, the attendance records of the Directors at Board meetings, meetings of special committees under the Board and general meetings are as follows:

	Number of meetings attended/number of meetings held for the year ended 31 December 2020				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	General meeting
Executive Directors					
Mr. Yao Min *(Chairman)*	24/24	N/A	1/1	3/3	3/3
Mr. Wu Gang *(Resigned on 12 March 2020)*	4/4	N/A	N/A	N/A	N/A
Mr. Chen Jingchao *(Resigned on 22 January 2020)*	1/1	N/A	N/A	N/A	N/A
Mr. Sun Zhefeng *(Appointed on 12 March 2020)*	20/20	N/A	N/A	N/A	2/2
Mr. Liu Xia *(Appointed on 12 March 2020)*	20/20	N/A	N/A	2/2	2/2
Non-executive Directors					
Mr. Chi Feng *(Appointed on 11 June 2020)*	14/14	1/1	N/A	N/A	N/A
Mr. Yang Wuzheng *(Appointed on 18 February 2021)*	N/A	N/A	N/A	N/A	N/A
Ms. Chang Heng *(Appointed on 6 January 2021)*	N/A	N/A	N/A	N/A	N/A
Mr. Yu Chi *(Appointed on 11 June 2020 and resigned on 29 January 2021)*	14/14	1/1	N/A	N/A	N/A
Mr. Zhang Qiaolong *(Resigned on 30 April 2020)*	9/9	1/1	N/A	N/A	N/A
Mr. Meng Hongwei *(Resigned on 13 November 2020)*	18/18	N/A	1/1	N/A	N/A
Mr. Wang Wanfeng *(Resigned on 30 April 2020)*	9/9	1/1	N/A	N/A	N/A
Independent Non-executive Directors					
Mr. Li Shujian	24/24	2/2	1/1	3/3	1/1
Mr. Chan Shing Yee, Joseph	24/24	2/2	1/1	3/3	1/1
Mr. Zhang Shouwen	24/24	2/2	1/1	3/3	N/A

CORPORATE GOVERNANCE REPORT

NOMINATION POLICY

The Nomination Committee adopts a variety of methods to determine candidates for Directors, including recommendations from Board members, the management and professional headhunters. In addition, the Nomination Committee will consider Director candidates appropriately submitted by Shareholders. The evaluation of the Nomination Committee on Director candidates may include, but is not limited to, review of resumes and work experience, personal interviews, verification of professional and personal recommendation letters, and performing background checks. The Board will consider the recommendations of the Nomination Committee and be responsible for designating candidates for Directors to be elected by Shareholders at the Company's general meeting, or appointing suitable candidates to serve as Directors to fill Board vacancies or as supplements to Board members, and to comply with the Articles of Association. All Director appointments should be confirmed through a letter of appointment and/or service contract, which should state the main terms and conditions of Director appointment.

The Nomination Committee should consider the following eligibility requirements, which are minimum requirements for candidates to recommend to the Board potential new Directors or to continue to provide existing Directors:

– the highest personal and professional ethics and integrity;

– proven achievements and abilities of the nominee and exercise of reasonable business judgment;

– complementary skills with existing Board;

– ability to assist and support management and make a significant contribution to the Company's success;

– understand the fiduciary duties required by Board members and the time and effort required to perform their duties diligently;

– independence: independent non-executive Director candidates should meet the "independence" standards required by the Listing Rules, and the composition of the Board should meet the requirements of the Listing Rules.

The Nomination Committee may also consider other factors that are considered to be in the interests of the Company and the Shareholders as a whole.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

Since the Listing, the Company has adopted the Model Code as the guidelines for Directors' dealings in the securities of the Company. Upon specific enquiries with all Directors, each of them has confirmed that, he has complied with all applicable code provisions under the code of securities transactions during the Relevant Year.

According to the Company's requirements, the relevant management personnel and employees are also bound by the Model Code, which prohibits them from trading in the Company's securities at any time when they have inside information related to the securities. The Company was not aware of incidents of violations of the Model Code by relevant personnel and employees.

REMUNERATION OF SENIOR MANAGEMENT

According to code provision B.1.5 of the Corporate Governance Code, the annual remuneration of senior management (other than Directors) by band for the year ended 31 December 2020 is as follows:

	Number of senior management
Less than RMB500,000	4
RMB500,001 to RMB1,000,000	1
RMB1,000,001 to RMB1,500,000	2
RMB1,500,001 to RMB2,000,000	1
	8

DIVIDEND POLICY

Subject to compliance with applicable laws and regulations and the Articles of Association, the Group expects that the annual dividend payout shall not be less than 25% of the after-tax profit. The payment and amount (if any) of dividends depend on the Group's operating results, cash flow, financial position, legal and regulatory restrictions on dividends, future prospects and other relevant factors. Shareholders will be entitled to receive the dividend on a pro-rata basis based on the paid-up Shares paid or credited to the Shares. The declaration, payment and amount of dividends will be completely determined by the Company. The proposed payment of dividends must also be at the discretion of the Board, and any announcement of the final dividend must be approved by Shareholders. The Board will review the dividend policy annually and does not guarantee that dividends will be declared or paid for any particular amount for any given period.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing corporate governance duties, including:

– develop and review the Company's policies and practices regarding corporate governance;

– review and monitor the training and continuous professional development of Directors and senior management;

– review and monitor the Company's compliance with policies and practices required by laws and regulations;

– develop, review and monitor codes of conduct and compliance manuals applicable to employees and Directors; and

– review the Company's compliance with Appendix 14 to the Listing Rules (Corporate Governance Code and Corporate Governance Report).

For the year ended 31 December 2020, the Board has performed the above duties.

CHAIRMAN AND PRESIDENT

For the year ended 31 December 2020, the chairman and the president were held by different individuals. The chairman is Mr. Yao Min, and the president is Mr. Liu Xia. The separation of responsibilities between the chairman and president ensures that the responsibilities of the chairman in managing and leading the Board are clearly different from those of president in managing the Company's business.

BOARD COMMITTEES

The Board has established three committees with respective written terms of reference to oversee related affairs of the Group.

AUDIT COMMITTEE

The Company established the Audit Committee in accordance with Rules 3.21 to 3.23 of the Listing Rules and established written terms of reference in accordance with the Corporate Governance Code contained in Appendix 14 to the Listing Rules. The main duties of the Audit Committee are to review and supervise the Group's financial reporting procedures and internal control systems, risk management and internal audit, provide advice to the Board, and perform other duties that the Board may delegate.

As at the date of this report, the Audit Committee consists of five members, including three independent non-executive Directors, Mr. Chan Shing Yee, Joseph, Mr. Li Shujian and Mr. Zhang Shouwen, and two non-executive Directors, Mr. Chi Feng and Mr. Yang Wuzheng. The chairman of the Audit Committee is Mr. Chan Shing Yee, Joseph, who is an independent non-executive Director with appropriate accounting and related financial management expertise, which meets the requirements of Rule 3.21 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

Pursuant to the terms of reference of the Audit Committee, Audit Committee meeting shall be held at least twice every year or more frequently if circumstances require.

During the Relevant Year, the Audit Committee held two meetings with the Company's senior management and independent auditors to consider (i) the independence and work scope of the independent auditors; and (ii) review and discuss the Group's risk management and internal control systems, the effectiveness of the Company's internal audit and risk control functions, the Group's annual financial statements and the opinions and reports of independent auditors, and submit the report to the Board for approval.

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee in accordance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules and has established its written terms of reference. The main responsibilities of the Remuneration Committee are to formulate policies on remuneration for Directors and senior management, and to establish formal and transparent procedures to formulate remuneration policies and provide recommendations to the Board; make recommendations to the Board on the remuneration package of each executive Director and senior management, and review and approve performance-based compensation with reference to corporate goals achieved from time to time. The remuneration of all Directors and senior management is regularly monitored by the Remuneration Committee to ensure that their remuneration levels are appropriate.

As at the date of this report, the Remuneration Committee consists of five members, including an executive Director, Mr. Yao Min, three independent non-executive Directors, Mr. Li Shujian, Mr. Chan Shing Yee, Joseph and Mr. Zhang Shouwen, and a non-executive Director, Ms. Chang Heng. The chairman of the Remuneration Committee is Mr. Li Shujian.

During the Relevant Year, the Remuneration Committee held one meeting to review the remuneration structure of the Directors and senior management of the Group and the evaluation system for key positions of the Group, and discuss the challenges of attracting and retaining senior management and make recommendations on the remuneration package for executive Directors and senior management in 2020.

NOMINATION COMMITTEE

The Company has established the Nomination Committee in accordance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, with written terms of reference. The main duties of the Nomination Committee are to regularly review the structure, size and composition of the Board and make recommendations to the Board on any proposed changes to the composition of the Board; determine and select Board members or nominate Director candidates, and make recommendations to the Board and ensure diversity of board members; assess the independence of independent non-executive Directors and make recommendations to the Board on matters related to appointment, reappointment and removal of Directors, and Director succession plans.

As at the date of this report, the Nomination Committee consists of five members, including two executive Directors, Mr. Yao Min and Mr. Liu Xia, and three independent non-executive Directors, Mr. Li Shujian, Mr. Chan Shing Yee, Joseph and Mr. Zhang Shouwen. The chairman of the Nomination Committee is Mr. Yao Min.

CORPORATE GOVERNANCE REPORT

During the Relevant Year, the Nomination Committee held three meetings to review the composition of the Board and committees thereunder, the background and experience of Board members, and evaluate the contributions of Board members to the Group. The independence of independent non-executive Directors is also evaluated.

FINANCIAL REPORTING SYSTEM, RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Financial Reporting System

The Board, with the support of the financial department, is responsible for preparing the financial statements of the Company and the Group. In preparing the financial statements, HKFRS was adopted and appropriate accounting policies were consistently used and applied. The purpose of the Board is to make a clear and balanced assessment of the Group's performance in its annual and interim reports to Shareholders, and to make appropriate disclosures and announcements in a timely manner. Under code provision C.1.1 of the Code, the management will provide explanations and information to the Board to enable it to make an informed assessment of financial and other information submitted to the Board for approval.

The scope of work and reporting responsibilities of PricewaterhouseCoopers, the Company's external auditor, are set out in the "Independent Auditor's Report" on pages 69 to 75 of this report.

Risk Management and Internal Control Systems

The Board acknowledges its overall responsibility for maintaining adequate and effective risk management and internal control systems of the Group on an ongoing basis and reviewing their effectiveness at least annually.

The Board and senior management are responsible for establishing, reviewing and implementing the Group's risk management and internal control systems. The internal control system covers all major aspects of the Group's operations, including sales, procurement, financial reporting, asset management, budget and accounting processes. The Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. The Group also has internal audit and risk control functions, which mainly analyze and independently evaluate the adequacy and effectiveness of risk management and internal control systems, and report its findings to the senior management at least annually.

Regarding the Group's risk management and internal control measures, the Group has formulated a comprehensive set of policies and guidelines, which detail all aspects of internal control standards, process used to identify, evaluate and manage significant risks, division of responsibilities, approval procedures, and personnel accountability. The Group also conducts regular internal assessments and training to ensure that its employees have sufficient knowledge of these policies and guidelines.

CORPORATE GOVERNANCE REPORT

During the Relevant Year, the Group has implemented procedures and internal controls to process and disclose inside information. In particular, the Group:

– has handled in strict accordance with the disclosure requirements of the Listing Rules and the Inside Information Disclosure Guidelines issued by the Securities and Futures Commission of Hong Kong in June 2012;

– has established its own disclosure obligation procedures that set out procedures and controls for assessing potential internal information and for processing and disseminating internal information. The program has been communicated to the Company's senior management and employees and the Company monitors its implementation; and

– made extensive, non-exclusive information disclosure to the public in financial reports, announcements and through channels such as websites.

The risk management and internal control systems are continuously reviewed and evaluated by the Audit Committee and executive Directors, and will be further reviewed and evaluated by the Board at least annually, covering all material controls, including financial, operational and compliance controls. During the year ended 31 December 2020, the Board, through the Audit Committee, has reviewed the Company's internal control and risk management systems and considered the systems to be effective and adequate.

AUDITOR'S REMUNERATION

For the year ended 31 December 2020, the remuneration paid or payable to PricewaterhouseCoopers for its audit services and non-audit services was approximately RMB5.73 million and RMB3.64 million, respectively. The amount of non-audit services in 2020 mainly included financial due diligence service, financial statements review and Environmental, Social and Governance Report review fees. The Audit Committee is satisfied that the non-audit services in 2020 did not affect the independence of the auditor.

COMPANY SECRETARY

As at the date of this report, Ms. Tsui Sum Yi, from Vistra (Hong Kong) Limited, an external service provider, act as company secretary. As at 31 December 2020, Ms. Tsui undertook at least 15 hours of relevant professional training to update her skills and knowledge. Her primary contact person at the Company is Mr. Yin Yadong, the director of the Board Office.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHT

The Company treats all Shareholders equally with an aim to ensure that their rights can be fully exercised and their legitimate interests can be safeguarded and that the Shareholders' general meeting can be convened and held in strict compliance with the relevant laws and regulations. The Company's corporate governance structure is to ensure that all Shareholders, especially the minority Shareholders, can enjoy equal benefits and undertake corresponding responsibilities.

Convening an Extraordinary General Meeting

Pursuant to the Articles of Association, the Board may convene an extraordinary general meeting as it thinks fit. Shareholders requisitioning extraordinary general meetings or class meetings shall abide by the following procedures:

(I) Shareholders individually or jointly holding 10% or more of the voting Shares may request the Board to convene an extraordinary general meeting or a class meeting by signing and submitting one or more written requests with the same format and contents in which the matters for consideration at the meeting shall be set out clearly. The Board shall proceed to convene the extraordinary general meeting or the class meeting as soon as possible after receiving the aforesaid written request. For the purpose of the preceding requirement relating to the number of voting Shares held, such number shall be calculated on the basis of the number of relevant voting Shares held on the date of submission of such written request.

(II) If the Board fails to issue a notice of such meeting within 30 days from the date of the receipt of the written request, the Supervisory Committee may convene such a meeting by itself within 4 months from the date of receipt of the request by the Board. If the Supervisory Committee fails to convene and preside over an extraordinary general meeting or a class meeting, Shareholders holding over 10% of the Shares individually or jointly may convene and preside over such a meeting by themselves, following the procedure for convening such meeting by the Board as much as possible.

Any reasonable expenses incurred by the Supervisory Committee or the Shareholders in convening and holding such meeting due to the failure of the Board to convene such meeting in response to the aforesaid request shall be borne by the Company. Such expenses shall be deducted from the amounts owed by the Company to the Directors in default.

Procedures to Put Forward Motions at General Meeting by Shareholders

Shareholders may make recommendations at the general meeting by two means: proposing a provisional resolution at general meetings and requiring the right to speak at the general meeting.

If the Company decides to hold a general meeting, Shareholders individually or jointly holding 3% or more of the total Shares carrying voting right shall be entitled to propose motions in writing to the convener 10 days before the convening of the general meeting. The convener shall dispatch a supplemental notice of the general meeting within 2 days from receipt of the proposal to notify other Shareholders and include such proposed motions into the agenda for such general meeting if they are matters falling within the functions and powers of general meeting.

A Shareholder may submit and serve the motions directly through IR-Justbon@brc.com.cn.

Shareholders attending the general meeting may require the right to speak. The right to speak at general meetings can be conducted in writing and verbally. Shareholders or proxies requiring the right to speak shall register with the secretary to the Board or the chairman of the meeting prior to voting. The order of speaking shall follow the registration order.

CORPORATE GOVERNANCE REPORT

Making Inquiry to the Board

Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or management of the Company. Such questions, requests and comments can be addressed to the Company by mail to CRM Center, No. 9 Xixin Avenue, West Hi-tech Zone, Chengdu, Sichuan Province, the PRC or by email to IR-Justbon@brc.com.cn.

CONSTITUTIONAL DOCUMENTS

During the Report Period, the Articles of Association were approved for amendment by the Shareholders at the following general meetings of the Company:

(i) the first extraordinary general meeting held on 17 January 2020;

(ii) the H Shareholders' class meeting and domestic Shareholders' class meeting held on 17 January 2020;

(iii) the second extraordinary general meeting held on 12 March 2020;

(iv) the annual general meeting held on 11 June 2020; and

(v) the first extraordinary general meeting held on 6 January 2021.

The changes were mainly to reflect:

1. the requirements on the notice period of the general meeting under the Company Law of the People's Republic of China;

2. the relevant provisions on shares repurchase under the Company Law of the People's Republic of China;

3. adding the position of vice chairman of the Board;

4. the amendments to the business scope; and

5. the change of company name.

Save as the above mentioned, there were no significant changes in the constitutional documents of the Company for the year ended 31 December 2020 and up to the date of this report. The Articles of Association are available on the Company's website and the Stock Exchange's website.

REPORT OF THE BOARD OF DIRECTORS

The Board is pleased to present the annual report and audited consolidated financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL BUSINESS

The Company and its subsidiaries are principally engaged in property management services, consultancy services and community value-added services. An analysis on the Group's revenue and operating results for the year ended 31 December 2020 is set out in Note 6 to the consolidated financial statements of the Group on page 117 of this report.

GEOGRAPHICAL ANALYSIS OF OPERATION

An analysis of the Group's revenue from operations by geographical locations of customers for the year ended 31 December 2020 is set out in Note 5 to the consolidated financial statements.

RESULTS AND OVERALL PERFORMANCE

The Group's results for the year ended 31 December 2020 are set out in the Consolidated Statement of Comprehensive Income on page 76 of this report.

BUSINESS REVIEW

The Group's business review, including the discussion on the major risks and uncertainties exposed to the Group and the potential business development course of the Group in the future, is set out in the sections headed "Report of the Board of Directors" and "Management Discussion and Analysis", which is on pages 52 to 66 and pages 12 to 28 of this report, respectively.

Details of the significant events which affected the Group and took place since the close of the financial year ended 31 December 2020 are set out in Note 34 to the consolidated financial statements on page 166 of this report. "Management Discussion and Analysis" on pages 12 to 28 of this report contains part of the analysis on the Group's annual performance using key financial performance indicators. For explanations on the major relations between the Company and its employees, customers and suppliers, please refer to the section headed "Employees, Remuneration Policy and Training" under "Management Discussion and Analysis" and the section headed "Major Customers and Suppliers" under "Report of the Board of Directors" of this report.

These discussions form part of this Report of the Board of Directors.

REPORT OF THE BOARD OF DIRECTORS

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long term sustainability of the environment and communities in which it operates. The Group operates its business in compliance with applicable environmental protection laws and regulations and has implemented relevant environmental protection measures in compliance with the required standards under applicable PRC laws and regulations. Further details of the Group's environmental policies and performance will be disclosed in the environmental, social and governance report of the Company for the year ended 31 December 2020 to be published on HKEXnews website (www.hkexnews.hk) in due course in accordance with the Listing Rules.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2020, there was no material breach of, or non-compliance, with applicable laws and regulations by the Group.

FINAL DIVIDEND

If the Possible Transaction (as disclosed and defined in the announcement of the Company dated 25 February 2021) materialises, taking account of the potential general offer, the Board does not recommend any payment of final dividend for the year ended 31 December 2020 (2019: RMB0.97 per share). The recommendation of no payment of final dividend is subject to the approval of shareholders at the annual general meeting of the Company.

As at the date of this report, there was no arrangement under which a Shareholder has waived or agreed to waive any dividends.

ANNUAL GENERAL MEETING

A notice convening the annual general meeting (the "**Annual General Meeting**") of the Company for the year 2020 will be published and despatched in the manner as required by the Listing Rules in due course. The record date and closure of books for determining entitlement to attending the Annual General Meeting will be announced in due course.

REPORT OF THE BOARD OF DIRECTORS

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group for the year ended 31 December 2020 are set out in Note 14 to the consolidated financial statements.

BORROWINGS

For the year ended 31 December 2020, the Group had no borrowings.

SHARE CAPITAL

Save for the H share full circulation of the Company as set out as below, there is no movement in the share capital of the Company for the year ended December 31 2020, details of which are set out in Note 21 to the consolidated financial statements.

On 23 October 2020, the Company obtained listing approval for the listing of 127,628,860 H shares converted from domestic shares. The share capital structure of the Company is as follows:

Class of shares	**Immediately before completion of H share full circulation**		**Upon completion of the H share full circulation**	
	Number of shares	*Percentage (approximately)*	*Number of shares*	*Percentage (approximately)*
Unlisted domestic shares	128,748,460	72.29%	1,119,600	0.63%
H Shares	49,353,700	27.71%	176,982,560	99.37%
Total	**178,102,160**	**100%**	**178,102,160**	**100%**

Note: The percentages have been rounded up to two decimal places.

Details of the H share full circulation are set out in the announcements published by the Company dated 27 October 2020, 11 November 2020 and 19 November 2020.

RESERVES

Details of the movements in the reserves of the Company for the year ended 31 December 2020 are set out on in Note 32 to the consolidated financial statements. For the purpose of the Company, the reserves available for distribution as at 31 December 2020 amounted to RMB381.2 million.

REPORT OF THE BOARD OF DIRECTORS

CHARITABLE DONATIONS

The donations made by the Group for the year ended 31 December 2020 amounted to RMB0.1 million.

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2020 and its financial position as at 31 December 2020 are set out in the consolidated financial statements on page 76 to 166 of this report.

DIRECTORS AND SUPERVISORS

For the year ended 31 December 2020 and up to the date of this report, the Directors and Supervisors are as follows:

Name of Director	**Position**
Mr. Yao Min *(Chairman)*	Executive Director
Mr. Sun Zhefeng	Executive Director
Mr. Liu Xia	Executive Director
Mr. Chi Feng	Non-Executive Director
Mr. Yang Wuzheng (appointed on 18 February 2021)	Non-Executive Director
Ms. Chang Heng (appointed on 6 January 2021)	Non-Executive Director
Mr. Yu Chi (resigned on 29 January 2021)	Non-Executive Director
Mr. Meng Hongwei (resigned on 13 November 2020)	Non-Executive Director
Mr. Li Shujian	Independent Non-executive Director
Mr. Chan Shing Yee, Joseph	Independent Non-executive Director
Mr. Zhang Shouwen	Independent Non-executive Director

Name of Supervisor	**Position**
Ms. Wang Lu	President of the Supervisory Committee and Shareholder Representative Supervisor
Mr. Liu Jiang	Employee Representative Supervisor
Mr. Zhang Zhang (appointed on 29 January 2021)	Employee Representative Supervisor
Ms. Li Ru (resigned on 29 January 2020)	Employee Representative Supervisor
Mr. Xu Qingshan	External Supervisor
Mr. Liu Deming	External Supervisor

REPORT OF THE BOARD OF DIRECTORS

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the executive Directors, non-executive Directors and Supervisors has entered into a service contract with the Company and each of the non-executive Directors (including the independent non-executive Directors) has signed an appointment letter with the Company. The appointment of all Directors is effective from the respective appointment date until the expiry of the term of the second session of the Board, and appointment of all Supervisors is effective from the respective appointment date until the expiry of the term of the second session of the Supervisory Committee, subject to the termination by no less than one month's notice in writing served by either party. Both of the term of the second session of the Board and the Supervisory Committee are three years. Remunerations of Directors were determined by the Board with reference to the proposal of the remuneration committee of the Company, taking into account, among others, duties and responsibilities, the prevailing market conditions and other conditions the Board deems appropriate.

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year ended 31 December 2020, none of the Directors or their respective associates (as defined under the Listing Rules) had any interests in any business which competes or may compete with the business of the Group. The independent non-executive Directors were not aware of any violation of such commitment.

SHARE OPTION SCHEME

The Company had no share option scheme.

DIRECTORS', SUPERVISORS' AND THE CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 2020, the interests and short positions of the Directors, Supervisors and chief executive officer of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (as defined under Part XV of the SFO), which were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Interests in the Company

			Shares held as at 31 December 2020[1]		Shares held in the relevant class of Shares as at 31 December 2020[1]		Shares held in the total share capital of the Company as at 31 December 2020[1]	
Name of Shareholder	Nature of Interest	Class of Shares	Number	Percentage (approx.)	Number	Percentage (approx.)	Number	Percentage (approx.)
Mr. Yao Min[2][3]	Interest in controlled corporations	H Shares	10,921,660 (L)	8.48%	10,921,660 (L)	8.48%	10,921,660 (L)	6.13%

Notes:

(1) As at 31 December 2020, the Company had 178,102,160 Shares in issue, including 176,982,560 H Shares and 1,119,600 domestic Shares. The letter "L" denotes the entity's long position in the domestic Shares.

(2) Mr. Yao Min is a general partner of Chengdu Jiayu. By virtue of the SFO, Mr. Yao is deemed to be interested in the Shares held by Chengdu Jiayu.

(3) Mr. Yao Min is a general partner of Ningbo Jiaqian. By virtue of the SFO, Mr. Yao is deemed to be interested in the Shares held by Ningbo Jiaqian.

Save as disclosed above, as at 31 December 2020, none of the Directors, Supervisors or chief executive officer of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations, which were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or notified to the Company and the Stock Exchange pursuant to the Model Code.

(ii) Interest in associated corporations of the Company

Name	Name of Associated Corporation	Nature of Interest	Interest in shares(1)	Percentage holding (approx.)
Chi Feng	Languang Development	Beneficial owner	1,820,900 (L)	0.06%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

REPORT OF THE BOARD OF DIRECTORS

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as known to the Company, as at 31 December 2020, the persons (other than the Directors or Supervisors or chief executive officer of the Company) who had 5% or above interests in the Shares or underlying Shares which were recorded in the register kept by the Company under section 336 of the SFO were as follows：

			Shares held as at 31 December 2020[(1)]		Shares held in the total share capital of the Company as at 31 December 2020[(1)]	
Name of Shareholder	Nature of Interest	Class of Shares[(1)]	Number	Percentage (approx.)	Number	Percentage (approx.)
Mr. Yang[(4)]	Interest in controlled corporations	Domestic Shares	750,000 (L)	66.99%	115,840,200 (L)	65.04%
		H Shares	115,090,200(L)	65.03%		
Languang Investment[(3)]	Interest in controlled corporations	Domestic Shares	750,000 (L)	66.99%	115,840,200 (L)	65.04%
		H Shares	115,090,200(L)	65.03%		
Languang Development[(2)]	Interest in controlled corporations	Domestic Shares	750,000 (L)	66.99%	115,840,200 (L)	65.04%
		H Shares	115,090,200(L)	65.03%		
Languang Hejun	Beneficial owner	Domestic Shares	750,000 (L)	66.99%	115,840,200 (L)	65.04%
		H Shares	115,090,200(L)	65.03%		

REPORT OF THE BOARD OF DIRECTORS

Notes:

(1) As at 31 December 2020, the Company had 178,102,160 Shares in issue, including 176,982,560 H Shares and 1,119,600 domestic Shares. The letter "L" denotes the entity's long position in the Shares.

(2) Languang Hejun is wholly owned by Languang Development. By virtue of the SFO, Languang Development is deemed to be interested in the Shares held by Languang Hejun.

(3) Languang Development is owned as to 46.86% by Languang Investment. By virtue of the SFO, Languang Investment is deemed to be interested in the Shares held by Languang Development.

(4) Languang Investment is owned as to 95.04% by Mr. Yang. By virtue of the SFO, Mr. Yang is deemed to be interested in the Shares held by Languang Investment.

Save as disclosed above, as at 31 December 2020, the Company was not aware of any other persons (other than the Directors or chief executive officer of the Company) having an interest or short position in the Shares or underlying Shares which would require to be recorded in the register to be kept pursuant to Section 336 of the SFO.

SHARE INCENTIVE SCHEME

In order to retain talents for achieving our strategic and operational goals, on 9 November 2018, the then Shareholders passed resolutions approving the adoption of a share incentive scheme by way of establishing and making capital contribution into Ningbo Jiaqian, under which 11 individuals, including the Directors, senior management and certain employees of the Group, became the general partner and/or the limited partners of Ningbo Jiaqian which held approximately 3.08% issued share capital of the Company. The incentive shares to be acquired by the individuals mentioned above are subject to lock-up period of three years where 40%, 30% and 30% of the incentive shares may be unlocked on a year-to-year basis commencing from 3 December 2018, on conditions that the performance conditions and requirements as set out in the share incentive scheme have been fulfilled.

Details of the share incentive scheme were set out in the Prospectus. From the adoption date of the share incentive scheme to 31 December 2020, 40% of the Incentive Shares (i.e. 2,194,520) were released from the lock-up arrangement, and the abovementioned individuals acquired 40% of the Incentive Shares.

REPORT OF THE BOARD OF DIRECTORS

ARRANGEMENT TO PURCHASE EQUITY OR DEBT SECURITIES

Save as disclosed in the section headed "Share Incentive Scheme" in this report, during the year ended 31 December 2020, none of the Company, its holding company, or any of its subsidiaries was a party to any arrangement enabling the Directors to acquire benefits by means of the acquisition of equity or debt securities, including the debentures of the Company or any other body corporate.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

At the year-end or any time from the Listing Date to 31 December 2020, save as disclosed in this report, there was no transaction, arrangement or contract of significance, to which the Company, its holding company or subsidiary was a party, and in which the Directors and the Supervisors or their respective connected entities were materially interested, either directly or indirectly.

SIGNIFICANT CONTRACTS

From the Listing Date to 31 December 2020, save as disclosed in the section headed "Related Party Transactions" below, there was no significant contract relating to the business of the Group between the Company (or any of its subsidiaries) and the Controlling Shareholder(s) (or any of its/their subsidiaries), nor was there any significant contract for the provision of services by the Controlling Shareholder(s) (or any of its/their subsidiaries) to the Company (or any of its subsidiaries).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2020, the revenue attributable to the Group's largest customer, and five largest customers in aggregate, represented approximately 25.7% and 27.6% of the Group's total annual revenue, respectively.

For the year ended 31 December 2020, the total purchase attributable to the Group's largest suppler, and five largest suppliers in aggregate, represented approximately 8.8% and 21.2% of the Group's total annual purchase, respectively.

Except that the Controlling Shareholders are interested in Languang Group, the five largest customers and five largest suppliers of the Group, for the year ended 31 December 2020, none of the other Directors, Supervisors, their respective associates or other Shareholders (to the knowledge of the Directors, who are interested in more than 5% of the issued shares of the Company) had any interests in the five largest suppliers or customers of the Group.

REPORT OF THE BOARD OF DIRECTORS

CONTINUING CONNECTED TRANSACTIONS

According to the disclosure requirements under Chapter 14A of the Listing Rules, the following transactions have been entered into and/or continued between certain connected persons (as defined under the Listing Rules) and the Company with the following relevant disclosures made by the Company in accordance with the Listing Rules and the Company has followed all the pricing policies and guidelines set out in the announcements when determining the price and terms of the transactions during the year:

1. Master Purchase Agreement

On 11 June 2019, the Group entered into a master purchase agreement (the "Master Purchase Agreement") with Languang Investment, pursuant to which the Company agreed to purchase or procure, through its subsidiaries, from members of Languang Investment Group certain products, including but not limited to bottled water and tickets of a theme park in Dujiangyan and processed food for a term commencing from the Listing Date to 31 December 2021. The aggregate annual cap for the transactions contemplated under the Master Purchase Agreement for each of the three years commencing from the Listing Date to 31 December 2021 is RMB7.1 million, RMB9.4 million and RMB11.8 million, respectively. For the year ended 31 December 2020, the value of sales to the Group from Languang Investment and/or any of its associates amounted to RMB0.3 million.

2. Master Property Management Related Services Agreement

On 11 June 2019, the Group entered into a master property management related services agreement (the "Master Property Management Related Services Agreement") with Languang Investment, pursuant to which the Group agreed to provide property management services to Languang Investment Group, including but not limited to (i) pre-delivery services, including (a) house inspection; (b) display units and on-site sales office management services; (ii) property management services for properties owned by Languang Investment Group; (iii) preliminary planning and design consultancy services for property development projects; (iv) after-sales maintenance services and customer relationship maintenance services, for a term commencing from the Listing Date to 31 December 2021. According to the Master Property Management Related Services Agreement, the annual cap for each of the three years ending 31 December 2021 is RMB514.2 million, RMB609.1 million and RMB678.3 million, respectively. For the year ended 31 December 2020, the value of services from the Group to Languang Investment Group amounted to RMB601.3 million.

REPORT OF THE BOARD OF DIRECTORS

3. Master Car Parking Lots Lease Agreement

On 11 June 2019, the Group entered into a master car parking lots lease agreement (the "Master Car Parking Lots Lease Agreement") with Languang Investment, pursuant to which the Group shall lease to Languang Development and its subsidiaries (excluding the Group) and/or any of their associates certain car parking lots situated in residential communities which the Group manages for sub-leasing to residents in those communities. The Master Car Parking Lots Lease Agreement has a term commencing from the Listing Date to 31 December 2021. For each of the three years ending 31 December 2021, the annual cap for the transactions contemplated under the Master Car Parking Lots Lease Agreement is RMB34.9 million, RMB42.9 million and RMB50.1 million, respectively. For the year ended 31 December 2019, the expenses on leasing from the Group to Languang Investment and/or any of its associates amounted to RMB20.7 million.

4. Property Sales Agreement

On 3 December 2020, the Company entered into the Property Sales Agreement ("Property Sales Agreement") with Languang Investment. The Group hereby agreed to provide parking space commission sales services, new housing sales agency services and other housing agency services and property management services to Languang Investment. The term of the Property Sales Agreement is from 3 December 2020 to 31 December 2021. Under the Property Sales Agreement, from 3 December 2020 to 31 December 2020 and for the year ended 31 December 2021, the annual caps were RMB105.0 million and RMB105.0 million respectively. From 3 December 2020 to 31 December 2020, the Group provided services valued RMB76.4 million to Languang Investment.

5. Advertising Services Agreement

On 18 December 2020, the Group entered into the Advertising Services Agreement ("Advertising Services Agreement") with Languang Investment. The Group hereby agreed to provide advertising services to Languang Investment. The term of the Advertising Services Agreement is from 18 December 2020 to 31 December 2021. Under the Advertising Services Agreement, from 18 December 2020 to 31 December 2020 and for the year ended 31 December 2021, the annual caps were RMB19.0 million and RMB75.0 million respectively. From 18 December 2020 to 31 December 2020, the Group provided services valued RMB17.9 million to Languang Investment.

Languang Investment is one of the Controlling Shareholders and is therefore a connected person of the Company under the Listing Rules. The above transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

REPORT OF THE BOARD OF DIRECTORS

Confirmation from independent non-executive Directors

Pursuant to Rule 14A.55 of the Listing Rules, all the independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that they have been entered into (i) in the ordinary course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the respective agreement governing the above continuing connected transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmations from the Company's independent auditor

For the purpose of Rule 14A.56 of the Listing Rules, PricewaterhouseCoopers, the auditor of the Company, has issued a letter to the Board confirming that there is no matter which came to its attention and enabled it to believe the above continuing connected transactions have (i) not been approved by the Board; (ii) not, in all material respects, been conducted in accordance with the pricing policies of the Group; (iii) not been entered into under relevant agreements governing such transactions in all material aspects; and (iv) exceeded their respective annual cap.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 December 2020 are disclosed in Note 31 to the consolidated financial statements. Except part of provision of services to the associates of Languang Development are transactions with independent third parties as defined under Listing Rules, all such related party transactions were either connected transactions or continuing connected transactions within the meanings under the Listing Rules.

The Company has complied with, or otherwise has obtained waivers from the Stock Exchange exempting from, the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions or continuing connected transactions entered into by the Group during the year ended 31 December 2020.

PRE-EMPTIVE RIGHTS AND TAX RELIEF OR EXEMPTION

There is no provision on pre-emptive rights in the Articles of Association. The Company is not aware of any tax relief or exemption available to any existing Shareholder by reason of his/her holding of the securities of the Company.

LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

The Company did not enter into any new loan agreement, which contained any covenant relating to specific performance of the Controlling Shareholders and shall be disclosed as required by Rule 13.18 of the Listing Rules.

REPORT OF THE BOARD OF DIRECTORS

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information publicly available to the Company and within the best knowledge of its Directors, the Company has maintained sufficient public float as required under the Listing Rules.

CORPORATE GOVERNANCE

The Board is of the view that the Company has adopted, applied and complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the Relevant Year under review. The corporate governance practices of the Company are set out in the section headed "Corporate Governance Report" of this report.

FINANCIAL SUMMARY

Summary of the Group's results and assets and liabilities for the latest five financial years is set out in the section headed "Five-Year Financial Summary" on pages 167 to 168 of this report.

PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Company as at 31 December 2020 are set out in Note 11 to the consolidated financial statements.

PERMITTED INDEMNITY

The Group has purchased and maintained liability insurance for the Directors for the year ended 31 December 2020, which provides appropriate cover for the Directors.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

EQUITY LINKED AGREEMENT

No equity linked agreement was entered into during the year, or subsisted at the end of the year.

CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

There are no changes in the biographical details of the Directors and the Supervisors that are required to be disclosed pursuant to Rule 13.51B of the Listing Rules during the year ended 31 December 2020.

REPORT OF THE BOARD OF DIRECTORS

MANAGEMENT CONTRACT

No contract concerning management of the whole or substantial part of any business of the Company was entered into during the year ended 31 December 2020, or subsisted at the end of the year ended 31 December 2020.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company has entered into a load agreement with Bank of Chengdu (成都銀行股份有限公司) on 29 January 2021. According to the agreement, the Group loaned RMB100,000,000 from Bank of Chengdu, with the maturity of 1 year and secured by Languang Development, the intermediate holding company of the Company.

Sichuan Languang Hejun Industries Co., Ltd. ("Languang Hejun"), a controlling shareholder of the Company, entered into a memorandum of understanding (the "MOU") on 23 February 2021 with Country Garden Property Services HK Holdings Company Limited (碧桂園物業香港控股有限公司) as potential purchaser (the "Potential Purchaser"). The Potential Purchaser intends to acquire 115,090,200 H shares (representing approximately 64.62% equity interest in the Company) from Languang Hejun at a price of RMB42.1105 per H share (the "Possible Transaction"). The Possible Transaction (if materialises) may lead to a general offer for all the issued H shares and domestic shares of the Company. As at the date of this report, no formal agreement has been entered into in respect of the Possible Transaction, and the discussion is still in progress and the Possible Transaction may or may not proceed.

Languang Hejun and the Potential Purchaser entered into a supplemental memorandum of understanding (the "Supplemental MOU") on 11 March 2021 to amend the MOU, to the effect that (a) the Potential Purchaser intends to acquire 115,090,200 H shares and 750,000 domestic shares in the Company (representing approximately 65.04% equity interests in the Company) from Languang Hejun at a price of RMB42.8546 per H share or per domestic share; and (b) the Potential Purchaser shall pay a deposit (without interests) equivalent to the amount of RMB1,985.67 million (comprising RMB500 million and HK$1,774.63 million) to Languang Hejun and Languang Hejun shall execute a share charge over 106,861,296 H shares of the Company (representing approximately 60% of the entire equity interests in the Company) (the "Share Charge") in favor of the Potential Purchaser. The Share Charge has been executed on 15 March 2021.

On 22 March 2021, each of Languang Hejun, Ningbo Jiaqian and Chengdu Jiayu has entered into an agreement with Country Garden Property Services HK Holdings Company Limited (碧桂園物業香港控股有限公司) (the "**Offeror**") separately, pursuant to which Languang Hejun agrees to sell 115,090,200 H Shares and 750,000 Domestic Shares to the Offeror for a total cash consideration of RMB4,964,280,000, Ningbo Jiaqian agrees to sell 5,486,300 H Shares to the Offeror for a cash consideration of RMB235,113,192 and Chengdu Jiayu agrees to sell 5,435,360 H Shares to the Offeror for a cash consideration of RMB232,930,000. Details are set out in the joint announcement published by the Company on 22 March 2021.

Save as disclosed in this report, there were no material events undertaken by the Group subsequent to 31 December 2020 and up to the date of this report.

RETIREMENT BENEFITS PLAN

Details of retirement benefits plan of the Group for the Relevant Year are set out in Note 9 to the consolidated financial statements.

REPORT OF THE BOARD OF DIRECTORS

REMUNERATION OF DIRECTORS, SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' and the Supervisors' remuneration and five highest paid individuals for the Relevant Year are set out in Note 9 to the consolidated financial statements.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2020 have been audited by PricewaterhouseCoopers, which will retire at the Annual General Meeting. PricewaterhouseCoopers is qualified for a re-appointment, therefore a resolution will be proposed at the Annual General Meeting to re-appoint PricewaterhouseCoopers as the auditor of the Company.

There has been no change of of auditor of the Company since the Listing.

By order of the Board
Yao Min
Chairman and executive Director

Hong Kong, 22 March 2021

REPORT OF THE SUPERVISORY COMMITTEE

COMPOSITION OF THE SUPERVISORY COMMITTEE

In accordance with the requirements of the Articles of Association, the Supervisory Committee consists of five members, of which there are two employee representative Supervisors, one Shareholder representative Supervisor and two external Supervisors. The term of office of Supervisors shall be three years, and is renewable upon re-election after the expiry of their term.

As at the date of this report, the composition of the Supervisory Committee is as follows:

Name	Position
Ms. Wang Lu	President of the Supervisory Committee and Shareholder Representative Supervisor
Mr. Liu Jiang	Employee Representative Supervisor
Mr. Zhang Zhang	Employee Representative Supervisor
Mr. Xu Qingshan	External Supervisor
Mr. Liu Deming	External Supervisor

CHANGES IN SUPERVISORS

On 17 January 2020, Ms. Wang Xiaoying resigned from the positions of the president of the Supervisory Committee and a Supervisor; Ms. Wang Lu was appointed to be a Supervisor upon review and approval at the general meeting on 17 January 2020, and was selected by the Supervisory Committee to be the president thereof on the same date.

On 22 January 2020, Mr. Zhao Yang resigned as a Supervisor, while Ms. Li Ru was appointed to be a Supervisor upon election at the employee representative meeting on the same date.

On 29 January 2021, Ms. Li Ru resigned as a Supervisor, while Mr. Zhang Zhang was appointed to be a Supervisor upon election at the employee representative meeting on the same date.

MAJOR WORKS PERFORMED BY THE SUPERVISORY COMMITTEE IN 2020

During the Reporting Period, the Supervisory Committee performed its duties diligently to supervise the operation and management of the Company in a legal, proper and effective manner under the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Articles of Association and the Listing Rules, which effectively safeguarded the interests of the Shareholders and the Company.

In 2020, the Supervisory Committee held a total of 2 meetings of the Supervisory Committee. The Supervisors carefully reviewed the meeting materials and fully studied and discussed the proposals before attending the meetings of the Supervisory Committee to earnestly perform their supervisory duties. The details of Supervisors attendance at the meetings of the Supervisory Committee held during the 2020 are as follows:

REPORT OF THE SUPERVISORY COMMITTEE

Name	Attendance in person	Attendance by proxy	Absence
Ms. Wang Lu	2/2	N/A	N/A
Mr. Liu Jiang	2/2	N/A	N/A
Ms. Li Ru	2/2	N/A	N/A
Mr. Xu Qingshan	2/2	N/A	N/A
Mr. Liu Deming	2/2	N/A	N/A

The Supervisory Committee supervised the operating activities of the Company, and supervised the Company in establishing a relatively comprehensive internal control system and corresponding internal control structure, and made great efforts to execute, improve and effectively implement the same so as to mitigate various operating risks of the Company.

The Supervisory Committee also inspected the detailed implementation of the financial management system of the Company and carefully reviewed the financial report of the Company. It considered the financial report of the Company to be true and reliable, and the audit opinions issued by the audit firm appointed by the Company to be objective and impartial.

The Supervisory Committee supervised the performance of duties by the Directors and senior management of the Company, and took the view that the Directors, president and other senior management of the Company diligently exercised various powers as delegated by the Shareholders and carefully discharged their duties under the principles of diligence and integrity. As at the date of this report, the Directors, president and other senior management conducted the work in strict accordance with the laws and regulations, the Articles of Association and other various provisions, to ensure the regulated operations of the Company, and they were not aware of any power abuse or any actions which might be detrimental to the interests of the Shareholders and the legitimate rights of employees.

The Supervisory Committee is satisfied with the operation management work conducted and the economic benefits achieved by the Board and management of the Company in 2020, and is fully confident in the development prospect of the Company in the future.

By Order of the Supervisory Committee
Wang Lu
President of the Supervisory Committee

Hong Kong, 10 March 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Sichuan Languang Justbon Services Group Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

OPINION

What we have audited

The consolidated financial statements of Sichuan Languang Justbon Services Group Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 76 to 166, which comprise:

- the consolidated balance sheet as at 31 December 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key audit matters identified in our audit are summarised as follows:

- Impairment of trade receivables
- Impairment assessment of goodwill

Key Audit Matters	How our audit addressed the Key Audit Matters
Impairment of Trade Receivables	
Refer to Note 4(a) "Critical accounting estimates and judgements" and Note 19 "Trade and other receivables" to the consolidated financial statements. As at 31 December 2020, the gross amount of trade receivables of the Group amounted to RMB1,060,184,000. The trade receivables comprised mainly property management fee receivables from individual property owners and related property developers. Impairment provision of trade receivables was made based on an assessment of the expected credit losses, including an assessment of the risk of default and the expected loss rate. In performing the assessment, management considered the credit quality of the debtors by considering their credit history, ageing profile, financial position and other factors, and taking into account of current market conditions and forward-looking estimates at the end of each reporting period.	We have performed the following procedures to address this key audit matter: 1) We obtained an understanding on management's internal control and assessment process of impairment of trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity of models, and subjectivity of significant assumptions and data used; 2) We evaluated the outcome of prior period assessment of impairment of trade receivables to assess the effectiveness of management's estimation process; 3) We evaluated and tested the key controls relating to management's assessment on the expected credit losses of the trade receivables, including ageing analysis review and review of collectability of the receivable balances; 4) We assessed the appropriateness of the grouping of trade receivables based on shared credit risk characteristics and ageing periods and the credit loss provisioning methodology adopted by management;

KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
Impairment of Trade Receivables (Continued) As at 31 December 2020, impairment provision made for the trade receivables amounted to RMB123,602,000. We focused on auditing the impairment of trade receivables because the estimation of recoverable amount is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of trade receivables is considered significant due to significant judgements and estimates involved in determination of the expected loss rate.	5) We obtained management's assessment on the expected credit losses of trade receivables, challenged and assessed its reasonableness by considering the historical cash collection performance and ageing profile, evaluated adjustment made to the historical loss rates based on current economic conditions and forward-looking information with reference to our industry knowledge, market information including macroeconomic factors; 6) We tested, on a sample basis, the accuracy of ageing analysis of trade receivables prepared by management to supporting documents; 7) We checked the mathematical accuracy of the calculation of the provision for loss allowance; 8) We assessed the adequacy of the disclosures related to impairment of trade receivables in the context of the applicable financial reporting framework; and 9) We also considered whether the judgements made in selecting the expected credit losses of trade receivables would give rise to indicators of possible management bias. Based on the above, we found that the significant judgements and estimates made by management in relation to the impairment assessment of trade receivables were supported by available evidences.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
Impairment Assessment of Goodwill	
Refer to Note 4(b) "Critical accounting estimates and judgements" and Note 17 "Intangible assets" to the consolidated financial statements. As at 31 December 2020, the Group has goodwill of approximately RMB740,774,000 primarily related to the Group's acquisition of other property management services entities (the "Acquirees") in the prior years and during the current year. Goodwill is tested for impairment annually, or when there are events or changes in circumstances indicate that it might be impaired. For the purpose of impairment assessment, goodwill of RMB740,774,000 was allocated to respective Acquirees. Management assessed the recoverable amount of major Acquirees with the assistance of an independent external valuer (the "External Valuer"). The recoverable amounts were determined based on a value-in-use calculation using cash flow projections of the relevant Acquirees based on financial budgets approved by management. The key assumptions involved mainly including (i) annual revenue growth rate, (ii) gross margins, (iii) long-term growth rates; and (iv) pre-tax discount rates.	We have performed the following procedures to address this key audit matter: 1) We evaluated the outcome of prior period assessment of impairment of goodwill to assess the effectiveness of management's estimation process; 2) We evaluated the competency, capabilities and objectivity of the External Valuer; 3) We evaluated the appropriateness of the methodology and the reasonableness of key assumptions adopted with the involvement of our internal valuation specialists; 4) We challenged and assessed the reasonableness of the key assumptions adopted by management by (i) evaluating the historical estimation accuracy of the cash flow forecast by, for example, comparing the forecast used in the prior year to the actual performance of the business in the current year; (ii) assessed the pre-tax discount rates with reference to comparable listed companies; (iii) evaluating the reasonableness of the key assumptions used in the cash flow forecast, including annual revenue growth rates and gross margins, taking into account the approved budgets, historical financial data and plans of the Acquirees; (iv) for the long-term growth rate, we assessed it with reference to the long-term expected inflation rate; 5) We tested source data to supporting evidence on a sample basis, such as approved budgets and available market data; 6) We performed sensitivity analysis on the key assumptions adopted in the impairment assessment so as to assess the potential implication on the results of the impairment assessment if these key assumptions are to be changed within a reasonable range;

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
Impairment Assessment of Goodwill (Continued)	
We focused on auditing the impairment of goodwill because the estimation of recoverable amount is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of goodwill is considered significant due to the complexity of the impairment models and subjectivity of significant assumptions used.	7) We assessed the adequacy of the disclosures related to impairment assessment of goodwill in the context of the applicable financial reporting framework; and 8) We also considered whether the judgements made in selecting the methodology and the key assumptions would give rise to indicators of possible management bias. Based on the above, we found that the significant management's judgements and key assumptions adopted in the goodwill impairment assessment were supported by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in financial highlights and management discussion and analysis (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and corporate information, annual review/honors and awards, chairman's statement, biographical details of directors, supervisors and senior management, corporate governance report, report of the board of directors, report of the supervisory committee, and five-year financial summary which are expected to be made available to us after that date.

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

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

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

When we read corporate information, annual review/honors and awards, chairman's statement, biographical details of directors, supervisors and senior management, corporate governance report, report of the board of directors, report of the supervisory committee, and five-year financial summary, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action considering our legal rights and obligations.

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lo Kai Leung, Thomas.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 10 March 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB thousands unless otherwise stated)

		Year ended 31 December	
		2020	2019
	Note	**RMB'000**	RMB'000
Revenue	*6*	**2,733,862**	2,100,224
Cost of sales	*8*	**(1,758,172)**	(1,339,996)
Gross profit		**975,690**	760,228
Selling and marketing expenses	*8*	**(6,907)**	(5,110)
Administrative expenses	*8*	**(292,456)**	(202,119)
Net impairment losses on financial assets	*3.1.2*	**(75,613)**	(25,822)
Other income	*7*	**50,882**	12,396
Other gains/(losses)-net	*10*	**12,246**	(6,645)
Operating profit		**663,842**	532,928
Finance costs		**(2,003)**	(299)
Share of post-tax losses of joint ventures		**(89)**	–
Profit before income tax		**661,750**	532,629
Income tax expenses	*12*	**(111,766)**	(88,502)
Profit and total comprehensive income for the year		**549,984**	444,127
Profit and total comprehensive income attributable to:			
– Owners of the Company		**533,227**	429,519
– Non-controlling interests		**16,757**	14,608
		549,984	444,127
Earnings per share (expressed in RMB per share)			
– Basic and diluted earnings per share	*13*	**2.99**	3.10

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

(All amounts in RMB thousands unless otherwise stated)

		As at 31 December	
		2020	2019
	Note	**RMB'000**	RMB'000
Assets			
Non-current assets			
Property, plant and equipment	*14*	**75,406**	18,224
Investment properties	*16*	**33,068**	32,900
Goodwill	*17*	**740,774**	267,447
Other intangible assets	*17*	**391,578**	162,722
Deferred income tax assets	*25*	**38,751**	19,209
Investments accounted for using the equity method		**1,381**	–
		1,280,958	500,502
Current assets			
Inventories		**14,709**	7,220
Trade and other receivables	*19*	**1,342,848**	1,003,772
Financial assets at fair value through profit or loss	*3.3*	**10,648**	7,675
Restricted cash	*20(a)*	**18,880**	–
Cash and cash equivalents	*20(b)*	**2,150,087**	1,962,719
		3,537,172	2,981,386
Total assets		**4,818,130**	3,481,888
Equity			
Equity attributable to owners of the Company			
Share capital	*21*	**178,102**	178,102
Other reserves	*23*	**1,659,699**	1,657,683
Retained earnings	*23*	**721,589**	363,341
		2,559,390	2,199,126
Non-controlling interests		**132,039**	48,503
Total equity		**2,691,429**	2,247,629

CONSOLIDATED BALANCE SHEET (Continued)

(All amounts in RMB thousands unless otherwise stated)

		As at 31 December	
		2020	2019
	Note	**RMB'000**	RMB'000
Liabilities			
Non-current liabilities			
Other payables	*24*	**61,456**	–
Deferred income tax liabilities	*25*	**77,454**	32,343
Lease liabilities	*15*	**4,450**	2,782
Financial liabilities at fair value through profit or loss	*26*	**9,700**	–
		153,060	35,125
Current liabilities			
Contract liabilities	*6(a)*	**440,936**	299,325
Trade and other payables	*24*	**1,396,290**	800,291
Current income tax liabilities		**128,306**	97,062
Lease liabilities	*15*	**8,109**	2,456
		1,973,641	1,199,134
Total liabilities		**2,126,701**	1,234,259
Total equity and liabilities		**4,818,130**	3,481,888

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The financial statements on pages 76 to 166 were approved by the Board of Directors on 10 March 2021 and were signed on its behalf.

Mr. Yao Min
Chairman & Executive Director

Mr. Liu Xia
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB thousands unless otherwise stated)

		Attributable to owners of the Company					
	Note	Share capital RMB'000 *(Note 21)*	Other reserves RMB'000 *(Note 23)*	Retained earnings RMB'000 *(Note 23)*	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2019		128,748	125,074	182,877	436,699	29,964	466,663
Comprehensive income							
Profit for the year		–	–	429,519	429,519	14,608	444,127
Transactions with owners of the Company							
Issue of shares in connection with the Listing		49,354	1,481,933	–	1,531,287	–	1,531,287
Contribution from non-controlling shareholders of subsidiaries		–	–	–	–	1,205	1,205
Changes in ownership interests in subsidiaries without change of control		–	(439)	–	(439)	684	245
Acquisition of subsidiaries		–	–	–	–	10,600	10,600
Dividend declared to shareholders of the Company	*27*	–	–	(215,010)	(215,010)	–	(215,010)
Dividend declared to non-controlling interests		–	–	–	–	(8,558)	(8,558)
Employee share-based payment scheme – value of employee service	*22*	–	17,070	–	17,070	–	17,070
Appropriation of statutory reserves	*23(a)*	–	34,045	(34,045)	–	–	–
Balance at 31 December 2019		178,102	1,657,683	363,341	2,199,126	48,503	2,247,629

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

(All amounts in RMB thousands unless otherwise stated)

		Attributable to owners of the Company					
	Note	Share capital RMB'000 *(Note 21)*	Other reserves RMB'000 *(Note 23)*	Retained earnings RMB'000 *(Note 23)*	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2020		178,102	1,657,683	363,341	2,199,126	48,503	2,247,629
Comprehensive income							
Profit for the year		–	–	533,227	533,227	16,757	549,984
Transactions with owners of the Company							
Contribution from non-controlling shareholders of subsidiaries		–	–	–	–	925	925
Acquisition of subsidiaries	*30*	–	–	–	–	68,963	68,963
Dividend declared to shareholders of the Company	*27*	–	–	(172,759)	(172,759)	–	(172,759)
Dividend declared to non-controlling interests		–	–	–	–	(3,109)	(3,109)
Employee share-based payment scheme – value of employee service	*22*	–	5,507	–	5,507	–	5,507
Put options granted during the acquisition of a subsidiary	*26*	–	(5,711)	–	(5,711)	–	(5,711)
Appropriation of statutory reserves	*23(a)*	–	2,220	(2,220)	–	–	–
Balance at 31 December 2020		178,102	1,659,699	721,589	2,559,390	132,039	2,691,429

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB thousands unless otherwise stated)

		Year ended 31 December	
		2020	2019
	Note	**RMB'000**	RMB'000
Cash flows from operating activities			
Cash generated from operations	*28*	**1,013,175**	491,496
Income tax paid		**(124,534)**	(69,886)
Net cash generated from operating activities		**888,641**	421,610
Cash flows from investing activities			
Purchases of property, plant and equipment		**(53,054)**	(5,285)
Purchase of other intangible assets		**(21,588)**	(14,974)
Proceeds from disposal of property, plant and equipment		**755**	162
Investment in a joint venture		**(1,470)**	–
Restricted cash relating to investing activities		**(6,386)**	–
Proceeds from disposal of financial assets at fair value through profit or loss and investment income	*3.3(a)*	**6,063**	–
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	*30*	**(329,545)**	(57,937)
Settlements of consideration payables for the acquisitions of subsidiaries completed in prior years		**(36,800)**	(7,380)
Prepayment and other expenditures relating to investing activities		**(66,817)**	–
Net cash used in investing activities		**(508,842)**	(85,414)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**–**	1,644,383
Capital contribution from non-controlling shareholders of subsidiaries		**925**	1,205
Listing expenses paid		**(6,480)**	(96,707)
Dividends paid to shareholders	*27*	**(172,739)**	(214,966)
Dividends paid to non-controlling interests		**(3,956)**	(3,421)
Transactions with non-controlling interests		**–**	245
Principal elements and interest elements of lease payments	*28(a)*	**(8,330)**	(2,856)
Net cash (used in)/generated from financing activities		**(190,580)**	1,327,883
Net increase in cash and cash equivalents		**189,219**	1,664,079
Cash and cash equivalents at beginning of year		**1,962,719**	307,136
Exchange losses on cash and cash equivalents		**(1,851)**	(8,496)
Cash and cash equivalents at end of year		**2,150,087**	1,962,719

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

1 GENERAL INFORMATION

Sichuan Languang Justbon Services Group Co., Ltd. (the "Company") was established in the People's Republic of China (the "PRC") as a limited liability company on 7 December 2000. The address of the Company's registered office is No.22, South 3rd section, Yihuan Road, Wuhou District, Chengdu, Sichuan, PRC.

The Company's shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 18 October 2019 (the "Listing").

The Company and its subsidiaries (the "Group") are primarily engaged in the provision of property management services, consultancy services and community value-added services in the PRC.

The Company's parent company is Sichuan Languang Hejun Industrial Co., Ltd. ("Languang Hejun"), an investment company established in the PRC. The Company's intermediate holding company is Sichuan Languang Development Co., Ltd. ("Languang Development"), and its shares are listed on the Shanghai Stock Exchange. The ultimate holding company is Languang Investment Holdings Group Co., Ltd. ("Languang Investment"), a limited liability investment holding company established in the PRC.

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors (the "Board") on 10 March 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to both years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

The consolidated financial statements of the Group has been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared on a historical cost basis, except for investment properties measured at fair value and financial assets and liabilities at fair value through profit or loss.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to consolidated financial statements are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the financial period beginning on 1 January 2020:

HKAS 1 and HKAS 8 (Amendment)	Definition of Material
HKFRS 3 (Amendment)	Definition of a Business
Amendments to HKFRS 16	Leases-COVID-19 related rent concessions
	Revised Conceptual Framework for Financial Reporting

The adoption of these standards and the new accounting policies disclosed did not have any significant impact on the Group's accounting policies and did not require retrospective adjustments.

(b) New standards and amendments not yet effective for the financial period beginning on 1 January 2020 and not early adopted by the Group

Up to the date of issuance of this report, the HKICPA has issued the following new standards and amendments to existing standards which are not yet effective and have not been early adopted by the Group:

		Effective for annual years beginning on or after
Amendments to HKAS 1	Presentation of financial statements on classification of liabilities	Originally 1 January 2022, but extended to 1 January 2023 by the HKICPA
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual improvements to HKFRS Standards 2018-2020	HKFRS 9 Financial Instruments, HKFRS 16 Leases, HKFRS 1 First-time Adoption of International Financial Reporting Standards and HKAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under HKAS 41	1 January 2022
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments. According to the preliminary assessment made by the directors, no significant impact on the financial performance and position of the Group is expected when they become effective.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.3).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

2.2.2 Joint ventures

Interests in joint ventures are accounted for using the equity method (see Note 2.2.3 below), after initially being recognised at cost in the consolidated balance sheet.

2.2.3 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principles of consolidation and equity accounting (Continued)

2.2.3 Equity method (Continued)

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10.

2.2.4 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Business combinations (Continued)

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Where the Group enters into a contract that contains an obligation (for example a written put option exercisable by the contract counterparty) to acquire shares in a partly-owned subsidiary company from the owner of the non-controlling interest, which is not part of a business combination, the Group records a financial liability in respect of the present value of the redemption amount with a corresponding charge directly to equity.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries arc accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker (the "CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

2.6 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised within other gains/(losses) – net in the consolidated statements of comprehensive income.

2.7 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives or, in case of leasehold improvements, and certain leased plants and equipment, the shorter lease term, as follows:

–	Vehicles	5-8 years
–	Office equipment	5 years
–	Machinery	10-15 years
–	Leasehold improvements	3-10 years
–	Right-of-use assets	2-6 years

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Property, plant and equipment (Continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Construction in progress represents the direct costs of construction incurred of property, plant and equipment less any impairment losses. No provision for depreciation is made on construction in progress until such time the relevant assets are completed and put into use. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other gains/(losses) – net in the consolidated statements of comprehensive income.

2.8 Investment properties

Investment properties, principally retail units and car parks, are held to earn rentals and for capital appreciation.

Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequent to initial recognition, investment properties are measured at their fair values. Changes in the fair value of investment properties are presented in profit or loss as part of other income.

2.9 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Intangible assets (Continued)

(b) *Trademarks*

Separately acquired trademarks are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 10 years.

(c) *Customer relationships*

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of 100 to 120 months for the customer relationship.

(d) *Computer software*

Acquired computer software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (2 to 10 years).

Research and development costs that are directly attributable to the design and testing of identifiable and unique software products, for example, applications, controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use it;
- There is an ability to use the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the research and development and to use the software product are available; and
- The expenditure attributable to the software product during its research and development can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Intangible assets (Continued)

(d) Computer software (Continued)

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.10 Impairment of non-financial assets

Goodwill that has an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, including the economic impact of the unprecedented Corona Virus Disease 2019 ("COVID-19") pandemic on the operations of the Group and the region in which it operates. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Financial assets

2.11.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Financial assets (Continued)

2.11.2 Recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in "other gains/(losses) — net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains/(losses) — net" and impairment expenses are presented as separate line item in the statement of profit or loss.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in "other gains/(losses) — net" in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Financial assets (Continued)

2.11.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.12 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1.2 details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables from third parties, related parties and non-controlling interests are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.13 Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is measured by using specific identification of their individual costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 19 for further information about the Group's accounting for trade receivables and Note 3.1.2 for a description of the Group's impairment policies.

2.15 Cash and cash equivalents, restricted cash

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions. Bank deposits which are restricted to use are included in "restricted cash" of the consolidated balance sheet.

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised as "income tax expenses" in the consolidated statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Current and deferred income tax (Continued)

(c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

(a) *Pension obligations*

The Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(b) *Housing funds, medical insurances and other social insurances*

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee benefits (Continued)

(d) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.20 Share-based payments

Share-based compensation benefits are provided to employees via the employee share incentive scheme. Information relating to the schemes is set out in Note 22.

Share incentive scheme

Equity-settled share-based payment transactions are share-based payment arrangement in which the Group received goods or services as consideration for its own equity instrument. The Group might receive goods or services but have no obligation to settle the transaction with the supplier, as the settlement will be made by a shareholder or another group entity, this transaction are also equity-settled share-based payment transaction.

For an equity-settled share-based payment transaction, the fair value of equity instrument granted is recognised as an employee benefits expense with a corresponding increase in equity.

The total amount to be expensed is determined by reference to the fair value of the shares granted:

- including any market performance conditions (eg the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (eg profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (eg the requirement for employees to save or holdings shares for a specific period of time).

No-marketing performance and services conditions are included in the calculation of the number of the equity instrument expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each period, the entity revises its estimates of the number of shares that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.22 Revenue recognition

The Group provides property management services, consultancy services, community value-added services and sales of goods. Revenue from providing services is recognised in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group's performance when the Group performs.

For property management services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to bill and that corresponds directly with the value of performance completed.

For property management services income from properties managed under lump sum basis, where the Group acts as principal, the Group entitles to revenue at the value of property management services fee received or receivable. For property management service income from properties managed under commission basis, where the Group acts as an agent of the property owner, the Group entitles revenue at a pre-determined percentage or amount of the property management fee received or receivable by the properties.

Consultancy services mainly includes consultancy services to property developers or other property management companies and cleaning, greening, repair and maintenance services to property developers at the pre-delivery stage. The Group agrees the price for each service with the customers upfront and issues the monthly bill to the customers which varies based on the actual level of service completed in that month.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Revenue recognition (Continued)

For community value-added services includes resident services, residential property agency, commercial property management and operation and advertisement, revenue is recognised when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer.

For sales of goods, the Group sells commodities to property owners and residents of the properties under the Group's management online and in community. Sales of goods are recognised when the Group delivers the goods to the customers.

If contracts involve the sale of multiple services, the transaction price allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When either party to a contract has performed, the Group presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Incremental costs incurred to obtain a contact, if recoverable, are capitalised and presented as assets and subsequently amortised when the related revenue is recognised. The Group applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense immediately if the amortisation period is less than 12 months.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.24 Leases

The Group leases certain properties. Rental contracts are typically made for fixed periods of 1 to 6 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Leases (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1.1 Foreign exchange risk

The Group's businesses are principally conducted in RMB, which is the functional currency of the group companies. Foreign currency transaction included mainly receipts of proceeds from the Listing on the Main Board of the Stock Exchange and payment of lease liabilities and professional fees which are dominated in HK dollar ("HK$") and US dollar ("USD"). As at 31 December 2020, major non-RMB assets are cash and cash equivalents of RMB28,778,000 (2019: RMB1,537,229,000) and major non-RMB liabilities are lease liability of RMB6,227,000 (2019: nil) denominated in HK$. Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations. The Group currently does not have a foreign currency hedging policy, and manages its foreign currency risk by closely monitoring the movement of foreign currency rate.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in RMB, was as follows:

	As at 31 December 2020		As at 31 December 2019	
	HK$	**USD**	HK$	USD
	RMB'000	**RMB'000**	RMB'000	RMB'000
Cash and cash equivalent	**28,778**	**–**	1,537,229	1,081
Other payables	**–**	**–**	(794)	(3,782)
Lease liability	**(6,227)**	**–**	–	–

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.1 Foreign exchange risk (Continued)

The aggregate net foreign exchange gains/(losses) recognised in profit or loss were:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Net foreign exchange gains/(losses) included in other gains/(losses)-net	**7,638**	(8,496)

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% appreciation/depreciation in RMB against the relevant currencies, the effect on the profit for the year is as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
5% increase in RMB against HK$	**(936)**	(63,762)
5% decrease in RMB against HK$	**936**	63,762
5% increase in RMB against USD	**–**	112
5% decrease in RMB against USD	**–**	(112)

3.1.2 Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, financial assets at banks and financial assets at fair value through profit or loss. The carrying amounts of trade and other receivables, cash and cash equivalents, restricted cash and financial assets at fair value through profit or loss represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

For trade and other receivables, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group expects that there is no significant credit risk associated with financial assets at fair value through profit or loss since the Group furnishes investment mandates to commercial banks and trust companies. And these mandates require them to invest in wealth management products with high market credit rating, liquidity and stable return. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of individual property owner or the borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 90 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 365 days past due	Lifetime expected losses

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data, including but not limited to the economic impact of the unprecedented COVID-19 pandemic and other factors.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivable. The Group uses the expected credit loss model above to determine the expected loss provision for trade receivables. As at 31 December 2020, the Group has assessed that there is no significant increase of credit risk for other receivables since initial recognition (2019: same). Thus the Group uses the 12 months expected credit losses model to assess credit loss of other receivables.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(a) Trade receivables

As at 31 December 2020, the Group has assessed that the expected loss rate for trade receivables from related parties and made an allowance amounted to RMB449,000 accordingly, with the expected lifetime credit loss of 0.5% (2019: nil).

Except for the trade receivables from related parties, the remaining trade receivables were classified into two categories by the Group due to the different risk characteristics. The details are set as below:

Category	Group definition of category
Catergory A	Customers have a low risk of default and a strong capacity to meet contractual cash flows
Catergory B	Customers have a higher risk of default and may have difficulties to meet contractual cash flows

As at 31 December 2020 and 2019, the loss allowance provision for the trade receivables due from third parties was determined as follows. The expected credit losses below also incorporated forward looking information.

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
Trade receivables Category A (excluding trade receivables from related parties)						
At 31 December 2020						
Expected loss rate	**5%**	**10%**	**20%**	**40%**	**100%**	
Gross carrying amount (RMB'000)	**550,805**	**206,555**	**87,151**	**16,971**	**17,117**	**878,599**
Loss allowance provision (RMB'000)	**26,564**	**20,476**	**16,301**	**6,875**	**17,117**	**87,333**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(a) Trade receivables (Continued)

	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Trade receivables Category B (excluding trade receivables from related parties)					
At 31 December 2020					
Expected loss rate	**10%**	**20%**	**40%**	**100%**	
Gross carrying amount (RMB'000)	**12,477**	**35,237**	**27,573**	**16,496**	**91,783**
Loss allowance provision (RMB'000)	**1,248**	**7,047**	**11,029**	**16,496**	**35,820**

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
Trade receivables Category A (excluding trade receivables from related parties)						
At 31 December 2019						
Expected loss rate	5%	10%	20%	40%	100%	
Gross carrying amount (RMB'000)	490,262	139,578	34,553	11,490	6,852	682,735
Loss allowance provision (RMB'000)	22,873	13,958	6,911	4,596	6,852	55,190

As at 31 December 2019, there were no trade receivables identified as higher risk, thus no trade receivables was classified as Category B.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Other receivables (excluding prepayments)

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
Other receivables (excluding other receivables from the former shareholders of the acquired companies (Note (i)) and prepayments)						
At 31 December 2020						
Expected loss rate	**5%**	**10%**	**20%**	**40%**	**100%**	
Gross carrying amount (RMB'000)	**153,584**	**22,995**	**4,683**	**1,467**	**6,358**	**189,087**
Loss allowance provision (RMB'000)	**7,267**	**2,300**	**937**	**587**	**6,358**	**17,449**
At 31 December 2019						
Expected loss rate	5%	10%	20%	40%	100%	
Gross carrying amount (RMB'000)	82,069	8,262	2,470	635	5,907	99,343
Loss allowance provision (RMB'000)	3,566	826	494	254	5,907	11,047

(i) In 2020, the Group acquired several subsidiaries (the "acquired companies"). For those contractual or statutory liabilities of the acquired companies exclude in the acquisition, the acquired companies would pay on behalf of the sellers, the former shareholders of the acquired companies, and receivables were recognised accordingly.

As at 31 December 2020, gross carrying amount of trade receivables from the former shareholders of acquired companies were RMB159,780,000. The Group assessed and estimated the expected loss rate for other receivables from the former shareholders of the acquired companies and made an allowance amounted to RMB799,000 with the expected credit loss of 0.5% accordingly (2019: nil).

(ii) The directors are of the view that the industrial characteristic factors with regard to trade and other receivables collections have been taken into accounts in the assessment on the expected credit loss rate during 2020.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Other receivables (excluding prepayments) (Continued)

As at 31 December 2020, the loss allowance provision for trade and other receivables (excluding prepayments) reconciles to the opening loss allowance for that provision as follows:

	Trade receivables RMB'000	**Other receivables (excluding prepayments and other receivables from related parties) RMB'000**	**Total RMB'000**
At 1 January 2020	**55,190**	**11,047**	**66,237**
Provision for loss allowance recognised in profit or loss	**68,907**	**8,609**	**77,516**
Unused amounts reversed	**(495)**	**(1,408)**	**(1,903)**
At 31 December 2020	**123,602**	**18,248**	**141,850**

	Trade receivables (excluding trade receivables from related parties) RMB'000	Other receivables (excluding prepayments and other receivables from related parties) RMB'000	Total RMB'000
At 1 January 2019	31,085	9,330	40,415
Provision for loss allowance recognised in profit or loss	26,171	2,367	28,538
Unused amounts reversed	(2,066)	(650)	(2,716)
At 31 December 2019	55,190	11,047	66,237

As at 31 December 2020, the gross carrying amount of trade and other receivables (excluding prepayments) was RMB1,415,404,000 (2019: RMB1,027,928,000) and thus the maximum exposure to loss was RMB1,273,544,000 (2019: RMB961,691,000).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows, and takes into account all available information on future business environment including the economic impact of the unprecedented COVID-19 pandemic or other unforeseen crisis on the economies of the countries in which the Group and its customers and suppliers operate.

The table below analyses the Group's financial liabilities and lease liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	**Between 1 and 2 years RMB'000**	**Between 2 and 5 years RMB'000**	**Total RMB'000**
As at 31 December 2020				
Financial liabilities				
Trade and other payables (excluding accrued payroll liabilities and other taxes payable)	**1,125,546**	**31,738**	**34,940**	**1,192,224**
Financial liabilities at fair value through profit or loss	**–**	**9,842**	**–**	**9,842**
Lease liabilities (including interest payments)	**8,921**	**3,470**	**1,374**	**13,765**
	1,134,467	**45,050**	**36,314**	**1,215,831**

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
As at 31 December 2019				
Financial liabilities				
Trade and other payables (excluding accrued payroll liabilities and other taxes payable)	639,097	–	–	639,097
Lease liabilities (including interest payments)	2,657	2,535	340	5,532
	641,754	2,535	340	644,629

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the asset-liability ratio. This ratio is calculated as total liabilities divided by total assets.

As at 31 December 2020 and 2019 asset-liability ratio of the Group is as follows:

	As at 31 December	
	2020	2019
Asset-liability ratio	**44%**	35%

3.3 Fair value estimation

(a) Financial assets and liabilities

The Group's financial instruments recognised in the consolidated balance sheets are mainly trade and other receivables, financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss and financial liabilities carried at amortised cost. The carrying value less impairment provision of trade and other receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses estimated discounted cash flows to make assumptions.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group's financial assets and liabilities at fair values included financial products, put option written on non-controlling interests and contingent consideration, fair value of which are estimated based on unobservable inputs (level 3).

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

(i) The following table presents the changes in level 3 instruments for the year ended 31 December 2020:

	Financial assets at fair value through profit or loss		
	Financial products RMB'000	Contingent consideration *(Note 30)* RMB'000	Total RMB'000
Opening balance	6,054	1,621	7,675
Addition	–	9,138	9,138
Gains/(losses) for the period recognised in profit or loss	9	(111)	(102)
Disposal	(6,063)	–	(6,063)
Closing balance	–	10,648	10,648
Includes unrealised losses recognised in profit or loss attributable to balances held at the end of the reporting period	–	(111)	(111)

	Financial liabilities at fair value through profit or loss		
	Financial liabilities for put option written on non-controlling interests *(Note 26)* RMB'000	Contingent consideration *(Note 30)* RMB'000	Total RMB'000
Opening balance	–	–	–
Addition	5,711	4,132	9,843
Losses/(gains) for the period recognised in profit or loss	113	(256)	(143)
Disposal	–	–	–
Closing balance	5,824	3,876	9,700
Includes unrealised losses/(gains) recognised in profit or loss attributable to balances held at the end of the reporting period	113	(256)	(143)

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

(ii) Quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follow:

	Fair value at 31 December 2020 RMB'000	Valuation technique(s)	Unobservable input	Range (weighted average)	Relationship of unobservable inputs to fair value
Financial assets at fair value through profit or loss					
– Contingent consideration	**10,648**	Discounted cash flow	Weighted average capital cost rate	10.1%-10.7%	A change in weighted average capital cost +/- 10% results in a change in fair value by RM139,000
Financial liabilities at fair value through profit or loss					
– Contingent consideration	**3,876**	Discounted cash flow	Weighted average capital cost rate	10.6%	A change in weighted average capital cost +/- 10% results in a change in fair value by RM38,000
– Financial liabilities for put option written on non-controlling interests	**5,824**	Discounted cash flow	Weighted average capital cost rate	10.5%	A change in weighted average capital cost +/- 10% results in a change in fair value by RM266,000

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

(iii) The following table presents the changes in level 3 instruments for the year ended 31 December 2019.

	Financial assets at fair value through profit or loss		
	Financial products RMB'000	Contingent consideration RMB'000	Total RMB'000
Opening balance	–	–	–
Addition	–	1,621	1,621
Acquisition of Subsidiaries	6,054	–	6,054
Closing balance	6,054	1,621	7,675
Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting period	54	–	54

Quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follow:

	Fair value at 31 December 2019 RMB'000	Valuation technique(s)	Unobservable input	Range (weighted average)	Relationship of unobservable inputs to fair value
Financial assets at fair value through profit or loss					
– Contingent consideration	1,621	Discounted cash flow	Weighted average capital cost rate	10.70%	A change in weighted average capital cost +/- 10% results in a change in fair value by RMB102,000
– Financial products	6,054	Discounted cash flow	Expected interest rate per annum	3.41%	A change in weighted average capital cost +/- 10% results in a change in fair value by RMB5,000

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(b) Non-financial assets and liabilities

The Group's non-financial assets and liabilities measured at fair value are mainly investment properties (level 3).

The following table presents the changes in level 3 items:

	Investment properties		
	Retail unit RMB'000	**Car park RMB'000**	**Total RMB'000**
As at 1 January 2019	680	32,007	32,687
Amounts recognised in other gains/(losses)	(7)	220	213
As at 31 December 2019	673	32,227	32,900
As at 1 January 2020	**673**	**32,227**	**32,900**
Amounts recognised in other gains/(losses)	**(19)**	**187**	**168**
As at 31 December 2020	**654**	**32,414**	**33,068**

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Allowance on doubtful receivables

The Group makes allowances on receivables based on assumptions about risk of default and expected loss rates. The Group used judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates, including the economic impact of the unprecedented COVID-19 pandemic on the customers or other creditors and the regions in which they operate, at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and doubtful debt expenses in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 3.1.2 above.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.9, where the recoverable amounts of the CGU is determined based on value-in-use calculations. These calculations require the use of estimates. Details of impairment assessment, key assumptions and impact of possible changes in key assumptions are disclosed in Note 17.

(c) Estimation of the useful life of customer relationship identified in business combinations

During the year ended 31 December 2020, the Company completed its acquisitions of several companies. Customer relationship of acquirees identified in the business combinations as at each acquisition date respectively (Note 30). The customer relationship is recognised as intangible assets (Note 17).

Customer relationship primarily related to the existing customers of acquirees on the acquisition date. A large portion of the existing service contracts of the acquirees are with specific expiration date, of which the contract periods of one to five years, and the remaining contracts are with no specific expiration date. Based on past experience and general situation in property management industry, termination or non-renewal of property management contracts with property owners' association may happen. The Group thus estimates the useful life and determines the amortisation period of the customer relationship to be 100 to 120 months.

However, the actual useful life may be shorter or longer than estimate depending on acquirees' ability to secure its contracts and relationships with property developers or renew the contracts with property owners' associations in the future. Where the actual contract duration is different from the original estimate, such difference will impact the carrying amount of these intangible assets and the amortisation expenses in the periods in which such estimate has been changed.

(d) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(e) Fair value of financial assets and liabilities at fair value through profit or loss

Fair value of financial assets and liabilities, in the absence of an active market, is estimated by using appropriate valuation techniques. Such valuations were based on certain assumptions about credit risk, volatility and liquidity risks associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. Further details are included in Note 3.3(a).

(f) Share-based payment

As mentioned in Note 22, the Group has granted incentive shares to its employees. The directors have adopted the Discounted Cash Flow (the "DCF") Method to determine the total fair value of the equity instrument granted, which is to be expensed over the respective vesting periods. Significant judgement of parameters, such as weighted average cost of capital, discount for lack of marketability and discount for lack of control, is required to be made by the directors in applying the DCF Method.

The fair value of equity instrument granted to employees was determined by DCF Method.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

During the years ended 31 December 2020 and 2019, the Group is principally engaged in the provision of property management services and related value-added services, including pre-delivery services, household assistance service, sales services and other services, in the PRC.

The Group acquired several entities during the year ended 31 December 2020 (Note 30). The newly acquired subsidiaries were principally engaged in the provision of property management services and related value-added services. Since then, management reviews the operating results of the business of the new acquired subsidiaries together with the original business to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there are several operating segments, which are used to make strategic decisions.

During the years ended 31 December 2020 and 2019, all the segments are domiciled in the PRC and all the revenue are derived in the PRC, and the segments are principally engaged in the provision of similar services to similar customers. All operating segments of the Group were aggregated into a single operating segment.

These assets and liabilities are allocated based on the operations of the segment and the physical location of the assets and liabilities.

As at 31 December 2020, proceeds of HK$34,193,000 (equivalent to RMB28,778,000) from the initial public offering were temporarily deposited in the Group's bank accounts in Hong Kong. Except for this, more than 95% of the Group's assets are situated in the PRC Mainland.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

6 REVENUE

Revenue mainly comprises proceeds from property management services, consultancy services and related value-added services. An analysis of the Group's revenue by category for the years ended 31 December 2020 and 2019 is as follows:

		Year ended 31 December	
		2020	2019
		RMB'000	RMB'000
	Revenue from customer and recognised		
Property management services	over time	**1,491,953**	1,139,394
Consultancy services	over time	**617,438**	511,438
Community value-added services		**624,471**	449,392
– Sales of goods	at a point in time	**119,565**	56,389
– Other value-added services	over time	**504,906**	393,003
		2,733,862	2,100,224

For the year ended 31 December 2020, Languang Investment and its subsidiaries (the "Languang Fellow Subsidiaries") contributed 26% (2019: 23%) of the Group's revenue. Other than the Languang Fellow Subsidiaries, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the year ended 31 December 2020 (2019: none of whom contributed 10% or more).

(a) Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Contract liabilities		
– Related parties *(Note 31(d))*	**2,020**	18,279
– Third parties	**438,916**	281,046
	440,936	299,325

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

6 REVENUE (Continued)

(a) Contract liabilities (Continued)

(i) Significant changes in contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. The increase in contract liabilities was mainly due to the expansion of business activities from self-development and business combinations.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
Property management services	**222,432**	159,847
Community value-added services	**76,893**	70,680
	299,325	230,527

(iii) Unsatisfied performance obligations

For property management services and consultancy services, the Group recognised revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts. The majority of the property management services contracts do not have a fixed term. The term of the contracts for consultancy services is generally set to expire when the counterparties notify the Group that the services are no longer required.

For community value-added services, they are rendered in short period of time, which is generally less than one year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts.

(iv) Assets recognised from incremental costs to obtain a contract

During the year ended 31 December 2020, there was no significant incremental costs to obtain a contract. (2019: nil)

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

7 OTHER INCOME

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Government grants *(Note(a))*	**29,693**	9,582
Interest income from bank deposits	**19,501**	1,302
Others	**1,688**	1,512
	50,882	12,396

(a) Government grants mainly consisted of financial subsidies granted by the local governments.

8 EXPENSES BY NATURE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Employee benefit expenses *(Note 9)*	**1,043,862**	820,074
Greening and cleaning expenses	**261,680**	208,637
Turnover taxes and other levies	**14,512**	12,222
Maintenance costs	**110,926**	96,536
Utilities	**82,849**	76,763
Short-term lease payments *(Note 15)*	**28,189**	31,339
Advertising expenses	**6,261**	4,656
Cost of security and fire protection	**180,188**	108,860
Travelling and entertainment expenses	**30,382**	22,267
Cost of goods sold *(Note (a))*	**115,119**	52,939
Office expenses	**53,049**	39,023
Depreciation and amortisation charges	**41,048**	24,094
Community activities expenses	**6,655**	3,583
Bank charges	**7,021**	5,814
Consultancy fee	**42,789**	9,888
Insurance fee	**2,911**	1,800
Construction cost	**2,738**	–
Recruiting costs	**3,853**	1,470
Listing expenses	**–**	10,286
Auditors' remunerations		
– Audit services	**5,727**	2,500
– Non-audit services	**3,638**	2,294
Others	**14,138**	12,180
	2,057,535	1,547,225

(a) The cost of goods sold represents the cost of the commodities sold to owners and residents of the properties under the Group's management.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

9 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Wages, salaries and bonuses	**860,555**	605,196
Social insurance expenses *(Note (a))*	**43,978**	96,132
Housing benefits	**28,461**	20,880
Share-based payment *(Note 22)*	**5,507**	17,070
Other employee benefits *(Note (b))*	**105,361**	80,796
	1,043,862	820,074

(a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

The decrease in contributions to retirement benefit scheme in the year ended 31 December 2020 compared to that in the year ended 31 December 2019 was mainly due to the preferential pension compensation policy implemented by the local municipal government to relief negative impact from COVID-19 epidemic.

(b) Other employee benefits mainly include meal, travelling and car allowances.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 3 directors and 1 supervisor for the year ended 31 December 2020 (2019: 3 directors, none of the supervisors), whose emoluments are reflected in the analysis shown in Note 33. The emoluments payable to the remaining 1 individual during the year ended 31 December 2020 are as follows (2019: 2 individuals):

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Salaries	**974**	1,912
Discretionary bonuses	**136**	253
Employer's contribution to a retirement benefit scheme	**6**	68
Housing fund, others allowances and benefits in kind	**719**	2,684
	1,835	4,917

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

9 EMPLOYEE BENEFIT EXPENSES (Continued)

(c) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Number of individuals Year ended 31 December	
	2020	2019
Emolument bands (in HK dollar)		
HK$1,500,001 – HK$2,000,000	**–**	1
HK$2,000,001 – HK$2,500,000	**1**	–
HK$3,500,001 – HK$4,000,000	**–**	1
	1	2

10 OTHER GAINS/(LOSSES) – NET

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Net foreign exchange gains/(losses)	**7,638**	(8,496)
Fair value gains on investment properties	**168**	213
Fair value losses on financial liabilities at fair value through profit or loss – net	**143**	–
Fair value losses on financial assets at fair value through profit or loss – net	**(102)**	–
(Losses)/gains on disposal of property, plant and equipment	**(54)**	7
Written-off of payables	**4,967**	1,631
Others	**(514)**	–
	12,246	(6,645)

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

11 SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2020 and 2019:

Company name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Registered capital	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2020	2019	**2020**	2019
Kunming Justbon Property Services Co., Ltd. * 昆明嘉寶物業服務有限公司	The PRC, Limited liability company	Property management services in Kunming	RMB5,000,000	**97%**	95%	**3%**	5%
Chongqing Justbon Management Consultants Co., Ltd. * 重慶嘉寶管理顧問有限公司	The PRC, Limited liability company	Property management services in Chongqing	RMB20,000,000	**99.25%**	99.25%	**0.75%**	0.75%
Beijing Languang Justbon Property Management Co., Ltd. * 北京藍光嘉寶物業管理有限公司	The PRC, Limited liability company	Property management services in Beijing	RMB1,000,000	**90%**	90%	**10%**	10%
Chengdu Jiamei Market Management Co., Ltd.* 成都嘉美市場經營管理有限公司	The PRC, Limited liability company	Market management services in Chengdu	RMB50,000	**90%**	90%	**10%**	10%
Chengdu Jieshunbao Information Technology Co., Ltd. * 成都捷順寶信息科技有限公司	The PRC, Limited liability company	Information technology research in Chengdu	RMB20,000,000	**100%**	100%	**–**	–
Sichuan Guojia Property Services Co., Ltd. ("Guojia Property")* 四川省國嘉物業服務有限公司	The PRC, Limited liability company	Property management services in Chengdu	RMB5,000,000	**100%**	100%	**–**	–
Hangzhou Lvyu Property Management Co., Ltd. ("Hangzhou lvyu")* 杭州綠宇物業管理有限公司	The PRC, Limited liability company	Property management services in Hangzhou	RMB10,080,000	**73.56%**	73.56%	**26.44%**	26.44%
Shanghai Zhenxian Property Management Co., Ltd. ("Shanghai Zhenxian")* 上海真賢物業管理有限公司	The PRC, Limited liability company	Property management services in Shanghai	RMB5,000,000	**71.35%**	71.35%	**28.65%**	28.65%
Chengdu Dongjing Property Management Co., Ltd. ("Chengdu Dongjing")* 成都市東景物業管理有限公司	The PRC, Limited liability company	Property management services in Chengdu	RMB5,500,000	**65%**	65%	**35%**	35%
Luzhou Tianli Property Co., Ltd. ("Luzhou Tianli")* 瀘州天立物業有限公司	The PRC, Limited liability company	Property Management services in Luzhou	RMB3,000,000	**70%**	70%	**30%**	30%
Leshan Justbon Property Services Co., Ltd. * 樂山嘉寶物業服務有限公司	The PRC, Limited liability company	Property Management Services In Leshan	RMB5,000,000	**100%**	100%	**–**	–

(All amounts in RMB thousands unless otherwise stated)

11 SUBSIDIARIES (Continued)

The following is a list of the principal subsidiaries at 31 December 2020 and 2019: (Continued)

Company name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Registered capital	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2020	2019	**2020**	2019
Sichuan Justbon Yuyi Property Management Co., Ltd. * 四川嘉寶宇億物業管理有限公司	The PRC, Limited liability company	Property Management Services In Bazhong	RMB2,000,000	**70%**	70%	**30%**	30%
Sichuan Justbon Hongshan Property Management Co., Ltd. * 四川嘉寶鴻山物業管理有限公司	The PRC, Limited liability company	Property Management Services In Zigong	RMB500,000	**70%**	70%	**30%**	30%
Luzhou Justbon Property Services Co., Ltd. * 瀘州嘉寶物業服務有限公司	The PRC, Limited liability company	Property Management Services In Luzhou	RMB5,000,000	**100%**	100%	**–**	–
Meishan Justbon Property Services Co., Ltd.* 眉山嘉寶物業服務有限公司	The PRC, Limited liability company	Property Management Services In Meishan	RMB500,000	**51%**	51%	**49%**	49%
Luzhou Justbon Xinyang Property Management Co., Ltd. * 瀘州嘉寶鑫洋物業管理有限公司	The PRC, Limited liability company	Property Management Services In Luzhou	RMB500,000	**70%**	70%	**30%**	30%
Chengdu Quancheng Property Services Co., Ltd. ("Chengdu Quancheng")* 成都全程物業服務有限公司	The PRC, Limited liability company	Property Management Services In Chengdu	RMB500,000	**100%**	100%	**–**	–
Sichuan Justbon Tianfu Property Services Co., Ltd.* 四川嘉寶天府物業服務有限公司	The PRC, Limited liability company	Property management services in Chengdu	RMB2,000,000	**67%**	67%	**33%**	33%
Languang Justbon (Shanghai) Property Services Co., Ltd.)* 藍光嘉寶（上海）物業管理有限公司	The PRC, Limited liability company	Property management services in Shanghai	RMB10,000,000	**100%**	100%	**–**	–
Jiangsu Changfa Property Management Service Co., Ltd. ("Jiangsu Changfa")* 江蘇常發物業服務有限公司	The PRC, Limited liability company	Property management services in Changzhou	RMB6,500,000	**100%**	100%	**–**	–
Zhejiang Zhongneng Property Management Service Co., Ltd. ("Zhejiang Zhongneng")* 浙江中能物業服務有限公司	The PRC, Limited liability company	Property management services in Zhejiang	RMB10,000,000	**60%**	60%	**40%**	40%
Chengdu Chuangyi Property Management Co., Ltd. ("Chengdu Chuangyi")* *(Note 30)* 成都創藝物業有限公司	The PRC, Limited liability company	Property management services in Chengdu	RMB100,000	**100%**	N/A	**100%**	N/A

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

11 SUBSIDIARIES (Continued)

The following is a list of the principal subsidiaries at 31 December 2020 and 2019: (Continued)

Company name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Registered capital	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2020	2019	**2020**	2019
Chengdu Sanpu Property Management Co., Ltd. ("Chengdu Sanpu") * *(Note 30)* 成都三樸物業管理有限公司	The PRC, Limited liability company	Property management services in Chengdu	RMB4,000,000	**60%**	N/A	**40%**	N/A
Chengdu Xintianyu Property Management Co., Ltd. ("Chengdu Xintianyu")* *(Note 30)* 成都鑫天禹物業管理有限公司	The PRC, Limited liability company	Property management services in Chengdu	RMB300,000	**60%**	N/A	**40%**	N/A
Zhejiang Dangdai Property Management Co., Ltd. ("Zhejiang Dangdai")* *(Note 30)* 浙江當代物業服務有限公司	The PRC, Limited liability company	Property management services in Jinhua	RMB3,000,000	**80%**	N/A	**20%**	N/A
Zhuhai Zhuzhai Property Management Co., Ltd. ("Zhuhai Zhuzhai")* *(Note 30)* 珠海市住宅物業管理有限公司	The PRC, Limited liability company	Property management services in Zhuhai	RMB16,500,000	**70%**	N/A	**30%**	N/A
Guang'an Wanpin Property Management Co., Ltd. ("Guang'an Wanpin")* *(Note 30)* 廣安萬品物業管理有限公司	The PRC, Limited liability company	Property management services in Guang'an	RMB2,000,000	**98%**	N/A	**2%**	N/A
Ningxia Anxin Property Management Co., Ltd. ("Ningxia Anxin")* *(Note 30)* 寧夏安欣物業服務有限公司	The PRC, Limited liability company	Property management services in Yinchuan	RMB5,000,000	**55%**	N/A	**45%**	N/A
Chengdu Hezhiheli Property Management Co., Ltd. ("Hezhiheli")* *(Note 30)* 成都合智合力物業管理有限公司	The PRC, Limited liability company	Property management services in Chengdu	RMB5,010,000	**80%**	N/A	**20%**	N/A
Shandong Zhongchen Property Management Co., Ltd. ("Shandong Zhongchen")* *(Note 30)* 山東中宸物業發展有限公司	The PRC, Limited liability company	Property management services in Jinan	RMB5,000,000	**90%**	N/A	**10%**	N/A

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

11 SUBSIDIARIES (Continued)

The following is a list of the principal subsidiaries at 31 December 2020 and 2019: (Continued)

Company name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Registered capital	Ownership interest held by the Group 2020	Ownership interest held by the Group 2019	Ownership interest held by non-controlling interests 2020	Ownership interest held by non-controlling interests 2019
Zhangjiagang Huaxia Property Management Co., Ltd. ("Zhangjiagang Huaxia")* *(Note 30)* 張家港市華夏物業管理有限公司	The PRC, Limited liability company	Property management services in Suzhou	RMB500,000	**90%**	N/A	**10%**	N/A
Shanghai Lanqingyi Property Management Co., Ltd.* 上海藍慶益物業管理有限公司	The PRC, Limited liability company	Property management services in Shanghai	RMB10,000,000	**100%**	N/A	**–**	N/A
Shanghai Yizhen Property Management Limited Company ("Shanghai Yizhen")* *(Note 30)* 上海益鎮物業管理有限公司	The PRC, Limited liability company	Property management services in Shanghai	RMB5,000,000	**90%**	N/A	**10%**	N/A
Shanghai Huaxin Property Management Limited Company ("Shanghai Huaxin")* *(Note 30)* 上海華欣物業管理有限公司	The PRC, Limited liability company	Property management services in Shanghai	RMB5,000,000	**90%**	N/A	**10%**	N/A
Shanghai Shangzhi Property Group Limited Company ("Shanghai Shangzhi")* *(Note 30)* 上海上置物業集團有限公司	The PRC, Limited liability company	Property management services in Shanghai	RMB42,200,000	**60%**	N/A	**40%**	N/A
Deyang Yangyangjun'an Real Estate Management Co., Ltd. ("Yangyangjun'an")* *(Note 30)* 德陽洋洋君安物業管理有限公司	The PRC, Limited liability company	Property management services in Deyang	RMB3,000,000	**51%**	N/A	**49%**	N/A
Wuxi Dongzhou Property Management Co., Ltd. ("Wuxi Dongzhou")* *(Note 30)* 無錫東洲物業管理有限公司	The PRC, Limited liability company	Property management services in Wuxi	RMB5,000,000	**100%**	N/A	**–**	N/A

* The English name of the subsidiaries represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

12 INCOME TAX EXPENSES

(a) Income tax expenses

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Current income tax		
– PRC corporate income tax	**133,762**	98,150
Deferred income tax *(Note 25)*		
– PRC corporate income tax	**(21,996)**	(9,648)
	111,766	88,502

(b) The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group entities as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit before income tax	**661,750**	532,629
Tax charge at effective rate applicable to profits in the respective group entities	**110,967**	87,538
Tax effects of:		
– Expenses not deductible for tax purposes	**576**	970
– Tax losses and deductible temporary differences for which no deferred income tax asset was recognised	**326**	42
– Utilisation of previously unrecognised tax losses	**(103)**	(48)
PRC corporate income tax	**111,766**	88,502

The effective income tax rate was 17% for the year ended 31 December 2020 (2019: 17%).

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(All amounts in RMB thousands unless otherwise stated)

12 INCOME TAX EXPENSES (Continued)

PRC corporate income tax

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The general corporate income tax rate in the PRC is 25%. Certain subsidiaries of the Group in the PRC are located in western cities of the PRC, and they are subject to a preferential income tax rate of 15% in certain years. Certain of the Group's subsidiaries enjoy the preferential income tax treatment for Small and Micro Enterprise with the income tax rate of 20% and are eligible to have their tax calculated based on 25% or 50% of their taxable income.

13 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares during the years ended 31 December 2020 and 2019.

The Company did not have any potential ordinary shares outstanding during the years ended 31 December 2020 and 2019. Diluted earnings per share is equal to basic earnings per share.

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company (RMB '000)	**533,227**	429,519
Weighted average number of ordinary shares (in thousands)	**178,102**	138,419
Basic and diluted earnings per share for profit attributable to the owners of the Company during the year (expressed in RMB per share)	**2.99**	3.10

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

14 PROPERTY, PLANT AND EQUIPMENT

The Group

	Vehicles RMB'000	Office equipment RMB'000	Machinery RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Right-of-use assets *(Note 15)* RMB'000	Total RMB'000
Year ended 31 December 2019							
Opening net book amount	1,321	3,617	853	7,402	–	5,355	18,548
Additions	1,113	1,118	138	2,916	–	1,246	6,531
Acquisition of subsidiaries	22	267	8	–	–	–	297
Disposals	(84)	(52)	(19)	–	–	–	(155)
Depreciation charge	(595)	(1,229)	(269)	(2,640)	–	(2,264)	(6,997)
Closing net book amount	1,777	3,721	711	7,678	–	4,337	18,224
As at 31 December 2019							
Cost	3,937	10,875	2,828	17,594	–	11,086	46,320
Accumulated depreciation	(2,160)	(7,154)	(2,117)	(9,916)	–	(6,749)	(28,096)
Net book amount	1,777	3,721	711	7,678	–	4,337	18,224
Year ended 31 December 2020							
Opening net book amount	**1,777**	**3,721**	**711**	**7,678**	**–**	**4,337**	**18,224**
Additions	**294**	**7,031**	**22,993**	**18,202**	**4,534**	**14,991**	**68,045**
Acquisition of subsidiaries (Note 30)	**1,037**	**1,656**	**580**	**1,178**	**–**	**–**	**4,451**
Disposals	**(606)**	**(203)**	**–**	**–**	**–**	**–**	**(809)**
Transfer	**–**	**–**	**2,208**	**–**	**(2,208)**	**–**	**–**
Depreciation charge	**(605)**	**(1,362)**	**(1,052)**	**(4,442)**	**–**	**(7,044)**	**(14,505)**
Closing net book amount	**1,897**	**10,843**	**25,440**	**22,616**	**2,326**	**12,284**	**75,406**
As at 31 December 2020							
Cost	**4,297**	**18,106**	**28,609**	**36,974**	**2,326**	**26,077**	**116,389**
Accumulated depreciation	**(2,400)**	**(7,263)**	**(3,169)**	**(14,358)**	**–**	**(13,793)**	**(40,983)**
Net book amount	**1,897**	**10,843**	**25,440**	**22,616**	**2,326**	**12,284**	**75,406**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expenses were charged to the following categories in the consolidated statements of comprehensive income:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Cost of sales	**3,935**	3,341
Selling and marketing expenses	**261**	209
Administrative expenses	**10,309**	3,447
	14,505	6,997

(a) No property, plant and equipment is restricted or pledged as security for liabilities as at 31 December 2020 (2019: nil).

15 LEASES

(i) Amounts recognised in the balance sheet

The Group

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Right-of-use assets		
Properties *(Note 14)*	**12,284**	4,337
Lease liabilities		
Current	**8,109**	2,456
Non-current	**4,450**	2,782
	12,559	5,238

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

15 LEASES (Continued)

(i) Amounts recognised in the balance sheet (Continued)

The Company

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Right-of-use assets		
Properties	**9,137**	2,579
Lease liabilities		
Current	**6,998**	1,710
Non-current	**2,466**	1,793
	9,464	3,503

As at 31 December 2020 and 2019, right-of-use assets was included in property, plant and equipment in the consolidated and company balance sheets.

(ii) Amounts recognised in the consolidated statements of comprehensive income

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Depreciation charges of right-of-use assets *(Note 14)*	**7,044**	2,264
Interest expense (included in finance cost)	**681**	299
Expenses relating to short-term leases (included in cost of sales and administrative expense) *(Note 8)*	**28,189**	31,339

The total cash outflow for leases for the year ended 31 December 2020 was RMB33,142,000 (2019: RMB12,064,000).

15 LEASES (Continued)

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices, parking lots, and dormitories. Rental contracts are typically made for fixed periods of 6 months to 6 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

16 INVESTMENT PROPERTIES

The Group and the Company

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Opening net book amount	**32,900**	32,687
Revaluation gains recognised in other gains	**168**	213
Closing net book amount	**33,068**	32,900

(a) Fair value hierarchy

As at 31 December 2020, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuation were arrived at by reference to certain significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the year ended 31 December 2020.

(b) Valuation techniques

The fair values of the Group's investment properties at 31 December 2020 have been arrived at on the basis of valuations carried out on those dates by Sichuan Tianjianhuaheng Assets Appraisal Co., Ltd, an independent qualified professional valuer not connected with the Group which has appropriate qualification and relevant experiences in valuation of similar properties in the relevant locations. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Fair values of retail units were generally derived using the income capitalisation method, which was based on converting further rental income to a discounted amount.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

16 INVESTMENT PROPERTIES (Continued)

(b) Valuation techniques (Continued)

Fair values of car parks were evaluated by using direct comparison approach, which was based on market observable transaction of similar properties and adjusted to reflect the condition of the subject property and differences in location.

Description	Fair value as at 31 December		Valuation Techniques	Significant Unobservable inputs	Range of unobservable inputs As at 31 December	
	2020	2019			**2020**	2019
	RMB'000	RMB'000				
Completed investment properties				Discount rate	**7.00%**	6.14%-7.00%
–Retail unit	**652**	673	Income capitalisation	Market rental rate (RMB/sqm/month)	**35.85-67.50**	37.30-67.16
–Car park	**32,416**	32,227	Direct comparison	Market unit sales price (RMB/unit)	**134,000-143,000**	134,000-141,000
Total	**33,068**	32,900				

For retail unit, increase in discount rates may result in decrease of fair value. Increase in market rent may result in increase of fair value.

For car park, increase in market price may result in increase in fair value.

There are no changes to the valuation technique during the year ended 31 December 2020.

(c) Amounts recognised in profit or loss for investment properties

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Rental income	**193**	138
Direct operating expenses	**(123)**	(86)
	70	52

No investment property is restricted or pledged as security for liabilities as at 31 December 2020 (2019: nil).

17 INTANGIBLE ASSETS

	Computer software RMB'000	Trademarks RMB'000	Development cost RMB'000	Customer relationship RMB'000	Total other intangible assets RMB'000	Goodwill RMB'000	Total RMB'000
Year ended 31 December 2019							
Opening net book amount	22,536	46	–	92,263	114,845	183,968	298,813
Additions	14,974	–	–	–	14,974	–	14,974
Acquisition of subsidiaries	–	–	–	50,000	50,000	83,479	133,479
Amortisation	(3,898)	(1)	–	(13,198)	(17,097)	–	(17,097)
Closing net book amount	33,612	45	–	129,065	162,722	267,447	430,169
As at 31 December 2019							
Cost	42,610	54	–	158,570	201,234	267,447	468,681
Accumulated amortisation	(8,998)	(9)	–	(29,505)	(38,512)	–	(38,512)
Net book amount	33,612	45	–	129,065	162,722	267,447	430,169
Year ended 31 December 2020							
Opening net book amount	**33,612**	**45**	**–**	**129,065**	**162,722**	**267,447**	**430,169**
Additions	**1,838**	**18**	**35,346**	**–**	**37,202**	**–**	**37,202**
Acquisition of subsidiaries *(Note 30)*	**–**	**197**	**–**	**218,000**	**218,197**	**473,327**	**691,524**
Amortisation	**(4,019)**	**(1)**	**–**	**(22,523)**	**(26,543)**	**–**	**(26,543)**
Closing net book amount	**31,431**	**259**	**35,346**	**324,542**	**391,578**	**740,774**	**1,132,352**
As at 31 December 2020							
Cost	**44,448**	**269**	**35,346**	**376,570**	**456,633**	**740,774**	**1,197,407**
Accumulated amortisation	**(13,017)**	**(10)**	**–**	**(52,028)**	**(65,055)**	**–**	**(65,055)**
Net book amount	**31,431**	**259**	**35,346**	**324,542**	**391,578**	**740,774**	**1,132,352**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

17 INTANGIBLE ASSETS (Continued)

Amortisation of intangible assets has been charged to the following categories in the consolidated statements of comprehensive income:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Cost of sales	**22,523**	13,198
Administrative expenses	**4,020**	3,899
	26,543	17,097

(a) No intangible asset is restricted or pledged as security for liabilities as at 31 December 2020 (2019: nil).

(b) Customer relationship arose from acquisition of subsidiaries:

An independent valuation was performed by an independent valuer to determine the amount of the customer relationship upon completion of acquisitions. Methods and key assumptions in determining the fair value of customer relationship are disclosed as follows:

	Valuation technique	**Discount rate**	**Expected life of the intangible assets**
Customer relationship	Discounted cash flow	17.1%-17.8%	100-120 months

(c) Goodwill arose from acquisition of subsidiaries:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Shanghai Yizhen and Shanghai Huaxin *(Note 30)*	**146,813**	–
Shanghai Shangzhi *(Note 30)*	**107,958**	–
Sichuan Guojia	**68,697**	68,697
Zhuhai Zhuzhai *(Note 30)*	**56,086**	–
Others	**361,220**	198,750
	740,774	267,447

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

17 INTANGIBLE ASSETS (Continued)

(c) Goodwill arose from acquisition of subsidiaries: (Continued)

During the year ended 31 December 2020, the Company completed its acquisitions of 70%, 90%, 80%, 90% and 60% equity interests in Zhuhai Zhuzhai, Shanghai Yizhen and Shanghai Huaxin, Hezhiheli, Shandong Zhongchen and Shanghai Shangzhi at an aggregate consideration of RMB539,319,000. Except for that, the Company also acquired other 9 companies at an aggregate consideration of RMB305,094,000 (Note 30).

As at 31 December 2020, management performed an impairment assessment on the goodwill arising from the acquisitions except for the goodwill in relation to the acquisition of the companies above, which were completed in 2020. The recoverable amounts of the property management business operated by Guojia Property, Hangzhou Lvyu, Shanghai Zhenxian, Chengdu Dongjing, Luzhou Tianli, Chengdu Quancheng, Jiangsu Changfa and Zhejiang Zhongneng have been assessed by an independent valuer and determined based on value-in-use ("VIU") calculation. The calculation used cash flow projections based on financial budgets covering a five-year period approved by management.

For the acquired companies, by reference to the recoverable amount assessed by the independent valuer on the acquisition dates, the directors of the Company determined that no impairment provision on goodwill was required on the acquisition dates. As the acquisitions occurred within the year ended 31 December 2020, the directors of the Company considered there was a lower probability of goodwill impairment and no impairment reviews were performed on these subsidiaries.

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill as at 31 December 2020:

	Guojia Property	Zhuhai zhuzhai	Shanghai Yizhen and Shanghai Huaxin	Shanghai Shangzhi	Others
Revenue 2021 (% annual growth rate)	**3%**	**10%**	**19%**	**10%**	**-30%-29%**
Revenue 2022 (% annual growth rate)	**3%**	**10%**	**16%**	**20%**	**3%-17%**
Revenue – 2023 to 2025 (% annual growth rate)	**3%**	**3%**	**6%-11%**	**7%-16%**	**3%-13%**
Gross margin (% of revenue)	**43%**	**30%**	**20%**	**32%**	**17%-34%**
Long-term growth rate	**3%**	**3%**	**3%**	**3%**	**3%**
Pre-tax discount rate	**17%**	**22%**	**21%**	**21%**	**18%-23%**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

17 INTANGIBLE ASSETS (Continued)

(c) Goodwill arose from acquisition of subsidiaries: (Continued)

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill as at 31 December 2019:

	Guojia Property	Shanghai Zhenxian	Hangzhou Lvyu	Chengdu Dongjing	Luzhou Tianli	Chengdu Quancheng
Revenue 2020						
(% annual growth rate)	5%	10%	4%	2%	9%	3%
Revenue 2021						
(% annual growth rate)	4%	9%	12%	7%	6%	3%
Revenue – 2022 to 2024						
(% annual growth rate)	3%-4%	6%-9%	5%-9%	5%-7%	3%-7%	3%
Gross margin (% of revenue)	45%	22%	20%	32%	26%	31%
Long-term growth rate	3%	3%	3%	3%	3%	3%
Pre-tax discount rate	18%	20%	21%	18%	18%	21%

As at 31 December 2020, the recoverable amounts of RMB916 million (2019: RMB833 million) of the property management business calculated based on VIU exceeded their carrying value of RMB555 million (2019: RMB427 million) by RMB361 million (2019: RMB406 million).

Details of the headroom attributable to the property management business of the acquired companies as at 31 December 2020 and 2019 are set out as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Guojia Property	**230,292**	241,118
Zhuhai Zhuzhai *(Note (i))*	**–**	N/A
Shanghai Yizhen and Shanghai Huaxin *(Note (i))*	**–**	N/A
Shanghai Shangzhi *(Note (i))*	**–**	N/A
Others	**129,987**	164,802
	360,279	405,920

(All amounts in RMB thousands unless otherwise stated)

17 INTANGIBLE ASSETS (Continued)

(c) Goodwill arose from acquisition of subsidiaries: (Continued)

(i) For the companies newly acquired in 2020, according to the recoverable amount assessed by the independent valuer on the respective acquisition dates, fair value of the equity interests acquired by the Group is equivalent to the fair value of consideration. As the most of the major acquisitions occurred close to year end of 2020 and there was no material change in the recoverable amount since the acquisition date, the directors of the Company determined that no impairment provision on goodwill was required and there is no headroom as at 31 December 2020.

Management has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth all possible changes to the key assumptions of the impairment test and the changes taken in isolation in the VIU calculations that would remove the remaining headroom as at 31 December 2020 and 2019:

	Guojia Property	**Others**
As at 31 December 2020		
Annual revenue growth rate	**-30%**	**-2%~-14%**
Discount rate	**+31%**	**+1%~+8%**

	Guojia Property	Shanghai Zhenxian	Hangzhou Lvyu	Chengdu Dongjing	Luzhou Tianli	Chengdu Quancheng
As at 31 December 2019						
Annual revenue growth rate	-31%	-6%	-6%	-13%	-8%	-37%
Discount rate	+33%	+5%	+3%	+10%	+7%	+39%

The directors of the Company considered there is no reasonably possible change in key parameters would cause the carrying amount of the CGU to exceed its recoverable amount.

By reference to the recoverable amount assessed by the independent valuer as at 31 December 2020, the directors of the Company determined that no impairment provision on goodwill and other intangible assets was required as at 31 December 2020 (2019: nil).

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

18 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Financial assets at amortised cost		
Trade and other receivables (excluding prepayments) *(Note 19)*	**1,273,554**	961,691
Cash and cash equivalents *(Note 20(b))*	**2,150,087**	1,962,719
Restricted cash *(Note 20(a))*	**18,880**	–
	3,442,521	2,924,410
Financial assets at fair value through profit or loss	**10,648**	7,675
Financial liabilities at amortised costs		
Trade and other payables (excluding accrued payroll and other taxes payables) *(Note 24)*	**1,187,002**	639,097
Lease liabilities *(Note 15)*	**12,559**	5,238
	1,199,561	644,335
Financial liabilities at fair value through profit or loss	**9,700**	–

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(All amounts in RMB thousands unless otherwise stated)

19 TRADE AND OTHER RECEIVABLES

The Group

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade receivables *(Note (a))*		
– Related parties *(Note 31(d))*	**89,802**	239,489
– Third parties	**970,382**	682,735
	1,060,184	922,224
Less: allowance for impairment of trade receivables	**(123,602)**	(55,190)
	936,582	867,034
Other receivables		
– Related parties *(Note 31(d))*	**6,353**	6,361
– Third parties	**348,867**	99,343
	355,220	105,704
Less: allowance for impairment of other receivables	**(18,248)**	(11,047)
	336,972	94,657
Prepayments to suppliers		
– Related parties *(Note 31(d))*	**577**	321
– Third parties	**65,093**	40,997
	65,670	41,318
Prepaid tax	**3,624**	763
	1,342,848	1,003,772

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

19 TRADE AND OTHER RECEIVABLES (Continued)

The Company

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade receivables *(Note (a))*		
– Subsidiaries	**2,191**	–
– Related parties	**52,172**	177,245
– Third parties	**375,660**	275,600
	430,023	452,845
Less: allowance for impairment of trade receivables	**(45,937)**	(26,716)
	384,086	426,129
Other receivables		
– Subsidiaries	**179,159**	129,729
– Related parties	**2,189**	–
– Third parties	**61,445**	51,253
	242,793	180,982
Less: allowance for impairment of other receivables	**(9,514)**	(8,851)
	233,279	172,131
Prepayments to suppliers		
– Related parties	**498**	301
– Third parties	**39,550**	33,202
	40,048	33,503
Prepaid tax	**779**	360
	658,192	632,123

19 TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables mainly arise from property management services income under lump sum basis and consultancy services.

Property management services income under lump sum basis are received in accordance with the terms of the relevant services agreements. Service income from property management service is due for payment by the resident upon the issuance of demand note.

As at 31 December 2020 and 2019, the ageing analysis of the trade receivables based on invoice date were as follows:

The Group

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
0-180 days	**444,321**	508,083
181-365 days	**208,763**	221,669
1 to 2 years	**241,792**	139,578
2 to 3 years	**114,724**	34,553
Over 3 years	**50,584**	18,341
	1,060,184	922,224

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2020, a provision of RMB123,602,000 (2019: RMB55,190,000) was made against the gross amounts of trade receivables (Note 3.1.2).

The Company

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
0-180 days	**201,203**	275,374
181-365 days	**78,316**	97,625
1 to 2 years	**88,253**	49,412
2 to 3 years	**38,653**	18,421
Over 3 years	**23,598**	12,013
	430,023	452,845

The Company applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2020, a provision of RMB45,937,000 (2019: RMB26,716,000) was made against the gross amounts of trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

20 CASH AND BANK BALANCES

(a) Restricted cash

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Deposit for acquisition	**6,386**	–
Cash deposits in relation to law suits *(Note(i))*	**12,494**	–
	18,880	–

(i) The amount mainly represented cash deposits in relation to certain law suits which were held as securities according to the requirements of local government authorities.

(b) Cash at bank and on hand

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
– Dominated in RMB	**2,121,309**	424,409
– Dominated in HK$	**28,778**	1,537,229
– Dominated in USD	**–**	1,081
	2,150,087	1,962,719

(i) As at 31 December 2020, cash and cash equivalents did not include housing maintenance funds of RMB23,000 (2019: RMB527,000) and cash of RMB11,181,000 (2019: nil) deposited in bank accounts opened on behalf of owners of properties managed under commission basis (the "cash in owners' accounts") which were owned by the property owners but were deposited in the bank accounts in the name of the group entities.

The housing maintenance funds can be used by the Group for the purpose of public maintenance expenditures or upon the approval from the relevant government authorities.

Certain property management companies of the Group have engaged in the provision of property management services for residential communities on commission basis and opened bank accounts on behalf of the property owners. The property management companies have undertaken the treasury function for these bank accounts on behalf of the residents pursuant to the property management contracts. Cash in owners' accounts can be used for collections of property management fee from owners and payments of expenditures of communities, on behalf of the owners upon the approval from the the owners' committees.

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

As at 31 December 2020, the balance of proceeds from the initial public offering of HK$34,193,000 (equivalent to RMB28,778,000), and RMB903,056,000, were temporarily deposited in the Group's bank accounts in Hong Kong and the PRC separately.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

21 SHARE CAPITAL

	Number of ordinary shares	Share capital RMB'000
Authorised		
As at 31 December 2020 and 2019	178,102,160	178,102
Issued and fully paid		
As at 31 December 2020 and 2019	178,102,160	178,102

22 SHARE-BASED PAYMENTS

Pursuant to the resolution of the Board of directors dated 9 November 2018, a share incentive plan (the "Share Incentive Plan") was approved, under which the Company would issue certain shares (the "Incentive Shares") to Ningbo Jiaqian, an independent trustee, at a subscription price of RMB6.36 per share (the "Subscription Price"). Ningbo Jiaqian was established on 1 November 2018, by 11 of the Company's employees, including directors, supervisors, senior management and certain employees (the "Recipients"), approved in the Share Incentive Plan. The related consideration for subscription of the Incentive Shares was paid to the Company by the Recipients through Ningbo Jiaqian.

The Incentive Shares represented an aggregate of 5,486,300 shares, 4.26% of the total issued and outstanding shares on 3 December 2018.

The incentive shares are with lock-up period. 40%, 30% and 30% of the incentive shares acquired by the Recipients will be unlocked once per year in three years after one year starting from the 3 December 2018 (the "Subscription Date"), subjected to achieving both of the Company performance conditions and the personal performance requirement as set out in the Share Incentive Plan.

On 3 December 2018, the Company issued and granted 5,486,300 shares of the Company to the Recipients through Ningbo Jiaqian at a price of RMB6.36 per share and received capital contribution amounting to RMB34,893,000 in cash from Ningbo Jiaqian. RMB5,486,000 and RMB29,407,000 were recorded as share capital and share premium respectively.

Langguang Hejun, the parent company of the Company, has the legal obligation to repurchase the incentive shares that fail to unlock due to dissatisfaction of the performance conditions at the Subscription Price.

During the year ended 31 December 2020, four of the employees from the Company whom the share incentive plan were granted have resigned from the Company. The incentive shares that fail to unlock due to the resignment have been repurchased by Langguang Hejun, the parent company of the Company.

The excess of fair value of the Incentive Shares granted to the Recipients was recognised as expense over the vesting period in the consolidated statement of comprehensive income. During the year ended 31 December 2020, the Company has recognised employee benefit expenses of RMB5,507,000 in the consolidated statements of comprehensive income in relation to the Share Incentive Plan (2019: RMB17,070,000).

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23 RESERVES

	Share premium RMB'000	Statutory reserves RMB'000	Others RMB'000	Total other reserves RMB'000	Retained earnings RMB'000	Total reserves RMB'000
Balance at 1 January 2019	67,597	52,786	4,691	125,074	182,877	307,951
Profit for the year	–	–		–	429,519	429,519
Issue of shares in connection with the Listing	1,481,933	–	–	1,481,933	–	1,481,933
Changes in ownership interests in subsidiaries without change of control	(439)	–	–	(439)	–	(439)
Dividend declared to shareholders of the Company *(Note 27)*	–	–	–	–	(215,010)	(215,010)
Employee share-based payment scheme – value of employee service *(Note 22)*	–	–	17,070	17,070	–	17,070
Appropriation of statutory reserves *(Note (a))*	–	34,045	–	34,045	(34,045)	–
Balance at 31 December 2019	1,549,091	86,831	21,761	1,657,683	363,341	2,021,024
Balance at 1 January 2020	**1,549,091**	**86,831**	**21,761**	**1,657,683**	**363,341**	**2,021,024**
Profit for the year	**–**	**–**	**–**	**–**	**533,227**	**533,227**
Dividend declared to shareholders of the Company *(Note 27)*	**–**	**–**	**–**	**–**	**(172,759)**	**(172,759)**
Put options granted during the acquisition of a subsidiary *(Note 26)*	**–**	**–**	**(5,711)**	**(5,711)**	**–**	**(5,711)**
Employee share-based payment scheme – value of employee service *(Note 22)*	**–**	**–**	**5,507**	**5,507**	**–**	**5,507**
Appropriation of statutory reserves *(Note (a))*	**–**	**2,220**	**–**	**2,220**	**(2,220)**	**–**
Balance at 31 December 2020	**1,549,091**	**89,051**	**21,557**	**1,659,699**	**721,589**	**2,381,288**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

23 RESERVES (Continued)

(a) In accordance with relevant rules and regulations in the PRC, the PRC group entities are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital.

The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective group entities. As at 31 December 2020, the accumulated total of the fund has reached 50% of the company's registered capital.

24 TRADE AND OTHER PAYABLES

The Group

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade payables *(Note (a))*		
– Related parties *(Note 31(d))*	**24,970**	22,397
– Third parties	**262,320**	110,355
	287,290	132,752
Other payables		
– Related parties *(Note 31(d))*	**56,723**	111,068
– Third parties	**836,458**	387,919
	893,181	498,987
Dividends payables		
–Shareholders of the Company	**111**	91
–Non-controlling shareholders	**6,420**	7,267
	6,531	7,358
Accrued payroll	**200,115**	143,079
Other taxes payables	**70,629**	18,115
	1,457,746	800,291
Less: non-current portion of other payables *(Note (b))*	**(61,456)**	–
Current portion	**1,396,290**	800,291

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

24 TRADE AND OTHER PAYABLES (Continued)

The Company

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade payables *(Note (a))*		
– Related parties	**23,721**	22,096
– Third parties	**80,296**	49,609
	104,017	71,705
Other payables		
– Subsidiaries	**517,116**	134,771
– Related parties	**52,735**	109,922
– Third parties	**453,952**	240,005
	1,023,803	484,698
Accrued payroll	**89,169**	83,413
Other taxes payables	**14,553**	8,433
Dividend payable	**111**	91
	1,231,653	648,340
Less: non-current portion of other payables *(Note (b))*	**(61,456)**	–
Current portion	**1,170,197**	648,340

As at 31 December 2020 and 2019, the carrying amounts of trade and other payables approximated its fair values.

(a) As at 31 December 2020 and 2019, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date were are follows:

The Group

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Up to 1 year	**258,265**	125,680
1 to 2 years	**27,609**	5,955
2 to 3 years	**992**	1,032
Over 3 years	**424**	85
	287,290	132,752

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

24 TRADE AND OTHER PAYABLES (Continued)

(a) (Continued)

The Company

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Up to 1 year	**95,531**	68,605
1 to 2 years	**7,900**	2,730
2 to 3 years	**521**	285
Over 3 years	**65**	85
	104,017	71,705

(b) Non-current portion of trade and other payables primarily represent the consideration payable for the acquisition of subsidiaries to be settled beyond one year from 31 December 2020.

25 DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Deferred tax assets:		
– Deferred tax assets to be recovered after more than 12 months	**34,830**	15,949
– Deferred tax assets to be recovered within 12 months	**3,921**	3,260
	38,751	19,209
Deferred tax liabilities:		
– Deferred tax liabilities to be recovered after more than 12 months	**(68,587)**	(28,486)
– Deferred tax liabilities to be recovered within 12 months	**(8,867)**	(3,857)
	(77,454)	(32,343)
	(38,703)	(13,134)

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

25 DEFERRED INCOME TAX (Continued)

The movement in deferred income tax assets and liabilities during the years ended 31 December 2020 and 2019, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred tax assets – allowance on doubtful debts RMB'000	Deferred tax assets –accrued expenses RMB'000	Deferred tax assets – Provisions RMB'000	Deferred tax assets – tax losses RMB'000	Deferred tax assets – others RMB'000	Deferred tax liabilities – excess of value of intangible assets identified in business combination RMB'000	Deferred tax liabilities – investment properties RMB'000	Total RMB'000
As at 1 January 2019	6,903	2,063	–	1,430	169	(18,692)	(3,770)	(11,897)
Credited/(charged) to the consolidated statements of comprehensive income	4,650	3,190	–	(767)	(44)	2,666	(47)	9,648
Acquisition of subsidiaries	1,615	–	–	–	–	(12,500)	–	(10,885)
At 31 December 2019	13,168	5,253	–	663	125	(28,526)	(3,817)	(13,134)
As at 1 January 2020	**13,168**	**5,253**	**–**	**663**	**125**	**(28,526)**	**(3,817)**	**(13,134)**
Credited/(charged) to the consolidated statements of comprehensive income	**14,295**	**1,795**	**852**	**4**	**(28)**	**4,801**	**277**	**21,996**
Acquisition of subsidiaries *(Note 30)*	**2,624**	**–**	**–**	**–**	**–**	**(50,189)**	**–**	**(47,565)**
At 31 December 2020	**30,087**	**7,048**	**852**	**667**	**97**	**(73,914)**	**(3,540)**	**(38,703)**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

25 DEFERRED INCOME TAX (Continued)

As at 31 December 2020, in accordance with the accounting policy set out in Note 2.18(b), the Group has not recognised deferred tax assets in respect of cumulative tax losses RMB1,417,000 as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity (2019: RMB243,000). The tax losses shall expire in five years from year of occurrence under current tax legislation.

Expiry year	**Unused tax losses for which no deferred tax asset was recognised As at 31 December**	
	2020	2019
	RMB'000	RMB'000
2024	**52**	243
2025	**1,365**	–
	1,417	243

26 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Financial liabilities for put option written on non-controlling interests *(Note(a))*	**5,824**	–
Contingent consideration *(Note 30(ii))*	**3,876**	–
Less: Current portion	**–**	–
Non-current portion	**9,700**	–

(a) During the year ended 31 December 2020, the Company entered into equity interests transfer agreement with the non-controlling interests of Shandong Zhongchen, pursuant to which, the Company issued put option to the non-controlling interests which grant its right to sell 10% of the all remaining equity interest in Shandong Zhongchen back to the Company. The put option written on the non-controlling interests of Shandong Zhongchen was then regarded as redemption liabilities determined as the present value of future cash outflows assuming the exercise of the put option by the non-controlling interests, with corresponding charges in equity.

The valuation of the redemption liabilities for initial recognition was determined using the discounted cash flow method under the income approach. The significant unobservable inputs are expected discount rate as at the exit date which was determined by the probability-weighted average of floating premiums under three financial projection scenarios prepared by management, and the expected discount rate which was determined using the capital asset pricing model.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

26 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(a) (Continued)

The movement of the redemption financial liabilities for put option written on non-controlling interests is set out below:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Opening balance	**–**	–
Initial recognition at fair value *(Note 30)*	**5,711**	–
Changes in discounted present value	**113**	–
	5,824	–
Less: Current portion	**–**	–
Non-current portion	**5,824**	–

27 DIVIDENDS

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Dividends declared	**172,759**	215,010

During the year ended 31 December 2020, the Company declared dividends of RMB0.97 per share, amounting to RMB172,759,000 (2019: RMB215,010,000). As at 31 December 2020, dividends payable of RMB111,000 of the Company were yet to be paid (2019: RMB91,000).

No final dividend in respect of the year ended 31 December 2020 has been proposed or approved by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

28 CASH GENERATED FROM OPERATIONS

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit before income tax	**661,750**	532,629
Adjustments for:		
– Depreciation of property, plant and equipment *(Note 14)*	**14,505**	6,997
– Fair value gains on investment properties *(Note 16)*	**(168)**	(213)
– Net foreign exchange losses	**1,851**	8,496
– Amortisation of other intangible assets *(Note 17)*	**26,543**	17,097
– Allowance for impairment of trade and other receivables	**75,613**	25,822
– Losses/(gains) from disposal of property, plant and equipment	**54**	(7)
– Fair value gains on financial assets at fair value through profit or loss	**102**	–
– Fair value gains on financial liabilities at fair value through profit or loss	**(143)**	–
– Share-based employee expense *(Note 22)*	**5,507**	17,070
– Share of post-tax profits of joint ventures	**89**	–
– Interest expense	**2,003**	299
	787,706	608,190
Changes in working capital:		
– Inventories	**(7,478)**	(1,235)
– Trade and other receivables	**(33,323)**	(399,021)
– Contract liabilities	**80,151**	52,206
– Restricted cash	**(12,494)**	–
– Trade and other payables	**198,613**	231,356
	1,013,175	491,496

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

28 CASH GENERATED FROM OPERATIONS (Continued)

(a) The reconciliation of liabilities arising from financing activities is as follow:

	Lease liabilities RMB'000
As at 1 January 2019	6,549
Addition of lease liabilities	1,246
Accrued interest expenses	299
Repayments	(2,559)
Interest paid	(297)
As at 31 December 2019	5,238
As at 1 January 2020	**5,238**
Addition of lease liabilities	**14,991**
Accrued interest expenses	**660**
Repayments	**(7,717)**
Interest paid	**(613)**
As at 31 December 2020	**12,559**

29 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred for the years ended 31 December 2020 is as follows.

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Up to 1 year	**5,344**	3,862
Over 1 year	**388**	–
	5,732	3,862

29 COMMITMENTS (Continued)

(b) Lease commitments – as lessee

The Group leases offices and staff dormitories under non-cancellable lease agreements with lease term less than 12 months. The majority of lease agreements are signed with third parties and renewable at the end of the lease period based on rates mutually agreed.

There is no future aggregate minimum lease payments under non-cancellable short-term leases as at 31 December 2020 (31 December 2019: nil).

30 BUSINESS COMBINATIONS

Business combinations during the year ended 31 December 2020 included the acquisitions of 15 property management companies. The acquired companies' principal activities are property management in the PRC. The financial information of the acquired companies on the acquisition date is listed as follows:

(a) On 23 November 2020, the Company completed its acquisition of 90% of the equity interests in Shanghai Yizhen and Shanghai Huaxin at a consideration of RMB195,081,000 from a third party. Total identifiable net assets of the two companies together amounted to RMB48,268,000. The excess of the consideration transferred over the fair value of the identifiable net assets acquired was recorded as goodwill.

(b) On 31 December 2020, the Company completed its acquisition of 60% of the equity interests in Shanghai Shangzhi at a consideration of RMB158,297,000 from a third party. Total identifiable net assets of Shanghai Shangzhi amounted to RMB50,339,000. The excess of the consideration transferred over the fair value of the identifiable net assets acquired was recorded as goodwill.

(c) On 14 August 2020, the Company completed its acquisition of 70% of the equity interests in Zhuhai Zhuzhai at a consideration of RMB83,070,000 from a third party. Total identifiable net assets of Zhuhai Zhuzhai amounted to RMB26,984,000. The excess of the consideration transferred over the fair value of the identifiable net assets acquired was recorded as goodwill.

(d) On 16 October 2020, the Company completed its acquisition of 80% of the equity interests in Hezhiheli at a consideration of RMB46,679,000 from a third party. Total identifiable net assets of Hezhiheli amounted to RMB14,889,000. The excess of the consideration transferred over the fair value of the identifiable net assets acquired was recorded as goodwill.

(e) On 20 October 2020, the Company completed its acquisition of 90% of the equity interests in Shandong Zhongchen at a consideration of RMB55,800,000 from a third party. Total identifiable net assets of Shandong Zhongchen amounted to RMB10,832,000. The excess of the consideration transferred over the fair value of the identifiable net assets acquired was recorded as goodwill.

(f) Except for the above, business combinations during the year included the acquisitions the 100% interest of Chengdu Chuangyi, 60% interest of Chengdu Sanpu, 100% interest of Wuxi Dongzhou, 100% interest of Chengdu Xintianyu, 80% interest of Zhejiang Dangdai, 98% interest of Guang'an Wanpin, 55% interest of Ningxia Anxin, 90% interest of Zhangjiagang Huaxia and 51% interest of Yangyangjun'an at an aggregate purchase consideration of RMB119,545,000. Goodwill of RMB85,712,000 and total identifiable net assets of RMB35,788,000 were recognised. The directors of the Company consider that none of these subsidiaries acquired during the year was significant to the Group and thus the individual financial information of these subsidiaries on the acquisition date was not disclosed.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

30 BUSINESS COMBINATIONS (Continued)

Details of the purchase considerations, the net assets acquired are as follows:

	Shanghai Yizhen and Shanghai Huaxin *(Note(a))* RMB'000	Shanghai Shangzhi *(Note(b))* RMB'000	Zhuhai Zhuzhai *(Note(c))* RMB'000	Hezhiheli *(Note(d))* RMB'000	Shandong Zhongchen *(Note(e))* RMB'000	Others *(Note(f))* RMB'000	Total RMB'000
Consideration							
– Cash paid	106,994	145,530	61,286	23,932	55,800	57,857	451,399
– Payable	88,510	13,357	26,758	23,283	–	60,171	212,079
– Contingent consideration	(423)	(590)	(4,974)	(536)	–	1,517	(5,006)
Fair value of consideration	195,081	158,297	83,070	46,679	55,800	119,545	658,472
Recognised amounts of identifiable assets acquired and liabilities assumed:							
Cash and cash equivalents	15,383	58,622	10,789	1,280	3,805	31,975	121,854
Intangibles assets – others *(Note 17)*	–	197	–	–	–	–	197
Property, plant and equipment *(Note 14)*	352	172	1,617	40	879	1,391	4,451
Intangibles assets – customer relationship *(Note 17)*	55,000	64,700	29,400	16,000	15,000	37,900	218,000
Deferred tax assets *(Note 25)*	–	1,666	–	233	108	617	2,624
Inventories	–	1	10	–	–	–	11
Trade and other receivables	12,274	32,762	29,867	15,408	26,822	61,644	178,777
Trade and other payables	(7,057)	(49,806)	(22,683)	(7,320)	(25,742)	(45,374)	(157,982)
Current income tax liabilities	(668)	–	–	(140)	(12)	(1,355)	(2,175)
Contract liabilities	(7,903)	(8,241)	(3,101)	(4,490)	(5,074)	(32,651)	(61,460)
Deferred tax liabilities *(Note 25)*	(13,750)	(16,175)	(7,350)	(2,400)	(3,750)	(6,764)	(50,189)
Total identifiable net assets	53,631	83,898	38,549	18,611	12,036	47,383	254,108
Less: non-controlling interests	(5,363)	(33,559)	(11,565)	(3,722)	(1,204)	(13,550)	(68,963)
Identifiable net assets attributable to the company	48,268	50,339	26,984	14,889	10,832	33,833	185,145
Goodwill *(Note 17)*	146,813	107,958	56,086	31,790	44,968	85,712	473,327

30 BUSINESS COMBINATIONS (Continued)

Goodwill of RMB481,323,000 arose from a number of factors. Significant elements include expected synergies through combining a highly skilled workforce and obtaining economies of scale. None of the goodwill recognised is expected to be deductible for income tax purposes.

(i) Net cash outflow arising from the acquisitions during the year ended 31 December 2020:

	RMB'000
Cash consideration paid	**(451,399)**
Cash and cash equivalents acquired on the acquisition date	**121,854**
Net cash outflow on acquisitions	**(329,545)**

(ii) Contingent considerations

The acquisition agreements stipulate that the original shareholders promise for the property management of a certain prospective project, as well as the revenue and gross floor area under management to reach a certain performance target in certain period. If the terms of the contingent consideration agreement cannot be fulfilled at the end, a part of the total consideration will be deducted. A third-party appraiser has been engaged to evaluate the fair value of the contingent consideration on the acquisition date, which was recorded as "financial assets or liabilities at fair value through profit and loss".

(iii) Acquired receivables

The fair value of trade and other receivables is RMB178,777,000, which includes trade receivables at fair value of RMB69,702,000. The gross contractual amount for trade receivables due is RMB182,385,000, of which RMB112,683,000 is expected to be uncollectible.

(iv) Revenue and profit contribution

The acquired businesses of the companies during the year ended 31 December 2020 contributed total revenue of RMB135,140,000 and net profit of RMB13,839,000 to the Group for the year from the respective acquisition date to 31 December 2020.

Had acquired companies been consolidated from 1 January 2020, the consolidated statements of comprehensive income for the year ended 31 December 2020 would show pro-forma revenue of RMB3,202,176,000 and net profit of RMB567,606,000.

No contingent liability has been recognised for the business combination.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

30 BUSINESS COMBINATIONS (Continued)

(v) Put option arrangements

The Group has written put options (Note 26) over the equity of Shandong Zhongchen which permit the non-controlling interests to put their shares in the subsidiaries back to the Group at their fair value over respective specified periods. The amount of RMB5,711,000 that may become payable under the option on exercise is initially recognised at the present value of the redemption amount with a corresponding charge directly to equity.

In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

31 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship
Mr. Yang Keng 楊鏗	The founding shareholder
Languang Investment 藍光投資控股集團有限公司	The ultimate holding company
Languang Development 四川藍光發展股份有限公司	Intermediate holding company
Languang Hejun 四川藍光和駿實業有限公司	Parent company
Changzhou Yusheng Real Estate Development Co., Ltd* 常州禦盛房地產開發有限公司	Associate of Languang Development
Fuyang Guangmei Real Estate Co., Ltd* 阜陽光美置業有限公司	Associate of Languang Development
Henan Huazhili Real Estate Co., Ltd.* 河南華之麗實業有限公司	Associate of Languang Development
Nantong Jinlong Property Co., Ltd.* 南通錦隆置業有限公司	Associate of Languang Development
Jiangyin Zhongao Real Estate Development Co., Ltd* 江陰中奧房地產開發有限公司	Associate of Languang Development
Chongqing Xinshenjia Real Estate Co., Ltd.* 重慶新申佳實業有限公司	Joint venture of Languang Development
Renshou Shuheng Real Estate Co., Ltd.* 仁壽蜀恒置業有限公司	Joint venture of Languang Development

* The English name of the related parties represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

31 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Provision of services		
– Intermediate holding company	**27**	–
– Parent company	**57,541**	32,572
– Entities controlled by the same ultimate holding company	**632,837**	439,334
– Associates of Languang Development	**8,029**	4,036
– Joint ventures of Languang Development	**4,315**	–
	702,749	475,942
Purchase of goods and services		
– Entities controlled by the same ultimate holding company	**319**	3,577
Short-term lease expenses		
– Parent company	**962**	231
– Entities controlled by the same ultimate holding company	**19,694**	23,388
	20,656	23,619
Interest expenses for lease liabilities		
– The ultimate holding company	**137**	216
Payments of lease liabilities		
– The ultimate holding company	**1,710**	1,631

All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

31 RELATED PARTY TRANSACTIONS (Continued)

(c) Key management compensation

Compensations for key management other than those for directors and supervisors as disclosed in Note 33 is set out below.

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Salaries and other short-term employee benefits	**5,440**	10,514

(d) Balances with related parties

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade receivables		
– The ultimate holding company	**1,325**	1,325
– Intermediate holding company	**29**	–
– Parent company	**6,066**	9,917
– Entities controlled by the same ultimate holding company	**75,424**	226,106
– Joint ventures of Languang Development	**3,161**	1,310
– Associates of Languang Development	**3,797**	831
	89,802	239,489
Other receivables *(Note (i))*		
– Entities controlled by the same ultimate holding company	**6,353**	6,361
Prepayments		
– Parent company	**–**	42
– Entities controlled by the same ultimate holding company	**577**	279
	577	321

31 RELATED PARTY TRANSACTIONS (Continued)

(d) Balances with related parties (Continued)

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade payables		
– Parent company	**973**	223
– Entities controlled by the same ultimate holding company	**23,997**	22,174
	24,970	22,397
Other payables *(Note (ii))*		
– Intermediate holding company	**29**	29
– Parent company	**46,296**	64,831
– Entities controlled by the same ultimate holding company	**10,398**	46,208
	56,723	111,068
Contract liabilities		
– The ultimate holding company	**–**	1,517
– Intermediate holding company	**–**	3
– Entities controlled by the same ultimate holding company	**2,020**	16,759
	2,020	18,279
Lease liabilities		
– The ultimate holding company	**1,793**	3,504

Above trade receivables, prepayments, trade payables and contract liabilities due from/to related parties are trade in nature, while the other receivables and other payables due from/to related parties are non-trade in nature.

Trade receivables, trade payables, and contract liabilities due from/to related parties are unsecured and interest-free.

(i) Amounts represented 1) bottle deposits of pure water purchased from Languang Development and related entities, which will be collected upon the termination of purchase contracts; and 2) payments of expenses by the Group on behalf of Languang Development and related entities for certain projects to which the Group provided services, which are interest-free and repayable on demand.

(ii) Amounts represented rental payments collected by the Group on behalf of Languang Development and related entities, which are interest-free and periodically settled as mutually agreed with Languang Development and related entities.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

32 BALANCE SHEET AND RESERVE MOVEMNT OF THE COMPANY

	Note	As at 31 December 2020 RMB'000	2019 RMB'000
Assets			
Non-current assets			
Property, plant and equipment		**55,394**	12,237
Investment properties	*16*	**33,068**	32,900
Other intangible assets		**66,804**	33,635
Deferred income tax assets		**13,173**	9,010
Investments in subsidiaries	*11*	**1,078,314**	400,568
Investments accounted for using the equity method		**1,381**	–
		1,248,134	488,350
Current assets			
Inventories		**9,340**	5,909
Trade and other receivables	*19*	**658,192**	632,123
Financial assets at fair value through profit or loss		**10,581**	1,621
Restricted cash		**6,386**	–
Cash and cash equivalents		**1,829,510**	1,833,854
		2,514,009	2,473,507
Total assets		**3,762,143**	2,961,857
Equity			
Equity attributable to owners of the Company			
Share capital		**178,102**	178,102
Other reserves		**1,629,024**	1,627,008
Retained earnings		**381,155**	242,699
Total equity		**2,188,281**	2,047,809

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

32 BALANCE SHEET AND RESERVE MOVEMNT OF THE COMPANY (Continued)

		As at 31 December	
		2020	2019
	Note	**RMB'000**	RMB'000
Liabilities			
Non-current liabilities			
Other payables	*24*	**61,456**	–
Deferred income tax liabilities		**3,541**	3,818
Lease liabilities	*15*	**2,466**	1,793
Financial liabilities at fair value through profit or loss		**9,700**	–
		77,163	5,611
Current liabilities			
Contract liabilities		**270,944**	203,707
Trade and other payables	*24*	**1,170,197**	648,340
Lease liabilities	*15*	**6,998**	1,710
Current income tax liabilities		**48,560**	54,680
		1,496,699	908,437
Total liabilities		**1,573,862**	914,048
Total equity and liabilities		**3,762,143**	2,961,857

The balance sheet of the Company was approved by the Board of Directors on 10 March 2021 and was signed on its behalf:

Mr. Yao Min	**Mr. Liu Xia**
Chairman & Executive Director	*Executive Director*

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

32 BALANCE SHEET AND RESERVE MOVEMNT OF THE COMPANY (Continued)

(a) Reserve movement of the Company

	Share premium RMB'000	Statutory reserves RMB'000	Others RMB'000	Total Other reserves RMB'000	Retained earnings RMB'000	Total reserves RMB'000
Balance at 1 January 2019	36,483	52,786	4,691	93,960	151,294	245,254
Profit for the period	–	–	–	–	340,460	340,460
Issue of shares in connection with the Listing	1,481,933	–	–	1,481,933	–	1,481,933
Dividend declared to shareholders of the Company *(Note 27)*	–	–	–	–	(215,010)	(215,010)
Employee share-based payment scheme – Value of employee service *(Note 22)*	–	–	17,070	17,070	–	17,070
Appropriation of statutory reserves *(Note 23(a))*	–	34,045	–	34,045	(34,045)	–
Balance at 31 December 2019	1,518,416	86,831	21,761	1,627,008	242,699	1,869,707
Balance at 1 January 2020	**1,518,416**	**86,831**	**21,761**	**1,627,008**	**242,699**	**1,869,707**
Profit for the period	**–**	**–**	**–**	**–**	**313,435**	**313,435**
Put options granted during the acquisition of subsidiaries	**–**	**–**	**(5,711)**	**(5,711)**	**–**	**(5,711)**
Dividend declared to shareholders of the Company *(Note 27)*	**–**	**–**	**–**	**–**	**(172,759)**	**(172,759)**
Employee share-based payment scheme – Value of employee service *(Note 22)*	**–**	**–**	**5,507**	**5,507**	**–**	**5,507**
Appropriation of statutory reserves *(Note 23(a))*	**–**	**2,220**	**–**	**2,220**	**(2,220)**	**–**
Balance at 31 December 2020	**1,518,416**	**89,051**	**21,557**	**1,629,024**	**381,155**	**2,010,179**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

33 DIRECTORS' AND SUPERVISORS' BENEFITS AND INTERESTS

(a) Directors' and supervisors' emoluments

The directors and supervisors received emoluments from the Group for the year ended 31 December 2020 as follows:

Name	Fees RMB'000	Salaries and wages RMB'000	Discretionary bonuses RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Housing fund, other allowance and benefits in kind RMB'000	Total RMB'000
Executive Directors						
Mr. Yao Min *(Note (iv))*	**80**	**2,440**	**301**	**6**	**2,627**	**5,454**
Mr. Sun Zhefeng *(Note (i))*	**67**	**1,031**	**420**	**–**	**43**	**1,561**
Mr. Liu Xia *(Note (i))*	**80**	**1,874**	**312**	**5**	**39**	**2,310**
Mr. Wu Gang *(Note (i) (iv))*	**13**	**128**	**136**	**6**	**719**	**1,002**
Mr. Chen Jingchao *(Note (i) (iv))*	**–**	**–**	**–**	**–**	**–**	**–**
Non-executive Directors						
Mr. Zhang Qiaolong *(Note (ii))*	**27**	**–**	**–**	**–**	**–**	**27**
Mr. Meng Hongwei *(Note (ii))*	**67**	**–**	**–**	**–**	**–**	**67**
Mr. Wang Wanfeng *(Note (ii))*	**27**	**–**	**–**	**–**	**–**	**27**
Mr. Chi Feng *(Note (ii))*	**47**	**–**	**–**	**–**	**–**	**47**
Mr. Yu Chi *(Note (ii))*	**47**	**–**	**–**	**–**	**–**	**47**
Independent Non-executive Directors						
Mr. Li Shujian	**300**	**–**	**–**	**–**	**–**	**300**
Mr. Chan Shing Yee, Joseph	**300**	**–**	**–**	**–**	**–**	**300**
Mr. Zhang Shouwen	**300**	**–**	**–**	**–**	**–**	**300**
Supervisors						
Ms. Wang Xiaoying *(Note (iii))*	**2**	**–**	**–**	**–**	**–**	**2**
Mr. Liu Deming *(Note (iii))*	**100**	**–**	**–**	**–**	**–**	**100**
Mr. Xu Qingshan	**100**	**–**	**–**	**–**	**–**	**100**
Mr. Liu Jiang	**40**	**752**	**174**	**3**	**31**	**1,000**
Mr. Zhao Yang *(Note (iii))*	**–**	**–**	**–**	**–**	**–**	**–**
Ms. Wang Lu *(Note (iii))*	**37**	**1,521**	**362**	**3**	**36**	**1,959**
Ms. Li Ru *(Note (iii))*	**40**	**1,026**	**228**	**1**	**29**	**1,324**
	1,674	**8,772**	**1,933**	**24**	**3,524**	**15,927**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

33 DIRECTORS' AND SUPERVISORS' BENEFITS AND INTERESTS (Continued)

(a) Directors' and supervisors' emoluments (Continued)

The directors and supervisors received emoluments from the Group for the year ended 31 December 2019 as follows:

Name	Fees	Salaries and wages	Discretionary bonuses	Employer's contribution to a retirement benefit scheme	Housing fund, other allowance and benefits in kind	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors						
Mr. Yao Min *(Note (iv))*	80	1,292	692	34	6,749	8,847
Mr. Wu Gang *(Note (i) (iv))*	80	910	159	34	1,861	3,044
Mr. Chen Jingchao *(Note (i) (iv))*	80	822	259	34	961	2,156
Non-executive Directors						
Mr. Meng Hongwei *(Note (ii))*	80	–	–	–	–	80
Mr. Zhang Qiaolong *(Note (ii))*	80	–	–	–	–	80
Mr. Wang Wanfeng *(Note (ii))*	30	–	–	–	–	30
Mr. Pu Hong *(Note (ii))*	50	–	–	–	–	50
Independent Non-executive Directors						
Mr. Li Shujian	300	–	–	–	–	300
Mr. Chan Shing Yee, Joseph	300	–	–	–	–	300
Mr. Zhang Shouwen	300	–	–	–	–	300
Supervisors						
Mr. Liu Jiang	40	617	185	11	31	884
Mr. Zhao Yang *(Note (iii))*	40	447	206	9	31	733
Mr. Xu Qingshan	100	–	–	–	–	100
Mr. Liu Deming *(Note (iii))*	100	–	–	–	–	100
Mr. Zhao Jinxu *(Note (iii))*	62	–	–	–	–	62
Ms. Wang Xiaoying *(Note (iii))*	40	–	–	–	–	40
	1,762	4,088	1,501	122	9,633	17,106

33 DIRECTORS' AND SUPERVISORS' BENEFITS AND INTERESTS (Continued)

(a) Directors' and supervisors' emoluments (Continued)

(i) In January 2020, Mr. Chen Jingchao and Mr. Wu Gang resigned from their positions as executive directors. In March 2020, Mr. Liu Xia and Mr. Sun Zhefeng were appointed as executive directors.

(ii) In August 2019, Mr. Pu Hong resigned from his position as non-executives director, and Mr. Wang Wanfeng was appointed as non-executive director. In April 2020, Mr. Zhang Qiaolong and Mr.Wang Wanfeng resigned from their positions as non-executive directors. In June 2020, Mr. Yu Chi and Mr. Chi Feng were appointed as non-executive directors. In November 2020, Mr. Meng Hongwei resigned from his position as non-executive director.

(iii) In August 2019, Mr. Zhao Jinxu resigned from his position as supervisor, and Mr. Liu Deming was appointed as supervisor. In January 2020, Ms. Wang Xiaoying and Mr. Zhao Yang resigned from their positions as supervisors and Ms. Wang Lu and Ms. Li Ru was appointed as supervisor.

(iv) In November 2018, the Company implemented the Share Incentive Plan, under which 11 Recipients including directors, supervisors, senior management and certain employees were entitled to indirectly make a subscription to Incentive Shares at Subscription Price (Note 22).

(b) There were no retirement benefits paid to or receivable by directors and supervisors during the Year ended 31 December 2020 by defined benefit pension plans operated by the Group (2019: nil).

(c) There were no directors' and supervisors' termination benefits subsisted during the year ended 31 December 2020 (2019: nil).

(d) There was no consideration provided to third parties for making available directors' services subsisted during the year ended 31 December 2020 (2019: nil).

(e) During the year ended 31 December 2020, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favor of directors and supervisors (2019: nil).

(f) During the year ended 31 December 2020, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director or supervisor of the Company had interests, whether directly or indirectly, subsisted at the end of the year ended 31 December 2020 or at any time during the year ended 31 December 2020 (2019: nil).

(g) During the year ended 31 December 2020, no directors and supervisors waived emoluments or have agreed to waive emoluments (2019: nil).

(h) During the year ended 31 December 2020, there were no amounts paid or payable by the Company to the directors, supervisors or any of the five highest paid individuals set out in the Note 9(c) as an inducement to join or upon joining the Group (2019: nil).

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

34 EVENT AFTER THE BALANCE SHEET DATE

(a) The Group has entered into an agreement with Bank of Chengdu ("成都銀行股份有限公司") on 29 January 2021. According to the agreement, the Group loaned RMB100,000,000 from Bank of Chengdu, with the maturity of 1 year and secured by Languang Development, the intermediate holding company of the Company.

(b) On 23 February 2021, the Board of the Company has been informed by Languang Hejun, the parent company of the Company, that Languang Hejun entered into a memorandum of understanding with Country Garden Property Services HK Holdings Company Limited (碧桂園物業香港控股有限公司) as potential purchaser (the "Potential Purchaser") regarding a possible transaction (the "Possible Transaction"). The Potential Purchaser intends to acquire 115,090,200 H shares (representing approximately 64.62% equity interest in the Company) from Languang Hejun at a price of RMB42.1105 per H share, and total consideration of RMB4,846,506,000.

As at the date of this report, the discussion is still ongoing and Languang Hejun has not entered into any definitive agreement with the Potential Purchaser in relation to the Possible Transaction.

FIVE-YEAR FINANCIAL SUMMARY

(All amounts in RMB thousands unless otherwise stated)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**2,733,862**	2,100,224	1,464,458	923,298	658,222
Cost of sales	**(1,758,172)**	(1,339,996)	(977,688)	(587,437)	(445,100)
Gross profit	**975,690**	760,228	486,770	335,861	213,122
Selling and distribution costs	**(6,907)**	(5,110)	(3,760)	(4,514)	(7,459)
Administrative expenses	**(292,456)**	(202,119)	(128,083)	(127,631)	(86,585)
Net impairment losses on financial assets	**(75,613)**	(25,822)	(16,563)	(8,752)	(4,006)
Other income	**50,882**	12,396	5,348	2,791	3,978
Other gains/(losses), net	**12,246**	(6,645)	10,494	22,777	2,055
Operating profit	**663,842**	532,928	354,206	220,532	121,105
Finance costs	**(2,003)**	(299)	(339)	(335)	(354)
Share of after-tax losses of joint ventures	**(89)**	–	–	–	–
Profit before income tax	**661,750**	532,629	353,867	220,197	120,751
Income tax expenses	**(111,766)**	(88,502)	(56,977)	(34,842)	(19,380)
Profit for the year	**549,984**	444,127	296,890	185,355	101,371
Attributable to:					
Owners of the Company	**533,227**	429,519	289,347	184,354	100,898
Non-controlling interests	**16,757**	14,608	7,543	1,001	473
	549,984	444,127	296,890	185,355	101,371
Earnings per share (expressed in RMB per share)					
Basic and diluted earnings per share	**2.99**	3.10	2.30	1.46	0.83

FIVE-YEAR FINANCIAL SUMMARY

(All amounts in RMB thousands unless otherwise stated)

CONSOLIDATED BALANCE SHEET

	As at 31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Non-current assets	**1,280,958**	500,502	360,613	253,344	151,869
Current assets	**3,537,172**	2,981,386	909,601	804,805	547,664
Total assets	**4,818,130**	3,481,888	1,270,214	1,058,149	699,533
Equity and liabilities					
Total equity	**2,691,429**	2,247,629	466,663	434,303	259,942
Non-current liabilities	**153,060**	35,125	26,740	21,795	13,621
Current liabilities	**1,973,641**	1,199,134	776,811	602,051	425,970
Total liabilities	**2,126,701**	1,234,259	803,551	623,846	439,591
Total equity and liabilities	**4,818,130**	3,481,888	1,270,214	1,058,149	699,533

GLOSSARY AND DEFINITIONS

(All amounts in RMB thousands unless otherwise stated)

"2020 Proposed Final Dividend"	no payment of any final dividend proposed by the Board for 2020
"Articles of Association"	the articles of association of the Company
"Audit Committee"	the audit committee of the Company
"Board"	board of the Directors
"Chengdu Jiayu"	Chengdu Jiayu Enterprise Management Center (Limited Partnership) (成都嘉裕企業管理中心（有限合夥)), a limited partnership established in accordance with the Partnership Laws of the PRC for the purpose of the implementation of the share incentive plan adopted by the Company on 22 June 2015
"China" or "PRC"	the People's Republic of China
"Company" or "Languang Justbon Services"	Sichuan Languang Justbon Services Group Co., Ltd. (四川藍光嘉寶服務集團股份有限公司) (formerly known as Sichuan Justbon Property Management Group Co., Ltd. (四川嘉寶資產管理集團股份有限公司)), a joint stock company with limited liability established in the PRC on 7 December 2000 and whose Shares are listed on the main board of the Stock Exchange (stock code: 2606)
"Controlling Shareholder(s)"	the Company's controlling shareholder group (has the meaning ascribed to it under the Listing Rules), which refers to Languang Hejun, Languang Development, Languang Investment and Mr. Yang Keng
"Corporate Governance Code"	the corporate governance code contained in Appendix 14 to the Listing Rules
"CPD"	continuing professional development
"Director(s)"	the director(s) of the Company

GLOSSARY AND DEFINITIONS

(All amounts in RMB thousands unless otherwise stated)

"GAAP"	generally accepted accounting principles
"GFA"	gross floor area
"gross profit margin"	annual gross profit divided by annual revenue and multiplied by 100%
"Group"	the Company and its subsidiaries
"HKFRS"	the Hong Kong Financial Reporting Standards
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Languang Development"	Sichuan Languang Development Co., Ltd. (四川藍光發展股份有限公司) (formerly known as Sichuan Dikang Technology Pharmaceutical Co., Ltd. (四川迪康科技藥業股份有限公司)), a joint stock limited company listed on the Shanghai Stock Exchange in the PRC on 18 May 1993 (stock code: 600466) and one of the Controlling Shareholders
"Languang Group"	Languang Investment and its subsidiaries excluding the Group
"Languang Hejun"	Sichuan Languang Hejun Industries Co., Ltd. (四川藍光和駿實業有限公司), a company with limited liability established in the PRC on 20 May 1998 and one of the Controlling Shareholders
"Languang Investment"	Languang Investment Holdings Group Co., Ltd. (藍光投資控股集團有限公司) (formerly known as Sichuan Languang Industrial Group Co., Ltd. (四川藍光實業集團有限公司)), a company with limited liability established in the PRC on 13 October 1993 and one of the Controlling Shareholders
"Listing"	the listing of the Company on the main board of the Stock Exchange on 18 October 2019
"Listing Date"	18 October 2019, on which dealings in our H Shares first commence on the Stock Exchange

GLOSSARY AND DEFINITIONS

(All amounts in RMB thousands unless otherwise stated)

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"M&A"	mergers and acquisitions
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
"Mr. Yang"	Mr. Yang Keng (楊鏗), one of the Controlling Shareholders
"Ningbo Jiaqian"	Ningbo Jiaqian Corporate Management Partnership (Limited Partner) (寧波嘉乾企業管理合夥企業（有限合夥)), a limited partnership established in accordance with the Partnership Laws of the PRC for the purpose of the implementation of the share incentive scheme adopted by the Company on 9 November 2018
"Nomination Committee"	the nomination committee of the Company
"Prospectus"	the prospectus of the Company dated 8 October 2019 in relation to the Listing
"Register of Members"	the register of members of the Company
"Relevant Year"	the year ended 31 December 2020
"Remuneration Committee"	the remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Reporting Period"	the period from 1 January 2020 to 31 December 2020
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shares"	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each

GLOSSARY AND DEFINITIONS

(All amounts in RMB thousands unless otherwise stated)

"Shareholder(s)"	holders(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	supervisory committee of the Company
"US$"	United States dollars
"%"	per cent

If there is any inconsistency between the Chinese names of entities or enterprises established in China and their English translations, the Chinese names shall prevail. The English translations of official Chinese names which are marked with "*" are for identification purpose only.