金茂物業服務發展股份有限公司

Jinmao Property Services Co., Limited

(Incorporated in Hong Kong with limited liability)

Stock Code : 00816

2021
ANNUAL REPORT

JINMAO

First Annual Report of Listing


Think Far Grow Further

Contents

CORPORATE OVERVIEW

We are a fast-growing upscale property management and city operation service provider in China. According to China Index Academy, we are an industry-leading company in terms of multiple indicators in the three dimensions of scope of service, service standards and service fees. In 2021, we were ranked 17th among the Top 100 Property Management Companies in China (中國物業服務百強企業) by overall strength, and were recognized as a Leading Enterprise in Property Technology Empowerment in China (中國物業科技賦能領先企業) and a Leading Enterprise in Smart City Services in China (中國智慧城市服務領先企業), according to China Index Academy. We were ranked first in the Top 10 High-End Property Service Force Enterprises in China (高端物業服務力TOP10企業), according to CRIC Research.

Covering
48 cities

175
properties under management

CORPORATE OVERVIEW

Our history can be traced back to 1993 when we were established as a subsidiary of Sinochem Group Co. Ltd ("**Sinochem Group**") to provide property management services in Beijing, the PRC for properties developed by the predecessor of China Jinmao Holdings Group Limited ("**China Jinmao**") and its subsidiaries ("**Jinmao Group**"). China Jinmao, our controlling shareholder, is a leading comprehensive property developer in China, and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**", stock code: 00817). Over the years, We provide a full spectrum of property management services to a broad range of properties, and we have established a nationwide business in China, with a strong focus on high-end properties in core cities. As of 31 December 2021, our total contracted gross floor area (the "**GFA**") reached approximately 57.6 million sq.m., covering 48 cities across 22 provinces, municipalities and autonomous regions in China, and we managed 175 properties in China with a total GFA under management of approximately 36.4 million sq.m., including 113 residential communities and 62 non-residential properties.

Our property management services cover a wide range of property types, including residential communities, commercial properties primarily comprising office buildings, shopping malls, as well as public properties such as schools, government facilities and other public spaces. In addition to property management services, we provide value-added services to non-property owners, including sales assistance services to property developers, and consultancy and other value-added services. We also provide community value-added services mainly to property owners and residents of our managed properties to address their daily lifestyle needs, which mainly consist of platform services for interior decoration, community living services, community space operation services, and real estate brokerage services.

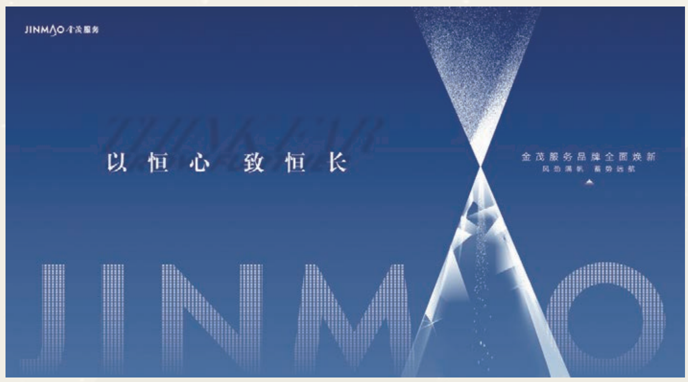
MAJOR EVENTS

On 15 January 2021, Sinochem Jinmao Property Management (Beijing) Co., Ltd ("**Jinmao Property**") and the Management Committee of Jiashan Economic and Technological Development Zone officially signed a strategic cooperation agreement to jointly create a "city operation" governance model and achieve a breakthrough of "zero" in the urban operation project of Jinmao Services.

On 13 May 2021, Jinmao Property signed a strategic cooperation agreement with Zhoushan Donggang Investment Development Group Co., Ltd. to continue to deepen the urban property strategy and help urban industrial upgrading to create a new benchmark for urban operation services.

On 13 August 2021, Jinmao Property signed an equity cooperation agreement with Beijing Zhongguancun Science City Construction Holding Co., Ltd. to jointly invest in the establishment of a professional property service platform company to deeply cultivate the operation of various space services in the city and create a new future.

On 7 September 2021, Jinmao Services launched a new brand of "adhering to long-term doctrine and promoting long-term value growth", and launched a new brand slogan "Think Far, Grow Further".



MAJOR EVENTS

On 15 September 2021, "2021 White Paper on High-end Property Service Development" jointly compiled by Jinmao Property and China Index Academy was officially released on the meeting of China's real estate brand value research.

On 27 September 2021, Jinmao Property and Nanjing Xinyao New Town Management Committee officially achieved a strategic cooperation to further deepen the development of the "urban operation" strategy and help improve the efficiency of urban management and refine the grass-roots governance.

On 28 September 2021, Jinmao Property signed a strategic cooperation agreement with Chongqing Dongtie Real Estate Development Co., Ltd. to take over a number of urban comprehensive business projects and continue to deepen the diversified cooperation between the parties.

On 2 October 2021, Chuangmao Technology (Beijing) Co., Ltd. obtained the certification of high-tech enterprise, which promoted the transformation of enterprise towards science and technology.


高新技术企业

证书

企业名称：创茂科技（北京）有限公司　证书编号：GR202111000083

发证时间：2021年9月14日　有效期：三年

批准机关：

On 31 December 2021, Jinmao Property and Pingyang Xinao City Construction Co., Ltd. officially signed a strategic agreement, under which the parties are committed to promoting the integration of industry development and urban development and injecting more impetus into the township model of the Aojiang Common Prosperity Demonstration Zone.

CORPORATE INFORMATION

Legal Name of the Company
Jinmao Property Services Co., Limited

Stock Code
00816

Date of Listing
10 March 2022

Principal Place of Business In the PRC
6F, YouAn International Tower
Unit 2, Xitieying Middle Ave
Fengtai, Beijing, PRC

Registered Office
Rm 4702-03, 47/F
Office Tower Convention Plaza
1 Harbour Road, Wanchai
Hong Kong

Executive Directors
Mr. Xie Wei *(Chief Executive Officer)*
Ms. Zhou Liye

Non-executive Directors
Mr. Jiang Nan *(Chairman)*
Ms. He Yamin
Ms. Qiao Xiaojie

Independent Non-executive Directors
Dr. Chen Jieping
Dr. Han Jian
Mr. Sincere Wong

Audit Committee
Dr. Chen Jieping *(Chairman)*
Mr. Sincere Wong
Ms. Qiao Xiaojie

Remuneration and Nomination committee
Dr. Han Jian *(Chairman)*
Dr. Chen Jieping
Ms. He Yamin

Strategy and Investment committee
Mr. Jiang Nan *(Chairman)*
Mr. Xie Wei
Ms. Zhou Liye
Mr. Sincere Wong

Company Secretary
Ms. Ho Wing Tsz Wendy

Authorised Representatives
Ms. Zhou Liye
Ms. Ho Wing Tsz Wendy

Hong Kong Share Registrar and Transfer Office
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17/F., Hopewell Centre
183 Queen’s Road East
Hong Kong

Auditor
Ernst & Young
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King’s Road
Quarry Bay
Hong Kong

Legal Advisor
Latham & Watkins LLP
18/F, One Exchange Square
8 Connaught Place
Central, Hong Kong

Compliance Advisor
First Shanghai Capital Limited
19/F., Wing On House
71 Des Voeux Road Central
Hong Kong

PRINCIPAL BANKS
DBS Bank Ltd., Hong Kong Branch
Bank of China, Hong Kong Branch

Investor and Media Relations
Tel: 010-56973014
Email: ir_jmservices@sinochem.com
Website: www.jinmaowy.com

FINANCIAL HIGHLIGHTS

FINANCIAL SUMMARY

Consolidated Results

	2021 RMB'000	2020 RMB'000	Changes
Revenue	1,515,525	944,210	60.5%
Gross profit	470,034	234,789	100.2%
Gross profit margin (%)	31.0%	24.9%	6.1 pts
Profit for the year	179,011	77,124	132.1%
Net profit margin (%)	11.8%	8.2%	3.6 pts
Profit attributable to owners of the parent	177,977	77,124	130.8%
Basic and diluted earnings per share (RMB)	0.22	0.10	120.0%

Consolidated Financial Position

	2021 RMB'000	2020 RMB'000	Changes
Total assets	1,359,052	2,135,235	-36.4%
Total equity	203,981	49,134	315.2%
Equity attributable to owners of the parent	195,397	49,134	297.7%
Cash resources[1]	554,897	270,818	104.9%
Gearing ratio (%)[2]	–	2,200.1%	-2,200.1 pts
Current ratio (times)	1.1	1.1	–

Notes:

1. Including the restricted cash.

2. Interest-bearing borrowings excluding lease liabilities divided by total equity, multiplied by 100%.

CHAIRMAN'S STATEMENT

Based on the new starting point of listing, Jinmao Services will keep the long-term faith, adhere to customer-centered business model, constantly improve the service quality and enterprise management level, lead the innovation and development of the industry, create greater value, and strive to achieve future human habitats and city dreams.

Chairman of the Board and Non-executive Director
Jiang Nan

Dear shareholders:

Jinmao Property Services Co., Limited ("**Jinmao Services**", the "**Company**" or "**our Company**", together with and its subsidiaries, the "**Group**", "**our Group**" or "**We**") is a fast-growing upscale property management and city operation service provider in China. We adhere to customer-centered business model, and focus on providing customers with high-end and high-quality services; we attach great importance to staff training and development, improve and enhance their technical and service skills, so as to improve service quality; we strive to create reasonable returns for shareholders and continuously improve the level of operation and management; we endeavour to create value for the society and actively participate in the operation of public resources and people's livelihood services.

After nearly 30 years of unremitting efforts, we have established our own market position and brand influence in China's property management industry. In 2021, we were ranked 17th among the Top 100 Property Management Companies in China by overall strength and were recognized as a "Leading Enterprise in Property Technology Empowerment in China" and a "Leading Enterprise in Smart City Services in China", according to China Index Academy. In 2021, we were ranked first in the Top 10 High-End Property Service Force Enterprises in China, according to CRIC Research. On 10 March 2022, we were successfully listed on the Main Board of the Stock Exchange, opening a new chapter in enterprise development.

Strategic positioning

Through its long-term development, operation and business practice, Jinmao Services has built its core competitive advantage of "high, comprehensive, innovative and fast".

High: Jinmao Services focuses on high-quality projects and high net worth customers in high-energy cities, and creates industry-leading high-end customized services through the unique residential MOCO service system and commercial golden service system. Through the establishment of brand trust, Jinmao Services may reduce transaction costs, establish brand awareness, create transaction premium, establish brand value, and obtain external resources, so as to realize a high virtuous circle.

Comprehensive: Jinmao Services adheres to the "city operator" strategy of China Jinmao, the controlling shareholder. Its business scope includes residential, commercial, industrial park, public property and other business forms, and covers the whole life cycle of assets from development to sales to delivery. Jinmao Services cares for the owner's life in the whole field from the demand. Relying on the brand advantages of China Jinmao and the state-owned background, Jinmao Services continues to deepen its cooperation with governments and step up its efforts in the development of urban operation services business.

Innovative: Jinmao Services builds a smart community with innovative technology and advanced technology, supports the touch of digital services with smart operation, realizes cost reduction and efficiency increase of business, and provides intelligent and convenient services and care around the owner's life to improve the owner's experience.

Fast: Relying on the strategic positioning of "high" and "comprehensive" and the core driving force of "innovative", Jinmao Services has effectively grasped the project reserve opportunities and rapid and sustainable growth opportunities; at the same time, we will continue to improve our outreach capacity and strive to achieve high-quality and rapid development.

Organization construction

We continue to strengthen organizational construction and continuously improve the operation level. Based on the principle of taking customers as the center, focusing on the market and establishing an interactive coordination mechanism, the Company optimizes the organizational system at all levels, deepens the functional management requirements of the headquarters, sets up four centers, carries out line penetration management and "empowers" all business units; the business unit is positioned as the dispatched office of the headquarters to comprehensively undertake the business line management of the headquarters and various business achievements within the jurisdiction; each business unit has a management center to carry out regional operation and coordinate relevant resources between projects to ensure the achievement of operation objectives at all stages of the project.

Personnel training

We continue to strengthen team building and encourage team enthusiasm by creating a high-performance culture. Jinmao Services regularly hosts comprehensive internal staff training programs to improve and enhance their technical and service skills. Jinmao Services formulated competitive compensation plans and incentive schemes to attract external talents as well as retaining employees and management for its business expansion. In combination with the Company's business development needs, we upgraded the staffing standards, formulated "one post and one list", sorted out and completed the list of 42 posts in four major professional sequences, and formed tabular training materials, so as to strengthen the ability of grass-roots employees, promote the implementation of standards, and create a lean and efficient organizational echelon. Through "high performance incentive", we encourage value creation and value sharing, and stimulate team enthusiasm, so as to attract and retain talents.

CHAIRMAN'S STATEMENT

Sustainable development

As a state-owned enterprise and listed company, Jinmao Services adheres to the concept of sustainable development and social responsibility. Relying on the strict HSE management system and practical exploration in the field of smart community, the Company sticks to the concept of low-carbon, environmental protection and green sustainable development through technical energy conservation, management energy conservation and other measures. In terms of social welfare, inspired by the responsibility of symbiosis with the community, environment, city and society, the Company has launched public welfare projects such as "Walking with Neighbors, Warming Children's Hearts" caring for left behind children in Western Hunan, and "Spring Bud Plan – Dream Choir" jointly with China Children and Teenagers' Fund, through which the Company expressed its care and received good social response.

Looking forward

In March 2021, the 14th Five Year Plan for National Economic and Social Development of the People's Republic of China and the Outline of Long-term Objectives for 2035 were officially released. The plan aims to improve the supervision of property services, further standardize the business behavior of property enterprises, effectively safeguard the legitimate rights and interests of owners, and continuously improve the coverage of property services. The plan is also intended to continuously improve the standardization level and service quality of property services, and drive diversified and high-quality services consumption. Looking forward to the future, the property service industry will continue to experience an accelerated period of quality and efficiency improvement driven by scale acceleration, service boundary extension, science and technology empowerment and standardized operation.

Facing the future, all employees of Jinmao Services will adhere to the long-term doctrine, never forget the original intention, keep moving forward with determination, adhere to customer-centered business model and continue to create high-quality services. On behalf of the board of directors (the "**Board**"), I would like to express my sincere gratitude to the shareholders, customers and the society for their trust and support.

JINMAO PROPERTY SERVICES CO., LIMITED
Chairman of the Board and Non-executive Director
Jiang Nan

CHIEF EXECUTIVE'S STATEMENT

Under the background of the upgrade of property service mode and the intensification of competition, Jinmao Services will adhere to the original aspiration of providing high-quality services, carrying out services to meet customer needs, strengthening the advantages of urban operation services, deeply integrating smart technology, and constantly enhancing its competitiveness.

Executive Director and Chief Executive Officer
Xie Wei

Dear shareholders:

On 10 March 2022, we have successfully entered the capital market. I am pleased to present the business review and outlook of the Group for the year ended 31 December 2021 to the shareholders.

A LOOK BACK AT 2021

For the year ended 31 December 2021, the Group's revenue was approximately RMB1,515.5 million, representing an increase of 60.5% as compared to that in 2020. Gross profit was approximately RMB470.0 million, representing a year-on-year increase of approximately 100.2%. Profit for the year was approximately RMB179.0 million, increasing approximately 132.2% from 2020. Gross profit margin was 31.0%, increasing by approximately 6.1 pts as compared to 2020. Profits attributable to owners of the Company rose from approximately RMB77.1 million in 2020 to approximately RMB179.0 million in 2021, representing a growth of approximately 132.2%. Basic earnings per share was RMB0.22, representing a growth of approximately 120.0%. Net cash flow from operating activities of the Group increased from approximately RMB136.2 million for the year ended 31 December 2020 to approximately RMB347.4 million for the year ended 31 December 2021. As at 31 December 2021, the Group's GFA under management and contracted GFA were approximately 36.4 million sq.m. and approximately 57.6 million sq.m., respectively, increasing by 105.6% and 42.2%, respectively, as compared to 31 December 2020.

We have nationwide coverage with a focus on high-end properties in core cities. As at 31 December 2021, our property management portfolio covered 22 provinces and 48 cities, and we managed 175 properties in China with 36.4 million sq.m. of GFA under management, of which approximately 98.7% are in the first-tier, new first-tier and second-tier cities. The strong influence of China Jinmao in upper tier cities provides us with a first mover advantage in many markets that we believe have growth potentials.

We actively promote the diverse property profile and actively promote the expansion of city operation service projects. Up to now, our service business covers residential buildings, office buildings, shopping centers, industrial parks, government office buildings, international schools and other public spaces, including the 421-meter Shanghai Jinmao Tower (one of the ten tallest skyscrapers in the world at the time of completion), the 313-meter Lanzhou Asia-Europe International Building (the tallest skyscraper in China's northwestern region), and the 250-meter Meixi Lake Twin Towers in Changsha. With our rich experience in multi business and high-quality city operation services, we actively expand city operation service projects and build a multi-dimensional city operation service management mechanism. In February 2021, we established a joint venture with Jiashan Economic Development Zone Property Management Co., Ltd. (嘉善經濟開發區物業管理有限公司) to provide city operation services for Jiashan's 60 sq.km. economic development zone.

We focus on quality management and service innovation to create a high-quality life service experience. we have positioned ourselves as a quality living service provider and have established a proprietary MOCO high-quality service system. On the one hand, we provide specialized one-stop property care services and value-added services, which cover the full life cycle of properties under our management and owners' assets; on the other hand, we increase the iterative upgrade of MOCO service system, pay attention to the emotional needs of customers, and connect the owners through community construction and operation. For example, we have launched the first owner's Spring Festival Gala on line in 2021, allowing the owners to participate in it. In 2021, we were awarded "China's Leading Specialized Property Management Service Enterprise – MOCO Service System" ("中國特色物業服務領先企業–MOCO服務體系") by China Index Academy.

Through advanced technology and digitization, we continuously improve customer satisfaction and business level. Jinmao Services continues to promote its digital transformation and upgrade its service with science and technology to improve service efficiency and user experience. In terms of smart community, we employ technologies such as IoT, AI, big data analytics and cloud computing to establish a smart community covering various application scenarios such as security, cleaning, parking, billing, etc., and provide our residents a safe, convenient and comfortable living environment. In terms of smart operation, we promote the digitization of property management to improve operational efficiency, space utilization and demand response ability. In terms of smart life, we will continue to leverage "Home" (回家) APP as a platform to build a closed-loop smart living ecosystem for property owners and residents.

Outlook for 2022

The market demand for high-quality services will grow rapidly, and customers' recommendations will act as a long-term driving force for capturing market share. The role of property services in asset preservation and appreciation, business operation empowerment and enhancement of residents' quality of life have been widely recognized by the government, market and customers, and gradually applied to the levels of policy guidance and consumption selection. The Group will focus on developing high-energy cities in great depth and continue to acquire high-quality projects, so as to achieve a higher density of projects in regions. The Group will consistently strengthen the management of customer experience and increase investment in services design, research and development, with an aim to preserve the quality of projects through the adoption of its long-term doctrine. With its industry position consistently staying at the forefront in terms of customers' recommendations, the Group will solidify its status as a leader in the high-quality services sector and reinforce the core growth logic of "high virtuous circle".

High-quality property management companies will become a new driver for enhancing urban city services and urban governance capability. The "14th Five-Year Development Plan" has outlined the direction for the enhancement of urban governance capability, which will trigger the demand for delicacy management of cities and integrated services in core urban areas, and high-quality property management companies with advanced planning for city operation services will enter a period of rapid growth with ample opportunities. With adherence to the "customer-centric" core value and based on its profound insights into customers' demand, the Group will accelerate the ecological layout planning for value-added business and the building of industrial capacity, make a segmentation of office building services from city operation services, consistently consolidate its diverse service capability that covers the whole life cycle and whole field, with a view to realizing corporate value through the growth of value of customers and the upstream and downstream businesses along the industry chain.

The lean management capability based on digitalization and services research and development will become a decisive factor for transformation from "area" to "operating results". The rapid growth of the business scale of property management companies and the diversified expansion of their business scope will create significant challenges for the design of innovative services and the delivery of stable services. In long run, the lean management capability will become a key factor for structuring the industry into different levels. The Group will concentrate on empowering customer services, business operations and corporate governance by way of digitalization, and devote great efforts in implementing the three-year action plan on "lean management". With the further improvement of stability of services delivery, efficiency of management and accuracy of asset allocation, as well as the promotion of more data-driven research on customers, the Group will develop new models, platforms and ecosystems for its services, achieving the growth in both revenue and gross profit margin.

The robust development of the parent company will offer a solid guarantee for the steady growth of the listed property management company. The real estate sector witnesses a "polarized" development, which will result in the circumstance of "polarization" where the parent company can exert influence on its subsidiaries engaged in property management. High-quality real estate companies will serve as a comprehensive booster for their subsidiaries engaged in property management in various aspects, such as resources, talents, markets and capabilities. The Group will stick to the growth strategy focusing on four major aspects, namely "Individual Expansion, Strategic Alliance, City Operation, and Investment in Merger and Acquisition", and aim for high-quality growth in business scale by building upon the strong support from Sinochem Group and the robust growth of China Jinmao, taking advantage of the good customers' recommendations and brand reputation accumulated over a long period of time, relying on the footprint of city operation services that have already been established and remain in rapid expansion, and depending on alliance partners with a long-term relationship of cooperation.

Looking forward to the "14th Five Year Plan", guided by the vision of "achieving future human habitats and city dreams", and facing the ardent expectations of customers, employees, shareholders and the society, we will continue to strengthen the foundation of business, enhance the brand influence, think far, grow further, and create greater and more profound value for our property services with perseverance and persistence!

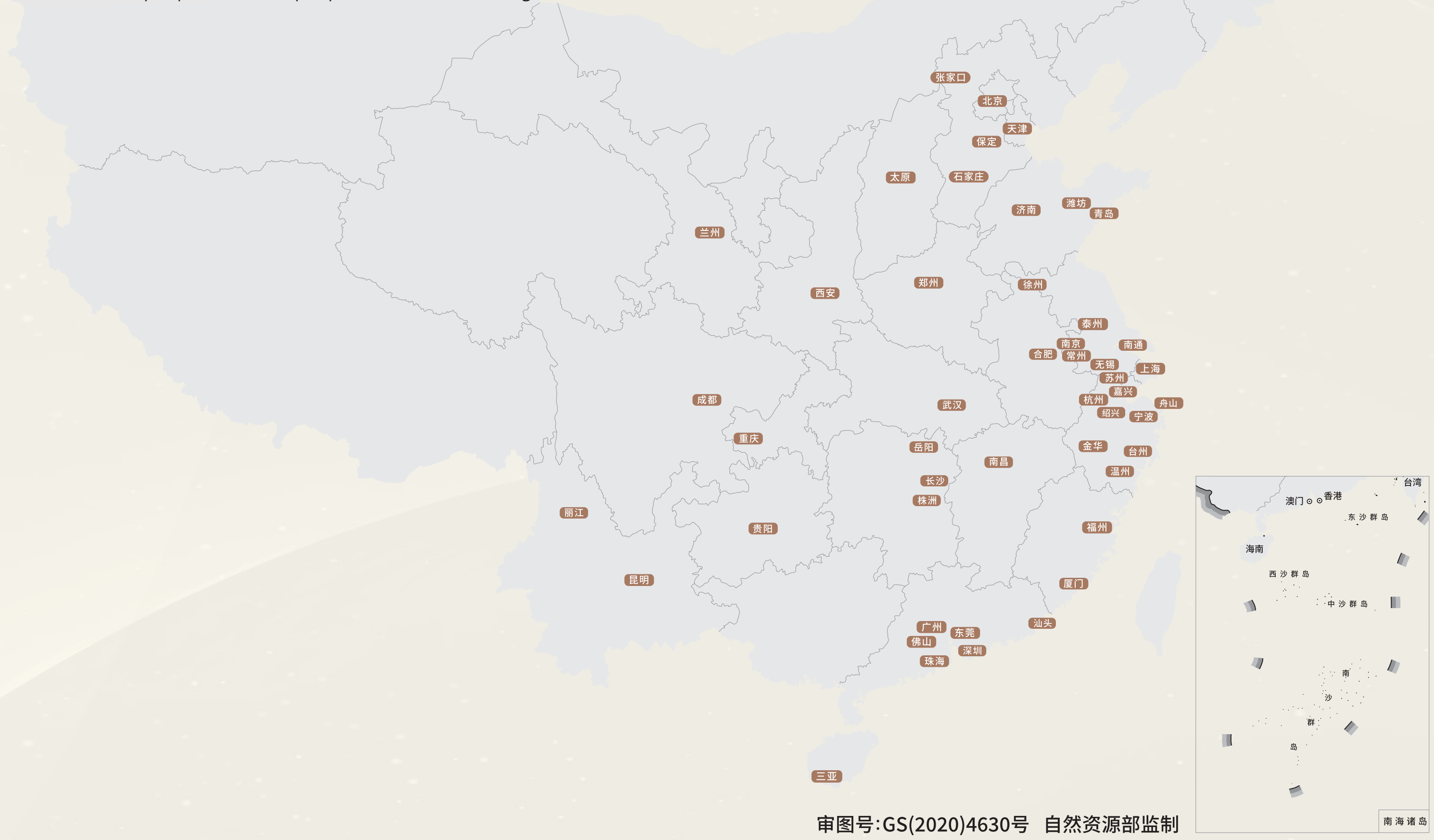
JINMAO PROPERTY SERVICES CO., LIMITED
Executive Director and Chief Executive Officer
Xie Wei

HONOURS AND AWARDS

With its leading position in the field of high level services, and its outstanding performance in service quality, customer satisfaction, urban operation services and digital construction, Jinmao Services has been recognized by many industry authorities and won dozens of honors in 2021.

GEOGRAPHIC COVERAGE

The map below illustrates the geographic coverage of the properties under our management as at 31 December 2021 in terms of (i) GFA under management, and (ii) contracted GFA, respectively, and the cities in China where our contracted properties and properties under management are located:



审图号:GS(2020)4630号 自然资源部监制

Eastern region

Shanghai
Hangzhou
Ningbo
Wenzhou
Shaoxing
Jiaxing
Jinhua
Taizhou
Zhoushan
Nanjing
Wuxi
Xuzhou
Changzhou
Suzhou
Nantong
Taizhou
Jinan
Qingdao
Weifang
Fuzhou
Xiamen
Hefei
Nanchang

Northern region

Beijing
Tianjin
Shijiazhuang
Baoding
Zhangjiakou
Taiyuan

Central region

Changsha
Zhuzhou
Yueyang
Wuhan
Zhengzhou

Southern region

Guangzhou
Shenzhen
Zhuhai
Shantou
Foshan
Dongguan
Sanya

Southwestern region

Chengdu
Chongqing
Kunming
Lijiang
Guiyang

Northwestern region

Xi'an
Lanzhou

MANAGEMENT DISCUSSION AND ANALYSIS

A discussion and analysis of the Group for the year ended 31 December 2021 is set out below:

BUSINESS REVIEW

Business overview

We are engaged in three business lines, namely property management services, value-added services to non-property owners, and community value-added services. We also provide city operation services, the scope of which spans across our three business lines.

Property management services

We provide a range of property management services to property owners and residents, as well as property developers, including, among others, security, cleaning, greening, gardening and repair and maintenance services for the operation of common area facilities.

Our property management portfolio covers residential properties, in particular, high-end ones, and a wide range of non-residential properties, including commercial properties, such as office buildings and shopping malls, and public and other properties, such as schools, government facilities and other public spaces.

During the year ended 31 December 2021, we charged property management fees for property management services substantially on a lump sum basis, with a small portion charged on a commission basis.

Value-added services to non-property owners

We provide value-added services to non-property owners, including sales assistance services to property developers to assist with their sales and marketing activities at property sales venues and display units, and consultancy and other value-added services such as predelivery and consultancy services, mainly to property developers.

Community value-added services

We provide community value-added services mainly to property owners and residents of our managed properties to address their daily lifestyle needs, which mainly consist of platform services for interior decoration, community living services such as housekeeping, new retail and catering services, community space operation services such as elevator advertising services and car park space management services, and real estate brokerage services.

Additionally, we provide city operation services in multiple forms to assist governments and enterprises in the optimization, innovation and distribution of urban resources and the delivery of value-added public services to citizens. The service scope of our city operation services spans across our three business lines.

Property management services

We insist on rapid development to achieve rapid growth of contracted GFA and GFA under management. As of 31 December 2021, our contracted GFA was approximately 57.6 million sq.m., and GFA under management was approximately 36.4 million sq.m., representing an increase of approximately 42.2% and approximately 105.6%, respectively, as compared to 31 December 2020. Our undelivered GFA, as the main source of the GFA under management, was approximately 21.2 million sq.m., laying a solid foundation for the stable growth of the Group.

We focus on diversified business lines in first-tier, new first-tier and second-tier cities with prominent advantages of high-end commercial properties. Our diversified property management portfolio extends to an increasing variety of office buildings and shopping malls, industrial parks and public properties such as central government facilities, international schools and other public spaces. Our all-inclusive property portfolio maximizes synergies across different property types under our management, and enhances the vitality of our multi-dimensional service offerings. In particular, we have gained rich property management experience in the field of high-end commercial and office buildings, such as the service experience in benchmark projects including Shanghai Jinmao Tower (Shanghai), Chemsunny World Trade Center (Beijing), Sinochem Tower (Beijing), Asia-Europe International Building (Lanzhou), Jinmao ICC (Changsha), etc.

The table below sets forth the breakdown of our GFA under management on the dates indicated and revenue from property management services by property type for the years ended 31 December 2021 and 2020:

	As at 31 December or for the years ended 31 December					
	2021			2020		
	GFA under management '000 sq.m.	Revenue RMB'000	%	GFA under management '000 sq.m.	Revenue RMB'000	%
Residential properties	23,460	482,537	58.6	14,456	276,914	48.8
Non-residential properties	12,960	340,692	41.4	3,196	290,567	51.2
Total	36,420	823,229	100.0	17,652	567,481	100.0

We explore new projects based on our existing projects, and continue to tap the potential scale of independent markets. While receiving strong support from China Jinmao and Sinochem Holdings Corporation Ltd. (the ultimate controlling shareholder of China Jinmao, "**Sinochem Holdings**"), we are also actively working towards the open market in diversified ways. We will take the projects we have already obtained as the starting point and continue to penetrate into the local regions, so as to achieve the expansion of the scale of GFA under management and the density increase of projects in the local cities. We have gained our market share by expanding resources to independent markets. In 2021, a total of approximately 10.26 million sq.m. was added to our GFA under management, representing an increase of approximately 475.2% as compared to that of 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth the breakdown of our GFA under management on the dates indicated and revenue from property management services by the source of the projects for the years ended 31 December 2021 and 2020:

	As at 31 December or for the years ended 31 December							
	2021				2020			
	GFA under management '000 sq.m.	%	Revenue RMB'000	%	GFA under management '000 sq.m.	%	Revenue RMB'000	%
– Properties developed by Jinmao Group and Sinochem Group (and their respective joint ventures and associates)	24,004	65.9	756,251	91.9	15,493	87.8	524,854	92.5
– Properties developed by independent third parties	12,416	34.1	66,978	8.1	2,159	12.2	42,627	7.5
Total	36,420	100.0	823,229	100.0	17,652	100.0	567,481	100.0

As a pioneer in city operation service sector in China, we have rapidly scale up and further diversify our city operation property portfolio and service offerings. Leveraging our solid property management and customer service capabilities, we step beyond traditional property management services to provide specialized, standardized and digital city operation solutions for customers from all walks of life. Our well-rounded capabilities and deep-rooted connection with Jinmao Group have enabled us to continuously capitalize on Jinmao Group's strong project pipeline in the city operation sector. As of 31 December 2021, we had entered into preliminary property management contracts for 22 city operation projects of Jinmao Group, representing a diverse portfolio of office building complexes, new towns, cultural towns and smart cities in Shanghai, Changsha, Lijiang, Qingdao, Nanjing, Sanya, Wenzhou, Tianjin, etc., among which 12 projects were in operation.

City operation has high barriers to entry in terms of technology and experience due to the scope and complexity of services involved. As the upscale property management arm of Jinmao Group, and benefiting from our extensive experience in multi-format and premium-grade city operation services, we believe we are well positioned to capitalize on future market opportunities from independent third parties in the city operation service sector by expanding our management scale and diversifying our city operation portfolio and service offerings. We typically seek to enter into strategic cooperation agreements with government authorities and state-owned enterprises, optimize the allocation of social resources, and have built a multi-dimensional management mechanism for city operation services. For the year of 31 December 2021, We have established cooperative relations with Jiaxing, Zhoushan and Nanjing governments to provide city operation services for areas of approximately 80 sq.km.

Our projects cover 48 cities across 22 provinces, municipalities and autonomous regions in China as of 31 December 2021, with a strong focus on high-end properties in core cities, and the proportionate share of GFA under management in the first-tier, new first-tier and second-tier cities reached 98.7%. We have significant advantages in Eastern region and Northern region and established a nationwide business in China. GFA under management of Eastern region, Northern region, Central region, Southern region, Southwestern region and Northwestern region accounted for 67.7%, 10.9%, 9.4%, 6.2%, 5.1% and 0.7% of our total GFA under management as at 31 December 2021.

The table below sets forth a breakdown of our GFA under management by geographic location on the dates indicated and revenue generated from property management services for the years ended 31 December 2021 and 2020 respectively:

	As at 31 December or for the years ended 31 December					
	2021			2020		
	GFA under management '000 sq.m.	Revenue RMB'000	%	GFA under management '000 sq.m.	Revenue RMB'000	%
Eastern region(1)	24,670	402,195	48.9	8,048	235,502	41.5
Northern region(2)	3,953	238,731	29.0	3,110	199,655	35.2
Central region(3)	3,442	100,203	12.2	2,834	81,746	14.4
Southern region(4)	2,244	35,695	4.3	1,972	15,130	2.7
Southwestern region(5)	1,851	44,868	5.5	1,587	35,448	6.2
Northwestern region(6)	260	1,537	0.1	101	–	–
Total	36,420	823,229	100.0	17,652	567,481	100.0

Notes:

(1) "Eastern region" refers to Shanghai, Zhejiang province, Jiangsu province, Jiangxi province, Shandong province, Fujian province and Anhui province;

(2) "Northern region" refers to Beijing, Tianjin, Shanxi province, Hebei province and the central area of Inner Mongolia (Hohhot, Baotou and Ulanqab);

(3) "Central region" refers to Hubei province, Hunan province and Henan province;

(4) "Southern region" refers to Guangxi Zhuang autonomous region, Guangdong province and Hainan province;

(5) "Southwestern region" refers to Chongqing, Sichuan province, Yunnan province, Guizhou province and Tibet;

(6) "Northwestern region" refers to Gansu province, Ningxia Hui autonomous region, Shaanxi province, Xinjiang Uygur autonomous region and the western area of Inner Mongolia autonomous region (Alxa League, Bayannur, Wuhai and Ordos).

According to the city classification by China Business Network in 2021, the table below sets out the GFA under management in different city-tiers where our projects are mainly located as at 31 December 2021:

	GFA under management '000 sq.m.	%
First-tier cities[1]	6,843	18.8
New first-tier cities[2]	21,762	59.7
Second-tier cities[3]	7,340	20.2
Other cities	475	1.3
Total	36,420	100.0

Notes:

1) First-tier cities include Beijing, Shanghai, Guangzhou and Shenzhen.

2) New first-tier cities include Chengdu, Hangzhou, Chongqing, Wuhan, Xi'an, Suzhou, Tianjin, Nanjing, Changsha, Zhengzhou, Dongguan, Qingdao, Hefei and Foshan.

3) Second-tier cities include Ningbo, Kunming, Wuxi, Fuzhou, Xiamen, Jinan, Wenzhou, Nanning, Guiyang, Nanchang, Changzhou, Nantong, Jiaxing, Xuzhou, Lanzhou, Shaoxing and Weifang.

We seek growth with both quality and efficiency, and maintain a high charging rates. While we are growing rapidly, we keep following the overall high-quality development standards by continuously optimizing our projects under management. For the year ended 31 December 2021, our overall average property management fees was approximately RMB4.64/sq.m./month.

In 2021, the Group has focused on the high-quality services based on the needs of owners, and therefore the loyalty and satisfaction of owners have continued to improve. According to FG Consulting, an independent researcher focused on real estate customer relationship, the overall satisfaction rate of the Group's property services in 2020 was 89%. In 2021 we maintained this satisfaction rate, which was higher than the industry average. At the same time, the Group adhered to the management concept of price matching quality, and raised the prices for some projects during the year to improve the sustainable development capabilities of existing projects. In terms of third-party expansion, the Group has made active efforts to enter first-tier, new first-tier and second-tier key cities with good development prospects to develop diverse projects.

The revenue from the property management business of the Group is mainly collected under lump sum basis, accounting for approximately 98.7% (2020: 98.5%) of the revenue from the property management business. The Group adopts the lump sum basis for a majority of its projects to help improve service quality and operational efficiency.

Value-added services to non-property owners

Our revenue from value-added services to non-property owners for the year ended 31 December 2021 was approximately RMB539.3 million, an increase of approximately 83.2% as compared to last year, accounting for approximately 35.6% of the Group's total revenue.

	2021		2020	
	RMB'000	%	RMB'000	%
Sales assistance services	234,429	43.5	228,446	77.6
Consultancy and other value-added services to non-property owners	304,842	56.5	65,955	22.4
Total	539,271	100.0	294,401	100.0

Community value-added services

Our revenue from community value-added services for the year ended 31 December 2021 was approximately RMB153.0 million, an increase of approximately 85.9% year-on-year, accounting for approximately 10.1% of the Group's total revenue, which increased by approximately 1.4 percentage points as compared to the previous year.

	2021		2020	
	RMB'000	%	RMB'000	%
Community space operation services[1]	111,278	72.7	61,101	74.3
Community living services	24,924	16.3	16,401	19.9
Platform services for interior decoration	11,223	7.3	3,802	4.6
Real estate brokerage services	5,600	3.7	1,024	1.2
Total	153,025	100.0	82,328	100.0

Note:

1 Includes gross rental income from investment properties operating leases.

FUTURE OUTLOOK

Future development plans

We will continue to focus on selecting major cities for our further growth and development. We will strive to develop and enhance our systemic capability of providing premium services and to enhance our branding in the industry. Moving towards lean management and technology empowerment, we aim to further expand our community value-added services and promote our city operation services. We strive to become one of the most competitive upscale comprehensive property management and city operation service providers in China.

Further expand and diversify our portfolio under management through various channels, achieving economies of scale

We will continue to leverage the abundant land and project reserves held by Jinmao Group. We plan to actively secure projects to be developed by Jinmao Group in the future to scale rapidly. Leveraging our premium services and brand, we also seek to obtain more engagements from third-party property developers. We have established professional market development teams at both our headquarters and regional subsidiaries and plan to further refine the organizational structure of our business development team to encourage cooperation and improve the skills and professionalism of business development team members.

MANAGEMENT DISCUSSION AND ANALYSIS

We plan to explore strategic investment and acquisition opportunities with companies engaging in property management and/or community operations, and we also intend to invest in and acquisitions of companies that provide community value-added services which are complementary to ours.

We plan to diversify the types of properties under our management and to expand our business scale by obtaining more engagements from non-residential properties, including commercial properties, government and public facilities, educational institutions, airport lounges, elderly-care facilities, hospitals, museums and industrial parks.

Leveraging our status as a state-owned enterprise, we seek to further expand our city operation services by deepening our cooperation with local governments and large companies in space management, public resources operation and comprehensive services with multiple use case scenarios including greening and cleaning, infrastructure and facility maintenance, social governance, public space operation, urban ecology management, social and livelihood services, auxiliary public services and urban planning. We plan to establish long-term relationships with them by entering into strategic cooperation agreements and setting up more joint ventures with them. We also plan to expand our local community management services by implementing a mediation mechanism in connection with dispute resolutions for residents.

Continue to focus on select major cities with high growth potential, optimize our premium services and further improve our brand recognition and influence

We intend to continue to grow our presence in major cities with relatively high population density and per-capita income. We plan to continue focusing on quality residential communities in select major cities and to increase the number of managed projects to capitalize on our geographic focus and economies of scale.

We have also established a strong brand and reputation among our customers, and will continue to adhere to our service philosophy and seek to further enhance our comprehensive system capabilities, including the "Home (回家)" APP service system, quality control standardization system, and employee training, assessment and incentives system. By offering premium services to create a pleasant and comfortable living experience, we intend to reinforce and increase our brand influence and customer satisfaction. We believe this will enhance customer loyalty, attract new customers and allow us to increase market share and explore additional value-added services. Moreover, we strive to pursue additional project opportunities for commercial properties and public properties. We intend to cooperate with more local government investment vehicles that are usually not equipped with property management experience. We expect these efforts to help us further expand our business scale in those areas as an upscale comprehensive property management and city operation service provider, and further enhance our overall strengths, market position, brand recognition and influence in the property management industry.

Further develop a wide variety of distinguished new value-added services to diversify our sources of income and to increase our customer loyalty

Value-added services are an increasingly important aspect of property management services for modern communities. In particular, the high-end communities in our select major cities show strong demand for diversified and distinguished new value-added services. We intend to continue enhancing our service diversity and value creation capability by deepening and broadening our value-added services provided to property owners and residents as well as property developers in order to satisfy the diversifying needs of customers and to build a personalized community ecosphere. We plan to introduce services that satisfy both daily living needs, as well as customized needs for parent-child bonding, healthcare, education, recreation and real estate brokerage services, thereby creating an ecosystem comprising individuals, families and communities.

Leveraging our professional property management team and our various service platforms, we plan to make life more convenient for property owners and residents and enhance their well-being by further developing community value-added services. In order to optimize the living experience and satisfaction of property owners and residents, we intend to diversify our revenue stream of community value-added services by expanding our real estate brokerage services and car park space sales agency services as well as community space operation services such as the management of advertising spaces and common facilities. We seek to increase the number of service points in the residential communities under our management and organize a series of marketing activities to attract more property owners and residents so as to expand the coverage of our real estate brokerage services.

Moreover, we will continue to enhance our existing community living services such as interior decoration, new retail and housekeeping and cleaning services as well as expanding the coverage of our community living services based on the feedback from property owners and residents.

For property developers, we intend to provide full-lifecycle value-added services to non-property owners addressing their needs from preliminary consultancy for property development to post-delivery management. Leveraging our extensive customer base and our know-how and experience in smart management, we intend to strengthen our pre-delivery services and consultancy services provided to the non-property owners and further expand our business scale. In particular, we seek to customize and expand our consultancy services to include consultation on project planning, design and management, construction management and marketing management. In addition, we plan to improve our pre-delivery services by strengthening our cleaning, security inspection, maintenance and concierge reception provided at the property sales site, so as to attract more collaboration with third-party property developers. We believe the provision of such value-added services to property developers will help us obtain additional property management engagements.

Continue to enhance our technological capabilities, thereby increasing service quality and operational efficiency

Property management is a labor-intensive industry. In light of the rapid expansion of our scale, we not only have to develop sophisticated capability in managing our high-quality services system, but also have to continue to control costs and improve operational efficiency. Meanwhile, continuous investment in smart technology will remain crucial for the property management industry. We therefore intend to continue to enhance our standardized management system and adhere to the approach of lean management. We seek to ensure effective implementation of high-quality business standards and satisfactory user experience among customers, and to effectively identify inefficient operations, minimize wastage and control costs reasonably. We plan to upgrade the features and functionalities of our data middle office, and to strengthen our data analytics and application capabilities. We plan to introduce features that allow us to predict collection rates, expected costs and customer satisfaction rates in connection with new mandates, which will offer meaningful support and insight to our decision-making processes.

We expect to enhance our capabilities in city operation services. We intend to foster our investment and team building in city operation sector, with a focus on the application of IoT and AI technologies in different use case scenarios. We aim to develop a centralized smart city management platform that embraces urban cleaning, energy management, landscape maintenance, facility maintenance and government services. We also plan to further invest in smart facilities and research and development in management platforms in our existing city operation projects to build a leading brand of smart city operations.

We also intend to increase the use of technology to enhance user experience and satisfaction, effectively reduce the amount of manual work which is subject to greater deviations in service quality, enhance operational efficiency and results, and strengthen on-site quality control. We also plan to leverage big data to analyze customer preferences and offer more targeted services.

Continue to improve our talent training and incentive mechanisms to support sustainable and rapid growth of our business

We intend to maintain effective talent training and incentive mechanisms to identify, select and cultivate employees across our organization. Through systematic training and development mechanisms, we plan to nurture teams of competent employees at various levels. We intend to formulate and continually adjust targeted performance assessment and promotion mechanisms, based on the development stage and the specific nature of the business, with a view to promoting positive competition internally. We will continue to stimulate employee creativity and value by performance evaluation and assessment system to achieve our performance sharing culture. For key employees, we may provide them with long-term incentive opportunities to ensure the stability of talents. We will enhance the introduction of professional talents through recruitment and referral to maintain high-quality talent reserves for our business development, in particular, our value-added services. We will continue to build our human resources management system to create a good corporate culture and working atmosphere.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Our Group's revenue was generated from (i) property management services; (ii) value-added services to non-property owners; and (iii) community value-added services.

The following table sets out the breakdown of our total revenue by business lines for the years ended 31 December 2021 and 2020 respectively:

	2021		2020		Changes
	RMB'000	%	RMB'000	%	%
Property management services	823,229	54.3	567,481	60.1	45.1
Value-added services to non-property owners	539,271	35.6	294,401	31.2	83.2
Community value-added services(1)	153,025	10.1	82,328	8.7	85.9
Total	1,515,525	100.0	944,210	100.0	60.5

Note:

(1) Includes gross rental income from investment properties operating leases.

Revenue from property management services increased by approximately 45.1% to approximately RMB823.2 million in 2021 from approximately RMB567.5 million in 2020. This increase was mainly attributable to an increase in our GFA under management, which increased to approximately 36.4 million sq.m. as of 31 December 2021 from approximately 17.7 million sq.m. as of 31 December 2020, as a result of our business expansion.

Revenue from value-added services to non-property owners increased by approximately 83.2% to approximately RMB539.3 million in 2021 from approximately RMB294.4 million in 2020. The increase was primarily due to the increase in revenue from the preliminary planning and design services and post-delivery services as we have expanded our service offerings.

Revenue from community value-added services increased by approximately 85.9% to approximately RMB153.0 million in 2021 from approximately RMB82.3 million in 2020. This increase was primarily due to (i) an increase in the number of properties under our management as a result of our expansion of business scale, which increased to 175 as of 31 December 2021 from 97 as of 31 December 2020; and (ii) increased revenue from community space operation services and community living services, as a result of the increased GFA under our management, which increased to approximately 36.4 million sq.m. as of 31 December 2021 from approximately 17.7 million sq.m. as of 31 December 2020.

Cost of sales

Cost of sales increased by approximately 47.4% to approximately RMB1,045.5 million for the year ended 31 December 2021 from approximately RMB709.4 million for the year ended 31 December 2020. Such increase was in line with our growth in revenue for the year and was primarily due to the increase in the number of properties under our management.

Gross profit and gross profit margin

Gross profit increased by approximately 100.2% to approximately RMB470.0 million for the year ended 31 December 2021 from approximately RMB234.8 million for the year ended 31 December 2020. Our overall gross profit margin increased to approximately 31.0% for the year ended 31 December 2021 from approximately 24.9% for the year ended 31 December 2020 primarily due to the contribution from our new value-added service offerings such as preliminary planning and design services and post-delivery services which typically generate a higher profit margin.

Gross profit and gross profit margin of the Group by business lines were as follows:

	2021		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%
Property management services	149,941	18.2	100,978	17.8
Value-added services to non-property owners	258,491	47.9	101,170	34.4
Community value-added services[1]	61,602	40.3	32,641	39.6
Total	470,034	31.0	234,789	24.9

Note:

(1) Includes gross rental income from investment properties operating leases.

Gross profit margin for property management services increased slightly to approximately 18.2% for the year ended 31 December 2021 from approximately 17.8% for the year ended 31 December 2020, primarily attributable to our enhanced economies of scale and improved cost-saving measures and operational efficiency.

Gross profit margin for value-added services to non-property owners increased to approximately 47.9% for the year ended 31 December 2021 from approximately 34.4% for the year ended 31 December 2020 primarily due to the expanded service offerings including preliminary planning and design services and post-delivery services, which typically generate higher profit margins compared to other value added services we offered to the non-property owners.

Gross profit margin for community value-added services increased slightly to approximately 40.3% for the year ended 31 December 2021 from approximately 39.6% for the year ended 31 December 2020, primarily due to an increase in revenue contribution from community space operation services which generally generate a higher gross profit margin as we can utilize our existing resources from the provision of property management services and incur less direct cost, in particular, staff cost.

Other income and gains

Other income and gains include (i) bank interest income; (ii) loan interest income; (iii) tax incentives on value-added tax; (iv) government grants; and (v) others such as late fees charged to customers who failed to make timely payments. Our other income and gains decreased by approximately RMB29.4 million or 39.3% from approximately RMB74.9 million for the year ended 31 December 2020 to approximately RMB45.5 million for the year ended 31 December 2021. Such decrease was mainly due to the decreased loan interest income as a subsidiary of China Jinmao repaid a loan extended by us using the proceeds from the asset-based securities (the "**ABS**") arrangement entered into by us in 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses

Selling and distribution expenses increased by approximately 716.7% to approximately RMB14.7 million for the year ended 31 December 2021 from approximately RMB1.8 million for the year ended 31 December 2020. The significant increase was because (i) we incurred less selling and distribution expenses in 2020 as a result of the decreased selling and marketing activities during the COVID-19 outbreak in 2020; and (ii) the number of our selling distribution staff increased by approximately 364.3% from 14 as of 31 December 2020 to 65 as of 31 December 2021, which was in line with our increased efforts to expand business into properties developed by independent third parties starting from 2021.

Administrative expenses

Administrative expenses increased by approximately 55.2% to approximately RMB209.4 million for the year ended 31 December 2021 from approximately RMB134.9 million for the year ended 31 December 2020. This increase was mainly attributable to (i) an increase in staff costs primarily as a result of our business expansion, and (ii) an increase in our listing expenses of approximately RMB16.0 million.

Finance costs

Finance costs decreased by approximately 47.5% to approximately RMB33.7 million for the year ended 31 December 2021 from approximately RMB64.2 million for the year ended 31 December 2020. This decrease was primarily due to the decreased interest on the ABS arrangement entered into by us in 2018 as we have repaid the principal during the year ended 31 December 2021.

Income tax expenses

Income tax expenses increased by approximately 127.3% to approximately RMB69.1 million for the year ended 31 December 2021 from approximately RMB30.4 million for the year ended 31 December 2020. This increase was primarily attributable to an increase in pre-tax profit to approximately RMB248.1 million for the year ended 31 December 2021 from approximately RMB107.5 million for the year ended 31 December 2020.

Profit for the year

As a result of the foregoing, our profit for the year increased by approximately 132.2% to approximately RMB179.0 million for the year ended 31 December 2021 from approximately RMB77.1 million for the year ended 31 December 2020 and net profit margin increased to approximately 11.8% for the year ended 31 December 2021 from approximately 8.2% for the year ended 31 December 2020.

Property, plant and equipment

Property, plant and equipment mainly consists of electronic equipment, leasehold improvements, and furniture and office equipment. Property, plant and equipment increased from approximately RMB33.6 million as of 31 December 2020 to approximately RMB54.7 million as of 31 December 2021, primarily due to the procurement of electronic equipment, office equipment and IoT equipment for our business operations.

Investment properties

Our investment properties consist of car park spaces owned by our wholly-owned subsidiary Nanjing Ninggao International Property Consultancy Co., Ltd. Our investment properties decreased from approximately RMB10.6 million as of 31 December 2020 to approximately RMB9.4 million as of 31 December 2021 mainly due to the decreased fair value of the car park spaces as the remaining term of the lease agreement was shortened over a period of time.

Right-of-use assets

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by us. Assets arising from a lease are initially measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The right-of-use asset is depreciated over the shorter of the estimated asset's useful life and the lease term on a straight-line basis. Our right-of-use assets increased from approximately RMB16.0 million as of 31 December 2020 to approximately RMB32.5 million as of 31 December 2021, mainly due to the increased number of property leases as a result of the increasing demand for employee dormitories and office properties as we expanded our business.

Intangible assets

Our intangible assets comprise software, information technology infrastructure and other smart management systems for properties under our management. Our intangible assets decreased from approximately RMB7.1 million as of 31 December 2020 to approximately RMB6.4 million as of 31 December 2021 mainly due to amortization during the year.

Inventories

Our inventories mainly comprise consumables, spare parts and general merchandise. The decrease from approximately RMB5.2 million as of 31 December 2020 to approximately RMB4.5 million as of 31 December 2021 was primarily attributable to the impairment of long-aged inventory amounting to approximately RMB0.5 million.

Trade receivables

Trade receivables comprise receivables from property management services, community space operation services and sales assistance services. We typically do not grant a credit term to individual customers for our property management services and customers for our community value-added services. We typically grant a credit term of 90 days to 180 days to property developers.

Our trade receivables from related parties are primarily related to value-added services to non-property owners, the balances of which increased from approximately RMB129.1 million as of 31 December 2020 to approximately RMB281.1 million as of 31 December 2021 along with the increase in revenue from our value-added services to non-property owners. Our trade receivables from third parties are primarily related to property management fees and the balances of which increased from approximately RMB78.2 million as of 31 December 2020 to approximately RMB139.2 million as of 31 December 2021. This was mainly attributable to an increase in our property management revenue as we expanded our business with an increase in our GFA under management during the year ended 31 December 2021.

Prepayments, other receivables and other assets

Prepayments, other receivables and other assets mainly include (i) amounts due from related parties; (ii) deposits of ABS arrangement; (iii) prepayments primarily in relation to utility fees and lease payments; (iv) deposits placed for contract performance, tender and bidding process and leases; (v) advances to employees; (vi) payments on behalf of residents and tenants; and (vii) others.

We had current portion of prepayments, other receivables and other assets of approximately RMB644.2 million and approximately RMB267.3 million as of 31 December 2020 and 2021, respectively. Such decrease was primarily attributable to the settlement of the balances due from related parties. Non-current portion of other receivables and other assets decreased from approximately RMB941.6 million as of 31 December 2020 to approximately RMB2.7 million as of 31 December 2021 mainly attributable to repayment of approximately RMB937.0 million due from related parties.

Trade payables

Trade payables primarily represent our obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. The increase in trade payables to third parties from approximately RMB111.3 million as of 31 December 2020 to approximately RMB166.5 million as of 31 December 2021 was primarily due to the expansion of our business, reflecting an increase in the procurement of security and cleaning services and facilities and equipment maintenance services. Trade payables to related parties were in relation to procurement of information technology services, dining services and other goods and services from related parties.

Other payables and accruals

Other payables and accruals represent (i) amounts due to related parties; (ii) receipts on behalf of residents and tenants; (iii) deposits and temporary receipts primarily in relation to bidding and renovation; (iv) payroll and welfare payables; (v) other tax payables, and (vi) other payables relating to stored value cards that employees use in cafeterias. Our other payables and accruals amounted to approximately RMB629.8 million and RMB644.3 million as at 31 December 2021 and 31 December 2020, respectively. The dividend payable included in non-current other payables as of 31 December 2020 was reclassified to amounts due to related parties in current other payables as of 31 December 2021 according to the resolutions of the board of directors of Jinmao Property on 23 November 2021.

Indebtedness

As at 31 December 2021, we had no outstanding borrowings (31 December 2020: RMB1,081.0 million). Our Group did not have any banking facilities as at 31 December 2021 and we had lease liabilities of approximately RMB34.3 million as at 31 December 2021 (31 December 2020: RMB17.8 million).

Contingent liabilities

As at 31 December 2021, we did not have any outstanding guarantees or other material contingent liabilities.

Pledge of assets

As at 31 December 2021, none of the assets of our Group was pledged.

Capital commitment and capital expenditure

As at 31 December 2021, the Group did not have any capital commitment.

The Group's capital expenditure for the year ending 31 December 2022 is expected to be financed mainly by proceeds from the Global Offering (as defined below) and working capital generated from the operating activities of the Group.

Liquidity and capital resources

In order to manage the Group's cash, maintain a strong and healthy liquidity and ensure that the Group is well placed to take advantage of future growth opportunities, the Group has adopted comprehensive treasury policies and internal control measures to review and monitor its financial resources and has maintained stable financial condition and sufficient liquidity throughout.

As at 31 December 2021, the Group's cash and cash equivalents amounted to approximately RMB553.6 million, representing an increase of approximately 104.4% as compared with approximately RMB270.8 million as at 31 December 2020. This was primarily attributable to the increased net cash flows from operating activities as a result of our expansion of business scale. The Group's net cash flows from operating activities increased to approximately RMB347.4 million for the year ended 31 December 2021 from approximately RMB136.2 million for the year ended 31 December 2020.

As of 31 December 2021, the Group had no bank borrowings (31 December 2020: RMB144.0 million of current interest-bearing borrowing and approximately RMB937.0 million of non-current interest-bearing borrowing). The management believes that the Group's financial resources and future revenue will be sufficient to support the current working capital requirement and future expansion of the Group.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Main Board of the Stock Exchange on 10 March 2022 (the "**Listing**") with the global offering of ordinary shares of the Company, including a public offering in Hong Kong of 10,142,000 shares and an international offering of 91,269,500 shares, in each case at a price of HK$8.14 per share (collectively the "**Global Offering**"). On 1 April 2022, the international underwriters of the Global Offering partially exercised the over-allotment option, as a result of which an aggregate of 2,777,500 shares were issued and allotted by the Company at HK$8.14 per share. After deducting the underwriting fees and relevant expenses, net proceeds from the Global Offering (including the number of shares issued and allotted pursuant to the partial exercise of over-allotment option) amounted to approximately HK$781.9 million. Since the Listing on the Stock Exchange only took place on 10 March 2022 (the "**Listing Date**"), the net proceeds have not been used. Such proceeds will be applied in the manner consistent with that in the prospectus of the Company dated 25 February 2022 (the "**Prospectus**"):

Usage		% of Total Proceeds	Planned allocation of net proceeds	Utilized net proceeds up to the date of this report	Unutilized net proceeds up to the date of this report	Expected timeline for full utilization of the balance
			HK$ million (approximately)	HK$ million (approximately)	HK$ million (approximately)	
(A)	Pursue selective strategic investment and acquisition opportunities with companies engaged in property management, city operation services and/or community operations and to expand our business scale and solidify our leading industry position.	55%	430.0	0	430.0	By the end of 2023
(B)	Upgrade our systems for smart management services and for the development of our smart communities and smart city solutions, aiming to offer a higher-quality living experience with more convenience for our property owners and residents and further enhance cost efficiency for our property management and city operation services.	22%	172.0	0	172.0	By the end of 2024
(C)	Develop our community value-added services in an effort to diversify our service offering and enhance profitability.	13%	101.6	0	101.6	By the end of 2024
(D)	Working capital and general corporate purpose.	10%	78.2	0	78.2	By the end of 2024

The net proceeds is currently held in bank deposits and it is intended that it will be applied in the manner consistent with the proposed allocations in the Prospectus. For further information, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had 2,658 full-time employees (as at 31 December 2020: 1,897 full-time employees). For the year ended 31 December 2021, the total staff costs were approximately RMB0.4 billion (2020: approximately RMB0.3 billion).

The Group determines and regularly reviews remuneration and benefits of its employees according to the profitability of the Group, market practice and the relevant employee's performance. The Group has deepened the reform of the human resource system and explored the possibility of establishing remuneration systems for high-quality personnel and corporate executives that are compatible with competitive selection and recruitment. The Group has implemented various types of motivation plan for different levels of employees with reference to employee performance and contributions. According to the relevant regulations, the Group is required to pay social insurance and housing fund on behalf of its employees.

The Group places a strong emphasis on recruiting high-quality personnel and provides employees with continuous training programmes and career development opportunities. Due to the COVID-19 outbreak, the Company organized online and onsite training on various subjects in 2021. Such measures ensured the general employees' ability in performing their duties and increased the management level of management cadres at all levels, thus provided timely and effective support for the Company's business development.

DIRECTORS AND SENIOR MANAGEMENT

Directors

Mr. Jiang Nan

Non-executive Directors

Mr. Jiang Nan, aged 48, is a non-executive Director and the chairman of the Board. He was appointed as a non-executive Director in August 2021. He is mainly responsible for formulation of business strategies and providing guidance for the overall development of our Group.

Mr. Jiang Nan graduated with a bachelor's degree in finance from China Institute of Finance (中國金融學院) (now known as School of Banking and Finance of the University of International Business and Economics (對外經濟貿易大學金融學院)) in Beijing, the PRC in July 1995. He then obtained a master's degree in finance from Central University of Finance and Economics in September 2003. He obtained the Accounting Qualification Certificate from the Ministry of Personnel of the PRC in May 1999, and has been an affiliated member and an associate member of the Association of International Accountants since September 2008 and May 2020, respectively.

From July 1995, Mr. Jiang Nan worked in the finance department of Sinochem Group, as a member of the overseas finance division from July 1995 to September 1999 and as a deputy manager of the finance division from September 1999 to August 2002. From August 2002 to January 2006, he served as the manager of the finance department of Sinochem Hong Kong (Group) Company Limited ("**Sinochem Hong Kong**"), the offshore investment platform enterprise of Sinochem Group, where he was responsible for the operation of overseas funds of Sinochem Group.

Mr. Jiang Nan joined Jinmao Group in January 2006 as the chief financial officer of China Jinmao. Mr. Jiang Nan served as an executive director of China Jinmao from 2007 to 2011, and has since August 2015 been re-appointed as an executive director of China Jinmao. He has been in charge of strategic management, accounting and finance, budget assessment, capital market and investor relations of Jinmao Group. He has also been concurrently serving as the general manager of Jinmao Capital Holdings Limited since June 2019, where he is responsible for its overall operation and management. He has also served as a non-executive director of Jinmao (China) Hotel Investments and Management Limited, a company whose share stapled units were listed on the Stock Exchange prior to its privatization in October 2020 with the stock code before delisting of 6139, since March 2014.

DIRECTORS AND SENIOR MANAGEMENT

Directors

Ms. He Yamin

Ms. He Yamin (with the former name of He Liyuan (賀麗媛)) aged 50, is a non-executive Director. She was appointed as a non-executive Director in August 2021. She is mainly responsible for formulation of business strategies and providing guidance for the overall development of our Group.

Ms. He Yamin obtained a bachelor's degree in education majoring in political education from Beijing Normal University (北京師範大學) in Beijing, the PRC in July 1994. She then completed a postgraduate program in applied psychology also in Beijing Normal University in October 2005.

Prior to joining our Group and Jinmao Group, Ms. He Yamin worked in the Chinese People's Liberation Army from September 1994 to July 1995, in the management bureau of the general staff department. From August 1995 to August 1996, she worked in Hong Kong Wanguo Trade City Company (香港萬國商貿城公司). From September 1996 to September 1997, she worked in Beijing Personal Data Assistant Electronics Group (北京小秘書電子集團). From September 1997 to February 2005, she worked in Lenovo Group Ltd., a multinational technology company whose shares are listed on the Stock Exchange with the stock code of 992, in the human resources department. From February 2005 to December 2010, she worked in the human resources department of the Sinochem Group.

Ms. He Yamin joined Jinmao Group in December 2010, where she served as the general manager of the human resources department of China Jinmao up until September 2014, and has been serving as the human resources director of China Jinmao since September 2014. Ms. He Yamin was appointed as a director of Jinmao Property in February 2013.

Ms. Qiao Xiaojie

Ms. Qiao Xiaojie (with the former Chinese name of 喬曉杰), aged 47, is a non-executive Director. She was appointed as a non-executive Director in August 2021. She is mainly responsible for formulation of business strategies and providing guidance for the overall development of our Group.

Ms. Qiao Xiaojie obtained a bachelor's degree in accounting from North China University of Technology (北方工業大學) in Beijing, the PRC in July 1995. She then obtained a master's degree in accounting from Central University of Finance and Economics in December 2006.

She obtained the senior accountant qualification from Beijing Senior Specialized Technique Qualification Evaluation Committee of the PRC in February 2007, and has been a member of The Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since May 1999 and a member of The Institute of Certified Management Accountants of the Institute of Management Accountants United States of America since September 2011.

Prior to joining our Group and Jinmao Group, Ms. Qiao Xiaojie worked in Beijing Three Gorges Economic Development Group (北京三峽經濟開發集團), a company which provides economic and technological support to the development of the Three Gorges, as the accounting head of the finance department, from July 1995 to August 1997. From August 1997 to February 2008, she held accounting head and deputy general manager positions in the finance department of China Resources Land (Beijing) Company Ltd. (華潤置地(北京)股份有限公司), a real estate developer in the PRC.

Ms. Qiao Xiaojie joined Jinmao Group in February 2008, where she served as the general manager of the financial management department of China Jinmao up until January 2013. She then joined Sinochem Group in January 2013, where she served as the deputy general manager of the accounting management department from January 2013 to February 2014, the deputy general manager in charge of daily operations of the analysis and valuation department from February 2014 to May 2015, the general manager of the analysis and valuation department from May 2015 to December 2016 and the deputy director of the strategy implementation department from December 2016 to September 2017. She subsequently rejoined Jinmao Group in September 2017, where she has been serving as the deputy financial controller of China Jinmao.

DIRECTORS AND SENIOR MANAGEMENT

Directors

Mr. Xie Wei

Executive Directors

Mr. Xie Wei, aged 48, is an executive Director and the chief executive officer of our Company. He was appointed as an executive Director in August 2021. He is mainly responsible for the daily operations, formulation of the overall strategy, business planning and operation decisions of our Group.

Mr. Xie Wei graduated with an Executive Master of Business Administration (EMBA) from Nankai University (南開大學) in Tianjin, the PRC in December 2012.

Prior to joining our Group and Jinmao Group, from 2001 to 2015, he was a chairman of the board and CEO of Beijing Vanke Real Estate Management Co., Ltd. (北京萬科物業管理有限公司), a real estate service provider in the PRC. Mr. Xie Wei joined Jinmao Group in July 2015 and served as a vice president of China Jinmao from October 2015 to March 2022 where he was responsible for customer relations and property management business. He has concurrently served as a director and the chairman of Jinmao Property since October 2015 and the general manager of Jinmao Property since November 2016, where he is responsible for the overall operation and management of property management business. He was appointed as a director of Jinmao (Shanghai) Property Management Co., Ltd. in April 2021.

Mr. Xie Wei has been serving as the vice chairman of the Beijing Property Management Association (北京物業管理行業協會) since 2008, and the executive director of China Property Management Institute (中國物業管理協會) since April 2011 and then its deputy secretary-general since April 2016.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Zhou Liye

Ms. Zhou Liye, aged 48, is an executive Director and the chief financial officer of our Company. She was appointed as an executive Director in August 2021. She is mainly responsible for the overall financial and cost management, internal audit, tax planning and capital market-related matters of our Group.

Ms. Zhou Liye obtained a post-graduate master's degree in accounting from Central University of Finance and Economics (中央財經大學) in Beijing, the PRC in March 2001. She then obtained a post-graduate doctoral degree in accounting also from Central University of Finance and Economics in June 2008. She has been a member (and currently a non-practicing member) of The Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since August 2002, and obtained the senior accountant qualification from the Beijing Advanced Professional and Technical Qualification Evaluation Committee (北京市高級專業技術資格評審委員會) in February 2008. Ms. Zhou Liye has been a member of the first expert committee of the China Real Estate Finance Association (中國房地產金融會首屆專家委員會) since January 2020, and the vice chairman of the financial professional committee of the China Real Estate Association (中國房地產業協會金融專業委員會) since April 2018.

From April 2001 to October 2006, Ms. Zhou Liye worked in Sinochem Fertilizer Company Limited (中化化肥有限公司), a company principally engaged in fertilizer production and trading in the PRC, in the finance department. From November 2006 to February 2008, she worked in Sinochem Group in the accounting management department.

Ms. Zhou Liye joined Jinmao Group in April 2008. From April 2008 to September 2016, she successively served in the capital market department of China Jinmao as deputy general manager, general manager and capital market director. From September 2016 to May 2021, she successively served as general manager of JM Capital Limited (金茂資本有限公司) and deputy general manager of Jinmao Capital Holdings Limited (金茂資本控股有限公司). Ms. Zhou Liye joined our Group in May 2021 as the financial controller of Jinmao Property.

DIRECTORS AND SENIOR MANAGEMENT

Directors

Dr. Chen Jieping

Independent Non-executive Directors

Dr. Chen Jieping, aged 68, is an independent non-executive Director and his appointment took effect from the Listing Date. He is mainly responsible for providing independent advice on the operation and management of our Group.

Dr. Chen Jieping obtained a bachelor of science majoring in hotel and restaurant management and a master of hospitality management from the University of Houston in Texas, the United States in August 1990. He then obtained a master of business administration and a doctoral degree in business administration also from the University of Houston in May 1992 and August 1995, respectively.

Dr. Chen Jieping has over 20 years of experience in accounting. From September 1995 to August 2008, he was a faculty member of the Department of Accountancy at the City University of Hong Kong, and between November 2005 and August 2008 he served as the Head of the department. He was a professor of accounting at China Europe International Business School from August 2008 to December 2018 and is currently an emeritus professor.

Dr. Chen Jieping has served as an independent non-executive director in Huafa Property Services Group Company Limited (a company listed on the Stock Exchange with the stock code of 982) and Saurer Intelligent Technology Co. Ltd. (a company listed on the Shanghai Stock Exchange with the stock code of 600545), since July 2014 and September 2017, respectively. He also served as an independent non-executive director in each of Shenzhen Worldunion Properties Consultancy Incorporated (a company listed on the Shenzhen Stock Exchange with the stock code of 2285) from September 2013 to October 2019, Xinjiang La Chapelle Fashion Co., Ltd. (formerly known as Shanghai La Chapelle Fashion Co., Ltd., a company listed on the Stock Exchange with the stock code of 6116 and on the Shanghai Stock Exchange with the stock code of 603157) from April 2016 to October 2019, and Jinmao (China) Hotel Investments and Management Limited (a company whose share stapled units were listed on the Stock Exchange prior to its privatization in October 2020 with the stock code before delisting of 6139) from March 2014 to October 2020.

Dr. Han Jian

Dr. Han Jian, aged 48, is an independent non-executive Director and her appointment took effect from the Listing Date. She is mainly responsible for providing independent advice on the operation and management of our Group.

Dr. Han Jian obtained a bachelor's degree in English language and literature from Renmin University of China (中國人民大學) in Beijing, the PRC in July 1995. She then obtained the degree of doctor of philosophy majoring in human resources management from the School of Industrial and Labor Relations of Cornell University in New York State, the United States in January 2005.

Dr. Han Jian has been a Professor of Management at China Europe International Business School since 2008. Dr. Han Jian has been an independent non-executive director of Midea Group Co., Ltd. (美的集團股份有限公司，a company listed on the Shenzhen Stock Exchange with the stock code of 333), since September 2018. She also served as an external director of Shenzhen Jiang & Associates Creative Design Co., Ltd. (深圳市傑恩創意設計股份有限公司, a company listed on the Shenzhen Stock Exchange with the stock code of 300668) from June 2015 to June 2018.

DIRECTORS AND SENIOR MANAGEMENT

Directors

Mr. Sincere Wong

Mr. Sincere Wong, aged 57, is an independent non-executive Director and his appointment took effect from the Listing Date. He is mainly responsible for providing independent advice on the operation and management of our Group.

Mr. Sincere Wong received his bachelor's degree in social science from The Chinese University of Hong Kong in December 1986. He passed the Common Professional Examination at Wolverhampton Polytechnic (now known as University of Wolverhampton) in the United Kingdom in July 1990, and the Solicitors' Final Examination of the Law Society of England and Wales with first class honours in October 1991. He was then admitted as a solicitor of the High Court of Hong Kong in October 1993 and a solicitor of the Supreme Court of England & Wales in February 1994.

From September 1996 to January 2005, Mr. Sincere Wong served as an in-house legal counsel of Hutchison Whampoa Group (和記黃埔集團), a multinational conglomerate engaging mainly in ports and related services, property and hotels, retail, infrastructure, energy and telecommunications, where he was involved in cross-border acquisitions and day-to-day commercial transactions of a container terminal operator. From February 2005 to November 2006, he served as an in-house legal counsel of China Resources Enterprise, Limited (now known as China Resources Beer (Holdings) Company Limited, whose shares are listed on the Stock Exchange with the stock code of 291 and whose business focus is on the manufacturing, sales and distribution of beer products). From November 2006 to June 2010, he served as the chief legal officer of Shui On Construction and Materials Limited (now known as SOCAM Development Limited, whose shares are listed on the Stock Exchange with the stock code of 983 and whose business focus is on construction and property businesses in the PRC, Hong Kong and Macau). From July 2010 to May 2011, he served as the vice president of the legal department and company secretary of Sateri Holdings Limited (a global specialty cellulose producer subsequently renamed as Bracell Limited, whose shares were listed on the Stock Exchange with the stock code of 1768 prior to its privatization and delisting in October 2016).

From August 2011 to April 2016, he worked at the Listing Department of Hong Kong Exchanges and Clearing Limited, and he served as a vice president at the time of his departure, primarily responsible for reviewing IPO applications and making recommendations to the Listing Committee. In May 2016, he became the founding partner of Wong Heung Sum & Lawyers (黃香沈律師事務所) (formerly known as Sincere Wong & Co. (黃誠思律師事務所)). Mr. Sincere Wong has served as an independent non-executive director of Bank of Gansu Co., Ltd (a company listed on the Stock Exchange with the stock code of 2139), U Banquet Group Holding Limited (now known as Net-a-Go Technology Company Limited, a company listed on the Stock Exchange with the stock code of 1483) and Fulu Holdings Limited (a company listed on the Stock Exchange with the stock code of 2101), since August 2017, September 2018, and August 2020, respectively. From January 2019 to March 2020, he also served as a non-executive director of MOS House Group Limited (a retailer and supplier of overseas manufactured tiles in Hong Kong and Macau, whose shares are listed on the Stock Exchange with the stock code of 1653).

Senior Management

Senior Management

Mr. Wang Yongli, aged 58, has been a deputy general manager of Jinmao Property since May 2015 and a vice president of our Company since August 2021. He is primarily responsible for the engineering management, the health, safety and environment management, and smart community of our Group.

Mr. Wang Yongli graduated from Beijing Finance Management Cadre School (北京財經管理幹部學校) in Beijing, the PRC in July 2005, majoring in corporate management.

Prior to joining our Group, Mr. Wang Yongli worked in Beijing Xiangshan Hotel (北京香山飯店), as the manager of the front office department, from March 1979 to November 2000. From November 2000 to November 2001, he served as the deputy general manager of Haihang Hotel (海航賓館) under Huahai Real Estate Development Company (華海房地產開發有限公司), where he was responsible for the management of the daily operations of Haihang Hotel.

Mr. Wang Yongli joined our Group in February 2003, where he held various positions in Jinmao Property such as project manager, director of the client relations department and deputy general manager, prior to his promotion to his current position.

Mr. Li Yulong, aged 35, has been a deputy general manager of Jinmao Property since May 2016 and a vice president of our Company since August 2021. He is primarily responsible for the business innovation, strategic planning, technology development, customer research and quality management of our Group.

Mr. Li Yulong graduated with bachelor's degrees in computer science and technology and agricultural and forestry economics from Shanxi Agricultural University (山西農業大學) in Shanxi, the PRC in June 2009 and July 2009, respectively. He then obtained a post-graduate master of business administration from Peking University (北京大學) in Beijing, the PRC in July 2021. He obtained the intermediate business management economist qualification from Beijing Municipal Human Resources and Social Security Bureau of the PRC (北京市人力資源和社會保障局) in November 2014.

Prior to joining our Group, Mr. Li Yulong served as the director of the cooperation and development department of Beijing Vanke Real Estate Service Co., Ltd. (北京萬科物業服務有限公司), a property management company in the PRC, from July 2009 to May 2016, where he was responsible for market expansion, investment mergers and acquisitions and equity cooperation.

Mr. Li Yulong joined our Group in May 2016, and has been serving in his current position in Jinmao Property since.

DIRECTORS AND SENIOR MANAGEMENT

Senior Management

Mr. Wei Dong, aged 53, has been a deputy general manager of Jinmao Property since May 2017 and a vice president of our Company since August 2021. He is primarily responsible for the administrative affairs management of our Group.

Mr. Wei Dong graduated with a diploma in economics and trade from the Party School of Beijing Municipal Committee of the Chinese Communist Party (中共北京市委黨校) in Beijing, the PRC in July 1999. He then completed a training program in business management from Capital University of Economics and Business (首都經濟貿易大學) in Beijing, the PRC in August 2006.

Prior to joining our Group, Mr. Wei Dong worked in The Great Wall Sheraton Hotel Beijing (北京喜來登長城飯店), as the assistant manager of the housekeeping department, from September 1987 to December 2002. From December 2002 to June 2006, he worked in Scitech Hotel (賽特飯店), as the manager of the housekeeping department. From August 2006 to August 2011, he served as the operations director of Wangfujing Hotel Management Co., Ltd. (王府井飯店管理有限公司), a hospitality company in the PRC. From August 2011 to August 2013, he worked in Beijing Eastern Garden International Conference Co., Ltd. (北京怡生園國際會議中心有限公司), a subsidiary of Sinochem Group engaged in the operation of the accommodation and other facilities within Eastern Garden, a hotel and conference center, as the manager of the room division department.

Mr. Wei Dong joined our Group in August 2013, where he successively served as the assistant to the general manager and deputy general manager in Jinmao Property taking charge of health, safety and environment management and smart community management, prior to his promotion to his current position.

Mr. Cai Yun, aged 43, has been a deputy general manager of Jinmao Property since January 2020 and a vice president of our Company since August 2021. He is primarily responsible for the operation and management of the business of our Group in Shanghai, Nanjing and Changsha regions and office building business management.

Mr. Cai Yun graduated with a bachelor's degree in modern building electronics (現代建築電氣) from Shanghai University of Engineering Science (上海工程技術大學) in Shanghai, the PRC in July 2001. He then obtained a post-graduate master of business administration from Shanghai International Studies University (上海外國語大學) in Shanghai, the PRC in June 2017.

Prior to joining our Group, from August 2001 to April 2003, Mr. Cai Yun served as the deputy project manager of the project department of Cornell Properties Services (Shanghai) Co., Ltd. (港力物業管理(上海)有限公司), a property management company in the PRC, where he assisted the project manager in the operation and management of property management projects. From April 2003 to May 2004, he served as the deputy project manager of the project department of Shanghai Lianyang Gangli Property Management Co., Ltd. (上海聯洋港力物業管理有限公司), a property management company in the PRC, where he was responsible for the operation and management of property management projects. From May 2004 to May 2005, he served as the project officer of the engineering department of Hutchison Estate Service & Agency (Shanghai) Limited (和記物業服務(上海)有限公司) (now known as Cayley Property Management (Shanghai) Co., Ltd. (家利物業管理(上海)有限公司)), a property management company in the PRC, where he was responsible for the engineering management of properties. From May 2005 to May 2006, he served as the deputy project manager of the engineering department of Shanghai Shimao Real Estate Co., Ltd. (上海世茂房地產有限公司), a real estate company in the PRC, where he was responsible for the management of the engineering business segment of the company. From May 2006 to November 2006, he worked in Savills Property Services (Shanghai) Company Limited (第一太平戴維斯物業顧問(上海)有限公司), an integrated property services provider in the PRC, as the engineering manager. From November 2006 to June 2010, he worked in Shanghai China Merchants Property Management Co., Ltd. (上海招商局物業管理有限公司), a property management company in the PRC, as the engineering manager of the quality management department. From August 2010 to June 2013, he worked in Cheung Kong Holdings (Shanghai) Enterprises Management Company Limited (長江實業(上海)企業管理有限公司), a property management and consultancy company in the PRC, as the engineering manager of the property department. From June 2013 to December 2016, he served as the assistant general manager of Shanghai Vanke Real Estate Service Co., Ltd. (上海萬科物業服務有限公司), a property management company and property services provider in the PRC, as well as the general manager of the commercial and office management centre where he was responsible for the operation and management of the non-residential business.

Mr. Cai Yun joined our Group in December 2016, where he held various positions in Jinmao Property such as regional general manager being responsible for the overall operation and management of the Shanghai region, and assistant to general manager and deputy general manager being responsible for the operation and management of business in the Shanghai, Nanjing and Changsha regions, prior to his promotion to his current position. Since April 2021, he has also served as a director of Jinmao (Shanghai) Property Management Co., Ltd. where he is responsible for its overall operation and management.

Senior Management

Mr. Zhan Yu, aged 39, has been a deputy general manager of Jinmao Property since March 2021 and a vice president of our Company since August 2021. He is primarily responsible for the investment and market development of our Group.

Mr. Zhan Yu graduated with a bachelor's degree in law from North China University of Technology in January 2004. He then obtained a post-graduate master's degree in economic law from Beijing Jiaotong University (北京交通大學) in Beijing, the PRC in July 2007. Prior to joining our Group, Mr. Zhan Yu worked in Shanxi Securities Co., Ltd. (山西證券股份有限公司), a securities company in the PRC whose shares are listed on the Shenzhen Stock Exchange with the stock code of 002500, in the office of the board of directors, from July 2007 to May 2012, where he was responsible for pushing forward the company's listing and its corporate governance. From May 2012 to April 2016, he worked as the general manager of the investment department in Shanzheng Investment Co., Ltd. (山證投資有限責任公司), a company engaging in investment and asset management in the PRC, where he was responsible for equity investment and fund management. From April 2016 to September 2019, he held executive director and investment director positions of CMIG Futurelife Holdings Group Company Limited (中民未來控股集團有限公司), a community value-added service provider and resource integrator in the property management industry which is subordinate to China Minsheng Investment Group in the PRC, where he was responsible for investment mergers and acquisitions of property companies and community value-added project investment. From September 2019 to March 2021, he worked in Sichuan Languang Justbon Services Group Co., Ltd. (四川藍光嘉寶服務集團股份有限公司), a property management service provider in the PRC whose shares are listed on the Stock Exchange with the stock code of 2606, as the general manager of the investment development centre, where he was responsible for investment mergers and acquisitions of property companies and market expansion.

Mr. Zhan Yu joined our Group in March 2021, and has been serving in his current position in Jinmao Property since.

Ms. Zhao Meihua, aged 43, has been the assistant to the general manager of Jinmao Property since June 2015 and an assistant to president of our Company since August 2021. She is primarily responsible for the human resource management of our Group, as well as the operation and management of the business of our Group in Beijing, Qingdao, Chongqing, Guangzhou and Fuzhou regions.

Ms. Zhao Meihua obtained a bachelor's degree in economics, majoring in corporate management from Renmin University of China (中國人民大學) in Beijing, the PRC in July 1999. She then obtained a post-graduate master's degree in management also from Renmin University of China in January 2010. She obtained the intermediate human resources management economist qualification from Beijing Municipal Human Resources and Social Security Bureau of the PRC in November 2010, and the level 1 corporate human resource management qualification and the level 1 corporate trainer qualification from Vocational Skills Appraisal Centre of Human Resources and Social Security Bureau of the PRC (人力資源和社會保障部職業技能鑑定中心) in March 2011 and December 2013, respectively. She also obtained the senior economist qualification from Sinochem Holdings Corporation Ltd. Professional and Technical Position Qualification Evaluation Committee of the PRC in March 2022.

Prior to joining our Group and Jinmao Group, from July 1999 to July 2002, she worked in Beijing Yanlong Consulting Co., Ltd. (北京彥隆諮詢有限責任公司), an information and corporate management consultancy and talent development company in the PRC, as the administration and human resources manager of the administration department. From July 2002 to October 2004, she served as an assistant consultant in Guangzhou Zhiren Consulting Service Co., Ltd., Beijing Branch (廣州市智仁諮詢服務有限公司), a corporate management and human resources consultancy company in the PRC, where she was responsible for human resources consultancy. From November 2004 to September 2005, she worked in Jinyindao (Beijing) Network Technology Co., Ltd. (金銀島(北京)網路科技股份有限公司), an e-commerce company in the PRC, as the manager of human resources department. From October 2005 to December 2006, she worked in Wangfujing Hotel Management Co., Ltd., as the assistant to the manager of the human resources department. From December 2006 to March 2008, she worked in Xinda Huawang Communication Technology Co., Ltd. (先達華網通信技術有限公司), as the manager of the human resources department. In April 2008, she rejoined Wangfujing Hotel Management Co., Ltd., as the director of the human resources department, up until February 2013.

Ms. Zhao Meihua joined Jinmao Group in February 2013, where she served as the senior manager of the human resources department of China Jinmao up until June 2015. She then joined our Group in June 2015, and has been serving in her current position in Jinmao Property since.

Senior Management

Mr. Yang Hexing, aged 43, has been the vice president of the Company since March 2022. He is primarily responsible for the operation and management of the Group's community value-added business.

Mr. Yang Hexing graduated from Xidian University (西安電子科技大學) in Xi'an, China in July 2001 with a bachelor's degree in industrial automation. Later, he obtained a master's degree in Business Administration from Beijing Institute of Technology (北京理工大學) in July 2011.

Prior to joining our Group, from September 2004 to December 2015, Mr. Yang Hexing served as the director of the sales and commerce department of Lenovo (Beijing) Co., Ltd. (聯想(北京)有限公司), a diversified development group in China's information industry, responsible for the sales management of Lenovo's northern and western regions, the order center management in China and the operation management of e-commerce strategic projects. From December 2015 to December 2018, he served as the general manager of the home decoration, home repair and cleaning service department of Lianjia Ziru Life Service Co., Ltd. (鏈家自如生活服務有限公司), a Chinese housing brokerage service management company, responsible for the operation and management of decoration configuration, maintenance, cleaning and other life service businesses. From February 2019 to February 2022, he served as the general manager of home community life service department in Longfor Smart Service Group Co., Ltd. (龍湖智慧服務集團有限公司), a Chinese property management service provider, responsible for the operation and management of platform services for interior decoration business.

COMPANY SECRETARY

Ms. Ho Wing Tsz Wendy is the company secretary of our Company and her appointment took effect from the Listing Date. She is also an executive director of corporate services division of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

Ms. Ho Wing Tsz Wendy has over 25 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. She is currently the company secretary or joint company secretary of six listed companies on the Stock Exchange, namely, Wynn Macau, Limited (stock code: 1128), Bank of Chongqing Co., Ltd. (stock code: 1963), China Everbright Water Limited (stock code: 1857), China Merchants Bank Co., Ltd. (stock code: 3968), Brii Biosciences Limited (stock code: 2137) and Angelalign Technology Inc. (stock code: 6699).

Ms. Ho Wing Tsz Wendy is a Chartered Secretary, a Chartered Governance Professional and a fellow of both The Hong Kong Chartered Governance Institute ("**HKCGI**") and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators in the United Kingdom). She is a Council Member of HKCGI. She has obtained a master of business administration from The Hong Kong Polytechnic University in September 2019.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2021.

CORPORATE GOVERNANCE PRACTICES

Commitment to corporate governance

Since its establishment, the Company has been committed to enhancing the level of its corporate governance. The Company has adopted the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**") as its own code of corporate governance. The principles of the Company's corporate governance are to promote effective internal control measures and to enhance the transparency and accountability of the Board to all the shareholders. The Company will continue to improve its corporate governance practices, focusing on maintenance and enhancement of the management quality of the Board, internal control and high transparency to shareholders, so as to increase the confidence of shareholders in the Company. The Company believes that good corporate governance is crucial to maintaining its long-term healthy and sustainable development and is vital for the interests of its shareholders.

Compliance with the Corporate Governance Code

As the Company was not a listed company during the year ended 31 December 2021, the Corporate Governance Code was not applicable to the Company during that period, but has been applicable to it since the Listing Date. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with code provisions set out in the Corporate Governance Code during the period between the Listing Date and the date of this report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Director of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding Directors' dealings in the securities of the Company. As the Company's shares were not listed on the Stock Exchange during the year ended 31 December 2021, related rules under the Model Code that Directors shall observe do not apply to the Company for the year ended 31 December 2021. The Company has made specific enquiry to all Directors and all Directors have confirmed that they have complied with the Model Code since the Listing Date.

The Company has also established written guidelines for securities transactions by employees who are likely to be in possession of inside information of the Company on terms no less exacting than the Model Code. No incident of non-compliance with such guidelines by relevant employees has been noted by the Company.

THE BOARD

The Board is accountable to the shareholders and is responsible for the Group's overall strategy, internal control and risk management system. In order to fulfil its responsibilities, the Board has established and adhered to explicit operating policies and procedures, reporting hierarchy and delegated authority. The management is authorised to handle the daily operations of the Group.

Responsibilities of the Board

The Board is responsible for managing the overall business of the Company and overseeing the functions performed by the subordinate special committees, which mainly include:

- management and monitoring of the Group's assets, liabilities, revenues and expenditures as well as proposing changes in areas critical to the Group's performance;

- financial and operational performance – through overall strategic planning, the implementation and maintenance of the effective financial management system and the improvement of the performance-driven operational monitoring system;

- management of relationship with stakeholders of the Company – through frequent communication with partners, governments, customers and other parties who have legal interests in the business of the Company;

- risk management – continuous risk management through review of the reports from the Risk Management and Audit Department to identify, evaluate and appropriately manage the risks faced by the Company; and

- corporate governance – development and review of the Company's corporate governance policies and practices; review and monitoring of the training and continuous professional development of Directors and senior management; review and monitoring of the Company's policies and practices in relation to compliance with laws and regulatory requirements; formulation, review and monitoring of the code of conduct for employees and Directors; as well as review of the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

Board Diversity Policy

We have adopted the board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity on our Board in order to enhance the effectiveness of our Board. The Board Diversity Policy provides that our Company should endeavour to ensure that our Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of our business strategies. Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to talent, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. Our Remuneration and Nomination Committee is delegated by our Board to be responsible for the compliance with relevant code governing board diversity under the Corporate Governance Code. After Listing, our Remuneration and Nomination Committee will review the Board Diversity Policy and its implementation from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the Board Diversity Policy on an annual basis.

Our Board comprises eight members, including two executive Directors, three non-executive Directors and three independent non-executive Directors. Our Directors have a balanced mix of experiences, including overall management and strategic development, business and risk management, and finance and accounting experiences. Our Board has a wide range of age, ranging from 47 to 68 years old. Furthermore, we recognize the particular importance of gender diversity with the presence of four female Directors out of a total of eight Board members. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. After due consideration, our Board believes that based on the meritocracy of our Directors, the composition of our Board satisfies the Board Diversity Policy.

The composition of the Board is as follows:

Executive Directors:
Mr. Xie Wei
Ms. Zhou Liye

Non-executive Directors:
Mr. Jiang Nan (Chairman)
Ms. He Yamin
Ms. Qiao Xiaojie

Independent Non-executive Directors:
Dr. Chen Jieping
Dr. Han Jian
Mr. Sincere Wong

Nomination Procedures

The Company has a nomination procedure for election of Directors in place, which provides guidance to the Board on nomination and appointment of Directors of the Company. In assessing the suitability and the potential contribution to the Board of a proposed candidate, the Remuneration and Nomination Committee may make reference to certain selection criteria, such as reputation for integrity, professional qualifications and skills, accomplishment and experience in the industry, commitment and relevant contribution, with the Company's Board Diversity Policy in mind, and take into account the strategic and commercial challenges and opportunities faced by the Company and the skills and expertise needed by the Company in the future. The Remuneration and Nomination Committee will report its findings and make recommendations to the Board on the appointment of appropriate candidate for directorship for decision and succession planning. The ultimate responsibility for selection and appointment of Directors rests with the entire Board.

Supply of and Access to Information and Resource

Written procedures are in place for Directors to seek, at the Company's expenses, independent professional advice in performing their duties. The Company has arranged appropriate insurance to cover the liabilities of the Directors arising from corporate activities. The insurance coverage is reviewed on an annual basis. The management provides the Board and its committees with adequate, complete and reliable information in a timely manner to enable them to make informed decisions.

Continuing Development

Directors shall keep abreast of the responsibilities as a Director and of the conduct, business activities and development of the Company.

Every newly appointed Director of the Company has received a comprehensive, formal and tailored induction on the first occasion of his appointment, and subsequently such briefing and professional development are also available as necessary, to ensure that he/she has a proper understanding of the operations and business of the Company and that he/she is fully aware of his/her responsibilities under statute and common law, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the Company.

Pursuant to the applicable code provisions as set out in the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the year ended 31 December 2021 and prior to the Listing, all Directors, namely, the executive Directors Mr. Xie Wei and Ms. Zhou Liye, the non-executive Directors Mr. Jiang Nan, Ms. He Yamin and Ms. Qiao Xiaojie, and the independent non-executive Directors Dr. Chen Jieping, Dr. Han Jian and Mr. Sincere Wong have participated in continuous professional development by attending training course or external seminars to develop and refresh their knowledge and skills in relation to their contribution to the Board.

Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year either in person or through electronic means of communication and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for regular Board meetings.

For other Board meetings and Board committees meetings, reasonable notice is generally given. Minutes of meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and records.

The Company was not listed on the Stock Exchange during the year ended 31 December 2021. Since the Listing Date and up to the date of this report, one Board meeting was held on 25 March 2022. All members of the Board attended such meeting to approve, among other things, the annual results of the Group for the year ended 31 December 2021.

Chairman and Chief Executive Officer

The Company fully supports the division of responsibility between the Chairman of the Board and the Chief Executive Officer to ensure a balance of power and authority. Their respective responsibilities are clearly defined. The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. As at the date of this report, the posts of Chairman and Chief Executive Officer of the Company were held by Mr. Jiang Nan and Mr. Xie Wei, respectively, and there is a clear division of power and responsibility between them.

Independent Non-executive Directors

Since the Listing Date and up to the date of this report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing no less than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election

The Board may from time to time appoint any person to be a Director either to fill a casual vacancy or as an additional Director. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election. According to the article of association of the Company adopted on 18 February 2022, which has become effective on the Listing Date (the "**Articles of Association**"), at each annual general meeting one-third of the Directors for the time being, or, if their number is not a multiple of three, then the number nearest to but greater than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Each of the Directors (including the non-executive Directors) has entered into an appointment letter with the Company. The term of office of executive Directors and non-executive Directors shall be three years after the date of appointment by the Board, and the term of office of independent non-executive Directors shall be three years after the Listing Date. They are subject to retirement and re-election in accordance with the provisions of the Articles of Association as mentioned above.

BOARD COMMITTEES

The Board has established the Audit Committee, the Remuneration and Nomination Committee and the Strategy and Investment Committee to oversee key aspects of its affairs.

In order to discharge their dedicated functions, each of our Board committees may seek professional advice if necessary and will be provided with sufficient resources at our cost.

The following lists out the membership and responsibilities of the Audit Committee, the Remuneration and Nomination Committee and the Strategy and Investment Committee.

Audit Committee

The Board has established the Audit Committee with effect from the Listing Date.

Membership and Responsibilities

The Audit Committee currently consists of two independent non-executive Directors, Dr. Chen Jieping (chairman of the Audit Committee) and Mr. Sincere Wong, and one non-executive Director, Ms. Qiao Xiaojie. Dr. Chen Jieping possesses appropriate professional qualifications on accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules. None of the Audit Committee members is a member of the previous or existing auditor of the Company.

The terms of reference of our Audit Committee set out its authority, responsibilities, membership and frequency of meetings, which are posted on the Company's website and the Stock Exchange's website and are in compliance with the Corporate Governance Code. The primary duties of the Audit Committee include, among others, (i) assisting the Board in ensuring that our Group has an effective financial reporting, risk management and internal control system in compliance with the Listing Rules; (ii) overseeing the integrity of the financial statements of our Group; (iii) selecting, and assessing the independence and qualifications of, our Company's external auditor; (iv) ensuring effective communication between our Directors and the internal and external auditors of our Company; (v) providing advice and comments to our Board; and (vi) performing other duties and responsibilities as may be assigned by the Board.

As our Company was listed on the Stock Exchange on 10 March 2022 and the Audit Committee was established with effect from the Listing Date, no Audit Committee meeting was held during the year ended 31 December 2021.

Since the Listing Date and up to the date of this report, one meeting of the Audit Committee was held on 24 March 2022. All members of the Audit Committee attended such meeting to review, among others, our Group's consolidated financial statements for the year ended 31 December 2021, including the accounting principles and practices, in conjunction with our Company's external auditor, the appropriateness and effectiveness of risk management and internal control systems for the year ended 31 December 2021 and the effectiveness of the internal audit function. The Audit Committee endorsed the accounting treatment adopted by our Company, and the Audit Committee had to the best of its ability assured itself that the disclosure of the financial information in this report has complied with the applicable accounting standards, the Listing Rules and the Companies Ordinance (Chapter 622 of the laws of Hong Kong, the "**Companies Ordinance**"). The Audit Committee therefore resolved to recommend for the Board's approval the consolidated financial statements for the year.

Remuneration and Nomination Committee

The Board has established the Remuneration and Nomination Committee with effect from the Listing Date.

Membership and Responsibilities

The Remuneration and Nomination Committee currently consists of two independent non-executive Directors, Dr. Han Jian (chairman of the Remuneration and Nomination Committee), Dr. Chen Jieping, and one non-executive Director, Ms. He Yamin, which is in compliance with Rules 3.25 and 3.27A of the Listing Rules.

The terms of reference of the Remuneration and Nomination Committee set out its authority, responsibilities, membership and frequency of meetings, which are posted on the Company's website and the Stock Exchange's website and are in compliance with the Corporate Governance Code. The primary duties of the Remuneration and Nomination Committee include, among others, (i) establishing, reviewing and providing advices to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time; (iv) reviewing the structure, size and composition of our Board on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of our Board; (v) identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorship, and ensure the diversity of our Board members; (vi) assessing the independence of our independent non-executive Directors; and (vii) making recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors and succession planning for our Directors.

As the Company was listed on the Stock Exchange on 10 March 2022 and the Remuneration and Nomination Committee was established with effect from the Listing Date, no Remuneration and Nomination Committee meeting was held during the year ended 31 December 2021.

Since the Listing Date and up to the date of this report, the Remuneration and Nomination Committee passed written resolutions to recommend a candidate as a senior management member and to determine the remuneration package of the senior management, to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, and to consider the qualifications of the retiring directors standing for election at the forthcoming annual general meeting (the "**AGM**").

For the year ended 31 December 2021, the annual remuneration of four of the executive Directors and other members of senior management of the Company fell within the band of below HK$1 million and the annual remuneration of four of them fell within the band of above HK$1 million.

Strategy and Investment Committee

The Board has established the Strategy and Investment Committee on 26 August 2021.

Membership and Responsibilities

The Strategy and Investment Committee currently consists of one non-executive Director, Mr. Jiang Nan (chairman of the Strategy and Investment Committee), and one independent non-executive Director, Mr. Sincere Wong, and two executive Directors, Mr. Xie Wei and Ms. Zhou Liye.

The terms of reference of the Strategy and Investment Committee sets out its authority, responsibilities, membership and frequency of meetings. The primary duties of the Strategy and Investment Committee include, among others, (i) formulating the Group's development strategies; (ii) evaluating investment projects; (iii) studying material strategic cooperation projects; and (iv) performing other duties and responsibilities as may be assigned by the Board.

Two meetings of the Strategy and Investment Committee were held during the year ended 31 December 2021. All members of the Strategy and Investment Committee attended the meetings to consider several investment projects in 2021.

Since the Listing Date and up to the date of this report, no Strategy and Investment Committee meeting was held.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

Ernst & Young, Hong Kong, Certified Public Accountants, were engaged as the Company's external auditor for the year ended 31 December 2021. There had been no change in auditor of the Company in the past three years. External auditor may provide certain non-audit services to the Group as long as these services do not involve any management or decision making functions for and on behalf of the Group, or performing self-assessments or action as an advocacy role for the Group. Before any engagement with external auditor for non-audit services, external auditor must comply with the independence requirements under Code of Ethics for Professional Accountants issued by Hong Kong Institute of Certified Public Accountants. The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report of this report.

During the year ended 31 December 2021, the remunerations paid or payable to Ernst & Young regarding the audit and non-audit services are set out as follows:

	RMB'000
Audit services	254
Non-audit services	
Services in relation to the Listing and internal control review	8,596
Total	8,850

DIVIDEND POLICY

The dividend policy incorporates the guidelines for the Board to determine whether to pay a dividend and the level of such dividend to be paid. In general, it is the policy of the Company to allow its shareholders to participate in the Company's profits whilst retaining adequate reserves for future growth. Normally, the Company pays dividends once a year, which is final dividend. The Board may also declare special dividends in addition to such dividends as it considers appropriate. The policy also contains a number of factors for which the Board has to consider in determining the frequency, amount and form of any dividend in any financial year/period, including the actual and expected financial performance of the Group, the economic conditions and other internal or external factors, the Group's business strategies and operations, the current and future liquidity position and capital requirements, etc. The Board may also consider the issuance of bonus shares on a basis as permitted by the applicable laws and regulations. The recommendation of the payment of dividend is subject to the absolute discretion of the Board, and any declaration of final dividend for the year will be subject to the approval of the shareholders.

The Board will continue to review and amend the dividend policy as appropriate and from time to time.

Anti-Money Laundering Policy

The anti-money laundering policy is in place to combat money laundering and terrorist financing activities, and formalise such procedures and systems. Compliance of the policy by internal control departments is monitored and administered by the Risk Management and Audit Department.

INTERNAL CONTROL AND RISK MANAGEMENT

Risk Management and Internal Control

The Company is of the view that effective risk management and internal control system are integral and indispensable to the Group's achievement of long-term business growth and sustainable development. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. The Board acknowledges its responsibility for reviewing the effectiveness of the Group's risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

Risk Management Structure of the Company

The Company adopts multi-layer management for its comprehensive risk management works. Such framework includes the general manager and the functional departments of the Company and its subsidiaries.

Risk Management and Audit Department

The general manager (the decision – making level) guides the Company's comprehensive risk management works. He is responsible for ensuring that the Company establishes and maintains suitable and effective risk management and internal control systems, and is held accountable for the effectiveness of the comprehensive risk management.

The functional departments of the Company and its subsidiaries (the implementation level) is responsible for the identification, evaluation, report analysis and handling work for comprehensive risk management. They are responsible for pushing forward and implementing specific risk management measures, monitoring various risks of the business.

Risk Management and Audit Department (the supervision level) is responsible for establishing a sound supervision and evaluation system of comprehensive risk management to facilitate supervision and evaluation.

Internal Control

The Company has formulated a complete internal management system. Various departments at the headquarters are responsible for making amendments and updates to the system, including 341 management standards and 700 record lists in 23 categories on administration, legal management, brand management, purchasing management, project management, FHSE (facilities, health, safety, environment) management, system management, financial management, data management, party and mass administration, human resources management, early intervention management, early management, project management, environmental management, customer service management, order management, demonstration area management, club management, market management, business management, risk control management. It added 233 and revised 167 new management standards and record lists.

During 2021, based on changes in both internal and external environments, and taking into account the Company's business nature, operational features and strategic goals, the Company has established the risk assessment criteria applicable to the Company, including qualitative and quantitative considerations in aspects of strategy, finance, personnel etc., and formulated risk maps including risk identification, risk analysis, risk assessment, risk control measures and risk preventive measures. The Company continued to monitor and manage risks to improve the efficiency and standardization of risk management.

The management has confirmed to the Board and the Audit Committee on the effectiveness and adequateness of the risk management and internal control systems for the year ended 31 December 2021.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2021, and considered that such systems are effective and adequate. The annual review is performed once a year and covers the internal control systems, the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

Inside Information

The Company adopted an inside information disclosure policy on 26 August 2021 which sets out the procedures for the handling and dissemination of inside information with a view to preventing uneven, inadvertent or selective dissemination of inside information and ensuring shareholders and the public are provided with full, accurate and timely information about the activities and the financial condition of the Company. The Company has communicated with all relevant staff regarding the implementation of the procedures and relevant trainings are also provided.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2021.

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

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 67 to 70.

COMPANY SECRETARY

Ms. Ho Wing Tsz Wendy has been appointed as the Company's company secretary. Ms. Ho is an executive director of corporate services division of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Ms. Zhou Liye, the executive Director, has been designated as the primary contact person at the Company which would work and communicate with Ms. Ho on the Company's corporate governance and secretarial and administrative matters. Ms. Zhou Liye and Ms. Ho Wing Tsz Wendy also serve as our Company's authorized representatives for the purpose of Rule 3.05 of the Listing Rules to serve as the Company's principal channel of communication with the Stock Exchange.

For the year ended 31 December 2021, Ms. Ho has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS/INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Company's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable shareholders and investors to make informed investment decisions. To promote effective communication, the Company maintains the website at www.jinmaowy.com where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Latest information on the Group including annual and interim reports, announcements and press releases are updated on the Company's website in a timely fashion.

The Board endeavours to maintain an on-going dialogue with our shareholders, uses annual general meetings or other general meetings to communicate with our shareholders in particular and encourages them to participate in these meetings. All annual general meeting materials including but not limited to circular, notice and proxy form will be sent to shareholders in time which contain all adequate information according to the Listing Rules.

SHAREHOLDERS' RIGHT

To safeguard shareholder interests and rights, a separate resolution is proposed for each matter to be considered at shareholder meetings, including the election of individual Directors. All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholder meeting.

Procedures for shareholders to convene a general meeting

General meetings may be convened by the Board on requisition of shareholder(s) of the Company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings or by such shareholder(s) who made the requisition (as the case may be) pursuant to Sections 566 and 568 of the Companies Ordinance. Shareholders should follow the requirements and procedures as set out in the Companies Ordinance for convening a general meeting.

Procedures for putting forward proposals at general meetings

Pursuant to Sections 580 and 615 of the Companies Ordinance, shareholders representing at least 2.5% of the total voting rights of all shareholders, or at least 50 shareholders (as the case may be) who have a right to vote at the relevant general meeting, may put forward proposals for consideration at a general meeting by sending requests in writing to the Company. Shareholders should follow the requirements and procedures as set out in the Companies Ordinance for circulating a resolution for general meeting.

Shareholders' enquiries

If the shareholders are in any doubt about their shareholdings, the shareholders shall inquire the Company's share registrar directly. Shareholders and the investment community may at any time make a request for the Company's information to the extent that such information is publicly available. Shareholders may also make enquiries to the Board by writing to the Company at the Company's registered office in Hong Kong at Room 4702-03, 47/F, Office Tower Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong or at the Company's principal place of business in the PRC at 6/F, YouAn International Tower, Unit 2, Xitieying Middle Ave, Fengtai, Beijing, the PRC.

CONSTITUTIONAL DOCUMENTS

In preparation for the Listing, the Company has adopted the Articles of Association pursuant to a special resolution passed by the shareholders on 18 February 2022. Since then, the Company has not made any changes to its Articles of Association. An up-to-date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

On behalf of the Board
JIANG Nan
Chairman

DIRECTORS' REPORT

The Board of the Company submits its report together with the audited financial statements of the Group for the year ended 31 December 2021.

Principal Business

The principal activities of the Company is investment holding. The activities of its principal subsidiaries are the provision of property management services in the PRC, details of which are set out in note 1 to the consolidated financial statements. The Group is engaged in three business lines, namely (i) property management services, (ii) value-added services to non-property owners, and (iii) community value-added services.

Results and Dividends

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss of this report.

The state of affairs of the Group as at 31 December 2021 is set out in the consolidated statement of financial position of this report.

Considering the business development of the Group, no dividend was recommended by the Board for the year ended 31 December 2021.

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

Closure of Register of Members

The register of members of the Company will be closed from Monday, 30 May 2022 to Thursday, 2 June 2022, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the right to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, 27 May 2022.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures

The Company's shares were listed on the Stock Exchange on 10 March 2022. Accordingly, the Listing Rules and the Securities and Futures Ordinance (the "**SFO**") were not applicable to the Company as at 31 December 2021.

As at the date of this report, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

Interests in our Company

Name of Director/ chief executive of our Company	Capacity/Nature of interest	Number of shares held	Approximate % shareholding interest in our Company
Jiang Nan	Beneficial owner	54,380(L)	0.01%

Interests in our associated corporations

Name of Director/chief executive of our Company	Name of associated corporation	Capacity/Nature of Interest	Number of shares held in the associated corporation	Number of underlying shares held in the associated corporation(1)	Approximate % shareholding interest in the associated corporation(2)
Jiang Nan	China Jinmao	Beneficial owner	3,600,000(L)	3,500,000(L)	0.056%
Xie Wei	China Jinmao	Beneficial owner	–	2,500,000(L)	0.020%
Zhou Liye	China Jinmao	Beneficial owner	–	1,618,000(L)	0.013%
He Yamin	China Jinmao	Beneficial owner	–	2,202,000(L)	0.017%
Qiao Xiaojie	China Jinmao	Beneficial owner	–	1,334,000(L)	0.011%

Notes:

The Letter "L" denotes the entity's long position in the shares.

1. This refers to underlying shares covered by share options granted pursuant to the share option scheme of China Jinmao, such options being unlisted physically settled equity derivatives.

2. This represents the percentage of the aggregate long positions in the shares and underlying shares to the total number of issued shares of China Jinmao as at the date of this report.

Save as disclosed above, as at the date of this report, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register which were required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, none of the Directors or their spouses or children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right for the year ended 31 December 2021.

Deed of Non-Competition with China Jinmao and Directors' Interest in Competing Business

To protect our Group from potential competition in the future with respect to our provision of property management business, China Jinmao has entered into a deed of non-competition in favour of our Company (for itself and as trustee for each of the members of our Group) on 21 February 2022 (the "**Deed of Non-Competition**"). For details, please refer to the section headed "Relationship with China Jinmao — Deed of Non-Competition" in the Prospectus.

In compliance with the Deed of Non-Competition, China Jinmao will make an annual declaration on its compliance with the Deed of Non-Competition. The independent non-executive Directors did not review the status of compliance stated in the Deed of Non-Competition for the year ended 31 December 2021 as the Deed of Non-Competition was entered in February 2022. As of the date of this report, the Company is not aware of any other matters regarding the compliance of the undertakings in the Deed of Non-Competition that are required to be brought to the attention of the shareholders of the Company.

During the year, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than holding overlapping position(s) in China Jinmao (in particular, Mr. Jiang Nan being the executive director and the chief financial officer of China Jinmao; Ms. He Yamin being the human resources director of China Jinmao; and Ms. Qiao Xiaojie being the deputy financial controller of China Jinmao).

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

As at the date of this report, so far as is known to the Directors, the following persons, not being a Director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Capacity	Number of shares(1)	Approximately percentage of issued shares
China Jinmao	Beneficial owner	608,319,969(L)	67.28%(L)
Sinochem Hong Kong	Interest in controlled corporation(2)	608,319,969(L)	67.28%(L)
	Beneficial owner	67,616,133(L)	7.48%(L)
Sinochem Corporation	Interest in controlled corporation(2)	675,936,102(L)	74.76%(L)
Sinochem Group	Interest in controlled corporation(2)	675,936,102(L)	74.76%(L)
Sinochem Holdings	Interest in controlled corporation(2)	675,936,102(L)	74.76%(L)

Notes:

(1) The Letter "L" denotes the entity's long position in the shares.

(2) Sinochem Holdings held the entire equity interests in Sinochem Group, which in turn held the entire equity interests in Sinochem Corporation. Sinochem Corporation held the entire equity interests in Sinochem Hong Kong, which in turn held an approximately 35.3% interest in China Jinmao as of the date of this report. For the purpose of the SFO, Sinochem Holdings, Sinochem Group, Sinochem Corporation and Sinochem Hong Kong are all deemed to be interested in the shares of the Company beneficially owned by China Jinmao, and Sinochem Holdings, Sinochem Group and Sinochem Corporation are all deemed to be interested in the shares beneficially owned by Sinochem Hong Kong.

(3) The calculation is based on the total number of issued shares of the Company (i.e. 904,189,000 shares) following the partial exercise of the over-allotment option.

Save as disclosed above, as at the date of this report, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no person (not being a Director or chief executive of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Share Option Scheme and Share Award Scheme

As at the date of this report and as at the Listing Date, the Company has not adopted any share option scheme and share award scheme.

Equity-linked Agreement

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 December 2021 or subsisted as at 31 December 2021.

Reserves

Details of movements in the reserves of the Company during the year are set out in note 34 to the consolidated financial statements of this report.

Donations

During the year, the Group made charitable and other donations totalling RMB18,297 (2020: RMB60,000).

Audit Committee

The Audit Committee of the Company, comprising Dr. Chen Jieping as chairman and Mr. Sincere Wong and Ms. Qiao Xiaojie as members, has reviewed, together with the participation of the management, the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the audited financial statements of the Group for the year ended 31 December 2021.

Employees and Remuneration Policy

As at 31 December 2021, the Group had 2,658 full-time employees (as at 31 December 2020: 1,897 full-time employees). For the year ended 31 December 2021, the total staff costs were approximately RMB0.4 billion (2020: approximately RMB0.3 billion).

The Group regularly reviews remuneration and benefits of its employees according to the profitability of the Group, market practice and the relevant employee's performance. The Group has deepened the reform of the human resource system and explored the possibility of establishing remuneration systems for high-quality personnel and corporate executives that are compatible with competitive selection and recruitment. The Group has implemented various types of motivation plan for different levels of employees with reference to employee performance and contributions. According to the relevant regulations, the Group is required to pay social insurance and housing fund on behalf of its employees.

The Group places a strong emphasis on recruiting high-quality personnel and provides employees with continuous training programmes and career development opportunities. Due to the COVID-19 outbreak, the Company organized online and onsite training on various subjects in 2021. Such measures ensured the general employees' ability in performing their duties and increased the management level of management cadres at all levels, thus provided timely and effective support for the Company's business development.

Pension Plan

Full-time employees of the Company are covered by various government-sponsored pension plans, under which the employees are entitled to a monthly pension based on certain formulae. These government agencies are responsible for the pension liability to these employees upon retirement. The Company contributes on a monthly basis to these pension plans. All contributions made under the government-sponsored pension plans described above are fully attributable to employees at the time of the payment and the Company is unable to forfeit any amounts contributed by it to such plans.

Subsidiaries

Details of the Company's principal subsidiaries as at 31 December 2021 are set out in note 1 to the financial statements.

Significant Investments, Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

As at 31 December 2021, save for the right-of-use assets recognised as investment properties in accordance with HKFRS 16 in respect of various lease agreements, details of which are set out in the Prospectus of the Company dated 25 February 2022, the Company has no other significant investments or significant acquisitions, and has no disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2021.

Future Plans for Material Investments or Capital Assets

The Group intends to utilise the net proceeds raised from the Global Offering according to the plans set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Save as disclosed in this report, the Company did not have other plans for material investments or capital assets as at the date of this report.

Contracts between the Company and its Controlling Shareholders

Save as disclosed in this report, no contract of significance, whether for provision of service or otherwise, has been entered into between the Company or any of its subsidiaries and the controlling shareholders or any of the controlling shareholders' subsidiaries during the year ended 31 December 2021.

Indebtedness

As at 31 December 2021, we had no outstanding borrowings. Our Group did not have any banking facilities as at 31 December 2021 and we had lease liabilities of approximately RMB34.3 million as at 31 December 2021.

Contingent Liabilities

As at 31 December 2021, we did not have any outstanding guarantees or other material contingent liabilities.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group and the Company for the year ended 31 December 2021 are set out in note 13 to the financial statements. No assets of the Group are charged during the year ended 31 December 2021.

Principal Properties

During the year ended 31 December 2021, the Group has not held any properties for development and/or sale or for investment purposes of which the percentage ratios exceeds 5%.

Management Contract

No contracts, other than the employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 December 2021.

Key Relationships with Employees, Customers and Suppliers

Details of the key relationships between the Company and its employees, customers and suppliers are set out in the paragraph headed "Employees and Remuneration Policy" and "Major Customers and Suppliers" in this report.

Share Capital

Details of the movements in share capital of the Company for the year ended 31 December 2021 are set out in note 25 to the financial statements.

Directors

Up to the date of this report, the Board comprised eight Directors, of which two were executive Directors, three were non-executive Directors and three were independent non-executive Directors, whose names are as follows:

	APPOINTMENT DATE
EXECUTIVE DIRECTORS	
Mr. Xie Wei (謝煒)	26 August 2021
Ms. Zhou Liye (周立燁)	26 August 2021
NON-EXECUTIVE DIRECTORS	
Mr. Jiang Nan (江南) *(Chairman)*	26 August 2021
Ms. He Yamin (賀亞敏)	26 August 2021
Ms. Qiao Xiaojie (喬曉潔)	26 August 2021
INDEPENDENT NON-EXECUTIVE DIRECTORS	
Dr. Chen Jieping (陳杰平)	10 March 2022
Dr. Han Jian (韓踐)	10 March 2022
Mr. Sincere Wong (黃誠思)	10 March 2022

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

To the best knowledge of the Company, there is no relationship (including financial, business, family or other material/relevant relationship(s)) among the members of the Board.

In accordance with the Articles of Association of the Company, Ms. He Yamin, Ms. Qiao Xiaojie and Ms. Zhou Liye will retire at the forthcoming AGM of the Company and, being eligible, will offer themselves for re-election.

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' and Senior Management's Biographies

Biographical details of the Directors and the senior management of the Group are set out on pages 31 to 44 of this report.

Remuneration of Directors and Senior Management

The remuneration of the Directors and senior management of the Company are determined by the Remuneration and Nomination Committee by reference to the Company's operating results, market rate and individual performance. In particular, the Remuneration and Nomination Committee will consider factors such as (i) salaries paid by comparable companies, time commitment and responsibilities and employment conditions of the Group; (ii) appointment and termination terms for Directors and senior management to ensure they are fair; (iii) compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure they are reasonable and appropriate; (iv) company culture and other non-financial key performance indicators; and (v) whether the remuneration package for an independent non-executive Directors may affect his/her objectivity and independence. No Director is allowed to take part in deciding his own remuneration.

For the year ended 31 December 2021, details of the remuneration of the Directors and senior management of the Company are set out in notes 8 and 29 to the financial statements. There was no arrangement under which a Director waived or agreed to waive any remuneration during the year ended 31 December 2021.

Interests of the Directors in Contracts

Save as disclosed in this report, no Directors had any direct or indirect material interests in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party at the end of the year or at any time during the year ended 31 December 2021.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Board confirms that the Company has maintained the public float as required by the Listing Rules as at the date of this report.

Purchase, Sale or Redemption of the Company's Listed Securities

As the Company's shares were not listed on the Stock Exchange during the year ended 31 December 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

Major Customers and Suppliers

We have a large, growing and loyal customer base primarily consisting of (i) property owners and residents for our property management and community value-added services, (ii) property developers for our value-added services to non-property owners and property management services, and (iii) other customers such as advertising companies for our community value-added services.

For the year ended 31 December 2021, the five largest customers of the Group accounted for approximately 51.1% of the total revenue, while the largest customer accounted for approximately 47.2% of the total revenue.

China Jinmao is the controlling shareholder of our Company for the purpose of the Listing Rules. Sinochem Group is an indirect controlling shareholder of China Jinmao and consolidated the accounts of China Jinmao and its subsidiaries. When calculating our five largest customers for the year ended 31 December 2021, we aggregated revenue contribution from customers under common control and their subsidiaries, joint ventures and associates. As a result, our single largest customer for the year ended 31 December 2021 was Sinochem Group and its subsidiaries, joint ventures and associates, which include China Jinmao and its subsidiaries (excluding our Group), joint ventures and associates. For further details, see note 29 of the financial statements in this report.

Save as disclosed above, none of the Directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any beneficial interest in the Group's five largest customers.

During the year ended 31 December 2021, most of our five largest suppliers were sub-contractors providing cleaning.

For the year ended 31 December 2021, the five largest suppliers of the Group accounted for approximately 38.6% of the total purchases, while the largest supplier accounted for approximately 25.8% of the total purchases.

None of the Directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any beneficial interest in the Group's five largest suppliers.

Business Review

A review of the business of the Group during the year ended 31 December 2021, a description of the principal risks and uncertainties that the Group may be facing, a discussion on the Group's future business development and an analysis of the Group's performance during the year ended 31 December 2021 using key financial performance indicators are contained in the section headed "Management Discussion and Analysis" on pages 16 to 21 of this report.

Environmental Policies and Performance

The Group acknowledges the great importance of environment protection. To minimise the impact on the environment and natural resources generated from the operation of the Group, the Group has broadly implemented resource-recycling and energy-saving practices in its offices. Specifically, the Group (i) encouraged double-sided printing and multi-pages-per-sheet printing for office documents; (ii) encouraged its employees to collect waste paper and used batteries for recycling purpose; and (iii) encourage its employees to turn off lights and computers before leaving the office.

A separate Environmental, Social and Governance Report for the year ended 31 December 2021 will be published on the websites of the Company and the Stock Exchange in due course in compliance with ESG Reporting Guide as set out in Appendix 27 to the Listing Rules.

Compliance with Relevant Laws and Regulations

During the year ended 31 December 2021, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by our Group that has a significant impact on the business and operations of the Group.

Permitted Indemnity Provision

The permitted indemnity provision for the benefit of the Directors is currently in force. Pursuant to the Articles of Association of the Company, every Director, company secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities (to the fullest extent permitted by the Companies Ordinance) which he may incur in the execution and discharge of his duties or in relation thereto. The Company has taken out insurance against all loss and liabilities associated with defending any proceedings which may be brought against Directors and other officers of the Company.

Related Party Transactions

Details of the related party transactions undertaken in the normal course of business are provided under note 29 to the consolidated financial statements of this report, which do not constitute connected transaction nor continuing connected transaction as defined under the Listing Rules during the year ended 31 December 2021 because the shares of the Company were not listed on the Stock Exchange during the year.

CONNECTED TRANSACTIONS

Upon Listing, transactions between members of the Group and the Company's connected persons have become connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of the non-exempt continuing connected transactions are set out below:

Property Management Services Framework Agreement

On 21 February 2022, our Company entered into a property management services framework agreement with China Jinmao (the "**Property Management Services Framework Agreement**"), pursuant to which our Company (for itself and on behalf of our Group) agreed to provide property management services to China Jinmao and its associates (the "**Jinmao Connected Persons**"), in respect of property units developed by the Jinmao Connected Persons which have been sold but not yet been delivered to the buyers of such property units, and properties owned, used or operated by the Jinmao Connected Persons.

The fees charged by us to the Jinmao Connected Persons shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable), and the terms offered by us to the Jinmao Connected Persons shall not be less favorable to our Group than the terms offered by us to our independent customers for the same or similar type and scope of property management services.

The Property Management Services Framework Agreement took effect from the Listing Date and will expire on 31 December 2023. For the two years ending 31 December 2022 and 2023, the annual caps of fees chargeable by our Group in relation to the property management services are RMB140 million and RMB182 million, respectively.

Sales Assistance Services Framework Agreement

On 21 February 2022, our Company entered into a sales assistance services framework agreement (the "**Sales Assistance Services Framework Agreement**") with China Jinmao, pursuant to which our Company (for itself and on behalf of our Group) agreed to provide sales assistance service to the Jinmao Connected Persons with respect to properties developed by them, to assist with their sales and marketing activities at property sales venues and display units.

The terms offered by us to the Jinmao Connected Persons shall not be less favorable to our Group than the terms offered by us to our independent customers for the same or similar type and scope of sales assistance services.

The Sales Assistance Services Framework Agreement took effect from the Listing Date and will expire on 31 December 2023. For the two years ending 31 December 2022 and 2023, the annual caps of fees chargeable by our Group in relation to the sales assistance services are RMB330 million and RMB390 million, respectively.

Property Agency Services Framework Agreement

On 21 February 2022, our Company entered into a property agency services framework agreement (the "**Property Agency Services Framework Agreement**") with China Jinmao, pursuant to which our Company (for itself and on behalf of our Group) agreed to provide property agency services to the Jinmao Connected Persons, by sourcing potential purchasers and providing assistance in entering into sales contracts with buyers, with respect to (i) newly developed properties and (ii) unsold car park spaces developed by the Jinmao Connected Persons.

With respect to newly developed properties, our Group will charge a commission calculated at a fixed percentage of the sales price of the relevant properties. With respect to car park spaces, our Group will charge either (a) a commission calculated at a fixed percentage of the sales price of the relevant car park spaces or a fixed amount on top of the sales price of the relevant car park spaces, or (b) the difference between the actual sales price paid by the purchaser and the pre-determined minimum sales price.

The Property Agency Services Framework Agreement took effect from the Listing Date and will expire on 31 December 2023. For the two years ending 31 December 2022 and 2023, (i) the annual caps of fees chargeable by our Group in relation to the property agency services for newly developed properties are RMB10 million and RMB20 million, respectively, and (ii) the annual caps of fees chargeable by our Group in relation to the property agency services for car park spaces are RMB150 million and RMB200 million, respectively.

Consultancy and Other Value-added Services Framework Agreement

On 21 February 2022, our Company entered into a consultancy and other value-added services framework agreement (the "**Consultancy and Other Value-added Services Framework Agreement**") with China Jinmao, pursuant to which our Company (for itself and on behalf of our Group) agreed to provide certain consultancy and other value-added service to the Jinmao Connected Persons, including but not limited to (i) consultancy services from the perspective of property management with respect to property development site selection, positioning, preliminary planning and design, engineering and construction, (ii) pre-delivery services, such as site clearing, assistance with preparatory work and maintenance of order, and pre-delivery inspection and assessment, (iii) post-delivery services mainly comprising repair and maintenance services during the post-delivery warranty periods, (iv) engineering services for the upgrade of smart management hardware, and (v) community value-added services as may be required by the Jinmao Connected Persons from time to time, such as management and operation services in respect of car park spaces owned by the Jinmao Connected Persons.

The terms offered by us to the Jinmao Connected Persons shall not be less favorable to our Group than the terms offered by us to our independent customers for the same or similar type and scope of value-added services.

The Consultancy and Other Value-added Services Framework Agreement took effect from the Listing Date and will expire on 31 December 2023. For the two years ending 31 December 2022 and 2023, the annual caps of fees chargeable by our Group in relation to the value-added services are RMB536 million and RMB615 million, respectively.

Sinochem Framework Agreement

On 21 February 2022, our Company entered into a framework agreement with Sinochem Holdings (the "**Sinochem Framework Agreement**"), pursuant to which our Company (for itself and on behalf of our Group) agreed to provide certain services to Sinochem Holdings and its associates (the "**Sinochem Connected Persons**"), including (i) property management services in respect of the industrial parks, research institutes and office buildings held by the Sinochem Connected Persons, as well as office spaces used by the Sinochem Connected Persons, and (ii) community value-added services as may be required by the Sinochem Connected Persons from time to time, such as management services in respect of car park spaces used by the Sinochem Connected Persons.

The fees charged by us to the Sinochem Connected Persons shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable), and the terms offered by us to the Sinochem Connected Persons shall not be less favorable to our Group than the terms offered by us to our independent customers for the same or similar type and scope of services.

The Sinochem Framework Agreement took effect from the Listing Date and will expire on 31 December 2023. For the two years ending 31 December 2022 and 2023, (i) the annual caps of fees chargeable by our Group in relation to the property management services are RMB60 million and RMB78 million, respectively, and (ii) the annual caps of fees chargeable by our Group in relation to the value-added services are RMB4 million and RMB5 million, respectively.

As China Jinmao is the controlling shareholder of the Company and Sinochem Holdings is the ultimate holding company of China Jinmao, each of China Jinmao and Sinochem Holdings is a connected person of the Company under Chapter 14A of the Listing Rules.

As the Company was not a listed company during the year ended 31 December 2021, the annual review and reporting requirements under Chapter 14A of the Listing Rules were therefore not applicable to the Company for the year ended 31 December 2021. The Company will comply with the relevant requirements under the Listing Rules in its subsequent annual reports.

Auditor

The consolidated financial statements of the Company for the year ended 31 December 2021 has been audited by Ernst & Young. The Board proposed to re-appoint them as the Company's auditor for the year 2022 and a resolution for their re-appointment as the auditor of our Company will be proposed at the AGM.

Principal Risks and Uncertainties

The Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The key risks and uncertainties identified by the Group are set out as follows:

1. A substantial portion of the properties under our management during the year ended 31 December 2021 were developed by Jinmao Group

As we do not have control over the management strategy of Jinmao Group, any measures that the PRC government may adopt to further regulate the real estate market, or the macro-economic or other factors that may affect the business operations and prospects of Jinmao Group, any adverse development in the operations of Jinmao Group or its ability to develop new properties may affect our ability to procure the relevant new service contracts for property management services, value-added services to non-property owners and community value-added services. We cannot assure you that Jinmao Group will continue to engage us to provide property management services, value-added services to non-property owners or community value-added services for any properties they develop, particularly because the appointment of property management companies for the preliminary property management service contracts of residential and non-residential properties in the same property management area is generally subject to a tender and bidding process under the Regulations on Property Management (2018 Revision) (《物業管理條例》(2018 年修訂) and the Interim Measures for Bid-Inviting and Bidding Management of Preliminary Property Management (《前期物業管理招標投標管理暫行辦法》).

Going forward, we plan to (i) enter into more cooperation arrangements with regional governments to expand our management scale and diversify our city operation portfolio and service offerings, (ii) establish strategic alliance with other independent third-party developers to fully collaborate and utilize their resources in the field of property management and related services, (iii) leveraging our brand reputation and track record, continue to secure new contracts by participating in the tendering and bidding process and commercial negotiation, and (iv) use the proceeds from the Global Offering for acquisition and investment in suitable property management companies. As a result, it is expected that we will continue to capture new contracts from independent third parties, and our GFA under management in respect of properties developed by independent third parties and revenue generated from services provided to independent third parties will continue to increase.

2. Our business operations and financial performance have been and may continue to be affected by the outbreak of COVID-19

While there has been improvement in the COVID-19 situation in the PRC where we operate, we are uncertain as to when the outbreak of COVID-19 will continue to be contained, and we also cannot predict if the impact will be long-lasting. Furthermore, there is no assurance that another major COVID-19 or other disease outbreak will not happen in the future. In particular, the recent emergence of the Omicron virus variant, a COVID-19 virus variant which is significantly more infectious than its predecessors, has created more uncertainties for our business operations under the COVID-19 pandemic. This could materially and adversely affect the overall business sentiment, cause our business to suffer in ways that we cannot predict and affect our business, financial condition and results of operations. Over a longer term, if the outbreak continues and impacts the broader economy, some of the property owners may face difficulty in honoring their payment obligations under our property management contracts. If any of these events eventuate, our business, financial condition and results of operations may be adversely affected.

3. The growth of property management and commercial operation service markets depends on general economic and market conditions

Changes in the general economic and market conditions including changes in international, national, regional and local economic conditions, market volatility, declining demand for residential or commercial real estate, falling real estate values, disruption to the global capital or credit markets may also negatively affect the PRC property management and commercial operational service markets which could, in turn, have a material adverse effect on the PRC property management and commercial operational service markets which could, in turn, have a material adverse effect on the Group.

Important Events after the Reporting Period

Save for the subsequent events as described in note 33 to the financial statements in this report, there were no other significant events affecting the Group which occurred after 31 December 2021 and up to the date of this report.

By order of the Board
Jiang Nan
Chairman

INDEPENDENT AUDITOR'S REPORT

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Independent auditor's report
To the members of Jinmao Property Services Co., Limited
(Incorporated in Hong Kong with limited liabilities)

Opinion

We have audited the consolidated financial statements of Jinmao Property Services Co., Limited (the "Company") and its subsidiaries (the "Group") set out on pages 71 to 143, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, 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 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of trade receivables	
As at 31 December 2021, the gross amount of the Group's trade receivables amounted to RMB420,360,000, against which allowances for impairment of RMB5,883,000, was made based on the expected credit loss approach under Hong Kong Financial Reporting Standard 9 *Financial Instruments*. Management assessed the expected credit losses of trade receivables based on assumptions about risk of default and expected credit loss rates. It involved significant judgments and estimates when management made these assumptions and selected the inputs to the impairment calculation, based on the Group's past history, ageing profile of the receivables, existing market conditions as well as forward-looking estimates at the end of the reporting period. Relevant disclosures are included in notes 2.4, 3 and 19 to the consolidated financial statements.	Our procedures in relation to management's impairment assessment on trade receivables included assessing the credit loss provisioning methodology and the estimated credit loss rates adopted by management by considering historical cash collection performance and movements of the ageing of trade receivables and taking into account of the existing market conditions. We also tested, on a sample basis, the ageing analysis of trade receivables prepared by management, recalculated the provision for loss allowance and assessed the adequacy of the Group's disclosures in the consolidated financial statements.

Other information included in the Annual Report

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors 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 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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.

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Kwok Yin.

Ernst & Young
Certified Public Accountants
Hong Kong
25 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
REVENUE	5	1,515,525	944,210
Cost of sales		(1,045,491)	(709,421)
Gross profit		470,034	234,789
Other income and gains	5	45,512	74,908
Selling and distribution expenses		(14,688)	(1,808)
Administrative expenses		(209,351)	(134,920)
Other expenses, net		(9,665)	(1,258)
Finance costs	7	(33,707)	(64,186)
PROFIT BEFORE TAX	6	248,135	107,525
Income tax expense	10	(69,124)	(30,401)
PROFIT FOR THE YEAR		179,011	77,124
Attributable to:			
Owners of the parent		177,977	77,124
Non-controlling interests		1,034	–
		179,011	77,124
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	12	0.22	0.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
PROFIT FOR THE YEAR	179,011	77,124
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the Company	254	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	254	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	179,265	77,124
Attributable to:		
Owners of the parent	178,231	77,124
Non-controlling interests	1,034	–
	179,265	77,124

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	54,704	33,615
Investment properties	14	9,379	10,590
Right-of-use assets	15(a)	32,473	15,970
Intangible assets	16	6,392	7,084
Deferred tax assets	17	4,708	2,457
Other receivables and other assets	20	2,693	941,593
Total non-current assets		110,349	1,011,309
CURRENT ASSETS			
Inventories	18	4,523	5,199
Trade receivables	19	414,477	203,713
Prepayments, other receivables and other assets	20	267,293	644,196
Prepaid tax		7,513	–
Restricted cash	21	1,278	–
Cash and cash equivalents	21	553,619	270,818
Total current assets		1,248,703	1,123,926
CURRENT LIABILITIES			
Trade payables	22	170,944	112,036
Other payables and accruals	23	629,830	520,641
Contract liabilities	5	313,937	206,391
Interest-bearing borrowings	24	–	144,000
Lease liabilities	15(a)	8,972	5,572
Tax payable		4,359	22,735
Total current liabilities		1,128,042	1,011,375

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
NET CURRENT ASSETS		120,661	112,551
TOTAL ASSETS LESS CURRENT LIABILITIES		231,010	1,123,860
NON-CURRENT LIABILITIES			
Other payables	23	–	123,657
Interest-bearing borrowings	24	–	936,992
Lease liabilities	15(a)	25,342	12,224
Deferred tax liabilities	17	1,687	1,853
Total non-current liabilities		27,029	1,074,726
Net assets		203,981	49,134
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	25	66,947	–*
Reserves	26	128,450	49,134
		195,397	49,134
Non-controlling interests		8,584	–
Total equity		203,981	49,134

* The amount is less than RMB1,000.

Xie Wei
Director

Zhou Liye
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	Attributable to owners of the parent								
	Share capital	Merge reserve*	Other reserve*	PRC statutory surplus reserve*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		Note 26(a)	Note 26(b)	Note 26(c)					
At 1 January 2021	–	25,000	16,087	6,268	–	1,779	49,134	–	49,134
Profit for the year	–	–	–	–	–	177,977	177,977	1,034	179,011
Other comprehensive income for the year:									
Exchange differences on translation of financial statements	–	–	–	–	254	–	254	–	254
Total comprehensive income for the year	–	–	–	–	254	177,977	178,231	1,034	179,265
Transfer to merger reserve	–	1,630	–	(1,630)	–	–	–	–	–
Deemed distribution for acquisition of subsidiaries under common control *(note 26(a))*	–	(21,484)	–	–	–	–	(21,484)	–	(21,484)
Issuance of ordinary shares *(note 25)*	66,947	(66,947)	–	–	–	–	–	–	–
Transfer to PRC statutory surplus reserve	–	–	–	762	–	(762)	–	–	–
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	7,550	7,550
Distribution to parent	–	(14,467)	–	–	–	–	(14,467)	–	(14,467)
Contribution from the immediate holding company	–	–	3,983	–	–	–	3,983	–	3,983
At 31 December 2021	66,947	(76,268)	20,070	5,400	254	178,994	195,397	8,584	203,981

* These reserve accounts comprised the reserves of RMB128,450,000 and RMB49,134,000 in the consolidated statements of financial position as at 31 December 2021 and 31 December 2020, respectively.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2020

	Share capital	Merger reserve*	Other reserve*	PRC statutory surplus reserve*	Retained profits*	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		Note 26(a)	Note 26(b)	Note 26(c)		
At 1 January 2020	–	15,000	10,091	6,184	76,556	107,831
Profit and total comprehensive income for the year	–	–	–	–	77,124	77,124
Dividends declared by the subsidiaries to the then shareholders *(note 11)*	–	–	–	–	(151,817)	(151,817)
Transfer to PRC statutory surplus reserve	–	–	–	84	(84)	–
Contribution from the immediate holding company	–	–	5,996	–	–	5,996
Capital injection upon establishment of a subsidiary by the then shareholder	–	10,000	–	–	–	10,000
At 31 December 2020	–	25,000	16,087	6,268	1,779	49,134

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		248,135	107,525
Adjustments for:			
Finance costs	7	33,707	64,186
Bank interest income	5	(3,433)	(1,313)
Loan interest income	5	(32,408)	(63,750)
Fair value loss on investment properties	6	1,211	1,050
Impairment losses of trade receivables	6	2,262	372
Impairment losses/(write-back of impairment losses) of other receivables	6	1,831	(196)
Impairment of inventory	6	467	–
Loss on disposal of items of property, plant and equipment, net	6	510	17
Depreciation of property, plant and equipment	6	9,631	5,369
Depreciation of right-of-use assets	6	9,253	3,750
Amortisation of intangible assets	6	3,102	1,795
Equity-settled share option expenses	29(a)	1,646	3,631
Management's remuneration borne by the immediate holding company	29(b)	2,337	2,365
		278,251	124,801
Decrease in inventories		209	294
Increase in trade receivables		(213,026)	(48,794)
Decrease/(increase) in prepayments, other receivables and other assets		149,506	(89,000)
Decrease in other non-current assets		1,908	–
Increase in restricted cash		(1,278)	–
Increase in trade payables		58,908	21,381
Increase in contract liabilities		107,546	59,474
Increase in other payables and accruals		59,407	92,087
Cash generated from operations		441,431	160,243
Interest received		3,433	1,313
Income tax paid		(97,430)	(25,310)
Net cash flows from operating activities		347,434	136,246

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Loan interest income received		32,408	63,484
Purchase of items of property, plant and equipment		(34,510)	(23,857)
Purchase of items of intangible assets		(2,723)	(3,111)
Proceeds from disposal of items of property, plant and equipment		280	–
Proceeds from disposal of intangible assets		–	29
Repayment from related parties		1,080,992	134,005
Net cash flows from investing activities		1,076,447	170,550
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of interest-bearing borrowings		(1,080,992)	(134,005)
Principal portion of lease payments	27(b)	(7,848)	(3,166)
Interest paid		(34,677)	(63,920)
Dividend paid		(5,255)	–
Capital injection by the then shareholder		–	10,000
Capital contribution from non-controlling shareholders		7,550	–
Acquisition of subsidiaries under common control		(19,858)	–
Net cash flows used in financing activities		(1,141,080)	(191,091)
NET INCREASE IN CASH AND CASH EQUIVALENTS		282,801	115,705
Cash and cash equivalents at beginning of the year		270,818	155,113
CASH AND CASH EQUIVALENTS AT END OF YEAR		553,619	270,818
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances as stated in the consolidated statements of financial position and statement of cash flows	21	553,619	270,818

NOTES TO FINANCIAL STATEMENTS

31 December 2021

1. CORPORATE AND GROUP INFORMATION

General information

Jinmao Property Services Co., Limited (the "Company", formerly known as Hanmao Limited and Jinmao Property Development Co., Limited) is a limited liability company incorporated in Hong Kong on 14 September 2020. The registered office of the Company is located at Rooms 4702-03, 47/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively the "Group") were involved in the provision of property management services and value-added services to non-property owners and community value-added services in the People's Republic of China (the "PRC") (the "Listing Business").

The Company's shares became listed on the main board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 March 2022 (the "Listing").

In the opinion of the Company's directors, the immediate holding company of the Company is China Jinmao Holdings Group Limited ("China Jinmao Group"), a company incorporated in Hong Kong and its shares are listed on the Stock Exchange. The ultimate holding company of the Company is Sinochem Group Co., Ltd. ("Sinochem Group"), a company established in the PRC and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission in the PRC.

Prior to the incorporation of the Company and the completion of the reorganisation as described below (the "Reorganisation"), the Listing Business was operated through various subsidiaries in the PRC.

In preparation for the listing of the Company's shares on the Main Board of the Stock Exchange, the Reorganisation was undertaken, pursuant to which the Listing Business and/or the related entities operating the Listing Business were transferred to the Company. For further details with regard to the Reorganisation, please see "History, Reorganization and Corporate Structure" in the prospectus of the Company dated 25 February 2022 (the "Prospectus").

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place and date of registration and place of operations	Registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Sinochem Jinmao Property Management (Beijing) Co., Ltd. ("Sinochem Jinmao")#*	PRC/ Mainland China 16 January 2007	RMB5,000,000	100	–	Property management
Jinmao (Shanghai) Property Management Co., Ltd.#**	PRC/ Mainland China 18 September 1995	RMB6,630,000	–	100	Property management
Nanjing Ninggao International Property Consultancy Co., Ltd.#**	PRC/ Mainland China 23 April 2004	RMB5,000,000	–	100	Property management
Chuangmao Technology (Beijing) Co., Ltd.#**	PRC/ Mainland China 14 February 2020	RMB10,000,000	–	100	Technology development and services

NOTES TO FINANCIAL STATEMENTS
31 December 2021

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Name	Place and date of registration and place of operations	Registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Yuelin (Hangzhou) Real Estate Agents Co., Ltd.#**	PRC/ Mainland China 29 July 2020	RMB1,000,000	–	100	Real estate brokerage service
Jiashan Jiamao City Public Resources Management Co., Ltd.#**	PRC/ Mainland China 9 February 2021	RMB5,000,000	–	49^	Property management and city operation services
Huimao Building Technology (Beijing) Co., Ltd.#**	PRC/ Mainland China 5 March 2021	RMB20,000,000	–	100	Smart community management
Maotong Property Management (Shanghai) Co., Ltd.#**	PRC/ Mainland China 8 March 2021	RMB2,000,000	–	100	Property management
Zhoushan Dongda Jinmao Urban Property Services Co., Ltd.#**	PRC/ Mainland China 19 July 2021	RMB5,000,000	–	49^	Property management and city operation services
Zhejiang Zhonglan Xinmao Park Management Co., Ltd.#**	PRC/ Mainland China 19 August 2021	RMB10,000,000	–	51	Property management and city operation services
Beijing Zijin Xinmao Property Services Co., Ltd.#**	PRC/ Mainland China 30 September 2021	RMB1,000,000	–	51	Property management
Guangdong Tumao Commercial Property Operation Co., Ltd.#**	PRC/ Mainland China 6 December 2021	RMB5,000,000	–	70	Property management
Nanjing Xinmao Asset Management Co., Ltd.#**	PRC/ Mainland China 13 December 2021	RMB5,000,000	–	90	Property management and city operation services

The English names of all group companies registered in the PRC represent the best efforts made by the directors of the Company to translate the Chinese names of these companies as they do not have official English names.

* This entity is registered as a wholly-foreign-owned enterprise under the PRC law.

** These entities are registered as limited liability companies under the PRC law.

^ The Group controls the boards of directors of these entities by virtue of its power to cast the majority of votes at the meetings of the respective boards. The rights of shareholders' meetings are all delegated to the meetings of the board except for certain protective rights, and therefore the Group has the power to exercise control over the entities' operating and financing activities.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements of the Group have been prepared as if the Group had always been in existence throughout both years presented, rather than from the date when the Company became the holding company of the subsidiaries of the Group pursuant to the Reorganisation.

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

NOTES TO FINANCIAL STATEMENTS
31 December 2021

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

The nature and the impact of the revised HKFRS are described below:

(a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest-bearing bank and other loans as at 31 December 2021.

(b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The Group has early adopted the amendment on 1 January 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKFRS 17	*Insurance Contracts*[2, 5]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[2, 4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to HKAS 8	*Definition of Accounting Estimates*[2]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

(a) Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

NOTES TO FINANCIAL STATEMENTS
31 December 2021

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs (Continued)

(b) Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

(c) Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

(d) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

(e) Amendments to HKAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs (Continued)

(f) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

(g) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

(h) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

The Group measures its investment properties at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

(vi) the entity is controlled or jointly controlled by a person identified in (a);

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Plant and machinery	9% to 33%
Leasehold improvements	20% to 50%
Furniture, fixtures and office equipment	9% to 20%
Motor vehicles	18% to 25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated life of 3 to 5 years.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets (relate to the office properties and staff quarters) are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated and amortised on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office properties and staff quarters	1.5 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from a change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessor (Continued)

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO FINANCIAL STATEMENTS
31 December 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

In certain cases, the Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, lease liabilities and interest-bearing borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior year are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and tax laws that have been enacted or substantively enacted by the end of each of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

NOTES TO FINANCIAL STATEMENTS
31 December 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

The Group provides property management services, value-added services to non-property owners and community value-added services to property developers, property owners or tenants, property owners' associations or residents. Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(i) Property management services mainly includes security, cleaning, greening, repair and maintenance and file management services to owners or tenants of properties. 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 invoice and that corresponds directly with the value of performance completed. The Group recognises the service fee received or receivable as its revenue over time in the period in which the customer simultaneously receives and consumes the benefits provided by the services performed by the Group.

(ii) Value-added services to non-property owners mainly include (a) sales assistance services, mainly including pre-sale preparation, marketing, cleaning, security and maintenance services at property sales venues and display units, (b) consultancy services, including preliminary planning and design services, construction consultancy services, pre-delivery services prior to delivery of properties to end buyers (mainly clearing, cleaning, assistance at property delivery venues ("Start-up Services"), and property inspection services and the follow-up with rectification services ("Inspection and Follow-up Services")), post-delivery services (mainly repair and maintenance), and other consultancy services (mainly sales agency services with respect to newly developed properties and carpark spaces). The Group agrees the price for each service with customers upfront and issues monthly or quarterly bills to customers which vary based on the actual level of service completed. Revenue from sales assistance services, construction consultancy services, Start-up Services and post-delivery services is recognised over time, in the amount to which the Group has a right to invoice, because the customer simultaneously receives and consumes the benefits provided by the Group. Revenue from preliminary planning and design consultancy services, Inspection and Follow-up Services and sales agency services is recognised at the point in time when the services are rendered and accepted by the property developers.

(iii) Community value-added services mainly include community space operation services, community living services (mainly housekeeping, cleaning, retail and catering services), real estate agency services with respect to secondary sale or rental transactions of properties, and platform services for interior decoration. Revenue from community space operation services and community living services is recognised when the related services are rendered. Revenue from catering services is recognised at the point in time when control of the food and beverages is transferred to the customers, generally on the acceptance of the food and beverages. Revenue from real estate agency services and platform services for interior decoration is recognised at the point in time when the services are rendered and accepted by the customers.

For property management service income from properties managed on a lump sum basis, where the Group acts as principal and is primarily responsible for providing the property management services to the property owners, the Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of services. For property management service income from properties managed on a commission basis, the Group recognises the revenue, which is calculated by a certain percentage of the total property management fee received or receivable from the properties units on behalf of the property owners, for arranging and monitoring the services as provided by other suppliers to the property owners.

NOTES TO FINANCIAL STATEMENTS
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal governments. These subsidiaries are required to contribute a certain portion of their payroll to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders of the Company in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

The financial statements is presented in RMB, while the Company's functional currency is Hong Kong dollar. Each entity in the Group determines its own functional currency and items included in the financial information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

As at the end of the reporting period, the assets and liabilities of the Company and any foreign operations are translated into RMB at the exchange rates prevailing at the end of the reporting period and the profit or loss of the Company is translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the Company and any foreign operations are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the Company which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses ("ECLs") on trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by service type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the property development sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and other receivables is disclosed in notes 19 and 20 to the financial statements.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar leased properties, the Group considers information from discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2021 was RMB9,379,000 (2020: RMB10,590,000). Further details, including the key assumptions used for the fair value measurement, are given in note 14 to the financial statements.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Periodic review could result in a change of depreciable lives and therefore depreciation charge in the future periods.

Recognition of deferred tax liabilities for withholding taxes

Deferred tax liabilities are recognised for withholding tax levied on dividends declared to foreign investors from the foreign investment enterprise established in Mainland China. Significant management judgement is required to determine the amount of deferred tax liabilities that can be recognised, based upon the likely dividends declared. Further details are contained in note 17 to the financial statements.

NOTES TO FINANCIAL STATEMENTS
31 December 2021

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of property management services, value-added services to non-property owners, community value-added services. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

The Group's revenue from customers is derived solely from its operations and services rendered in Mainland China, and the non-current assets of the Group are located in Mainland China.

Information about major customers

For the years ended 31 December 2021, RMB525,971,000 (2020: RMB260,668,000) of revenue was derived from the ultimate holding company and the fellow subsidiaries. Other than the revenue from the ultimate holding company and the fellow subsidiaries, no revenue derived from sales to a single customer or a group of customers under common control amounted to 10% or more of the Group's revenue for the year ended 31 December 2021 (2020: Nil).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021 RMB'000	2020 RMB'000
Revenue from contracts with customers	1,509,746	940,323
Revenue from other sources		
Gross rental income from investment properties operating leases:		
Fixed lease payments	5,779	3,887
	1,515,525	944,210

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers

(a) Disaggregated revenue information

	2021 RMB'000	2020 RMB'000
Types of services		
Property management services	823,229	567,481
Value-added services to non-property owners	539,271	294,401
Community value-added services	147,246	78,441
Total revenue from contracts with customers	1,509,746	940,323
Timing of revenue recognition		
Revenue from contracts with customers recognised over time	1,343,506	909,473
Revenue from contracts with customers recognised at a point in time	166,240	30,850
Total	1,509,746	940,323

Contract liabilities

The Group recognised the following revenue-related contract liabilities:

	2021 RMB'000	2020 RMB'000
Third parties	290,680	183,829
Related parties *(note 29)*	23,257	22,562
Contract liabilities	313,937	206,391

Contract liabilities of the Group mainly arise from the advance payments received from customers for services yet to be provided. The increase in contract liabilities as at 31 December 2021 was mainly due to the increase in short term advances received from customers in relation to the provision of property management services at the end of the year.

NOTES TO FINANCIAL STATEMENTS
31 December 2021

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

Contract liabilities (Continued)

The following table shows the revenue related to carrying forward contract liabilities recognised during the years ended 31 December 2021 and 2020:

	2021 RMB'000	2020 RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the reporting period:	205,447	146,917

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

For residential property management services and non-residential property management services, the Group recognises revenue in the amount that equals to the rights to invoices which corresponds directly with the value to the customers of the Group's performance to date. The Group has elected the practical expedient of not to disclose the remaining performance obligations for these types of contracts because the performance obligation is part of a contract that has an original expected duration of one year or less, and there was unsatisfied performance obligation at the end of the respective periods.

An analysis of other income and gains is as follows:

	2021 RMB'000	2020 RMB'000
Other income and gains		
Bank interest income	3,433	1,313
Loan interest income	32,408	63,750
Tax incentives on value-added tax	7,042	5,458
Government grants	2,102	3,364
Others	527	1,023
	45,512	74,908

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2021 RMB'000	2020 RMB'000
Cost of services provided		1,045,491	709,421
Depreciation of property, plant and equipment	13	9,631	5,369
Depreciation of right-of-use assets	15	9,253	3,750
Amortisation of intangible assets	16	3,102	1,795
Listing expenses		16,048	–
Auditors' remuneration		254	137
Fair value loss on investment properties*	14	1,211	1,050
Loss on disposal of items of property, plant and equipment, net*		510	17
Penalties*^		3,384	15
Employee benefit expense (excluding directors' and chief executive's remuneration *(note 8)*):			
Wages and salaries		385,251	308,755
Pension scheme contributions		35,243	5,323
Equity-settled share option expense		1,237	3,185
		421,731	317,263
Impairment losses/(write-back of impairment losses) of financial assets*:			
– Trade receivables	19	2,262	372
– Other receivables	20	1,831	(196)
Rental expense			
Short-term leases and low-value leases	15(b)	9,663	8,473
Impairment of inventories*		467	–

* These items are included in "Other expenses, net" in the consolidated statements of profit or loss.

^ The penalties for the year ended 31 December 2021 were the fines charged by relevant local government authorities for unauthorised mark-up of electricity fee charged to the tenants and property owners of the Group.

NOTES TO FINANCIAL STATEMENTS
31 December 2021

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 RMB'000	2020 RMB'000
Interest on other borrowings	32,737	63,750
Interest on lease liabilities *(note 15(b))*	970	436
	33,707	64,186

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2021 RMB'000	2020 RMB'000
Fees:		
Directors	–	–
Other emoluments:		
Salaries, allowances and benefits in kind	1,871	902
Performance related bonuses	1,474	1,444
Equity-settled share option expense*	409	446
Pension scheme contributions	57	19
	3,811	2,811

* During the years ended 31 December 2016 and 31 December 2019, Mr. Xie Wei was granted share options, in respect of his services to the Group and China Jinmao Group, under the share option scheme of China Jinmao Group. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

Dr. Chen Jieping, Dr. Han Jian and Mr. Sincere Wong were appointed as independent non-executive directors of the Company on 10 March 2022. There was no emolument payable to the independent non-executive directors during the years ended 31 December 2021 and 2020.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors

	Salaries, allowances and benefits in kind	Performance related bonuses	Equity-settled share option expense	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2021					
Executive directors:					
Mr. Xie Wei *(note (i))*	903	1,408	245	26	2,582
Ms. Zhou Liye *(note (ii))*	968	66	164	31	1,229
Mr. Li Congrui *(note (iii))*	–	–	–	–	–
	1,871	1,474	409	57	3,811
2020					
Executive directors:					
Mr. Xie Wei *(note (i))*	902	1,444	446	19	2,811
Ms. Zhou Liye *(note (ii))*	–	–	–	–	–
Mr. Li Congrui *(note (iii))*	–	–	–	–	–
	902	1,444	446	19	2,811

Notes:

(i) Mr. Xie Wei was appointed as an executive director and the chief executive officer of the Company on 26 August 2021. Certain emoluments of Mr. Xie Wei were paid by China Jinmao Group and recorded in profit or loss of the Group in relation to his services rendered to the Group for the years ended 31 December 2021 and 2020.

(ii) Ms. Zhou Liye was appointed as an executive director of the Company on 26 August 2021. The emoluments of Ms. Zhou Liye before her appointment as executive director of the Company were borne by China Jinmao Group as she did not provide services to the Group for such period.

(iii) The first director of the Company was Mr. Li Congrui, who was appointed on 14 September 2020 and resigned with effect from 26 August 2021. The emoluments of Mr. Li Congrui were borne by China Jinmao Group as he did not provide services to the Group during the years ended 31 December 2021 and 2020.

(c) Non-executive directors

Mr. Jiang Nan, Ms. He Yamin and Ms. Qiao Xiaojie were appointed as non-executive directors of the Company on 26 August 2021. There was no emolument payable to the non-executive directors during the years ended 31 December 2021 and 2020.

No directors waived any emoluments during the years ended 31 December 2021 and 2020.

NOTES TO FINANCIAL STATEMENTS
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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2020: one director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining four (2020: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2021 RMB'000	2020 RMB'000
Salaries, allowances and benefits in kind	3,049	2,847
Performance related bonuses	3,383	2,383
Equity-settled share option expense	491	1,556
Pension scheme contributions	216	82
	7,139	6,868

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2021	2020
HK$1,500,001 to HK$2,000,000	2	2
HK$2,000,001 to HK$2,500,000	2	2
	4	4

During the year ended 31 December 2021, no highest paid employees waived or agreed to waive any remuneration (2020: Nil).

In prior years, share options were granted to certain non-director and non-chief executive highest paid employees in respect of their services to the Group, under the share option scheme of China Jinmao Group. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the financial statements for the years ended 31 December 2021 and 2020 are included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The Company is not liable for income tax as it did not generate any assessable profits arising in Hong Kong during the year.

The income tax provision of the Group in respect of its operation in Mainland China was calculated at the tax rate of 25% on the assessable profits for the reporting period, if applicable, based on the existing legislation, interpretations and practice in respect thereof.

	2021 RMB'000	2020 RMB'000
Current	71,541	31,384
Deferred *(note 17)*	(2,417)	(983)
Total tax charge for the year	69,124	30,401

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company's subsidiaries are domiciled to the tax charge for the year is as follows:

	2021			2020
	Hong Kong RMB'000	Mainland China RMB'000	Total RMB'000	Mainland China RMB'000
Profit before tax	(15,312)	263,447	248,135	107,525
Tax at the statutory tax rate	(2,526)	65,862	63,336	26,881
Tax effect of preferential tax rates	–	(587)	(587)	–
Adjustments in respect of current tax of previous years	–	(201)	(201)	–
Expenses not deductible for tax	2,526	2,918	5,444	2,625
Tax losses not recognised	–	1,132	1,132	895
Tax charge for the year	–	69,124	69,124	30,401

NOTES TO FINANCIAL STATEMENTS
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11. DIVIDENDS

(a) Dividends paid or declared by the Company

No dividends have been paid or declared by board of directors the Company during the year ended 31 December 2021.

(b) Dividends paid or declared by the subsidiaries of the Company to their then shareholders

On 31 July 2020, Sinochem Jinmao declared dividends with an aggregated amount of RMB78,675,000 to its then shareholders, China Jinmao Group and Beijing Chemsunny Property Co., Ltd. which is a wholly-owned subsidiary of China Jinmao Group.

On 30 November 2020, Sinochem Jinmao declared dividends with an aggregated amount of RMB44,982,000 to its then shareholders, China Jinmao Group and Beijing Chemsunny Property Co., Ltd. which is a wholly-owned subsidiary of China Jinmao Group.

On 30 November 2020, Jinmao (Shanghai) Property Management Co., Ltd. declared a dividend in the amount of RMB28,160,000 to its then shareholder, China Jin Mao Group Co., Ltd., which is a wholly-owned subsidiary of China Jinmao Group.

Except for the dividends declared by Jinmao (Shanghai) Property Management Co., Ltd,. the dividends declared by the subsidiaries of the Company to their then shareholders have not been paid as at 31 December 2021.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 800,000,000 (2020: 800,000,000) in issue during the year, as adjusted to reflect those 799,999,998 ordinary shares of the Company issued under the bonus issue occurred after the reporting period, as if the issuance of these additional shares under the bonus issue had been completed throughout the years ended 31 December 2021 and 2020.

	2021 RMB'000	2020 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	177,977	77,124

	Number of shares 2021	 2020
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	800,000,000	800,000,000

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Continued)

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

13. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
31 December 2021					
At 1 January 2021					
Cost	12,849	9,140	28,988	991	51,968
Accumulated depreciation	(2,977)	(2,628)	(12,015)	(733)	(18,353)
Net carrying amount	9,872	6,512	16,973	258	33,615
At 1 January 2021, net of accumulated depreciation	9,872	6,512	16,973	258	33,615
Additions	7,842	13,181	10,132	355	31,510
Disposals	(28)	(412)	(321)	(29)	(790)
Depreciation provided during the year	(2,089)	(2,767)	(4,688)	(87)	(9,631)
At 31 December 2021, net of accumulated depreciation	15,597	16,514	22,096	497	54,704
At 31 December 2021:					
Cost	20,506	21,246	38,266	1,312	81,330
Accumulated depreciation	(4,909)	(4,732)	(16,170)	(815)	(26,626)
Net carrying amount	15,597	16,514	22,096	497	54,704

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31 December 2021

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Plant and machinery RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
31 December 2020					
At 1 January 2020:					
Cost	5,361	5,834	18,852	873	30,920
Accumulated depreciation	(2,431)	(1,189)	(8,707)	(704)	(13,031)
Net carrying amount	2,930	4,645	10,145	169	17,889
At 1 January 2020, net of accumulated depreciation	2,930	4,645	10,145	169	17,889
Additions	7,490	3,306	10,198	118	21,112
Disposals	–	–	(17)	–	(17)
Depreciation provided during the year	(548)	(1,439)	(3,353)	(29)	(5,369)
At 31 December 2020, net of accumulated depreciation	9,872	6,512	16,973	258	33,615
At 31 December 2020:					
Cost	12,849	9,140	28,988	991	51,968
Accumulated depreciation	(2,977)	(2,628)	(12,015)	(733)	(18,353)
Net carrying amount	9,872	6,512	16,973	258	33,615

14. INVESTMENT PROPERTIES

	Leased properties	
	2021 RMB'000	2020 RMB'000
Carrying amount at 1 January	10,590	11,640
Loss from a fair value adjustment *(note 6)*	(1,211)	(1,050)
Carrying amount at 31 December	9,379	10,590

(a) Valuation processes of the Group

The Group's investment properties are carpark spaces situated in Mainland China. The Group measures its investment properties at fair value. The Group's investment properties were revalued on 31 December 2021 based on valuations performed by Beijing Zhuoxindahua Appraisal Co., Ltd., an independent and professionally qualified valuer, at RMB9,379,000.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 15 to the financial statements.

14. INVESTMENT PROPERTIES (Continued)

(b) Valuation techniques

The valuation methodology adopted in valuation is the discounted cash flow method.

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

A significant increase (decrease) in the estimated rental value and the market rent growth rate per annum in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the discount rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rental growth per annum and the discount rate.

(c) Information about fair value measurements using significant unobservable inputs (Level 3)

	2021	2020
Estimated rental value (RMB per square metre per annum)	4,200	3,647
Rental growth per annum	15%	(36%)
Discount rate	6.4%	6.4%

(d) During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

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15. LEASES

The Group as a lessee

The Group has lease contracts for various items of office properties and staff quarters and other equipment used in its operations. Leases of office properties and staff quarters generally have lease terms between 1 and 5 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets and lease liabilities

The carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year are as follows:

	Right-of-use assets Office properties and staff quarters RMB'000	Lease liabilities RMB'000
At 1 January 2020	2,433	5,463
New leases	17,287	15,499
Depreciation charge	(3,750)	–
Accretion of interest recognised during the year	–	436
Payments	–	(3,602)
At 31 December 2020	15,970	17,796
At 1 January 2021	15,970	17,796
New leases	25,756	24,366
Depreciation charge	(9,253)	–
Accretion of interest recognised during the year	–	970
Payments	–	(8,818)
At 31 December 2021	32,473	34,314

15. LEASES (Continued)

The Group as a lessee (Continued)

(a) Right-of-use assets and lease liabilities (Continued)

	2021 RMB'000	2020 RMB'000
Lease liabilities analysed into:		
Current portion	8,972	5,572
Non-current portion	25,342	12,224
Total	34,314	17,796

(b) The amounts recognised in profit or loss in relation to leases are as follows:

	2021 RMB'000	2020 RMB'000
Interest on lease liabilities *(note 7)*	970	436
Depreciation charge of right-of-use assets *(note 6)*	9,253	3,750
Expense relating to short-term leases and leases of low-value assets *(note 6)*	9,663	8,473
Total amount recognised in profit or loss	19,886	12,659

(c) The total cash outflow for leases is disclosed in note 27(c) to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 14) consisting of car park spaces in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB5,779,000 (2020: RMB3,887,000), details of which are included in note 5 to the financial statements.

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16. INTANGIBLE ASSETS

	Computer software RMB'000
31 December 2021	
At 1 January 2021:	
Cost	9,594
Accumulated amortisation	(2,510)
Net carrying amount	7,084
Cost at 1 January 2021, net of accumulated amortisation	7,084
Additions	2,410
Amortisation provided during the year *(note 6)*	(3,102)
At 31 December 2021	6,392
At 31 December 2021:	
Cost	12,003
Accumulated amortisation	(5,611)
Net carrying amount	6,392
31 December 2020	
At 1 January 2020:	
Cost	6,877
Accumulated amortisation	(722)
Net carrying amount	6,155
Cost at 1 January 2020, net of accumulated amortisation	6,155
Additions	2,753
Disposals	(29)
Amortisation provided during the year *(note 6)*	(1,795)
At 31 December 2020	7,084
At 31 December 2020:	
Cost	9,594
Accumulated amortisation	(2,510)
Net carrying amount	7,084

17. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax liabilities and assets are as follows:

Deferred tax liabilities

	Revaluation of investment properties RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2020	2,910	401	3,311
Deferred tax (credited)/charged to profit or loss during the year	(263)	2,921	2,658
At 31 December 2020 and 1 January 2021	2,647	3,322	5,969
Deferred tax (credited)/charged to profit or loss during the year	(303)	3,872	3,569
At 31 December 2021	2,344	7,194	9,538

Deferred tax assets

	Allowance for impairment RMB'000	Unrealised profits from intra group transactions RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2020	1,577	–	1,355	2,932
Deferred tax credited to profit or loss during the year	44	576	3,021	3,641
At 31 December 2020 and 1 January 2021	1,621	576	4,376	6,573
Deferred tax credited to profit or loss during the year	1,140	715	4,131	5,986
At 31 December 2021	2,761	1,291	8,507	12,559

17. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Deferred tax assets (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2021 RMB'000	2020 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	4,708	2,457
Net deferred tax liabilities recognised in the consolidated statements of financial position	(1,687)	(1,853)
Net deferred tax assets	3,021	604

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2021, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB199,025,000 as at 31 December 2021 (2020: RMB7,775,000).

The Group has not recognised deferred tax assets in respect of tax losses arising in the PRC of RMB5,168,000 (2020: RMB1,261,000), that will expire in one to five years, as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

18. INVENTORIES

	2021 RMB'000	2020 RMB'000
Consumables and spare parts	4,231	4,801
General merchandise	292	398
Total	4,523	5,199

19. TRADE RECEIVABLES

	2021 RMB'000	2020 RMB'000
Related parties *(note 29)*	281,135	129,148
Third parties	139,225	78,186
Trade receivables	420,360	207,334
Less: Allowance for impairment of trade receivables	(5,883)	(3,621)
	414,477	203,713

Trade receivables mainly represent receivables from property management services and other related services to property developers. For trade receivables from property management services, the Group charges property management fees on a monthly or quarterly basis and the payment is generally due upon the issuance of demand notes. For trade receivables from other services to property developers, the Group's trading terms with its customers are mainly on credit and the credit period is generally 90 to 180 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. Other than trade balances due from Sinochem Group and its subsidiaries, the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The amounts due from the related parties are repayable on credit terms similar to those offered to other major customers of the Group.

An ageing analysis of the trade receivable as at the end of each of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2021 RMB'000	2020 RMB'000
Within 1 year	377,319	172,392
1 to 2 years	22,743	26,192
2 to 3 years	11,247	2,667
Over 3 years	3,168	2,462
	414,477	203,713

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19. TRADE RECEIVABLES (Continued)

The movements in provision for impairment of trade receivables are as follows:

	2021 RMB'000	2020 RMB'000
At beginning of the year	3,621	3,249
Impairment losses recognised *(note 6)*	2,262	372
At end of the year	5,883	3,621

As at the end of the year, all trade receivables were denominated in RMB, and the fair values of trade receivables approximated to their carrying amounts.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

At 31 December 2021

	Third parties – past due					
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Related parties	Total
Expected credit loss rate	1.60%	4.66%	20.30%	73.48%	0.07%	1.40%
Gross carrying amount (RMB'000)	113,506	16,127	7,356	2,236	281,135	420,360
Expected credit losses (RMB'000)	(1,812)	(751)	(1,493)	(1,643)	(184)	(5,883)

At 31 December 2020

	Third parties – past due					
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Related parties	Total
Expected credit loss rate	1.61%	2.42%	9.21%	87.74%	–	1.75%
Gross carrying amount (RMB'000)	45,226	26,269	4,603	2,088	129,148	207,334
Expected credit losses (RMB'000)	(730)	(635)	(424)	(1,832)	–	(3,621)

The expected credit loss of trade receivables from related parties was immaterial considering there were no recent history of default and no significant credit risks of the related parties of the Group.

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2021 RMB'000	2020 RMB'000
Current		
Amounts due from related parties *(note 29)*	160,377	569,813
Deposits of ABS arrangement *(note)*	–	5,837
Prepayments	17,780	19,410
Deposits	11,688	8,040
Advances to employees	1,531	4,265
Other receivables	32,315	14,966
Payments on behalf of residents/tenants	41,004	23,415
Others	5,979	–
	270,674	645,746
Impairment allowance	(3,381)	(1,550)
	267,293	644,196
Non-current		
Amounts due from related parties *(note 29)*	–	936,992
Other assets	2,693	4,601
	2,693	941,593

Note: The amount represented the deposits placed by the Group for the purpose of the ABS arrangement as further defined and disclosed in note 24 to the financial statements.

Payments on behalf of residents/tenants represent the current accounts with the residents/tenants of communities/ properties managed by the Group. Amounts due from related parties mainly represent performance guarantees placed with related parties and receivables in relation to payments made on behalf of related parties. The Group has assessed that the credit risk of the financial assets included in the above balances excluding payments on behalf of residents/tenants and amounts due from related parties has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit loss. The Group considers the historical loss rate and adjusts for forward-looking macro-economic data in calculating the expected credit loss rate. As at 31 December 2020 and 2021, the Group estimated that the expected loss rate and the loss allowance for these receivables were minimal under the 12-month expected loss method.

NOTES TO FINANCIAL STATEMENTS
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20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

The movements in provision for impairment of payments on behalf of residents/tenants and amounts due from related parties are as follows:

	2021 RMB'000	2020 RMB'000
At beginning of the year	1,550	1,746
Impairment losses recognised in profit or loss/(write-back of impairment losses) *(note 6)*	1,831	(196)
At end of the year	3,381	1,550

Expected credit losses are estimated by applying a loss rate approach with reference to the days past due for groupings of parties with similar loss patterns. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The following table provides information about the exposure to credit risk and ECLs for payments on behalf of residents/tenants and amounts due from related parties which are assessed collectively based on an estimated average credit loss rate as at 31 December 2020 and 2021.

	31 December 2021			31 December 2020		
Category	Average loss rate	Gross carrying amount RMB'000	Impairment loss allowance RMB'000	Average loss rate	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
Credit-impaired	8.25%	41,004	3,381	6.62%	23,415	1,550

21. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	2021 RMB'000	2020 RMB'000
Cash and bank balances	554,897	270,818
Less: Restricted cash	(1,278)	–
Cash and cash equivalents	553,619	270,818
Cash and bank balances denominated in RMB	554,897	270,818

21. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH (Continued)

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Restricted cash represented cash at bank frozen for performance guarantee deposits and pre-litigation preservation of property.

Included in the Group's cash and cash equivalents were bank balances of RMB369,130,000 as at 31 December 2021 (2020: RMB120,490,000) placed with Sinochem Group Finance Co., Ltd. ("Sinochem Finance"), which is a subsidiary of Sinochem Group and a financial institution approved by the People's Bank of China. The interest rates on these deposits ranged from 0.35% to 1.90% per annum. Further details of the interest income attributable to the deposits placed with Sinochem Finance are set out in note 29 to the financial statements.

22. TRADE PAYABLES

	2021 RMB'000	2020 RMB'000
Trade payables		
– Related parties *(note 29)*	4,440	687
– Third parties	166,504	111,349
	170,944	112,036

An ageing analysis of the Group's trade payables at the end of reporting period, based on the invoice date, is as follows:

	2021 RMB'000	2020 RMB'000
Within 1 year	163,366	107,183
1 to 2 years	4,106	1,459
2 to 3 years	532	1,665
More than 3 years	2,940	1,729
	170,944	112,036

Trade payables are unsecured, interest-free and normally settled within 90 days.

NOTES TO FINANCIAL STATEMENTS
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23. OTHER PAYABLES AND ACCRUALS

	Notes	2021 RMB'000	2020 RMB'000
Current			
Amounts due to related parties	(i)	233,107	231,567
Receipts on behalf of residents/tenants		158,326	132,938
Deposits and temporary receipts		69,520	48,259
Payroll and welfare payables		46,844	30,021
Other tax payables		46,821	23,283
Other payables	(ii)	75,212	54,573
		629,830	520,641
Non-current			
Dividend payable		–	123,657

Notes:

(i) The amounts due to related parties included dividend payable to related parties of RMB118,402,000 as at 31 December 2021 (2020: RMB28,160,000).

(ii) The other payables are unsecured, interest-free and have an average term of three months.

24. INTEREST-BEARING BORROWINGS

	2021			2020		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Current portion of long term loans from third parties	N/A	N/A	–	4.88-5.50	2021	144,000
Non-current						
Loans from third parties	N/A	N/A	–	4.88-5.50	2027	936,992
			–			1,080,992

	2021 RMB'000	2020 RMB'000
Analysed into:		
Loans repayable:		
Within one year or on demand	–	144,000
In the second year	–	153,000
In the third to fifth years, inclusive	–	517,000
Beyond five years	–	266,992
	–	1,080,992

The interest-bearing borrowings of the Group as at 31 December 2020 represented the asset-backed securities arrangement ("ABS") of the Group to transfer the right of receipt of the management fees, including the future management fee receivables, from certain properties managed by the Group, which are denominated in RMB and bear interest at annual rates of 4.88% to 5.50%. Under the ABS arrangement, the Group is still exposed to default risks of the management fee receivables after the transfer, and accordingly, it continued to recognise the full carrying amounts of the management fee receivables. The ABS arrangement is accounted for as borrowings of the Group, and these borrowings are due and repayable by several tranches before 15 July 2027 and can be early repaid before the expected due date at the option of the Group at certain predetermined prices in certain specific periods prior to the maturity date of each tranche. On 15 July 2021, the Group early repaid all the remaining borrowings under the ABS arrangement.

NOTES TO FINANCIAL STATEMENTS
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25. SHARE CAPITAL

	2021 RMB'000	2020 RMB'000
Issued and fully paid:		
2 (2020: 1) ordinary shares	66,947	–*

* *The amount is less than RMB1,000.*

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
On 14 September 2020 (the date of incorporation)	–	–
New issue *(note (a))*	1	–*
At 31 December 2020 and 1 January 2021	1	–*
New issue *(note (b))*	1	66,947
At 31 December 2021	2	66,947

* *The amount is less than RMB1,000.*

Notes:

(a) The Company was incorporated on 14 September 2020 and one ordinary share was issued on the same date to China Jinmao Group.

(b) On 13 April 2021, one ordinary share was further allotted and issued as fully paid to China Jinmao Group, to acquire for China Jinmao Group's 85% equity interest in Sinochem Jinmao as part of the Reorganisation, and the issued share capital of the Company was increased to RMB66,947,000.

26. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statements of changes in equity.

(a) Merger reserve

The merger reserve of the Group represents the difference between the aggregate of the paid-up share capital of the subsidiaries now comprising the Group and the consideration paid by the Group for the business combination under common control.

"Deemed distribution for acquisition of subsidiaries under common control" was arising from acquisitions of certain subsidiaries ("Acquirees") under common control. During the year ended 31 December 2021, the Group acquired (a) 15% equity interests in Sinochem Jinmao from Beijing Chemsunny Property Co., Ltd., a wholly-owned subsidiary of China Jinmao Group, at a consideration of RMB1,630,000; (b) 100% equity interests in Jinmao (Shanghai) Property Management Co., Ltd. from China Jin Mao Group Co., Ltd., a wholly-owned subsidiary of China Jinmao Group, at a consideration of RMB7,890,000; and (c) 15% and 85% equity interests in Chuangmao Technology (Beijing) Co., Ltd. from Beijing Chuangmao Future Information Services Center (Limited Partnership) and Jinmao Huichuang Enterprise Management (Tianjin) Partnership (Limited Partnership), which are both non-wholly-owned subsidiaries of China Jinmao Group, respectively, at a total consideration of RMB11,964,000. The total consideration of RMB21,484,000 paid or payable for the above transactions was regarded as a deemed distribution to the then equity holders of the Acquirees. Further details of the transactions are included in the Reorganisation as set out in the paragraph headed "Reorganization" in the section headed "History, Reorganization and Corporate Structure" in the prospectus of the Company dated on 25 February 2022.

(b) Other reserve

The other reserve of the Group represents the contributions from China Jinmao Group for equity-settled share option expenses related to the share options granted by China Jinmao Group to certain employees of the Group and of China Jinmao Group who worked for the Group and for remuneration of a director of the Company settled by a subsidiary of China Jinmao Group for his service rendered to the Group.

(c) PRC statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the Company's subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profit after tax, as determined under the Chinese Accounting Standards, to the statutory surplus funds until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of these subsidiaries, the statutory surplus funds may be used either to offset losses, or to be converted to increase the share capital of the subsidiaries provided that the balance after such conversion is not less than 25% of the registered capital of them. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

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27. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of approximately RMB24,366,000 (2020: RMB15,499,000) and RMB24,366,000 (2020: RMB15,499,000), respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

The reconciliation of liabilities arising from financing activities is as follows:

2021

	Interest-bearing borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2021	1,080,992	17,796
Changes from financing cash flows	(1,080,992)	(7,848)
New leases	–	24,366
Interest expense	–	970
Interest paid classified as financing cash flows	–	(970)
At 31 December 2021	–	34,314

2020

	Interest-bearing borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2020	1,214,997	5,463
Changes from financing cash flows	(134,005)	(3,166)
New leases	–	15,499
Interest expense	–	436
Interest paid classified as financing cash flows	–	(436)
At 31 December 2020	1,080,992	17,796

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2021 RMB'000	2020 RMB'000
Within operating activities	10,805	9,413
Within financing activities	8,818	3,602
Total	19,623	13,015

27. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(d) During the year, the Group had recorded non-cash expenses of RMB1,646,000 (2020: RMB3,631,000) in respect of management's and staffs' services to the Group under the share option scheme of China Jinmao Group and management's remuneration of RMB2,337,000 (2020: RMB2,365,000) borne by the immediate holding company of the Company.

28. COMMITMENTS

At the end of the reporting period, the Group did not have any material capital commitment and Group, as a lessee, had no lease contracts that have not yet commenced as at the end of the reporting period.

29. RELATED PARTY TRANSACTIONS

(1) Transactions with related parties

In addition to the transactions detailed elsewhere in the financial statements, the Group entered into the following transactions with related parties during the year:

(a) Property management service income, value-added service income to non-property owners, community value-added service income, lease expenses, information technology expenses, equity-settled share option expenses, management's remuneration borne by the immediate holding company and interest income

	2021 RMB'000	2020 RMB'000
Property management service income:		
Other subsidiaries of China Jinmao Group*	85,228	54,837
Joint ventures of China Jinmao Group	11,756	6,169
Associates of China Jinmao Group	7,262	1,119
Other subsidiaries of Sinochem Group**	37,608	34,586
Other joint ventures of Sinochem Group#	5,103	5,335
Other associates of Sinochem Group#	563	565
	147,520	102,611
Value-added service income to non-property owners:		
China Jinmao Group and its other subsidiaries*	362,126	142,712
Joint ventures of China Jinmao Group	89,582	68,564
Associates of China Jinmao Group	68,235	66,850
Other subsidiaries of Sinochem Group**	534	1,484
	520,477	279,610

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29. RELATED PARTY TRANSACTIONS (Continued)

(1) Transactions with related parties (Continued)

(a) (Continued)

	Notes	2021 RMB'000	2020 RMB'000
Community value-added service income:			
Other subsidiaries of China Jinmao Group*		38,118	25,249
Joint ventures of China Jinmao Group		5,540	1,443
Associates of China Jinmao Group		1,600	71
Other subsidiaries of Sinochem Group**		2,357	1,800
Other joint ventures of Sinochem Group#		2	2
Other associates of Sinochem Group#		8	3
		47,625	28,568
Lease expenses:			
Other subsidiaries of China Jinmao Group*		7,136	2,528
Information technology expenses:			
Other subsidiaries of China Jinmao Group*		5,549	1,767
Other subsidiaries of Sinochem Group**		–	761
		5,549	2,528
Equity-settled share option expenses:			
China Jinmao Group	(i)	1,646	3,631
Management's remuneration borne by the immediate holding company:			
China Jinmao Group	(ii)	2,337	2,365
Interest income:			
Other subsidiaries of China Jinmao Group*	(iii)	32,408	63,750
Sinochem Finance	(iv)	224	173
		32,632	63,923

29. RELATED PARTY TRANSACTIONS (Continued)

(1) Transactions with related parties (Continued)

(a) (Continued)

Notes:

* Other subsidiaries of China Jinmao Group are entities that are controlled by China Jinmao Group Co., Ltd., excluding the Group.

** Other subsidiaries of Sinochem Group are entities that are controlled by Sinochem Group Co., Ltd., excluding China Jinmao Group and its subsidiaries.

\# Other joint ventures and associates of Sinochem Group are joint ventures and associates of Sinochem Group, excluding the joint ventures and associates of China Jinmao Group.

(i) In prior years, certain management of the Group and Mr. Xie Wei, who was appointed as an executive director and the chief executive officer of the Company subsequent to the end of the reporting period, were granted share options, in respect of their services to the Group and China Jinmao Group, under the share option scheme of China Jinmao Group. Ms. Zhou Liye, who was appointed as an executive director and the chief financial officer of the Company subsequent to the end of reporting period, was granted share options in respect of her services to China Jinmao Group, under the share option scheme of China Jinmao Group. She joined the Group in May 2021 and the related equity-settled share option expenses were borne by the Group since then. The fair value of such options, which has been recognised in profit or loss of the Group over the vesting period, was determined as at the date of grant.

(ii) Certain emoluments of certain management of the Group and Mr. Xie Wei were paid by China Jinmao Group and recorded in profit or loss of the Group in relation to their services rendered to the Group.

(iii) Interest income from other subsidiaries of China Jinmao Group was determined at rates of 4.88% to 5.50% per annum.

(iv) Interest income from Sinochem Finance was at the rates of 0.35% to 1.90% per annum.

(v) The pricing for other transactions above were determined in accordance with the terms mutually agreed by the contracting parties.

(b) During the years ended 31 December 2021 and 2020, the Group was entitled to use some trademarks of China Jinmao Group for free.

NOTES TO FINANCIAL STATEMENTS
31 December 2021

29. RELATED PARTY TRANSACTIONS (Continued)

(2) Outstanding balances with related parties

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Prepayments and receivables from related parties		
Trade receivables		
Other subsidiaries of Sinochem Group**	670	1,615
Joint ventures of Sinochem Group#	72	–
China Jinmao Group and its other subsidiaries*	208,131	89,154
Joint ventures of China Jinmao Group	46,493	25,275
Associates of China Jinmao Group	25,769	13,104
	281,135	129,148
Prepayments and other receivables		
Other subsidiaries of Sinochem Group**	7,894	638
Joint ventures of Sinochem Group	60	–
Other subsidiaries of China Jinmao Group*	128,405	1,505,744
Joint ventures of China Jinmao Group	20,030	423
Associates of China Jinmao Group	3,988	–
	160,377	1,506,805
Cash and cash equivalents		
Deposits placed with Sinochem Finance *(note 21)*	369,130	120,490
Payables to related parties		
Trade payables		
Other subsidiaries of Sinochem Group**	107	109
Other subsidiaries of China Jinmao Group*	4,333	578
	4,440	687

29. RELATED PARTY TRANSACTIONS (Continued)

(2) Outstanding balances with related parties (Continued)

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Other payables		
Other subsidiaries of Sinochem Group**	15,462	4,391
Joint ventures of Sinochem Group#	643	–
Associates of Sinochem Group#	329	809
China Jinmao Group and its other subsidiaries*	207,129	349,616
Joint ventures of China Jinmao Group	7,994	348
Associates of China Jinmao Group	1,550	60
	233,107	355,224
Lease liabilities		
Other subsidiaries of China Jinmao Group*	31,326	15,632
Contract liabilities		
Other subsidiaries of Sinochem Group**	2,601	407
Joint ventures of Sinochem Group#	61	–
Other subsidiaries of China Jinmao Group*	11,931	15,491
Joint ventures of China Jinmao Group	5,097	4,347
Associates of China Jinmao Group	3,567	2,317
	23,257	22,562

NOTES TO FINANCIAL STATEMENTS
31 December 2021

29. RELATED PARTY TRANSACTIONS (Continued)

(2) Outstanding balances with related parties (Continued)

The Group's outstanding balances of trade receivables, trade payables, prepayments, lease liabilities and contract liabilities with related parties and deposits placed with Sinochem Finance are trade in nature. The outstanding balances of other receivables and other payables with related parties are non-trade in nature, and these balances are unsecured, interest-free and has no fixed terms of repayment.

(3) Compensation of key management personnel of the Group

	2021 RMB'000	2020 RMB'000
Salaries, allowances and benefits in kind	6,012	4,288
Pension scheme contributions	364	127
Performance related bonuses	5,114	4,164
Equity-settled share option expense	1,390	2,238
	12,880	10,817

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

(4) Transactions and balances with other state-owned entities

The Group is indirectly controlled by the PRC government and operates in an economic environment predominated by entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively "State-owned Entities" ("SOEs")). During the reporting period, the Group had transactions with other SOEs to provide property management services. The directors of the Company consider that these transactions with other SOEs are activities conducted in the ordinary course of business and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and the other SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for its products and services and such pricing policies do not depend on whether or not the customers are SOEs.

30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of reporting period are as follows:

	2021 RMB'000	2020 RMB'000
Financial assets – Financial assets at amortised cost		
Trade receivables	414,477	203,713
Financial assets included in prepayments, other receivables and other assets	239,685	1,557,118
Restricted cash	1,278	–
Cash and cash equivalents	553,619	270,818
	1,209,059	2,031,649

	2021 RMB'000	2020 RMB'000
Financial liabilities – Financial liabilities at amortised cost		
Trade payables	170,944	112,036
Interest-bearing borrowings	–	1,080,992
Lease liabilities	34,314	17,796
Financial liabilities included in other payables and accruals	536,165	590,994
	741,423	1,801,818

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables, financial assets included in current portion of prepayments, other receivables and other assets, trade payables, current portion of interest-bearing borrowings, and financial liabilities included in current portion of other payables and accrual, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of interest-bearing borrowings, financial assets included in other receivables and other assets and financial liabilities included in other payables, have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The resulting fair value amounts of these assets and liabilities are closed to their carrying amounts as at the end of the reporting period.

Fair value hierarchy

The Group did not hold any financial assets and liabilities measured at fair value as at 31 December 2021 and 2020.

NOTES TO FINANCIAL STATEMENTS
31 December 2021

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, restricted cash, trade and other receivables, trade and other payables, which arise directly from its operations. The Group has other financial liabilities such as interest-bearing borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group's overall risk management programme focuses on minimising potential adverse effects of these risks, with a material impact, on the Group's financial performance. The board of directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Credit risk

The Group is exposed to credit risk in relation to its trade receivables, other receivables, cash and cash equivalents and restricted cash.

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

The Group expects that the credit risk associated with trade receivables and other receivables due from related parties is low, since the related parties have strong capacity to meet contractual cash flow obligations in the near term. Thus, management does not expect that there will be any significant impairment for the trade receivables and other receivables due from related parties.

The Group trades only with recognised and creditworthy third parties. Concentrations of credit risk are managed by analysis by customer/counterparty. There are no significant concentrations of credit risk from third parties as the customer bases of the Group's trade receivables and other receivables are widely dispersed. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (Continued)

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	420,360	420,360
Financial assets included in prepayments, other receivables and other assets					
– Normal**	202,062	–	–	–	202,062
– Doubtful**	–	41,004	–	–	41,004
Restricted cash					
– Not yet past due	1,278	–	–	–	1,278
Cash and cash equivalents					
– Not yet past due	553,619	–	–	–	553,619
	756,959	41,004	–	420,360	1,218,323

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	207,334	207,334
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,535,253	–	–	–	1,535,253
– Doubtful**	–	23,415	–	–	23,415
Cash and cash equivalents					
– Not yet past due	270,818	–	–	–	270,818
	1,806,071	23,415	–	207,334	2,036,820

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

NOTES TO FINANCIAL STATEMENTS
31 December 2021

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding to finance its working capital needs as well as capital expenditure in respect of this management projects, and flexibility through the use of stand-by credit facilities.

The table below analyses the maturity profile of the Group's financial liabilities as at the end of reporting period, which is based on contractual undiscounted payments.

As at 31 December 2021

	Within 1 year or on demand RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade payables	170,944	–	–	170,944
Lease liabilities	11,104	27,132	–	38,236
Financial liabilities included in other payables and accruals	536,165	–	–	536,165
	718,213	27,132	–	745,345

As at 31 December 2020

	Within 1 year or on demand RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade payables	112,036	–	–	112,036
Interest-bearing borrowings	198,312	809,055	280,261	1,287,628
Lease liabilities	6,690	12,752	–	19,442
Financial liabilities included in other payables and accruals	467,337	123,657	–	590,994
	784,375	945,464	280,261	2,010,100

(c) Interest rate risk and foreign currency risk

The Group is not exposed to material interest rate risk as the Group has no long term debt obligations with a floating interest rate.

The Group is not exposed to material foreign currency risk as its business is principally conducted in Mainland China and all the transactions are denominated in RMB.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Capital management

The Group's primary objectives for managing capital are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratio in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No change was made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 2020.

The Group monitors capital using a current ratio, which is total current assets divided by total current liabilities, and a liabilities to assets ratio, which is total liabilities divided by total assets. The current ratios and liabilities to assets ratios as at the end of each of the reporting periods are as follows:

	2021 RMB'000	2020 RMB'000
Total current assets	1,248,703	1,123,926
Total current liabilities	1,128,042	1,011,375
Total assets	1,359,052	2,135,235
Total liabilities	1,155,071	2,086,101
Current ratio	1.11	1.11
Liabilities to assets ratio	0.85	0.98

33. EVENTS AFTER THE REPORTING PERIOD

On 26 January 2022, China Jinmao Group made a capital injection of HK$125,000,000 (equivalent to RMB101,538,000) to the Company, and the share capital of the Company was increased by the same amount without allotment and issuance of any new shares.

On 9 March 2022, 799,999,998 ordinary shares of the Company were issued for nil consideration to China Jinmao Group as bonus issue and the number of issued ordinary shares of the Company became 800,000,000 after the bonus issue.

On 10 March 2022, the ordinary shares of the Company were listed on the Stock Exchange, and in connection with the Company's listing, 101,411,500 ordinary shares (before any exercise of the over-allotment option) of the Company were issued through global offering to public and international investors at the offer price of HK$8.14 per share for aggregate cash proceeds before expenses of HK$825,490,000 (approximately RMB666,187,000).

NOTES TO FINANCIAL STATEMENTS
31 December 2021

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSET		
Investment in a subsidiary	68,476	–
CURRENT ASSETS		
Other assets	4,832	–*
CURRENT LIABILITIES		
Other payables and accruals	21,520	–
NET CURRENT LIABILITIES	(16,688)	–*
Net assets	51,788	–*
EQUITY		
Share capital	66,947	–*
Reserves *(note)*	(15,159)	–*
Total equity	51,788	–*

* *The amount is less than RMB1,000.*

Xie Wei
Director

Zhou Liye
Director

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Exchange reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000
At 14 September 2020 (date of incorporation)	–	–	–
Total comprehensive loss for the period	–*	–*	–*
At 31 December 2020 and 1 January 2021	–*	–*	–*
Total comprehensive loss for the year	254	(15,413)	(15,159)
At 31 December 2021	254	(15,413)	(15,159)

* *The amount is less than RMB1,000.*

35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2022.

FOUR-YEAR FINANCIAL SUMMARY

	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Revenue	1,515,525	944,210	788,323	574,503
Gross profit	470,034	234,789	151,523	115,034
Profit attributable to owners of the parent	177,977	77,124	22,624	17,487
Total assets	1,359,052	2,135,235	1,986,219	1,940,502
Total liabilities	1,155,071	2,086,101	1,878,388	1,860,847
Equity attributable to owners of the parent	195,397	49,134	107,831	79,655
Total equity	203,981	49,134	107,831	79,655

金茂物業服務發展股份有限公司
Jinmao Property Services Co., Limited