

金科智慧服務集團 股份有限公司

Jinke Smart Services Group Co., Ltd.

股份代號 9666.HK

Stock Code 9666.HK

(於中華人民共和國註冊成立的股份有限公司)

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



2021
ANNUAL REPORT
年度報告

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Xia Shaofei (*chairman*)
Mr. Luo Chuansong
Mr. Xu Guofu

Non-Executive Directors

Mr. Luo Licheng
Mr. Liang Zhongtai
Ms. Fu Ting (*appointed on 28 December 2021*)
Mr. Li Nan (*resigned on 28 December 2021*)

Independent Non-Executive Directors

Mr. Cao Guohua
Ms. Yuan Lin
Mr. Chan Chi Fung Leo

SUPERVISORS

Mr. Yu Yong
Mr. Han Chong
Ms. Ren Wenjuan

JOINT COMPANY SECRETARIES

Mr. Xu Guofu
Mr. Lau Kwok Yin

AUTHORIZED REPRESENTATIVES

Mr. Xu Guofu
Mr. Lau Kwok Yin
Ms. Ching Suet Fan (*alternative authorized representative to Mr. Lau Kwok Yin*) (*appointed on 29 March 2022*)

AUDIT COMMITTEE

Mr. Chan Chi Fung Leo (*chairman*)
Mr. Liang Zhongtai
Mr. Cao Guohua

REMUNERATION COMMITTEE

Ms. Yuan Lin (*chairlady*)
Mr. Luo Licheng
Mr. Cao Guohua

NOMINATION COMMITTEE

Mr. Xia Shaofei (*chairman*)
Ms. Yuan Lin
Mr. Cao Guohua

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Xu Guofu (*chairman*)
Mr. Xia Shaofei
Mr. Chan Chi Fung Leo

HEADQUARTERS IN THE PRC

Building A4, East Zone
Jinke Shiniancheng
No. 480, Panxi Road
Shimahe Street
Jiangbei District
Chongqing, PRC

REGISTERED OFFICE IN THE PRC

Jinke Huayuan
Wuhuang Road
Wulidian Street
Jiangbei District
Chongqing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor
Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

CORPORATE INFORMATION

H SHARE REGISTRAR

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

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

COMPLIANCE ADVISOR

Guotai Junan Capital Limited

LEGAL ADVISOR AS TO HONG KONG LAWS

Sidley Austin

PRINCIPAL BANKS

Industrial and Commercial Bank of China,
Chongqing Longhu Branch

China Merchants Banks, Chongqing Branch,
Jinke Shierfang Sub-branch

INVESTOR RELATIONS

Investor Relations Department
E-mail: irjks@jinke.com
Telephone: +86 (023) 8825 9666

COMPANY'S WEBSITE

www.jinkeservice.com

STOCK CODE

09666

FINANCIAL SUMMARY

SUMMARY OF THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December	
	2021	2020 (Restated)
Revenue (RMB million)	5,968.4	3,371.9
Gross profit (RMB million)	1,846.4	1,009.3
Gross profit margin	30.9%	29.9%
Profit for the year ended (RMB million)	1,076.8	632.2
Net profit margin	18.0%	18.7%
Profit for the year attributable to owners of the Company (RMB million)	1,057.2	616.6
Basic earnings per share (RMB)*	1.62	1.24
Return on shareholders' equity (weighted average)	13.8%	8.6%

* The H shares of the Company were listed on 17 November 2020. The weighted average number of ordinary shares for the year ended 31 December 2021 (the "year" or "period") and for the year ended 31 December 2020 were 652,837,100 and 497,011,000, respectively. Details are set out in note 13 to the consolidated financial statements in this annual report.

FINANCIAL SUMMARY

SUMMARY OF THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December	
	2021	2020 (Restated)
Total assets (RMB million)	10,439.5	8,624.6
Cash and cash equivalents (RMB million)	4,922.3	6,856.3
Total equity (RMB million)	7,730.0	7,236.6
Gearing ratio	–	–

HONORS AND MAJOR EVENTS IN 2021:

LIST OF HONORS IN 2021:

- 2021 Top 10 among the Top 100 Property Management Companies in China in terms of Overall Strengths
- 2021 China Leading Property Companies in terms of Technology Empowerment
- 2021 China Leading Property Management Companies in terms of Satisfaction
- 2021 China Leading Property Management Companies in terms of Quality Service
- 2021 Top 10 Property Management Companies in Chongqing in terms of Overall Strengths
- 2021 Top 10 Property Management Companies in Wuxi in terms of Overall Strengths
- 2021 China Top 10 Listed Property Management Companies in terms of Market Expansion Ability
- 2021 China Top 10 Listed Property Management Companies in terms of Community Value-added Service Capabilities



HONORS AND MAJOR EVENTS IN 2021:

1

Jinke Services and JD Property Group worked in partnership to jointly build a smart industrial park
In January 2021, Jinke Services signed a contract with JD Property Group to reach a comprehensive strategic cooperation with JD Property in Southwest China and South China. Jinke Services will continue to provide high-quality services for the JD Asia No. 1 smart mega-logistics park in more than 10 cities including Chongqing, Guangzhou, Shenzhen, Chengdu, Haikou and Sanya, and work together to build a smart logistics industry ecology to bring Jinke-style benefits to each park.



2

Millions of owners across the country achieved online reunion in Jinke 2021 Neighborhood Cloud Spring Festival Gala

In February 2021, “Jinke 2021 Neighborhood Cloud Spring Festival Gala” was successfully held. Through a live broadcast of the Neighborhood Spring Festival Gala, the space barriers under the regular epidemic prevention and control were broken, allowing millions of owners across the country to achieve online reunion.



3

The “straight-A” student in five areas, Jinke Services held the first results presentation and delivered satisfactory results

In March 2021, Jinke Services held the Company’s first results presentation. According to the figures, the Company’s revenue in 2020 reached RMB3.359 billion, representing a year-on-year increase of 44%. During the same period, the profit attributable to the owners of the Company increased to RMB617 million, representing a year-on-year increase of approximately 68.5%, bringing high quality returns to the shareholders for their trust.

金科智慧服務集團股份有限公司
Stock Code : 9666.HK
2020年度業績發佈會
2020 Annual Results Presentation
中國·重慶 2021.03.25



4

With the upgrade of the Grande Community Neighborhood ecosystem, thousands of Jinke fans runners gathered at the Chongqing Marathon

In April 2021, the Chongqing Marathon was held. Nearly 1,000 members of the Jinke Joyrun team wore red team uniforms to participate in the competition, and more than 100 family members of Jinke fans runners formed a “Jinke Fans Club” to continuously cheered the Jinke Joyrun team on beside the track. Since its establishment at the end of 2020, the Jinke Joyrun team has gone from the owners to driving the neighbors to run, to continuously attracting the majority of running enthusiasts to join. Runners were developed from a person to a family, from a community to a city to all over the country.



HONORS AND MAJOR EVENTS IN 2021:



5

Technology + Service! Jinke Tianqi appeared at China International Consumer Products Expo

In May 2021, the first China International Consumer Products Expo (hereinafter referred to as "Expo") was held in Haikou, Hainan. Chongqing Tianzhihuiqi Technology Co., Ltd., a subsidiary of Jinke Services, made an appearance at the Expo. Combining its own human-computer interaction product genes and focusing on scenarios for exhibition services, Tianqi created a systematic exhibition service solution and gave full play to the advantages of rich experience in smart security services and AI robot services to empower the smart services of the Expo.

6

Technology empowerment + ecological integration! Jinke Services and Leishan County, Guizhou worked in partnership to make benefits further lifted

In June 2021, the People's Government of Leishan County, Guizhou entered into a comprehensive strategic cooperation agreement with Jinke Services. The two parties will conduct in-depth cooperation in the fields of smart city services, smart scenic spot services, comprehensive cultural and tourism services and local life services, and will conduct special cooperation on the cultural and tourism industry chain and smart scenic spot construction in Xijiang Qianhu Miao Village Scenic Spot. From technology empowerment to ecological integration, Jinke Services continues to make urban life more efficient and better.



7

Jinke Tianqi won two awards in the field of IoT in Chengdu and Chongqing

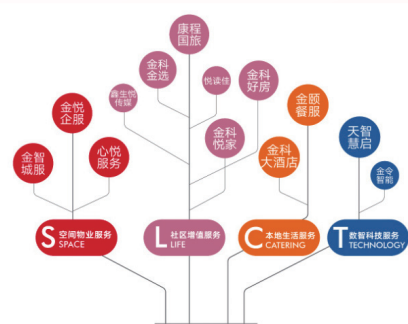
In July 2021, the Jinke Tianqi IBMS management system developed by Chongqing Tianzhihuiqi Technology Co., Ltd. (hereinafter referred to as "Tianqi"), a subsidiary of Jinke Services, was awarded "2021 Chengdu-Chongqing Outstanding Case of Intelligent IoT Industry Application" at the 2021 China (Western) Electronic Information Expo. In the same month, it was selected among the "Top Ten IoT Application Cases in Chongqing in 2021" at the 4th China (Chongqing) IoT Innovation and Application Conference.



8

Jinke Services officially proposes four growth curves "SLCT"

In August 2021, Jinke Services' 2021 interim results presentation was held in Chongqing. At the meeting, Jinke Services officially added a fourth growth curve, local catering services based on the existing three business curves of space property management services, community value-added services and smart living technology services. Thus four curves "SLCT", namely space property management services (Space), community value-added services (Life), local catering services (Catering) and smart living technology services (Technology) were officially proposed.



HONORS AND MAJOR EVENTS IN 2021:

9

Jinke Neighborhood Art Season and Consumer Festival were launched nationwide

In September 2021, the annual Jinke Neighborhood Art Festival was held in Chongqing, Beijing, Chengdu, Dalian, Hefei, Shenyang, Zhengzhou, Wuxi, Wenzhou, Dezhou, Zunyi and other cities across the country. The performance brought by the talented owners became the biggest highlight of the Mid-Autumn Festival Gala. At the same time, online and offline Consumer Festival activities were also carried out, which brought the greatest benefits to the owners in terms of clothing, food, housing and travel.



10

Jinke Services and Yijing Cultural Tourism (怡境文旅) worked in partnership to empower a better future with wisdom!

In October 2021, Jinke Services entered into a strategic cooperation agreement with Yijing Cultural Tourism (怡境文旅) and Pushenghuo Group (璞生活集團) of GVL International Group. Based on Guangdong Province, the Yangtze River Delta, Southwest and other core regions, the two parties will carry out in-depth cooperation in the development and operation of the entire urban and rural chain and smart city life services, jointly build a digital rural smart management platform, and create a leading digital rural smart management system. The parties will conduct in-depth cooperation in the fields of rural revitalization, urban-rural integration and integration of agriculture, culture and tourism to boost the innovation and upgrading of urban and rural construction and lifestyle in China.



11

The 2021 Best Employer in China was awarded to Jinke Services

In November 2021, the "16th Annual China Employer Brand Conference and 2021 Year-End Ceremony", which was jointly organized by a real estate and property development group in the PRC (the "PRC Enterprise Group") and CHIRC, was held in Beijing. At the conference, the results of the "2021 Business Management Awards in China" were announced, and Jinke Services was awarded the "2021 Best Employer in China" due to its outstanding performance in human resources management innovation, talent cultivation and corporate culture building and Mr. Xia Shaofei, the Chairman of Jinke Services, was honored as the "2021 Chinese Entrepreneur Caring Staff development".



12

Jinke Services accelerated its local life services presence by acquiring hotels and restaurants

In December 2021, Jinke Services acquired 100% of the equity interests of Chongqing Jinke Jincheng Hotel Management Co., Ltd. ("Jinchen Hotel"), further accelerating its presence in the local life services sector. "Jinke Grand Hotel" (金科大酒店), the main brand under Jinke Hotel, covers the high-end group dining market; the boutique hotel brands, such as "Shengjia" (聖嘉) and "Ruijing" (瑞晶), cover the social mid-range market; and the restaurant brands, such as the Chinese restaurant under "Canton" brand (粵珍軒中餐廳), Hong Kong style restaurant under "Sangiulong" brand (尚九龍港式茶餐廳), Jinke Hot Pot (金科土火鍋) and Jinke Goods (金科良品) will fully penetrate into the life of owners and members, thus creating more new contents and consumption hot spots for the community value-added service system of Jinke Services. The acquisition will also bring long-term sustainable development momentum to Jinke Services, which will help expand the market of food and beverage projects and quickly enhance the operation and management capabilities of local life services.



CHAIRMAN'S STATEMENT



“
Do warm things with
a warm heart to make
your life beautiful.

”

XIA SHAOFEI

Dear Shareholders,

In 2021, changes in macro-economic conditions and policies had affected the property management industry to a great extent and has reshaped its competitive landscape. The nation's steadily tightening real estate market regulation saw plunge in valuations and growing polarization within the industry. In the face of such significant shifts in the industry and in the macro economy, we had stayed “customer-oriented”, adhered to the development strategy of “Service + Technology, Service + Ecology”, actively implemented organisational restructuring, initiated diversified expansion models, continued to penetrate in the value-added services market and strengthened technology empowerment, thus maintaining the strong upward trend as a whole.

Looking into the future, we will implement further the development strategy of “Service + Ecology, Service + Technology”. We will penetrate deeper into the market in density areas, seek strong synergies, and make concentrated efforts in priority areas. Efforts will be made to develop the four business lines: (i) space property management services; (ii) community value-added services; (iii) local catering services; and (iv) smart living technology services. We will consolidate the business chain, sharpen market competitive edge, so as to achieve the sustainable sound development.

CHAIRMAN'S STATEMENT

IN SPACE PROPERTY MANAGEMENT SERVICES, WE WILL INSIST ON CUSTOMER SATISFACTION AS THE CORE, FOCUS ON REGIONS AND BUSINESSES WHERE WE HAVE COMPARATIVE ADVANTAGES.

In terms of service quality, we will keep informed with the changing needs of our customers, further improve our service standards and customer evaluation system, thus continuously enhancing customer satisfaction. In terms of regional development, we will penetrate in core cities in southwest China and along the Yangtze River. In terms of priority-setting in business development, we will attach greater importance to the needs of our premium customers, continue to purchase residential real estates with great potential in terms of profitability, and make great efforts to expand into the property management businesses of commercial real estates, office buildings, industrial parks and smart urban services.

IN COMMUNITY VALUE-ADDED SERVICES, WE WILL FOCUS ON CONSUMPTION SCENARIOS, STRENGTHEN INTEGRATION OF RESOURCES AND BUILD AN ECOSYSTEM FOR THE COMMUNITY VALUE-ADDED SERVICES

In terms of customer research, we will strengthen the full life-cycle research on the customers on the basis of the consumption scenarios, so as to explore their needs thoroughly, thus supporting model innovation, product innovation and service upgrading. As for the improvement of our comprehensive strength in terms of products, we will step in the upstream and downstream of the industry chain in various ways to accelerate the integrated layout in the industry, optimise the product mix and ensure independent production for core products with manageable risks. In terms of customer experience, we will continue to improve the customer services before and after sales, create a high-standard quality control system, streamline the service processes, enhance the awareness about the service touchpoints and promote the alignment of service capabilities with customer needs.

IN LOCAL CATERING SERVICES , WE WILL ACTIVELY INTEGRATE INTERNAL AND EXTERNAL RESOURCES TO ACCELERATE THE EXPANSION INTO GROUP MEALS, SUPPLY CHAIN AND OTHER LOCAL CATERING SERVICES.

In terms of catering services, we will focus on the mid to high-end market, providing safe cuisine with five-star service quality to premium customers such as government institutions, enterprises, hospitals, schools, hospitals and communities, forming an industrial clustering. In the building of supply chain, we will expand in the new retail business and build retail brands such as JK Goods (金科良品), JinYue Jiapin (金悦佳品) and Blessed Neighborhood (金科金選) and their accommodating supply chains to further enhance our profitability. In terms of business synergy, we will give full play to the advantages in project sources and management of both property management services and group meal services, and actively build a resource integration mechanism to achieve two-way synergistic development of property management services and group meal services.

IN SMART LIVING TECHNOLOGY SERVICES , WE WILL ADHERE TO THE DEVELOPMENT MODEL OF “INTERNET + IOT, AIOT + ECOLOGY”, CONTINUE TO PROMOTE THE APPLICATION OF DIGITAL AND INTELLIGENT TECHNOLOGIES, AND ACCELERATE THE BUILDING OF INTEGRATED DIGITAL AND INTELLIGENT CAPABILITIES ACROSS THE INDUSTRY AND FOR ALL SCENARIOS.

We will firmly implement technology empowerment, constantly optimize and diversify our smart solutions, continuously build a “new ecosystem on digital and intelligent scenarios” featured by mechanization, intellectualization and datamation, and use the advantages of “Technology + Data + Scenarios + Services” to strengthen the value empowerment of real estate and properties and industry leadership. In terms of platform services, we will continue to upgrade our data mining capabilities and strengthen the realisation of data output; in terms of development of digital and intelligent technologies, we will strengthen the research and development of image engines and spatio-temporal engines; in terms of AIOT, we will explore the integration of application systems, facilities and equipment, and communication networks to achieve product outputs.

Xia Shaofei
Chairman
Jinke Smart Services Group Co., Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group is a leading, comprehensive smart property management service provider in the PRC and ranked the first in the Southwestern China Region. Relying on its industry leading overall strength, the Group was recognized by the China Index Academy (“CIA”) as the “Top 10 among the Top 100 China Property Management Companies in terms of Overall Strength” (中國物業服務百強企業綜合實力TOP10) for six consecutive years, and the Group’s market share in the Southwestern China Region has ranked the first for six consecutive years. In 2021, due to its leading service quality, the customer satisfaction rate was over 90% for ten consecutive years, and the Group was awarded the “Top 2 among the Top 100 China Leading Property Management Companies in terms of Quality Service” (中國物業服務百強服務質量領先企業 Top 2) and the “Top 2 among the Top 100 China Leading Property Management Companies in terms of Customer Satisfaction Rate” (中國物業服務百強滿意度領先企業 Top 2) by the CIA. The Group was awarded the “2021 China Top 3 Listed Property Management Companies in terms of Market Expansion Ability” (2021中國物業服務上市公司市場拓展能力 TOP 3) for its leading market expansion capabilities, and was awarded the “2021 China Top 4 Listed Property Management Companies in terms of Community Value-added Service Capabilities” (2021中國物業服務上市公司社區增值服務能力 TOP 4) for its complete community service ecosystem, both by the CIA. Based on its leading technological strength, the Group was awarded the “Top 3 among the Leading Property Management Enterprise in terms of Technological Capabilities” (中國物業科技賦能領先企業 Top 3) by CIA. In March 2021, the Company was included as a constituent stock of the Hang Seng Composite Index, and in June 2021, it was included as a constituent stock of the FTSE Russell Flagship Index, which demonstrated the full recognition of the capital markets.

Given the current economic development trends, the characteristics of the industry and the Company’s pursuit for high-quality sustainable development, adhering to its “Service + Ecosystem, Service + Technology” strategy, the Group firmly followed a high-quality, sustainable and differentiated development path. The Group upgraded its strategies comprehensively and set up four business lines (summarised as SLCT): (i) space property management services (Space); (ii) community value-added services (Life); (iii) local catering services (Catering); and (iv) smart living technology solutions (Technology). With customer satisfaction being our core-focus, we will continue to increase our service quality, to strengthen our value-added businesses ecosystem and to improve our local catering services capabilities. Through continuously enhancing our market competitiveness, we strive to become a world-class comprehensive smart service provider.

FINANCIAL REVIEW

Revenue

To reflect certain changes in business nature in 2021, the Group has made certain adjustments on its business lines: (i) value-added services to non-property owners was incorporated into property management services and the whole business line was renamed as “space property management services”; and (ii) due to the merger and acquisition happened in 2021, catering services previously included in “community value-added services” were separated out as a standalone business line and named as “local catering services”. During the Year, the Group derived its revenue from four business lines, namely (i) space property management services; (ii) community value-added services; (iii) local catering services; and (iv) smart living technology solutions. Comparative figures for the year ended 31 December 2020 were also restated as if the business lines of the Group have been adjusted at the beginning of that period, to provide a consistent comparative basis.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the details of the Group's total revenue by business line for the year indicated:

	For the year ended December 31			
	2021		2020	
	(RMB'000)	%	(RMB'000) (Restated)	%
Space property management services	3,900,195	65.4	2,885,887	85.6
Community value-added services	1,494,733	25.0	224,430	6.7
Local catering services	473,992	7.9	213,833	6.3
Smart living technology solutions	99,528	1.7	47,728	1.4
Total	5,968,448	100.0	3,371,878	100.0

The Group's revenue increased by approximately 77.0% from RMB3,371.9 million for the year ended 31 December 2020 to RMB5,968.4 million for the year ended 31 December 2021. This increase was mainly attributable to:

- (i) Revenue from space property management services increased by approximately 35.1% from RMB2,885.9 million for the year ended 31 December 2020 to RMB3,900.2 million for the year ended 31 December 2021. Among which, (a) revenue from property management services increased by approximately 41.6% from RMB2,024.0 million for the same period 2020 to RMB2,866.6 million, which was primarily driven by the Group's business expansion. The GFA under management increased by approximately 52.3% from 156.2 million sq.m. as at 31 December 2020 to 237.9 million sq.m. as at 31 December 2021; (b) revenue from value-added services to non-property owners increased by approximately 19.9% from RMB861.9 million for the same period in 2020 to RMB1,033.6 million, which was primarily due to the slight increase of number of sales assistance services projects provided to property developers and the increase in demand for high quality services, as affected by national macro policies;
- (ii) Revenue from community value-added services increased by approximately 566.1% from RMB224.4 million for the year ended 31 December 2020 to RMB1,494.7 million for the year ended 31 December 2021, which was primarily driven by (a) the continual rise in the penetration rate and repeat purchase rate of the community value-added services, and the effective community ecosystem building; (b) the continuous improvement in professional capabilities in and the continuous expansion of portfolios of the community value-added services; (c) the addition of new businesses such as new housing marketing services and self-operated community media business;
- (iii) Revenue from local catering services increased by approximately 121.7% from RMB213.8 million for the year ended 31 December 2020 to RMB474.0 million for the year ended 31 December 2021, which was primarily driven by (a) the substantial increase in comprehensive income resulting from the Group's vigorous development of its catering business and the related supply chain operations; (b) fast-growing professional services capacity and segment revenue arising from internal incubation and external acquisitions of specialised catering companies;

MANAGEMENT DISCUSSION AND ANALYSIS

- (iv) Revenue from smart living technology solutions increased by approximately 108.6% from RMB47.7 million for the year ended 31 December 2020 to RMB99.5 million for the year ended 31 December 2021, which was primarily driven by (a) the increase in digital and intelligent solutions that the Group developed for Independent Third Parties; and (b) the wider implementation of the Group' digital and intelligent solutions such as the Home-Life system (生命家系統) in smart on-site services.

Revenue from space property management services

Space property management services mainly consisted of (i) property management services; and (ii) value-added services to non-property owners;

Revenue from property management services

The Group provides a series of property management services to property owners, property developers, government and enterprise customers, including cleaning, order maintenance, greening, repair and maintenance services, etc. We are committed to serve our clients compassionately and to provide our clients with "Worry-free + Pleasant" services. The quality service experience we delivered to the customers has earned us industry-leading satisfaction rate from property owners and a strong market reputation, which has helped us to actively outreach to a large number of third party residential and non-residential properties. Relying on our advanced technical capabilities in property services, we continued to build our multi-format specialised service capabilities, and have formed a multi-format full-service system covering residential buildings, mid-to-high end commercial office buildings, industrial parks, schools, hospitals, public construction, and urban services.

As at 31 December 2021, the Group has completed a national strategic layout in 27 provinces and 184 cities in the PRC. We managed a total of 649 residential projects and 347 non-residential projects, and the number of property owners under management increased continuously. As at 31 December 2021, the total contracted GFA was approximately 359.8 million sq.m., of which approximately 62.9% was attributable by Independent Third Parties, representing an increase of 6.6 percentage points as compared to that of the same period in 2020. During the Year, the newly added contracted GFA was approximately 93.1 million sq.m., of which 86.3% was attributable by Independent Third Parties; As at 31 December 2021, the total GFA under management was approximately 237.9 million sq.m., of which approximately 57.7% was attributable by Independent Third Parties, representing an increase of 9.1 percentage points as compared to that of the same period in 2020. The contracted GFA under management and the GFA under management from the third parties steadily increased, and our strong market expansion capability has been further verified. The GFA under management in the core area of the Southwestern China Region reached 117.1 million sq.m., accounting for 49.2% of the total GFA under management, representing the additional increase of 33.3 million sq.m. of GFA under management as compared to that of the same period in 2020 in the core area of the Southwestern China Region, which further showed the urban density effect. The unit price of property management fees continued to rise to RMB2.19 per sq.m. per month.

MANAGEMENT DISCUSSION AND ANALYSIS

Leveraging our industry-leading digital and intelligent technology capabilities, a huge customer base for the community value-added services, high-quality local catering services capabilities, we actively expanded our basic property management services to third parties in 2021, and the cross-segment synergies were evident. The newly added GFA under management for the year 2021 was approximately 89.0 million sq.m., of which approximately 77.1% was attributable by Independent Third Parties. During the Year, our team successfully stationed in more than 10 key schools such as Hunan Normal University and Central South University to provide large logistic services for them; we were awarded a number of high-quality urban service projects in Neijiang Economic Development Zone in Sichuan, Jiulongpo District in Chongqing and Pingxiang in Jiangxi, including the Sponge City Project in Pingxiang, Jiangxi, which achieved a new breakthrough in the urban business.

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

	As at or for the year ended 31 December			
	2021		2020	
	GFA under Management (sq.m.'000)	Revenue (RMB'000)	GFA under management (sq.m.'000)	Revenue (RMB'000)
Property developed by Jinke Property Group ⁽¹⁾	87,634	1,522,702	71,804	1,202,309
Properties developed by Jinke Property Group's joint ventures and associates ⁽²⁾	13,013	148,955	8,466	64,353
Properties developed by Independent Third Parties ⁽³⁾	104,818	1,088,305	73,431	747,876
Properties took over upon mergers & acquisitions ⁽⁴⁾	32,394	106,601	2,472	9,497
Total	237,859	2,866,563	156,173	2,024,035

Notes :

- (1) Refer to properties developed by Jinke Property Group through its wholly-owned subsidiaries or properties jointly developed by Jinke Property Group and other property developers (excluding properties developed by Jinke Property Group's joint ventures and associates) in which Jinke Property Group held a controlling interest.
- (2) Refer to properties developed by Jinke Property Group's joint venture and associates, in which Jinke Property Group did not hold a controlling interest.
- (3) Refer to properties solely developed by third-party property developers independent from Jinke Property Group. Properties developed by Independent Third Parties include government-owned buildings and other public properties.
- (4) During the Year, the companies acquired mainly included Chongqing Meilishan Property Service Co., Ltd. (重慶美利山物業服務有限公司) (Meilishan Property), Baotou Smart Property Service Co., Ltd. (包頭智慧物業服務有限公司) (Baotou Smart), the contracted Sunshine 100 Property Development Co., Ltd. (陽光壹佰物業發展有限公司) (Sunshine 100), Sichuan Tongyong Property Management Co., Ltd. (四川通用物業管理有限責任公司) (Tongyong Property), Chongqing Sanxin Property Service Co., Ltd. (重慶三心物業服務有限公司) (Sanxin Property), Hohhot Zeju Property Service Co., Ltd. (呼和浩特市澤居物業服務有限公司) (Zeju Property) and the contracted Sichuan Ruide Property Development Co., Ltd. (四川瑞德物業發展有限公司) (Ruide Property).

MANAGEMENT DISCUSSION AND ANALYSIS

As of 31 December 2021, the average unit property management fee of the Group was RMB2.19 per sq.m./month (2020: RMB2.18), of which the average unit property management fee for third party projects was RMB1.89 per sq.m./month (2020: RMB1.74), with a significant increase in the average unit property management fee for properties developed by independent third parties. The Group's Integrated Collection Rate for property management services was 85.0%, of which the collection rate for private property owners for residential property management services reached 96.0% due to the Group's higher property owner satisfaction rate.

During the Year, a majority of the Group's revenue from property management services was derived from residential properties, which accounted for 79.6% of the Group's total revenue from property management services as compared to 82.0% of the Group's total revenue from property management services in 2020. The general decrease in the percentage of revenue derived from managing residential properties during the Year was primarily due to: (i) the increase of a large number of quality non-residential management projects to the Group's management during the Year; and (ii) the growth in urban services projects in the diversified business.

The table below sets forth a breakdown of the Group's GFA under management as at the dates and revenue for the year indicated by property type:

	As at or for the year ended 31 December			
	2021		2020	
	GFA under management (sq.m.'000)	Revenue (RMB'000)	GFA under management (sq.m.'000)	Revenue (RMB'000)
Residential properties	194,626	2,282,280	129,321	1,659,899
Non-residential properties				
– Commercial properties and office buildings	3,305	113,255	2,158	89,558
– Public institutions, enterprises and other properties	13,559	294,363	9,583	150,162
– Industrial parks	11,588	108,652	6,766	93,093
– Urban services	14,781	68,013	8,345	31,323
Subtotal	43,233	584,283	26,852	364,136
Total	237,859	2,866,563	156,173	2,024,035

MANAGEMENT DISCUSSION AND ANALYSIS

To facilitate management, the Group divides its geographic coverage into three major regions in China, namely, the Southwestern China Region, the Eastern and Southern China Region, the Central China Region and other regions. The table below sets forth a breakdown of the Group's GFA under management as at the dates and revenue from property management services for the years indicated by geographic region:

	As at or for the year ended 31 December			
	2021		2020	
	GFA under management (sq.m.'000)	Revenue (RMB'000)	GFA under management (sq.m.'000)	Revenue (RMB'000)
Southwestern China Region ⁽¹⁾	117,084	1,689,417	83,826	1,182,825
Eastern and Southern China Region ⁽²⁾	55,878	602,071	33,473	470,706
Central China Region ⁽³⁾	48,911	366,845	29,988	250,588
Other regions ⁽⁴⁾	15,986	208,230	8,886	119,916
Total	237,859	2,866,563	156,173	2,024,035

Notes :

- (1) Provinces, municipalities and autonomous regions in which the Group provides property management services to projects in the Southwestern China Region include Sichuan province, Guizhou province, Yunnan province, Tibet Autonomous Region and Chongqing municipality.
- (2) Provinces, municipalities and autonomous regions in which the Group provides property management services to projects in the Eastern and Southern China Region include Jiangsu province, Zhejiang province, Fujian province, Jiangxi province, Shandong province, Anhui province, Guangdong province, Hainan province, Guangxi Zhuang Autonomous Region and Shanghai municipality.
- (3) Provinces, municipalities and autonomous regions in which the Group provides property management services to projects in the Central China Region include Henan province, Hubei province and Hunan province.
- (4) Provinces, municipalities and autonomous regions in which the Group provides property management services to projects in other regions include Hebei province, Shanxi province, Shaanxi province, Gansu province, Qinghai province, Liaoning province, Inner Mongolia Autonomous Region, Ningxia Hui Autonomous Region, Xinjiang Uyghur Autonomous Region, Beijing and Tianjin municipalities.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below indicates the changes for our contracted GFA and GFA under management for the years ended 31 December 2021 and 2020 respectively:

	For the year ended December 31			
	2021		2020	
	Contracted GFA (sq.m.'000)	GFA under management (sq.m.'000)	Contracted GFA (sq.m.'000)	GFA under management (sq.m.'000)
As at the beginning of the year	277,171	156,173	248,558	120,532
New engagements ⁽¹⁾	93,066	88,969	46,258	45,690
– Properties developed by Jinke Property Group's joint ventures and associates	12,780	20,418	20,883	18,257
– Properties developed by Independent Third Parties	50,352	38,629	24,178	26,332
– Properties took over upon mergers & acquisitions	29,934	29,922	1,197	1,101
Terminations ⁽²⁾	(10,437)	(7,283)	(17,645)	(10,049)
	<u>359,800</u>	<u>237,859</u>	<u>277,171</u>	<u>156,173</u>

Notes :

- (1) With respect to residential communities under our management, new engagements primarily include preliminary management contracts for new properties developed by property developers and property management service contracts for residential communities replacing their previous property management service providers.
- (2) These terminations include the non-renewal of certain property management service contracts upon expiration as we reallocated our resources to more profitable engagements in an effort to optimize our property management portfolio, and we have always insisted on qualitative and effective scale growth.

Revenue from value-added services to non-property owners

We provide value-added services to non-property owners primarily in the form of (i) sales assistance services; (ii) pre-delivery services; and (iii) consultancy and other services. Revenue from value-added services to non-property owners slowed down its growth in 2021 due to impacts from national macro policies. During the Year, revenue from value-added services to non-property owners was approximately RMB1,033.6 million, representing an increase of approximately 19.9% as compared with RMB861.9 million for the same period in 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the component of our revenue from value-added services to non-property owners for the years indicated:

	For the year ended December 31			
	2021		2020	
	(RMB'000)	%	(RMB'000)	%
Sales assistance services	815,157	78.9	724,293	84.0
Pre-delivery services	200,374	19.4	100,423	11.7
Consultancy and other services	18,101	1.7	37,136	4.3
Total	1,033,632	100.0	861,852	100.0

Revenue from community value-added services

The Group provides community value-added services to property owners, residents and large property owners of the properties managed by the Group, primarily in the form of (i) home-living services, mainly consisted of community group purchase, household cleaning services, and parent-child education; (ii) community management services, which is mainly consisted of management of public resources (leasing of public spaces, for instance) and community media services; (iii) home-decoration services, which refers to one-stop complete furnishing and decoration services including interior finishing, decoration, sales of home furnishings, renovation of older properties, move-in furnishing services and other decoration services; and (iv) comprehensive living and traveling services, which primarily include travel agency services, new and existing properties, rental and sale of parking spaces as well as related marketing services.

Revenue from community value-added services was approximately RMB1,494.7 million in 2021, representing an increase of approximately 566.1% as compared with the same period of last year. The ecosystem for our community value-added services has been mostly completed, with a variety of service offerings. With the focus on “food, accommodation, transportation, travel, shopping and education” and relying on the online + offline service model, we continued to meet people’s growing needs for a better life. We focused on comprehensive community consumption scenarios to fully explore customer needs, actively improved the quality of the products and services, and the business penetration rate, conversion rate and repeat purchase rate continued to rise.

The home-living services segment, which is operated under the Group’s sub-brand “Blessed Neighbourhood (金科金選)”, provides high-quality and low-cost community group buying services in 2021. Revenue from the home-living services segment was approximately RMB299.3 million during the Year, representing an increase of approximately 556.4% over the same period of 2020. We have adopted a variety of marketing approaches. The “Blessed Neighbourhood” online platform experienced significant growth in sales revenue, and over 1,000 Jinke Neighbourhood Street Fairs were held in over 100 communities offline, resulting in a continued increase in business penetration rate and repeat purchase rate. At the same time, we have upgraded our community parent-child education services by focusing on product appeal and launching diversified community parent-child clubs, resulting in a significant increase in customer trust.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from community management services was approximately RMB336.5 million during the Year, representing an increase of approximately 576.4% over the same period of 2020. The significant revenue growth was primarily driven by our traditional public space maintenance services and the provision of public resources management services, such as public space rental, courier, elevator advertising and parking lot management, which were accompanied by an increase in the scale of our property management business, as well as our vigorous development of our community media business during the Year. Based on the growing property owner base, we extended from value communication to value creation and built a bonding medium between communities, customer groups, and products to drive significant growth of revenue.

Revenue from the home-decoration services segment was approximately RMB122.6 million during the Year, representing an increase of approximately 88.7% over the same period of 2020. We relied on our professional team to penetrate into the community home furnishing market. We took pre-emptive business actions at the housing purchase stage, consolidated the advantages of our supply chain, provided full-cycle home furnishings and move-in furnishing services. At the same time, we further revitalized the existing market and provided renovation services for older properties, thus our business continued to grow in scale and the satisfaction rate of our deliveries remained high.

Revenue from comprehensive living and traveling services was approximately RMB736.3 million during the Year, representing a massive increase over the same period of 2020. Operated under the Group's sub-brand "Kangcheng Guolv (康程國旅)", the comprehensive living and travelling services segment witnessed an increase in its full-chain travel services, including services for travels, hotels, scenic spots and visa centres. Affected by the repeated outbreaks of the COVID-19 epidemic, tourism business has fluctuated greatly, but the Group seized the opportunity to continue to integrate quality travel resources. During the Year, the Group cooperated with well-known national scenic spots to create a new tourism development model which is community-based and social-oriented. At the same time, we further consolidated upstream and downstream quality resources in the rental and sales business by leveraging on our own strengths to achieve faster growth in the marketing of new and existing properties as well as in the rental and sales business; we further revitalized our existing assets and made more efforts in the rental and sales of parking spaces, resulting in greater growth in segment revenue.

The following table sets forth the component of our revenue from community value-added services for the years indicated:

	For the year ended December 31			
	2021		2020	
	(RMB'000)	%	(RMB'000) (Restated)	%
Home-living services	299,342	20.0	45,607	20.3
Community management services	336,485	22.5	49,750	22.2
Home-decoration services	122,561	8.2	64,954	28.9
Comprehensive living and traveling services	736,345	49.3	64,119	28.6
Total	<u>1,494,733</u>	<u>100.0</u>	<u>224,430</u>	<u>100.0</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from local catering services

The Group provides local catering services to property owners and clients, primarily in the form of (i) catering services; (ii) catering supply chain services (specialty food materials supply chain services such as rice, flour, grain and oil etc.), and (iii) hotel management services. Revenue from local catering services was approximately RMB474.0 million in 2021, representing an increase of approximately 121.7% over the same period 2020.

In line with the Company's future development strategy and based on our advantages in respect of project resources and management density, we set up the diversified local catering services in 2021. The new segment focused on the development of catering services. Through the internal incubation of the group meal sub-brand JinXiaoXinYue (金曉心悅) and the acquisition of two specialised catering companies – Chongqing Yunhan Catering Culture Co., Ltd. (重慶韻涵餐飲文化有限公司) and Chongqing Jinke Jinchen Hotel Management Co., Ltd. (重慶金科金辰酒店管理有限公司), we have built a comprehensive catering product line, thus rapidly enhancing our catering service capabilities and our market expanding ability in the group catering market. At the same time, we achieved a good business synergy with our property management service market expansion, facilitating us to better acquire non-residential projects such as medium and high-end commercial and office buildings, universities and industrial parks, etc., creating a solid strength for market expansion. Based on our rapidly growing customer base for catering services, we continued to integrate and optimise our local supply chain system, and launched the catering supply chain services, to provide high-quality and inexpensive daily necessities to property owners in our communities, through the “JK Goods (金科良品)” online platform, allowing them to enjoy our more comprehensive value-added services with better quality, so as to enhance the loyalty of the property owners of the Group.

For the year ended December 31

	2021		2020	
	(RMB'000)	%	(RMB'000)	%
			(Restated)	
Catering services	50,039	10.6	596	0.3
Catering supply chain services	390,606	82.4	200,303	93.7
Hotel management services	33,347	7.0	12,934	6.0
Total	<u>473,992</u>	<u>100.0</u>	<u>213,833</u>	<u>100.0</u>

Revenue from smart living technology solutions

For our smart living technology solutions, we mainly provide digital and intelligent technology solutions to property developers, property management companies and property owners to achieve the purpose of technology empowerment as well as quality and efficiency improvement. The Group's smart living technology solutions business mainly includes: (i) providing intelligent design services to property developers with full-cycle smart solutions for their project construction; (ii) providing smart on-site services to property developers with intelligent and digital on-site technical services during the housing sales stage, such as implementing the Home-Lift system (生命家房屋展示系統); and (iii) smart integrated operation platform services by participating in the construction of digital and intelligent cities, digital and intelligent government and enterprises, and digital and intelligent communities through development, customization, installation, and operation and maintenance of IBMS (intelligent building management system), thus contributing to the country's digital transformation.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2021, the Group continued to promote the reform of mechanization of manpower and the intellectualization of machinery. Through a series of digital and intelligent technology upgrades such as cloud monitoring, cloud parking, and smart energy consumption management and control, the Group empowered property management to reduce costs and increase efficiency, and continued to improve management refinement and helped the projects to operate with high quality and efficiency. The Group leveraged its advantages in scenarios to strengthen its cooperation with top companies in the technology industry, enhanced its smart design technological capabilities in Building Information Modelling and digital urban governance, and built three core competencies including Internet of Things, space operating system, and urban space-time engines, thus winning third-party engagements for its digital and intelligent services continuously. The revenue from smart living technology solutions increased by approximately 108.6% from RMB47.7 million for the year ended 31 December 2020 to RMB99.5 million for the year ended 31 December 2021.

OUTLOOK AND FUTURE PLANS

In order to adapt to the changes in the industry, the Group has fully upgraded its corporate strategy in 2021 by leveraging its own advantages and proposed four major business growth lines for the Group in the future: space property management services, community value-added services, local catering services and smart living technology solutions, to continue to build Jinke Service's own independent brand portfolios and move toward full marketization. We will continue to insist on qualitative and effective scale growth and the concept of "revenue shall generate profit and profit shall contain cash flow" to continuously provide high-quality comprehensive services to our customers and consumers.

We will upgrade our services quality, focus on regions with comparative advantages and adhere to long-termism. Service capability is the cornerstone of our business, and quality is the guarantee for the formation of service capacity. In terms of basic property services, we will continue to adhere to a customer-oriented approach, strengthen our high-quality service capacity and enhance our professional service capabilities in multiple fields. We will improve management efficiency and per capita efficiency by applying digital and intelligent technology; we will continue to focus on the regions where we have comparative advantages and penetrate in core cities in southwest China and along the Yangtze River to promote development, reduce costs, and improve quality and efficiency with management density; By leveraging our industry-leading business synergies, we will strengthen our diversified investment and expansion systems and enhance our market expansion capability; We will focus on high-quality business segments, keep the residential business as our core, make efforts to expand in other high-quality diversification businesses such as the mid to high-end commercial-office buildings and industrial parks. We will persevere in pursuing growth in scale with quality and efficiency, and so as to improve our operating cash flow and business profitability. We will adjust our approach to develop value-added services to non-property owners in order to accommodate to changes in the real estate industry. We are committed to providing value empowerment to property developers with better service quality, leading brand strengths and market-oriented operations.

We will further strengthen our products capabilities, focus on customer needs and enhance the loyalty of the property owners we serve. We have always been committed to building an ecosystem for the community value-added services. Relying on the large base of property owners and taking into consideration of the differentiated community consumption scenarios, we will fully explore the whole life cycle of our customers and constantly enhance the product capability and service capability of the community value-added services. By focusing on our four main business lines (i.e., home-living services, community management services, home-decoration services and comprehensive living and traveling services), we will continuously explore customer needs thoroughly. Through innovative business models, products and service upgrade, combining our online digital intelligence platform, we will continue to offer our business expertise to go beyond the community and serve the wider society, further enhance loyalty of property owner through a more complete community ecosystem, and thus improve customer penetration rate, conversion rate and repeat purchase rate, so as to meet the people's growing need for a better life.

MANAGEMENT DISCUSSION AND ANALYSIS

We will consolidate our industry resources, focus on high density regions and expand our local services. Building on our advantages in project sourcing and high management density, we have set up a new business line in local services, which is well aligned with the Company's future development strategies. We will vigorously develop the catering services, catering supply chain services and hotel management services. With existing advantages in resources and brands, we will capture market share in catering services at a fast pace and enhance the appeal of our catering products. We will build an integrated supply system with multiple brands for group catering, general catering and community catering, and strengthen the outreach capabilities of our catering services. We will strengthen our role as a comprehensive service provider of comprehensive logistics, focus on high density locations and enhance the scale effect of our catering services. Based on our growing customer base, we will further consolidate local resources to fully leverage our strengths in sales channels and raw materials to build a quality local supply chain system to empower the development of community group purchase and build a new community + local ecosystem. We will further upgrade our hotel management services, enhancing synergies with our tourism services, to provide more comprehensive local catering services with better quality local catering services to the property owners and customers.

We will enhance technology capabilities, focus on digital intelligence transformation to build technical barriers. We will continue to promote the application of robotics and artificial intelligent to enhance the productivity of our employee and equipment. We will also, accelerate the transformation and upgrading of intelligent equipment, cloud parking, intelligent LED lights, intelligent doors, intelligent meters and other equipment to achieve full coverage of qualified projects. We will focus on developing our core technologies capacities in three areas, including image engine, Internet of Things and big data. Seizing the opportunity of the digital transformation at the national level, we will seek to apply our industry-leading digital capabilities and our rich database of community scenarios to participate in the digitization of smart cities infrastructures, governance platforms, industrial parks as well communities. We will continue to increase investment into research and development of digital intelligence, and strengthen our strategic cooperation with industry leaders. With a product-oriented and industrial-focused approach, we will seek to establish core technology barriers and to continuously increase the external application of our smart technology solution offerings.

COST OF SALES

The Group's cost of sales primarily consists of (i) employee benefit expenses; (ii) cost of goods sold; (iii) greening and cleaning expenses; (iv) security charges; (v) travelling service expenses; (vi) maintenance costs; (vii) utilities; (viii) housing brokerage costs; (ix) office expenses; (x) raw materials; (xi) travelling and entertainment expenses; and (xii) other costs.

The cost of sales of the Group increased by 74.5% from approximately RMB2,362.6 million for the year ended 31 December 2020 to approximately RMB4,122.0 million for the year ended 31 December 2021, which was generally in line with the growth of the Group's business scale, the increase in the types of business and the increase in the number of employees.

MANAGEMENT DISCUSSION AND ANALYSIS

GROSS PROFIT AND GROSS PROFIT MARGIN

The following table sets forth the components of the Group's gross profit and gross profit margin by business line for the years indicated:

	For the year ended 31 December			
	2021		2020	
	Gross profit	Gross profit	Gross profit	Gross profit
	margin	margin	margin	margin
	(RMB'000)	%	(RMB'000)	%
			(Restated)	
Space property management services	1,141,936	29.3	853,895	29.6
– Property management services	696,832	24.3	531,397	26.3
– Value-added services to non-property owners	445,104	43.1	322,498	37.4
Community value-added services	621,838	41.6	110,989	49.5
Local catering services	38,344	8.1	18,825	8.8
Smart living technology solutions	44,316	44.5	25,580	53.6
Total	1,846,434	30.9	1,009,289	29.9

Gross profit of the Group increased by 82.9% from approximately RMB1,009.3 million for the year ended 31 December 2020 to approximately RMB1,846.4 million for the year ended 31 December 2021.

Gross profit margin of the Group increased from 29.9% for the year ended 31 December 2020 to 30.9% for the year ended 31 December 2021, which was primarily due to (i) the continuing economics of scale as the Group expanded its business; (ii) significant cost reduction and efficiency enhancement under the Group's continued technological empowerment; (iii) the continued increase in the proportion of revenue from community value-added services; and (iv) the continued increase in the average unit price of property management services.

Gross profit margin of space property management services decreased from 29.6% for the year ended 31 December 2020 to 29.3% for the year ended 31 December 2021, with (i) a slight decrease of 1.8 percentage points in the gross profit margin of basic property management services, mainly due to a decrease in government reductions and subsidies as a result of the gradual improvement of the COVID-19 pandemic; and (ii) an increase of 5.2 percentage points in the gross profit margin of value-added services to non-property owners, mainly due to a slight increase in the number of projects with sales assistance services provided by property developers and a significant increase in requirements for service quality in response to changes in market conditions.

Gross profit margin of community value-added services decreased from 49.5% for the year ended 31 December 2020 to 41.6% for the year ended 31 December 2021, which was primarily due to (i) the significant increase in revenue from comprehensive living and traveling services; and (ii) the increase in revenue from home-living services, mainly community group purchase, with the business attributes of relatively low gross margin.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit margin of local catering services decreased from 8.8% for the year ended 31 December 2020 to 8.1% for the year ended 31 December 2021, which was mainly due to (i) significant growth in the revenue from catering services; and (ii) continued growth in revenue from catering supply chain services with relatively stable gross margin.

Gross profit margin of smart living technology solutions decreased from 53.6% for the year ended 31 December 2020 to 44.5% for the year ended 31 December 2021, which was mainly due to increase in revenue from software development, hardware sales, installation and system operation and maintenance services related to comprehensive smart living solutions.

OTHER INCOME

The Group's other income primarily consists of (i) government grants; and (ii) value-added tax deductible for service providers.

Other income of the Group decreased by 47.4% from approximately RMB47.9 million for the year ended 31 December 2020 to approximately RMB25.2 million for the year ended 31 December 2021, which was primarily due to (i) the decrease in government grants as result of the gradual improvement of the COVID-19 pandemic and (ii) interest income received from loans to Jinke Property Group being reduced to zero upon full settlement of all amounts under the ABS agreements and ABN agreements entered into by Jinke Property with independent third party asset management companies in 2015 and 2018.

OTHER NET LOSSES

The Group's other net losses primarily consist of (i) net foreign exchange losses; (ii) settlement gains on financial assets at fair value through profit or loss; (iii) losses on disposal of property, plant and equipment.

The Group's other net losses decreased by 27.6% from approximately RMB37.3 million for the year ended 31 December 2020 to approximately RMB27.0 million for the year ended 31 December 2021, which was mainly due to the Group's proactive foreign exchange administration measures to address the financial impact of net foreign exchange losses on the Group.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses primarily consist of (i) employee benefit expenses for administrative staff; (ii) traveling and entertainment expenses; (iii) office expenses; (iv) bank charges, which mainly include transaction fees charged by banks; (v) depreciation and amortization; (vi) research and development expenses for the development of the Group's smart living technology solutions; and (vii) others, which mainly include consultancy service fees, recruiting costs and advertising expenses.

Administrative expenses of the Group increased by 91.3% from approximately RMB251.6 million for the year ended 31 December 2020 to approximately RMB481.3 million for the year ended 31 December 2021, which were primarily attributable to (i) the increase in traveling and entertainment expenses resulting from the Group's business expansion, and (ii) the increasing number of employees.

MANAGEMENT DISCUSSION AND ANALYSIS

INCOME TAX EXPENSES

The Group's income tax expenses comprise PRC corporate income tax. Income tax expenses of the Group increased by 82.4% from approximately RMB133.8 million for the year ended 31 December 2020 to approximately RMB244.0 million for the year ended 31 December 2021, which was primarily due to the increase in PRC corporate income tax of the Group resulting from the significant increase in profits before tax of the Group, which was in line with the operating results of the Group.

The effective income tax rate of the Group remained relatively stable at 17.5% and 18.5% for the years ended 31 December 2020 and 2021, respectively. Such rate was lower than the PRC general corporate income tax rate of 25%, primarily because the Company and some of the Group's subsidiaries enjoyed a 15% preferential income tax treatment for western regions in China, while one of the Group's subsidiaries enjoyed the preferential income tax treatment for high-technology enterprise.

INTANGIBLE ASSETS

The Group's intangible assets primarily consist of customer relationship, goodwill and software patent. The intangible assets of the Group increased by approximately 5,308.0% from RMB10.0 million as at 31 December 2020 to RMB540.8 million as at 31 December 2021, mainly due to (i) significant increase in customer relationship and goodwill arising from the Group's actively pursuing business expansion and several business mergers and acquisitions during the Year; and (ii) Group's continuous efforts to research and development of smart living technology, resulting in an increase in self-developed software patents.

TRADE AND BILL RECEIVABLES

The Group's trade and bill receivables mainly arise from space property management services.

Trade and bill receivables of the Group increased by approximately 90.3% from RMB1,057.6 million as at 31 December 2020 to RMB2,012.6 million as at 31 December 2021, trade receivables mainly arise from the space property management services. Among which, the amount of related party trade and bill receivables was approximately RMB368.6 million, an increase of 24.9% compared to the same period last year; the remaining RMB1,644.0 million were trade and bill receivables from third parties, (i) in terms of ageing structure, over 90% of the receivables were generated within one year, which was mainly due to the significant increase in the area and the number of projects under management of the Group's property management services during the Year; (ii) in terms of customer classification, over approximately 50% of the trade receivables were from major property owners, due to the impact of national macro policies, market conditions in the industry and COVID-19 pandemic during the Year, the Group served government customers, third party property developer customers and other major property owner customers with higher trade receivables turnover days, resulting in larger balances at the end of the year.

OTHER ASSETS

The Group held a small number of parking lots of certain properties only for sales purpose but the sales of these parking lots is not part of the Group's core business.

Other assets of the Group decreased by approximately 12.0% from RMB60.6 million as at 31 December 2020 to RMB53.3 million as at 31 December 2021, which was primarily due to the sales of parking lot.

MANAGEMENT DISCUSSION AND ANALYSIS

PREPAYMENTS AND OTHER RECEIVABLES

The Group's prepayments and other receivables mainly represent (i) equity deposits paid for potential business mergers; (ii) prepayments to suppliers; and (iii) service deposit paid to third parties.

Prepayments and other receivables of the Group increased by approximately 332.1% from RMB526.9 million as at 31 December 2020 to RMB2,276.9 million as at 31 December 2021, mainly due to (i) an increase in refundable equity deposits paid for potential business mergers, such as the acquisition of large scale national merchant management companies; (ii) an increase in prepayments to suppliers resulting from the rapid development of community value-added services; and (iii) an increase in service deposits paid to suppliers for community value-added services and local catering services to gain supply chain advantages.

TRADE AND BILL PAYABLES

Trade and bill payables primarily represent the Group's obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers, including service fees and cost of materials.

Trade and bill payables of the Group increased by approximately 117.6% from RMB280.4 million as at 31 December 2020 to RMB610.2 million as at 31 December 2021, mainly due to (i) the increase in the amount due to suppliers as result of the increase in GFA under management and the number of projects under management; and (ii) the increase in amounts due to upstream suppliers due to the growth of the community value-added services business.

OTHER PAYABLES

The Group's other payables and accruals primarily consist of (i) equity acquisition payables to third parties; (ii) accrued payroll; (iii) deposit guarantee payable.

Other payables and accruals of the Group increased by approximately 97.6% from RMB476.0 million as at 31 December 2020 to RMB940.5 million as at 31 December 2021, mainly due to the increase in deposit guarantee and equity payables as a result of the Group's business growth.

CONTRACT LIABILITIES

Contract liabilities primarily consist of advances of property management fees and other service fees. The Group's contract liabilities increased by 51.5% from RMB386.9 million as at 31 December 2020 to RMB586.2 million as at 31 December 2021, mainly due to (i) the increase in the GFA under management and the number of properties under management of the Group, which resulted in the increase in the Group's ability to receive prepayments for property management fees from private property owners due to higher customer satisfaction; and (ii) the increase in the penetration and repeat purchase rate of the Group's community value-added services, which resulted in the increased in the Group's ability to receive prepayment of related services.

LIQUIDITY AND CAPITAL RESOURCES

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

MANAGEMENT DISCUSSION AND ANALYSIS

Cash Position

As at 31 December 2021, the Group had cash and cash equivalents of approximately RMB4,922.3 million (31 December 2020: approximately RMB6,856.3 million).

Cash Flows

For the year ended 31 December 2021, the Group's net cash inflow from operating activities was approximately RMB445.3 million, representing an increase of 237.1% as compared to approximately RMB132.1 million for the same period in 2020, which was mainly attributable to (i) the increase in our operating profit; and (ii) the maintenance of high revenue growth in all business lines of the Company.

For the year ended 31 December 2021, the Group's net cash outflow from investing activities was approximately RMB1,298.6 million, compared with a net cash inflow from investing activities of approximately RMB2,229.2 million for the same period in 2020. The change from positive to negative cash flow from investing activities was mainly attributable to (i) the significant increase in the Company's equity payment and margin for equity transactions; and (ii) the funds were placed on term deposits to earn higher interest income.

For the year ended 31 December 2021, the net cash outflow from the Group's financing activities was approximately RMB990.2 million, compared to a net cash inflow from the Group's financing activities of approximately RMB4,200.7 million for the same period in 2020. Such change was mainly due to (i) the payment of final dividend to shareholders on 25 June 2021 for the year ended 31 December 2020; and (ii) the payment of equity interest and equity transaction margin for the acquisition of jointly controlled entities.

INDEBTEDNESS

Borrowings

As at 31 December 2021, the Group had nil borrowings (31 December 2020: Nil).

GEARING RATIO

As the Group had nil borrowings as at 31 December 2021, the net gearing ratio (as calculated by total interest-bearing bank borrowings as at the end of respective periods divided by total equity as at the same date) was nil as at 31 December 2021 (31 December 2020: Nil).

PLEDGE OF ASSETS

As at 31 December 2021, the Group did not have any pledged assets (31 December 2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE RISKS

The Group's operations are primarily denominated in RMB, which is the functional currency of the Group companies. Foreign currency transaction included mainly receipts of proceeds from the Listing on the Main Board of the Stock Exchange and payment of professional fees, which are denominated in Hong Kong dollars ("HK\$"), and a subsidiary which is mainly denominated in United States dollars ("US\$"). As at 31 December 2021, the major non-RMB assets were restricted cash of RMB0.1 million denominated in HK\$, term deposits of RMB245.2 million denominated in HK\$, and cash and cash equivalents of RMB805.2 million and RMB6.4 million denominated in HK\$ and US\$, respectively. Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations. The Group actively controls the risk of exchange losses by the lock-ups of exchange rate and timely settlement. The management of the Group will continue to keep track of change of exchange rate and adjust management measures to mitigate the financial impact of exchange rate losses on the Group where necessary.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any material contingent liabilities (31 December 2020: Nil).

COMMITMENTS

As at 31 December 2021, the Group did not have any capital commitments (31 December 2020: Nil).

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

During the year ended 31 December 2021, the Group had no significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures.

USE OF NET PROCEEDS FROM THE LISTING

After deducting the underwriting commission and other expenses payable by the Company in connection with the Listing, the net proceeds from the Listing and the exercise in full of the Over-allotment Option amounted to approximately HK\$6,660.9 million.

As stated in the Prospectus and the announcement of the Company dated 10 December 2020, the Group intended to use the net proceeds as follows: (i) approximately 60%, or approximately HK\$3,996.54 million for pursuing selective strategic investment and acquisition opportunities and further develop strategic partnerships to expand the business scale of the Group and the depth and breadth of the geographic coverage of the Group; (ii) approximately 10%, or approximately HK\$666.09 million for upgrading the systems of the Group for digitization and smart management; (iii) approximately 20%, or approximately HK\$1,332.18 million for further developing the value-added services of the Group; and (iv) approximately 10%, or approximately HK\$666.09 million for the Group's general business operations and working capital.

MANAGEMENT DISCUSSION AND ANALYSIS

Since the Listing, the competition in the property management industry had become more intense, and the business opportunities had become more fleeting. Whilst the Board is still determined to pursue strategic investment and acquisition opportunities for property management companies which manage quality residential properties and/or non-residential properties, in view of the intense industry competition and given that the Group still adheres strongly to the selection criteria it put in place for target residential and non-residential projects, the Board believes it is in the best interest of the Company to adjust the overall pace of its investment and acquisition of property management companies. With careful selection and enhanced scrutiny, such as with more in-depth due diligence, the Company is able to ensure that the acquired targets align with the Company's development strategy. The Board believes that the allocation and use of the net proceeds as disclosed in the Prospectus no longer satisfy nor match the Company's needs in mergers and acquisitions. Having taking into account that the Company's investment in and acquisition of property management companies are progressing more prudently and that a portion of the net proceeds initially allocated for such use is likely to remain unable to be fully utilized for a foreseeable period of time, the Board believes it is more beneficial for the development of the Group to re-allocate such portion of the net proceeds for investment in and acquisition of businesses in both the PRC and abroad.

The Board also recognizes that by applying the net proceeds to fund the repurchase of Shares and/or the establishment of incentive programs, such as employee share ownership plan and share award plan, it will help form a positive interaction among the Company's value, Shareholders' rights and employees' interests, and such application of the Net Proceeds is in the interests of the Shareholders and employees as a whole and is beneficial to the long term development of the Company.

Accordingly, the Board adjusted the intended use and allocation of the net proceeds from the Listing as disclosed in the announcement of the Company dated 10 September 2021 (the "Announcement").

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth details of the revised use and allocation of net proceeds as at 31 December 2021:

	Planned use of net proceeds as disclosed by the Company and the net proceeds after taking into account the full exercise of Over-allotment Option		Unutilised net proceeds as at 1 January 2021	Actual use of net proceeds during the year ended 31 December 2021		Unutilised net proceeds as at 31 December 2021	Expected timeline of the intended use of proceeds
	HK\$million	approximately %		HK\$million	HK\$million		
(a) Pursuing selective strategic investment and acquisition opportunities and further developing strategic partnerships to expand the Group's business scale and the depth and breadth of the Group's geographic coverage, by way of investment (direct investment, acquisition, or capital increase of affiliated companies), acquisition of or entering into joint venture arrangement with property management companies or companies engaged in the business of value-added services, and joint investment with business partners in relevant industry funds	3,996.6	60%	3,996.6	1,737.9	2,258.6	On or before 30 September 2023	
(i) Investing in or acquiring property management companies which manage quality residential properties which meet the Group's selection criteria, and/or with the necessary experiences and qualifications, and/or which manage non-residential properties which meet the Group's selection criteria such as public facilities, educational institutions and/or hospitals	1,532.0	23%	1,532.0	531.6	1,000.4		
(ii) Investing in or acquiring suitable targets with business that are complementary to the Group's existing services and can help the Group further integrate its upstream and downstream resources, such as catering services, and a reputable brand name	666.1	10%	666.1	619.9	46.1		
(iii) Retaining the net proceeds in Hong Kong for the investment in and acquisition of suitable targets with the business scope described in subcategories (i) and (ii) above, and according to the structure of the transaction and acquisition target (such as red chip structure), possibly for direct payment in Hong Kong of such investment and mergers and acquisitions, so that the Company can explore and expand business sources and channels in multiple directions	1,798.5	27%	1,798.5	586.4	1,212.0		
(b) Upgrading the systems of the Group for digitization and smart management	666.1	10%	666.1	19.3	646.8	On or before 30 September 2023	
(i) Developing and upgrading hardware and software	466.3	7%	466.3	19.3	447.0		
(ii) Developing and improving the Group's intelligent management systems	199.8	3%	199.8	–	199.8		
(c) Further developing the value-added services of the Group	1,199.0	18%	1,199.0	801.2	397.8	On or before 30 September 2023	
(i) Strategically developing the Group's upstream and downstream services	899.2	13.5%	899.2	799.2	100.0		
(ii) Upgrading hardware and developing smart community	299.7	4.5%	299.7	1.9	297.8		
(d) General business operations and working capital	666.1	10%	666.1	652.4	13.7	On or before 30 September 2023	
(e) Retaining the net proceeds in Hong Kong and mainland China for the funding of the repurchase of Shares and/ or the establishment of incentive programs, such as employee share ownership plan and share award plan, as permitted by the laws of the place where the Company is registered and where the Company's shares are listed	133.2	2%	133.2	20.0	113.2	On or before 30 September 2023	
Total	6,660.9	100%	6,660.9	3,230.8	3,430.2		

MANAGEMENT DISCUSSION AND ANALYSIS

Such used amounts were allocated and utilised in accordance with the use of proceeds as set out in the Company's prospectus dated 5 November 2020 headed "Future Plans and Use of Proceeds" and the Announcement. As of 31 December 2021, the Directors are not aware of any material change in the planned use of the net proceeds. The unutilised net proceeds and the following timeline of intended utilization will be applied in the manners disclosed by the Company.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for the expansion plan as disclosed in the Announcement, the Group has no other future plans for material investments and capital assets as at 31 December 2021.

EMPLOYEE AND REMUNERATION POLICY

As of 31 December 2021, the Group had approximately 11,700 employees (31 December 2020: 8,758 employees). During the Year, the staff cost recognised as expenses of the Group amounted to RMB1,532.7 million (31 December 2020: approximately RMB1,104.0 million).

The Group enters into individual employment contracts with its employees to cover matters such as wages, salaries, benefits and terms for termination. The Group generally formulates its employees' remuneration package to include a salary, bonus and various allowances. In general, the Group determines employee salaries based on each employee's qualification, position and seniority. The Group has designed a periodic review system to assess the performance of its employees, which forms the basis of its determination on salary raise, bonus and promotion. As required by the relevant PRC laws and regulations, the Group makes contributions to social insurance fund (including pension fund, medical insurance, un-employment insurance, work-related injury insurance, and maternity insurance) and housing provident fund for the benefit of its PRC employees.

SIGNIFICANT EVENTS AFTER THE YEAR

As at the date of this annual report, the Group did not have any other significant event subsequent to 31 December 2021.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Xia Shaofei (夏紹飛), aged 42, was appointed as a Director in September 2014 and re-designated as the executive Director in May 2020. Mr. Xia is primarily responsible for overall operation and management of the Group, strategic planning, community value-added services and technology services of the Group. Mr. Xia joined the Group in August 2014 and has served as the chairman of the Board since then.

Prior to joining the Group, from April 2002 to January 2012, he successively served as the planning supervisor of the marketing management department, the marketing manager, the brand director, the marketing director and the senior marketing director at Jinke Property, where he was primarily responsible for coordination of marketing planning of the subsidiaries of Jinke Property. From January 2012 to August 2014, Mr. Xia served as deputy director and was subsequently promoted to director of brand and property department of Jinke Property, where he was primarily responsible for the overall operations of marketing management and property management.

Mr. Xia obtained his associate's degree in accounting computerization from Chongqing Radio and Television University (重慶廣播電視大學) in the PRC in October 2000. Mr. Xia obtained his bachelor's degree in marketing from Southwestern University of Finance and Economics (西南財經大學) in the PRC in July 2015.

Mr. Luo Chuansong (羅傳嵩), aged 47, was appointed as a Director in September 2014 and re-designated as the executive Director and the executive general manager in May 2020. Mr. Luo is responsible for daily management and operation of the Group.

Mr. Luo joined the Group as the head of security department in December 2002, where he was primarily responsible for security maintenance. He was promoted as a project manager in September 2003, where he was primarily responsible for project operation and management. From March 2009 to August 2014, he served as the assistant of general manager and was then promoted to deputy general manager, where he was primarily responsible for customer service, security maintenance and property management projects. From August 2014 to May 2020, Mr. Luo served as the general manager of the Company, where he was primarily responsible for daily management and operation of the Company.

Mr. Luo obtained his bachelor's degree in marketing from Shenyang Machine Industry officers and Workers University (瀋陽機械工業職工大學) in the PRC through distance learning in July 1999. He graduated from the curricula of property management MBA from Bozhong Real Estate Management Research Institute (博眾房地產管理研究院) in the PRC in July 2015.

Mr. Luo is the president of Chongqing Property Management Institute (重慶物業管理協會), and has been serving as the vice president and a council member of the working committee of laws and policies of China Property Management Institute (中國物業管理協會) since July 2019 for a term of five years. He has been serving as the deputy director of the intelligent property application promotion center of the National Digital Standardization Technical Committee for Intelligent Buildings and Residential Area (全國智能建築及居住區數字標準化技術委員會) since January 2019 for a term of three years. Mr. Luo was awarded as the Most Respected Property Management Professional (最美物業人) by Chongqing Municipal Commission of Housing and Urban-Rural Development (重慶市住房和城鄉建設委員會) in November 2019. Mr. Luo was awarded the 2017 Top 10 CEOs in the PRC Property Management Industry (2017中國十大物業CEO).

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Xu Guofu (徐國富), aged 38, was appointed as the executive Director in May 2020. Mr. Xu is primarily responsible for financial management, capital management, industry investment and board matters of the Group. Mr. Xu joined the Group as deputy general manager, chief financial officer and secretary of the Board in May 2020.

Prior to joining the Group, from July 2007 to March 2010, Mr. Xu successively served as an audit assistant, an auditor and a project manager of Chongqing Branch of Tianjian Accounting Firm (Special general partnership) (天健會計師事務所(特殊普通合夥)重慶分所), where he was mainly responsible for annual auditing of financial statements, auditing of major assets restructuring and financial due diligence of PRC listed companies. From April 2010 to March 2014, he successively served as an auditor, an accounting director and a financial manager of Jinke Property and its subsidiaries, where he was mainly responsible for financial management. From March 2014 to June 2015, he served as a financial manager of Chongqing Rongchuangjiye Property Development Co., Ltd. (重慶融創基業房地產開發有限公司), a real estate company, where he was mainly responsible for financial management. From July 2015 to May 2020, he successively served as a manager, a deputy director, a senior deputy director, general manager of the security department and the secretary of the board of Jinke Property, where he was mainly responsible for the overall management of the basic securities affairs of the security department, investor relations, capital operation, and statutory duties of the secretary of the board, including information disclosure and preparation for the annual general meeting.

Mr. Xu obtained his bachelor's degree in financial management from Chongqing Technology and Business University (重慶工商大學) in the PRC in July 2007. Mr. Xu obtained the Intermediate Qualification Level in Accounting (會計中級資格) and the Senior Qualification Level in Accounting (會計高級資格) issued by Chongqing Professional Title Reform Office (重慶市職稱改革辦公室) in December 2011 and February 2018, respectively.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

Mr. Luo Licheng (羅利成), aged 57, was appointed as the non-executive Director in May 2020. Mr. Luo is primarily responsible for provision of guidance for the overall development of the Group.

Mr. Luo has more than 20 years of experience in engineering, construction and real estate industry. The following table shows the relevant experience of Mr. Luo:

Period of time	Name of entity	Position(s)	Principal business activities	Responsibilities
October 2000 to August 2011	Chongqing Jinke Industrial Co., Ltd. (重慶市金科實業(集團)有限公司)	General manager of design center and deputy general manager of the group	Property development	Management and operation of daily affairs
September 2011 to December 2011	Jinke Property	Vice chairman of the board of directors, chief executive officer	Property development	Management and operation of daily affairs
January 2012 to February 2014	Jiangsu branch offices of Jinke Property	Chairman of the board of directors and general manager	Property development	Management and operation of daily affairs
March 2014 to October 2015	Jinke Property	Chief executive officer	Property development	Overall management and operation
November 2015 to June 2017	Midwest branch offices of Jinke Property	Chairman of the board of directors and general manager	Property development	Overall management and operation
July 2017 to January 2020	Jinke Property and West branch offices of Jinke Property	Senior Vice President of Jinke Property, chairman of the board of directors and general manager of west branch offices of Jinke Property	Property development	Overall management and operation
January 2020 to February 2021	Jinke Property	Senior vice president	Property development	Overall management and operation of industrial and diversified sector
Since February 2021	Jinke Property	Joint president	Property development	Overall management of cost engineering, bidding and procurement, building material and sales related business, in charge of operation management, investment development and investment cooperation

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Luo obtained his bachelor's degree in industrial and civil construction from Chongqing Civil Engineering Institute (重慶建築工程學院) in the PRC in July 1987. Mr. Luo obtained the senior engineer qualification certificate (高級工程師) conferred by Chongqing Municipal Government (重慶市政府) in June 2005. He obtained the supervision engineer qualification certificate (監理工程師) approved and authorized by Ministry of Construction of the PRC (中華人民共和國建設部) in September 2003. He obtained the cost engineer qualification certificate (造價工程師) approved and authorized by Ministry of Construction of the PRC (中華人民共和國建設部) in October 2001.

Mr. Liang Zhongtai (梁忠太), aged 40, was appointed as the non-executive Director in May 2020. Mr. Liang is primarily responsible for provision of guidance for the overall development of the Group.

From July 2003 to June 2009, Mr. Liang served as the project manager of the audit department and the assistant manager of the technical department of Chongqing Branch of Tianjian Accounting Firm (Special general partnership) (天健會計師事務所(特殊普通合伙)重慶分所), where he was mainly responsible for financial management. Since July 2009, Mr. Liang has been working at Jinke Property and its certain subsidiaries and branch offices, including several subsidiaries in Chongqing from July 2009 to March 2010 and from April 2014 to April 2015, where he served as deputy manager of financial department and director of financial treasury department, respectively; a subsidiary in Jiangsu from April 2010 to March 2014, where he served as a director of financial department; Chongqing branch office from May 2015 to May 2018, where he served as general manager of financial management department; Jinke Property since June 2018, where he served as a deputy general manager of financial department from June 2018 to February 2019, and was then promoted as a general manager of financial department and the chief risk officer in February 2019. Mr. Liang has been appointed as a supervisory of Jinke Property since January 2021 and has also been serving as a general manager of the investment assessment department of Jinke Property since March 2021. During his time working at Jinke Property, Mr. Liang was mainly responsible for financial management.

Mr. Liang obtained his bachelor's degree in accounting in Chongqing Institute of Technology (重慶工學院) in the PRC in July 2003. Mr. Liang obtained the Intermediate Qualification Level in Accounting (會計中級資格) issued by Ministry of Finance of the PRC (中華人民共和國財政部) in May 2005 and the Senior Qualification Level in Accounting (會計高級資格) issued by Chongqing Professional Title Reform Office (重慶市職稱改革辦公室) in December 2019. He obtained the Registered Tax Agent (註冊稅務師) issued by Chongqing Professional Title Reform Office (重慶市職稱改革辦公室) in June 2005.

Ms. Fu Ting (付婷), aged 36, was appointed as the non-executive Director in December 2021. Ms. Fu is a non-practising certified tax accountant of the China Certified Tax Agents Association (中國註冊稅務師協會), and was accredited the intermediate accountant qualified by the National Accountant Assessment & Certification Center of the People's Republic of China (財政部會計資格評價中心). Ms. Fu graduated from Zhongnan University of Economics and Law with a bachelor's degree in management majoring in accounting in June 2007. From 2007 to 2015, Ms. Fu served in financial managerial positions in various entities in the fields of insurance, capital management and private equity investment, including as the finance manager of China Life Insurance Company Limited (Hubei Branch) (中國人壽保險股份有限公司湖北分公司); the senior manager of Sunshine Life Insurance Corporation Limited (陽光人壽保險股份有限公司). Since 2015, Ms. Fu has been serving as the chief financial officer of Riverhead Capital Investment Management Co., Ltd. (陽光融匯資本投資管理有限公司). Since 19 February 2019, Ms. Fu has also been serving as the executive director of Beijing Ronghui Yangguang Ruihai Investment Co., Ltd.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cao Guohua (曹國華), aged 55, was appointed as the independent non-executive Director in October 2020. Mr. Cao is primarily responsible for the provision of independent advice to the Board.

Mr. Cao has more than nine years of experience in real estate industry. Mr. Cao has been working in the College of Business Administration in Chongqing University (重慶大學) since July 1992, where he successively served as an assistant from July 1992 to September 1995, a lecturer from September 1995 to September 2000, an associate professor from September 2000 to September 2006, and a professor since September 2006.

The following table shows the relevant experience of Mr. Cao as a non-executive director in several listed companies:

Period of time	Name of entity	Position(s)	Principal business activities
April 2012 to June 2018	Dongfeng Technology Group Co., Ltd. (東豐科技集團股份有限公司)	Independent director	A real estate company listed on the Shenzhen Stock Exchange (stock code: 200160)
August 2012 to April 2020	Chongqing Yukaiifa Co., Ltd. (重慶渝開發股份有限公司)	Independent director	A real estate company listed on the Shenzhen Stock Exchange (stock code: 000514)
January 2015 to September 2017	Chongqing Jianfeng Chemical Co., Ltd. (重慶建峰化工股份有限公司)	Independent director	A chemical company listed on the Shenzhen Stock Exchange (stock code: 000950)
May 2015 to May 2017	Jinke Property	Independent director	A real estate company list on the Shenzhen Stock Exchange (stock code: 000656)
November 2014 to now	Chongqing Rural Commercial Bank (重慶農村商業銀行)	Independent Non-executive director	A bank listed on the Stock Exchange (stock code HK03618) and the Shanghai Stock Exchange (stock code: 601077)
September 2020 to December 2020	Porton Pharma Solutions Ltd. (重慶博騰製藥科技股份有限公司)	Independent director	A pharmaceutical technology company listed on the Shenzhen Stock Exchange (stock code: 300363)
October 2020 to now	Pingdingshan Oriental Carbon Co., Ltd. (平頂山東方碳素股份有限公司)	Independent director	A non-ferrous industrial company listed on the National Equities Exchange and Quotations (stock code: 832175)

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Since August 2015, Mr. Cao has been a non-executive director of Chongqing Electro-Mechanical Holding Group Xinbo Investment Co., Ltd. (重慶機電控股集團信博投資管理有限公司), an investment management company. Since June 2014, Mr. Cao has been an external director of Chongqing Tourism Investment Group Co., Ltd. (重慶旅遊投資集團有限公司), a company primarily engaged in tourism business and tourism investment development, where he is mainly responsible for the provision of independent advice to the board.

Mr. Cao obtained his bachelor's degree in mathematics from Anhui Normal University (安徽師範大學) in the PRC in July 1989. He obtained his master's degree in mathematics from Sichuan University (四川大學) in the PRC in June 1992. He obtained his doctor's degree in economics and business management from Chongqing University (重慶大學) in the PRC in December 1999. Mr. Cao obtained the independent non-executive director qualification certificate from the Shanghai Stock Exchange in November 2019.

Ms. Yuan Lin (袁林), aged 57, was appointed as the independent non-executive Director in October 2020. Ms. Yuan is primarily responsible for the provision of independent advice to the Board.

From June 1988 to July 1993, Ms. Yuan served as an assistant and a lecturer at Sichuan Provincial Political and Judicial Management Cadre College (四川政法管理幹部學院), where she was mainly responsible for teaching criminal law curriculum. From July 1993 to November 2005, she served as a teacher at Sichuan Radio and TV University (四川廣播電視大學) and served as the deputy director of the teaching department from January 2005 to November 2005, where she was mainly responsible for teaching law curriculum and teaching management. Ms. Yuan has served as the professor and tutor of postgraduates and doctoral students of Southwest University of Political Science and Law (西南政法大學) since December 2005 and she has also served as the director of the Research Center of Protection of the Rights of Special Community and Crime Prevention (特殊群體權利保護與犯罪預防研究中心) since December 2012, where she was mainly responsible for teaching and research of criminal law and criminology, supervising postgraduates and doctoral students.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

In addition to the working experience above, the table below shows the working experience of Ms. Yuan being a director of various companies:

Period of time	Name of entity	Position(s)	Principal business activities	Responsibilities
From December 2013 to December 2016	Chongqing Yunhe Hydropower Inc (重慶雲河水電股份有限公司)	Independent director	Manufacturing of hydroelectric equipment	Provision of independent advice to the board
Since July 2014	Chongqing Iron and Steel (Group) Co., Ltd. (重慶鋼鐵(集團)有限責任公司)	External director	Steel production	Provision of independent advice to the board
Since February 2015	Chongqing Construction Investment Co., Ltd. (重慶建工投資控有 限責任公司)	External director	Construction engineering	Provision of independent advice to the board
Since May 2019	Evergrande Life Assurance Co., Ltd. (恒大人壽保險有 限公司)	Independent director	Life insurance	Provision of independent advice to the board

The following table shows the relevant experience of Ms. Yuan as an independent director in several listed companies:

Period of time	Name of entity	Position(s)	Principal business activities
August 2016 to now	Chongqing Yukaifa Co., Ltd. (重慶渝開發股份有 限公司)	Independent director	A real estate company listed on the Shenzhen Stock Exchange (stock code: 000514)
May 2014 to May 2020	Chongqing Zhifei Biological Products Co., Ltd. (重慶智飛生物製品股份有 限公司)	Independent director	A company engaged in the research and production of biological products and listed on the Shenzhen Stock Exchange (stock code: 300122)
October 2017 to October 2020	Chongqing Landai Powertrain Corp., Ltd. (重慶藍黛動力傳動機械 股份有限公司)	Independent director	A company engaged in automotive components manufacturing and listed on the Shenzhen Stock Exchange (stock code: 002765)

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Yuan obtained her bachelor's degree in law from Nankai University (南開大學) in the PRC in July 1986. She obtained her master's degree in criminal law and her doctor's degree in criminal law from Southwest University of Political Science and Law (西南政法大學) in the PRC in March 1991 and June 2010, respectively. Ms. Yuan obtained the certificate of completion of senior management of PRC listed companies in March 2013 and the certificate of completion of the follow-up training of independent non-executive director of PRC listed companies in August 2017 from the Shenzhen Stock Exchange. Ms. Yuan has been serving as the vice chairman of the Chinese Society of Criminology (中國犯罪學學會) since August 2012, an expert member of the Judges Selection Committee of Chongqing (重慶市法官遴選委員會) since September 2015, a member of the Fifth Chongqing People's Congress (第五屆重慶市人民代表大會) since January 2018, a member of the Commission of Supervisory and Judicial Affairs of Chongqing People's Congress Standing Committee (重慶市人大常委會監察和司法委員會) since January 2019 and a Counselor of Chongqing Municipal People's Government (重慶市人民政府參事) since December 2021.

Mr. Chan Chi Fung Leo (陳志峰), aged 43, was appointed as the independent non-executive Director in October 2020. Mr. Chan is primarily responsible for the provision of independent advice to the Board.

Mr. Chan has over 19 years of experience in finance and accounting industry. From September 2001 to March 2004, he was a staff accountant at Ernst & Young, where he was mainly responsible for auditing. From January 2005 to June 2006, he was an executive at Kingsway Group Services Limited, where he was mainly responsible for IPO and merger and acquisition projects. From June 2006 to July 2007, he was an associate at corporate finance department of CCB International Capital Limited. From August 2007 to December 2011, he worked at BNP Paribas (Asia Pacific) Limited and his last position was an associate at corporate finance department, where he was mainly responsible for IPO and merger and acquisition projects. From December 2011 to April 2015, he served with CITIC Securities International Company Limited, and his last position was a director at corporate finance department, where he was mainly responsible for IPO and merger and acquisition projects. From May 2015 to April 2016, Mr. Chan was a deputy managing director of VBG Capital Limited, where he was mainly responsible for IPO and merger and acquisition projects. From May 2016 to October 2017, Mr. Chan was the managing director of LY Capital Limited, where he was mainly responsible for IPO and merger and acquisition projects. Since October 2017, Mr. Chan is the managing director of Red Solar Capital Limited, where he is mainly responsible for IPO and merger and acquisition projects.

Since August 2017, Mr. Chan has been an independent non-executive director of Sisram Medical Ltd, a listed company on the Stock Exchange (stock code: 1696). Since June 2018, Mr. Chan has also been an independent non-executive director of Ziyuanyuan Holdings Group Limited, a listed company on the Stock Exchange (stock code: 8223).

Mr. Chan obtained his bachelor's degree in business administration from the Hong Kong University of Science and Technology in Hong Kong in November 2001. Mr. Chan has been a member of Hong Kong Institute of Certified Public Accountants since October 2005.

Save as disclosed above, none of the Directors have held any other directorships in listed companies during the three years immediately preceding the date of this annual report.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there was no information relating to the Directors that is required to be disclosed pursuant to paragraphs (b) to (v) or Rule 13.51(2) of the Listing Rules or any other matters concerning any Director that needs to be brought to the attention of the Shareholders as at the date of this annual report.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORS

Mr. Yu Yong (余勇), aged 50, was appointed as the Supervisor and the president of the Supervisory Committee on 25 May 2020. Mr. Yu is primarily responsible for presiding the work of the Supervisory Committee, supervising the Board and the senior management of the Company. Mr. Yu joined Jinke Property in June 2017 as the member of the party committee, mainly responsible for party affairs. Mr. Yu was appointed as the party committee secretary of the Company in June 2017, mainly responsible for party affairs.

Prior to joining Jinke Property and the Company, Mr. Yu successively served as a teacher in Chongqing Bishan District Zhongxing Primary School (重慶市璧山區中興小學) from July 1990 to August 1999 and Chongqing Bishan Qinggang Junior Middle School (重慶市璧山縣青槓初級中學校) (now known as Chongqing Bishan District Junior Middle School (重慶市璧山區青槓初級中學校)) from September 1999 to June 2002. From July 2002 to October 2006, he served as the chief of the political bureau of the United Front Work Department of the Communist Party of China Chongqing Bishan District Committee (中共重慶市璧山區委統戰部) and was primarily responsible for the united front work of non-public economy and non-Party cadres. From November 2006 to March 2010, he served as the secretary general of the Federation of Industry and Commerce of Chongqing Bishan District (重慶市璧山區工商業聯合會), primarily responsible for the daily affairs, and from April 2010 to March 2017, he successively served as an assistant to the minister of the member department, the deputy director of the research office, and the deputy minister of the economic affairs department of the Chongqing Federation of Industry and Commerce (重慶市工商業聯合會), where he was primarily responsible for research on private economy, development of the private enterprises and the small and medium-sized enterprises.

Mr. Yu obtained his bachelor's degree in Chinese language and literature from Chongqing College of Education (重慶教育學院) in the PRC by way of correspondence education in June 2004. He obtained his master's degree in administrative management from Party School of Chongqing Party Committee (中共重慶市委黨校) in the PRC in June 2010.

Mr. Han Chong (韓翀), aged 49, was appointed as the Supervisor on 25 May 2020. Mr. Han is primarily responsible for supervising the Board and the senior management of the Company.

From November 1999 to July 2004, he served as an auditor of Chongqing Zhongding Accounting Firm (重慶中鼎會計師事務所), where he was mainly responsible for auditing and consultation. From July 2004 to October 2006, he served as an auditor of Chongqing Puhua Accounting Firm (重慶普華會計師事務所), where he was mainly responsible for auditing and consultation. Since October 2006, he has been serving as the person-in-charge of the auditor department of Jinke Property, where he was mainly responsible for internal auditing.

Mr. Han obtained his associate's degree in accounting from Chongqing College of Commerce (重慶商學院) in the PRC in July 1994. He obtained the Certified Public Accountant certificate in November 2002 issued by Chongqing Institute of Certified Public Accountants.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Ren Wenjuan (任文娟), aged 37, was appointed as the Supervisor on 25 May 2020. Ms. Ren is primarily responsible for supervising the Board and the senior management of the Company. Ms. Ren joined the Group as the human resources and administrative assistant in September 2012 and was promoted to the administrative director in March 2019. In March 2021, Ms. Ren was appointed as the deputy general manager of administration and service department of the Company, mainly responsible for administrative management of the Company.

Prior to joining the Group, from July 2007 to June 2010, Ms. Ren served as an administrative director of Chongqing Branch of Jiatong Tire (China) Investment Co., Ltd. (佳通輪胎(中國)投資有限公司), an investment company, where she was mainly responsible for administrative management.

Ms. Ren obtained her bachelor's degree in accounting from Chengdu University of Information Technology (成都信息工程學院) in the PRC in July 2007.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there was no information relating to the Supervisors that is required to be disclosed pursuant to paragraphs (b) to (v) or Rule 13.51(2) of the Listing Rules or any other matters concerning any Supervisor that needs to be brought to the attention of the Shareholders as at the date of this annual report.

SENIOR MANAGEMENT

The executive Directors are responsible for the day-to-day operations and management of the business of the Group. For the biographical details of Mr. Luo Chuansong and Mr. Xu Guofu, please refer to “– Executive Directors” in this section.

Mr. Han Qiang (韓強), aged 39, joined the Group as senior vice president in August 2021 and was appointed as the president of the Company on 29 March 2022.

Prior to joining the Group, Mr. Han served at various companies where he was responsible for marketing management, including serving as a manager (科長) at the Chongqing office of ZTE Corporation (中興通訊) from September 2004 to July 2005; a project manager of Chongqing Real Estate Consulting Co., Ltd. (重慶領域置業顧問有限公司) from July 2005 to June 2007; a marketing director of Chongqing Zhongyi Land Co., Ltd. (重慶中億置地有限公司) from June 2007 to January 2012; and successively serviced as a supervisor (主任) and manager of the marketing department of western district, deputy director of the marketing centre and the principal of the second marketing department in western Chongqing area of Jinke Property, being the controlling shareholder of the Company, from January 2012 to July 2017. From July 2017 to January 2020, Mr. Han successively served as the executive deputy general manager and general manager of Yongzhou urban area of the Jinke Property. From January 2020 to August 2021, Mr. Han served as the general manager of Sichuan-Shaanxi areas of Jinke Property and the chairman of Sichuan area of Jinke Property.

Mr. Han graduated from Hubei University with a bachelor degree in engineering management in June 2004

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Mr. Xu Guofu (徐國富), aged 38, was appointed as the joint company secretary on 20 June 2020. For details of Mr. Xu, please refer to “– Executive Directors” in this section.

Mr. Lau Kwok Yin (劉國賢), aged 36, was appointed as the joint company secretary of the Company on 20 June 2020.

Mr. Lau is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited. He has over 10 years of experience in corporate secretarial services, finance and banking operations. He holds a bachelor of business administration degree in accounting and finance from The University of Hong Kong, and is a member of the Hong Kong Institute of Certified Public Accountants, a Chartered Financial Analyst charter holder and a fellow member of the Hong Kong Chartered Governance Institute and the Chartered Governance Institute.

CORPORATE GOVERNANCE REPORT

The Company recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

CORPORATE GOVERNANCE PRACTICES

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its own code of conduct for securities transactions conducted by Directors, Supervisors and relevant employees of the Company. After making specific enquiries to all the Directors, Supervisors and relevant employees of the Company, each of them has confirmed that they have complied with the required standards set out in the Model Code for the year ended 31 December 2021.

The Company is not aware of any incident of non-compliance of the Model Code committed by any Directors, Supervisors or relevant employees during the year ended 31 December 2021.

Corporate Governance

The Company recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Company has adopted the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “CG Code”) as its own code of corporate governance.

Except for the deviation from the then applicable code provision A.2.1 of the CG Code, the Company’s corporate governance practices have complied with the code on corporate governance practices during the year ended 31 December 2021. The Company will continue to review and monitor its corporate governance practice to ensure the compliance of the CG Code.

The roles of the chairman and the chief executive officer of the Company have not been separated as required by the then applicable code provision A.2.1 of the CG Code during the year ended 31 December 2021. The roles of the chairman and president of the Company are both performed by Mr. Xia Shaofei, an executive Director. The Board believes that vesting the roles of both chairman and president in the same individual enables the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Xia Shaofei’s extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group that Mr. Xia Shaofei continues to act as the chairman and president of the Group following the Listing Date, and that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors, non-executive directors and independent non-executive Directors. On 29 March 2022, Mr. Xia Shaofei has resigned as the president of the Company and Mr. Han Qiang has been appointed as the president of the Company. Following the appointment of Mr. Han Qiang, the Company will comply with the then applicable code provision A.2.1. For details, please refer to the announcement of the Company dated 29 March 2022.

During the year ended 31 December 2021, the corporate governance functions stipulated in the then applicable code provision D.3.1 of the CG Code were performed by the Board, which included: (i) developing and reviewing the Company’s policies and practices on corporate governance; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring the Company’s policies and practices on legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors; and (v) reviewing the Company’s compliance with the CG Code and disclosure in the corporate governance report.

CORPORATE GOVERNANCE REPORT

Trainings of the Directors

To ensure that each Director's better understanding in respect of the Company's conduct and business activities to perform their responsibilities as a Director, the Company will arrange appropriate training, including arranging and funding suitable training and professional development program for the Directors. For newly appointed Directors, the Company shall also arrange for suitable induction training, so as to ensure that they have an appropriate understanding of the business and operations of the Group and that they are fully aware of their responsibilities and obligations under the Listing Rules and relevant regulatory requirements upon commencement of their directorship in the Company. During the year ended 31 December 2021, all the Directors, together with the relevant senior management of the Company, have attended suitable induction and/or trainings arranged by the Company covering a wide range of topics including but not limited to directors' duties and responsibilities, corporate governance and continuing obligations of a listed company.

THE BOARD

The Board currently consists of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. The functions and powers of the Board include convening general meetings and reporting the Board's work at the general meetings, implementing resolutions of the general meetings, determining the Group's business and investment plans, preparing annual financial budgets and final accounts of the Group, formulating proposals for profit distributions and plans for making up losses, and exercising other powers, functions and duties as conferred by the Articles of Association.

The Board assumes the responsibility of leadership and control of the Company, and supervises and approves strategic development objectives, significant decisions of operations and financial performance of the Company, and the senior management of the Company is responsible for the day-to-day operations and management of the business of the Group.

During the year ended 31 December 2021, the Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively, the "Board Committees") and delegated various responsibilities to these committees, which assist the Board in discharging its duties and overseeing particular aspects of the Group's activities. All the Board Committees perform their distinct roles in accordance with their respective terms of reference.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION

Executive Directors

Mr. Xia Shaofei (*chairman and president*) (*resigned as President on 29 March 2022*)

Mr. Luo Chuansong

Mr. Xu Guofu

Non-executive Directors

Mr. Luo Licheng

Mr. Liang Zhongtai

Mr. Li Nan (*resigned on 28 December 2021*)

Ms. Fu Ting (*appointed on 28 December 2021*)

Independent Non-executive Directors

Mr. Cao Guohua

Ms. Yuan Lin

Mr. Chan Chi Fung Leo

Each of the Directors entered into a service contract or appointment letter with the Company. Further details of the term of appointment of the Directors are set out in the section headed “Report of the Directors – Directors’ and Supervisors’ Service Contracts and Appointment Letters” on page 62 of this annual report.

The respective biographical information of the Directors is set out on pages 33 to 43 of this annual report. Save as disclosed, there is no relationship (including financial, business, family or other material relationship) between members of the Board and senior management of the Company.

During the year ended 31 December 2021, the Board had complied with Rule 3.10 and Rule 3.10A of the Listing Rules relating to the appointment of (i) at least three independent non-executive Directors; (ii) independent non-executive directors representing one-third of the Board; and (iii) at least one independent non-executive Director possessing appropriate qualification, or accounting or related financial management expertise.

The Company has received from each independent non-executive Director an annual written confirmation of his/her independence in accordance with Rule 3.13 of the Listing Rules. The Company considers each of the independent non-executive Directors to be independent.

Chairman and President

The roles of the chairman and president of the Company are both performed by Mr. Xia Shaofei, an executive Director during the year ended 31 December 2021. Further details are set out in the section headed “Corporate Governance Practices – Corporate Governance” above.

CORPORATE GOVERNANCE REPORT

Board Meetings and Annual General Meeting

The Board meets regularly to discuss and formulate the overall strategy, operations and financial performance of the Group. Board meetings are held at least four times a year and notices of Board meetings are given to the Directors 14 days before the convening of the meeting, in order to give all Directors the opportunity to attend.

During the year ended 31 December 2021, the Board held 14 Board meetings, 2 general meetings and the Directors made positive contributions to the affairs of the Group. The attendance record of each Director is set out below:

Name of Director	Number of meetings attended/ Number of Board meetings held during the year ended 31 December 2021	Number of meetings attended/ Number of general meetings held during the year ended 31 December 2021
Executive Directors		
Mr. Xia Shaofei (<i>chairman and president</i>) (<i>resigned as President on 29 March 2022</i>)	14/14	2/2
Mr. Luo Chuansong	14/14	2/2
Mr. Xu Guofu	14/14	2/2
Non-executive Directors		
Mr. Luo Licheng	14/14	2/2
Mr. Liang Zhongtai	14/14	2/2
Mr. Li Nan	12/14 ¹	1/2 ¹
Ms. Fu Ting	0/0 ²	0/0 ²
Independent non-executive Directors		
Mr. Cao Guohua	14/14	2/2
Ms. Yuan Lin	14/14	2/2
Mr. Chan Chi Fung Leo	14/14	2/2

Notes:

1. Mr. Li was resigned as non-executive Director with effect from 28 December 2021 in order to devote more time to his other business commitments.
2. Ms. Fu has been appointed as non-executive Director with effect from 28 December 2021.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

During the year ended 31 December 2021, the Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee and delegated various responsibilities to these committees, which assist the Board in discharging its duties and overseeing particular aspects of the Group's activities. Each of the Board Committees has specific written terms of reference which clearly specify their authority and duties. The Board Committees will report their findings and recommendations to the Board after each meeting of the Board Committees.

Audit Committee

The Group has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the then applicable paragraph C.3 of the CG Code. The Audit Committee consists of three members, namely Mr. Chan Chi Fung Leo, Mr. Liang Zhongtai and Mr. Cao Guohua. The chairman of the Audit Committee is Mr. Chan Chi Fung Leo, who is an independent non-executive Director and has been a member of Hong Kong Institute of Certified Public Accountants since October 2005.

The primary duties of the Audit Committee are to (i) review and supervise the financial reporting process and internal control system of the Group, risk management and internal audit; (ii) provide advice and comments to the Board; and (iii) perform other duties and responsibilities as may be assigned by the Board.

The Audit Committee held 5 meetings during year ended 31 December 2021, to review, among other things, the unaudited interim results and report for the six months ended 30 June 2021, the financial reporting and the compliance matters, compliance with the corporate governance policy and practice, the audited annual results and report for the year ended 31 December 2020, the financial, operational and compliance monitoring, the risk management control, the work of the internal and external auditors, the service fees due to the external auditor as well as the re-appointment of external auditors.

The attendance records of the Audit Committee meetings are set out below:

Name of Director	Attendance/ Number of Meeting(s)
Mr. Chan Chi Fung Leo	5/5
Mr. Liang Zhongtai	5/5
Mr. Cao Guohua	5/5

On 29 March 2022, the Audit Committee held a meeting to review (i) the annual consolidated financial statements of the Group, the annual report and annual results announcement of the Company for the year ended 31 December 2021; (ii) the Company's relationship with the external auditor, discussed with the Company's external auditor on the tasks performed by them including the nature and scope of their audit and reporting obligations, and reviewed the terms of engagement and their remuneration; (iii) the appropriateness and effectiveness of the risk management and internal control systems of the Group and make relevant recommendations to the Board; (iv) the effectiveness of the internal audit function of the Group; and (v) the non-compete undertakings provided by the Controlling Shareholder and its compliance with such undertakings; and (vi) the continuing connected transactions of the Group.

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Group has established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the then applicable paragraph B.1 of the CG Code. The Remuneration Committee consists of one non-executive Director and two independent non-executive Directors, namely, Mr. Luo Licheng, Mr. Cao Guohua and Ms. Yuan Lin. The chairlady of the Remuneration Committee is Ms. Yuan Lin.

The primary duties of the Remuneration Committee are to (i) establish, review and provide advices to the Board on the Group's policy and structure concerning remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determine the terms of the specific remuneration package of each executive Director and senior management; and (iii) review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time-to-time.

The Remuneration Committee held 2 meetings during the year ended 31 December 2021 to review, among others, the remuneration policy and structure of the Company, and consider and make recommendation to the Board on the remuneration for non-executive directors and independent non-executive directors as all as the proposal on incentive of senior management.

The attendance records of the Remuneration Committee meetings are set out below:

Name of Director	Attendance/ Number of Meeting(s)
Mr. Luo Licheng	2/2
Mr. Cao Guohua	2/2
Ms. Yuan Lin	2/2

On 29 March 2022, the Remuneration Committee held a meeting to (i) discuss and make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration; (ii) review the remuneration packages of individual Directors and senior management; and (iii) formulate the Company's remuneration and benefits policy and performance appraisal system.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Group has established the Nomination Committee with written terms of reference in compliance with the then applicable paragraph A.5 of the CG Code. The Nomination Committee consists of one executive Director and two independent non-executive Directors, namely Mr. Xia Shaofei, Ms. Yuan Lin and Mr. Cao Guohua. The chairman of the Nomination Committee is Mr. Xia Shaofei.

The primary duties of the Nomination Committee are to (i) review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of the Board; (ii) identify, select or make recommendations to the Board on the selection of individuals nominated for directorship, and ensure the diversity of the Board members; (iii) assess the independence of the independent non-executive Directors; and (iv) make recommendations to the Board on relevant matters relating to the appointment, reappointment and removal of the Directors and succession planning for the Directors.

The Nomination Committee held 2 meetings during the year ended 31 December 2021 to review, among others, the structure, size, composition and diversity (including the skills, knowledge, experience, gender, age, cultural and educational background, ethnicity, professional experience and length of service) of the Board to ensure that the Board has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company, to assess the independence of the independent non-executive Directors, to consider the credentials of the non-executive Director candidate, to recommend non-executive director candidate for Board's nomination and Shareholders' approval.

The attendance records of the Nomination Committee meetings are set out below:

Name of Director	Attendance/ Number of Meeting(s)
Mr. Xia Shaofei	2/2
Ms. Yuan Lin	2/2
Mr. Cao Guohua	2/2

On 29 March 2022, the Nomination Committee held a meeting to (i) review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board; (ii) assess the independence of independent non-executive Directors; and (iii) review the measurable objectives for implementing the board diversity policy of the Company (the "Board Diversity Policy").

CORPORATE GOVERNANCE REPORT

NOMINATION POLICY

The Company has adopted a nomination policy (the “**Nomination Policy**”) which sets out the selection criteria and procedures to nominate Board candidates. When making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, the Nomination Committee would consider a number of factors in assessing the suitability of the proposed candidate, including but not limited to:

- (i) reputation for integrity;
- (ii) qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company’s business and corporate strategy;
- (iii) diversity in all aspects, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge;
- (iv) the ability to assist and support management and make significant contributions to the Group;
- (v) commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board Committees;
- (vi) compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment or re-appointment of an independent non-executive Directors; and
- (vii) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

Appointment of any proposed candidates to the Board or re-appointment of any existing members of the Board shall be made in accordance with the Articles of Association and other applicable rules and regulations. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at a general meeting.

During the year ended 31 December 2021, Ms. Fu Ting has been appointed as a non-executive Director on the extraordinary general meeting (the “**EGM**”) of the Company held on 28 December 2021 with the nomination of the Board and recommendation of the Nomination Committee. Ms. Fu Ting has entered into a service contract with the Company with a term from the date of EGM to the expiry of term of first session of the Board.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

The Board has adopted the Board Diversity Policy which sets out the approach to achieve diversity on the Board. The Company recognizes and embraces the benefits of having a diversified Board and sees increasing diversity at Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talents, skills, gender, age, ethnicity, experience, independence and knowledge.

The Directors have a balanced mix of knowledge and skills, including overall management and strategic development, human resources, information technology, accounting and financial management, and corporate governance. They obtained degrees in various majors including accounting, marketing, financial management, science, business administration, electronic and information engineering, industrial engineering and operations, mathematics and law. The Company has three independent non-executive Directors with different industry backgrounds, representing a third of the members of the Board. Furthermore, the Board has a wide range of age, ranging from 36 years to 57 years old. Taking into account the Group's existing business model and specific needs as well as the different background of the Directors, the composition of the Board satisfies the Board Diversity Policy.

The Company will continue to implement measures and steps to promote and enhance gender diversity at all levels of the Company. The Company will select potential Board candidates based on merit and his/her potential contribution to the Board while taking into account the Board Diversity Policy and other factors. The Company will also take into consideration the Group's business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

The Nomination Committee will review the Nomination Policy and the Board Diversity Policy from time to time to ensure its implementation and monitor its continued effectiveness.

Based on the Nomination Committee's review for the year ended 31 December 2021, the Nomination Committee considered that there was sufficient diversity in the Board for the Company's corporate governance and business development needs.

CORPORATE GOVERNANCE REPORT

ANNUAL REMUNERATION PAYABLE TO THE DIRECTORS AND MEMBERS OF SENIOR MANAGEMENT

The annual remuneration of the members of the senior management by band for the year ended 31 December 2021 is as follows:

Remuneration bands (RMB)	Number of individuals
Nil – 1,000,000	6
1,000,001 – 1,500,000	nil
1,500,001 – 2,000,000	nil
2,000,001 – 2,500,000	2
2,500,001 – 3,000,000	nil
3,000,001 – 3,500,000	1

Details of the remuneration of the Directors are set out in note 37 to the consolidated financial statements.

AUDITOR'S REMUNERATION

The Company has appointed PricewaterhouseCoopers as its external auditor for the year ended 31 December 2021.

During the year ended 31 December 2021, the remunerations paid or payable to PricewaterhouseCoopers in respect of its statutory audit services and non-audit services are RMB3.8 million and nil, respectively.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing all information and representations contained in the consolidated financial statements of the Group for the year ended 31 December 2021, which give a true and fair view of the state of affairs of the Group and of the operating results and cash flow for the year. The Directors consider that the financial statements have been prepared in conformity with all applicable accounting standards and requirements and reflect amounts that are based on the best estimates, reasonable information and prudent judgment of the Board and the management. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

The statements of the auditor of the Group about its reporting responsibility on the consolidated financial statements of the Group are set out in the Independent Auditor's Report on pages 140 to 146 of this annual report.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for overseeing the Company's risk management and internal control systems and reviewing their effectiveness on an ongoing basis. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems. The Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives of the Group, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk Management Structure of the Company

The Group has implemented various risk management policies and measures to identify, assess, manage and monitor risks arising from its operations. Risks identified by the Group's management team, internal and external reporting mechanism, remedial measures and contingency management have been codified in the Group's policies.

The Group strives to foster a strong compliance culture among its employees. To achieve such compliance culture and set the expectations for individual behavior across the Group, the Group has adopted procedures and policies to ensure strict accountability of individual employees, and regularly conduct internal compliance checks and inspections and conduct compliance training.

Risk Management and Internal Control Procedure

The Company has established internal control measures led by the Board whereby the management is responsible for assisting the Board in completing the identification and evaluation of risk factors of the business systems, implementing the Company's policies and procedures and participating in the design and operation of such measures that meet the Company's management requirements, which provides reliable assurance for the Company to carry out its business to prevent the occurrence of significant operational risks and losses. The Group also has an internal audit and risk control function which primarily carries out analysis and independent appraisal of the adequacy and effectiveness of its risk management and internal control systems, and reports their findings to the Board on, at least, an annual basis.

Risk Management and Internal Control Review

A review of the effectiveness of the Group's risk management and internal control systems, including financial, operation and compliance controls, will be conducted by the Board at least annually. The Board reviews each year the effectiveness of the Group's risk management and internal control systems for the previous financial year, and makes evaluations and suggestions on the Group's risk management and internal control systems and process through internal and external professionals and institutions.

The annual review in respect of the year ended 31 December 2021 has considered, among others (i) adequacy of resources; (ii) staff qualifications and experience; (iii) training programmes for the staff; and (iv) budget of the Group's accounting, internal audit and financial reporting functions. The Board also conducted a comprehensive evaluation on the timeliness, effectiveness and normativity of the procedures for handling and releasing inside information of the Company, as well as the effectiveness of the Company's processes for financial reporting and Listing Rule compliance.

For the year ended 31 December 2021, the Board considers that the risk management and internal control systems of the Company are effective and adequate.

CORPORATE GOVERNANCE REPORT

DISSEMINATION OF INSIDE INFORMATION

The Group has in place a framework for the disclosure of inside information by reference to the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission of Hong Kong. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in an appropriate and timely manner, such as steps to ascertain sufficient details, conduct internal assessment of the matter and its likely impact on the Company, seek professional advice where required and verification of the facts. Before the information is fully disclosed to the public, any persons who possess the knowledge of such information must ensure strict confidentiality and must not deal in any of the Company's securities.

SHAREHOLDERS' RIGHT

Procedures for Shareholders to Convene an Extraordinary General Meeting

The Company shall convene an extraordinary general meeting within two months from the date when such meeting is requested in writing by a Shareholder alone or Shareholders together holding over 10% of the Company's outstanding voting Shares (the number of Shares held by such Shareholder(s) shall be calculated based on the number of Shares held at the close of trading on the date when such Shareholder(s) request in writing, or if the written request is made on a non-trading day, the number of Shares held at the close of trading on the preceding trading day).

In accordance with Article 58 of the Articles of Association, Shareholders requesting the convening of an extraordinary general meeting or a class Shareholders' meeting shall do so by the procedure set forth below:

- (i) Shareholders individually or jointly holding at least 10% of the Shares carrying the right to vote at the meeting sought to be held may sign one or more written requests of identical form and substance requesting that the Board convene an extraordinary general meeting or a class Shareholders' meeting and stating the subject to be discussed at the meeting; the Board shall convene the extraordinary general meeting or the class Shareholders' meeting as soon as possible after having received the aforementioned written request; the shareholding referred to above shall be calculated as at the day on which the written request is made.
- (ii) If the Board fails to issue a notice to convene such meeting within 30 days after having received the aforementioned written request, the Shareholders who made such request may themselves convene the meeting within four months after the Board received the request. The procedure according to which they convene such meeting shall, to the extent possible, be identical to the procedure according to which general meetings are to be convened by the Board.
- (iii) If the Board is unable to or fails to perform its duty of convening the general meeting, the Supervisory Committee shall convene and preside over the meeting in a timely manner. If the Supervisory Committee fails to issue a notice to convene such meeting within 30 days after having received the aforementioned written request, Shareholders individually or jointly holding over 10% of the Shares for at least 90 days in succession may themselves convene the meeting within four months after the Board received the request. The procedure according to which they convene such meeting shall, to the extent possible, be identical to the procedure according to which general meetings are to be convened by the Board.

If Shareholders convene and hold a meeting themselves because the Board failed to hold such meeting pursuant to a request as mentioned above, the reasonable expenses incurred by such Shareholders shall be borne by the Company and shall be deducted from the sums owed by the Company to the negligent directors.

CORPORATE GOVERNANCE REPORT

Procedures for Putting Forward Proposals at General Meetings

In accordance with Article 63 of the Articles of Association, a Shareholder alone or Shareholders together holding at least 3% of the Shares may submit extempore motions in writing to the convener 10 days prior to the date of such meeting. The convener shall issue a supplementary notice of the general meeting and make a public announcement of the contents of such extempore motion within two days after receipt of the motion, and submit such extempore motion to the general meeting for consideration. The contents of such an extempore motion shall fall within the scope of the functions and powers of the general meeting, and contain a clear topic and a specific resolution.

Except as provided in the preceding paragraph, the convener may not make any changes to the motions set forth in the notice of the general meeting or add any new motions once the notice and announcement of the general meeting have been issued.

The general meeting may not vote and pass resolution on motions that are not set forth in the notice of the general meeting or that are not consistent with Article 62 of the Articles of Association. Article 62 of the Articles of Association stipulates that motions before the general meeting shall be in writing. The contents of motions before the general meeting shall fall within the scope of the functions and powers of the general meeting, contain a clear topic and a specific resolution and comply with relevant provisions of laws and the Articles of Association.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time make enquiries to the Board in writing through the contact details as follows:

By post: 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong
Email: IRJKS@jinke.com
Attention: the Board Office

CORPORATE GOVERNANCE REPORT

JOINT COMPANY SECRETARIES

The Company has appointed Mr. Xu Guofu and Mr. Lau Kwok Yin as the joint company secretaries of the Company. Please refer to the section headed “Biographies of Directors, Supervisors and Senior Management” in this annual report for their respective biographical information.

Mr. Xu Guofu, an executive Director, deputy general manager and chief financial officer of the Company, is the primary contact of Mr. Lau Kwok Yin at the Company.

In compliance with Rule 3.29 of the Listing Rules, Mr. Xu Guofu and Mr. Lau Kwok Yin both undertook not less than 15 hours of relevant professional training during the year ended 31 December 2021.

CONSTITUTIONAL DOCUMENTS

In order to reformulate the structure of the Board which is currently in the form of the three committees of the Board (namely, the audit committee, nomination committee and remuneration committee) to optimize the governance structure of the Company, and in view of the actual situation of the operation and management of the Company, the Board proposed to amend Article 85 and Article 98 of the Articles of Association.

To reflect the change of the share capital structure of the Company resulted from the completion of the conversion of the Domestic Shares into H Share for listing on the Stock Exchange which took place on 9 September 2021 in the Articles of Association, the Board further proposed to amend and update Article 19 of the Articles of Association.

The proposed amendments of Article 19, Article 85 and Article 98 have been approved by the Shareholders by way of a special resolution at the EGM and have become effective on 28 December 2021. The full text of the revised Articles of Association has been published on the websites of the Stock Exchange and the Company.

REPORT OF THE DIRECTORS

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of space property management services, community value-added services, local catering services and smart living technology solutions in the PRC.

RESULTS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 147 to 149 of this annual report.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the past five financial years is set out on pages 153 to 249 of this annual report.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company during the year ended 31 December 2021 are set out in note 27 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year ended 31 December 2021 are set out in note 28 to the consolidated financial statements. As at 31 December 2021, distributable reserves of the Company amounted to RMB881.4 million.

BORROWINGS

During the year ended 31 December 2021, the Company had no borrowings.

DEBENTURES

During the year ended 31 December 2021, the Company did not issue any debentures.

REPORT OF THE DIRECTORS

DIVIDEND POLICY AND FINAL DIVIDEND

Dividend Policy

The Board recommended the cash dividend for the full year 2021-2025 of not less than 40% of profit attributable to owners of the Company for the year. The payment and amounts of dividends (if any) depend on the Group's results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividend paid by the Group, future prospects and other factors which the Group considers relevant. The declaration, payment and amount of dividends will be subject to the discretion of the Board. The proposed payment of dividends is also 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 review the dividend policy on an annual basis.

Final Dividend

The Board recommends the payment of a Final Dividend of RMB0.65 per Share (before tax) in the form of cash for the year ended 31 December 2021, totaling approximately RMB424.4 million, to the Shareholders whose names appear on the register of members of the Company as at the close of business on Wednesday, 15 June 2022. If the resolution for the proposed Final Dividend is passed at the AGM, the proposed Final Dividend is expected to be paid on or before Monday, 11 July 2022.

As at 31 December 2021, there was no arrangement under which a Shareholder had waived or agreed to waive any dividends.

According to the Enterprise Income Tax Law of the People's Republic of China 《(中華人民共和國企業所得稅法)》 which came into effect on 1 January 2008, and amended on 24 February 2017 and 29 December 2018, the Provision for Implementation of Enterprise Income Tax Law of the People's Republic of China 《(中華人民共和國企業所得稅法實施條例)》 which took effect on 1 January 2008, and the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprise to H Shareholders which are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) 《(關於中國居民企業向境外H股非居民企業股東派發股息扣代繳企業所得稅有關問題的通知)》(國稅函[2008] 897號)), which was promulgated by the State Administration of Taxation and came into effect on 6 November 2008, etc., where a PRC domestic enterprise distributes dividends for 2008 and subsequent years for financial periods beginning from 1 January 2008 to non-resident enterprise shareholders, it is required to withhold 10% enterprise income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the Final Dividend as enterprise income tax, distribute the Final Dividend to non-resident enterprise shareholders whose names appear on the H Shares register of members of the Company, i.e. any shareholders who hold H Shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or shareholders of H Shares registered in the name of other organizations and groups. After receiving dividends, the non-resident enterprises shareholders may apply to the relevant tax authorities for enjoying treatment of taxation treaties (arrangement) in person or by proxy or by the Company, and provide information to prove that it is an actual beneficiary under the requirements of such taxation treaties (arrangement). After the tax authorities have verified that there is no error, it shall refund tax difference between the amount of tax levied and the amount of tax payable calculated at the tax rate under the requirements of the relevant taxation treaties (arrangement).

REPORT OF THE DIRECTORS

Pursuant to the Notice on the Issues Regarding Levy of Individual Income Tax after the Abolishment of Guo Shui Fa [1993] No. 045 Document (Guo Shui han [2011] No. 348) 《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), the Company shall withhold and pay individual income tax for individual holders of H Shares. If the individual holders of H Shares are Hong Kong or Macau residents or residents of other countries or regions that have a tax rate of 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders.

If the individual holders of H Shares are residents of countries or regions that have a tax rate lower than 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders. If such Shareholders wish to claim refund of the amount in excess of the individual income tax payable under the relevant tax treaties, the Company may apply, on behalf of such Shareholders and according to the relevant tax treaties, for the relevant agreed preferential tax treatment, provided that the relevant Shareholders submit the relevant documents and information in a timely manner required by the Administrative Measures on Enjoying Treatment under Tax Treaties by Non-resident Taxpayers (State Administration of Taxation Announcement 2015, No. 60) 《(非居民納稅人享受稅收協議待遇管理辦法》(國家稅務總局公告2015年第60號)) and the provisions of the relevant tax treaties. The Company will assist with the tax refund subject to the approval of the competent tax authorities.

If the individual holders of H Shares are residents of countries or regions that have a tax rate higher than 10% but lower than 20% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the applicable tax rates stated in such tax treaties on behalf of such Shareholders.

If the individual holders of H Shares are residents of countries or regions that have a tax rate of 20% under the tax treaties with the PRC, or that have not entered into any tax treaties with the PRC, or otherwise, the Company will withhold and pay individual income tax at the rate of 20% on behalf of such Shareholders. Shareholders are recommended to consult their tax advisors regarding the ownership and disposal of H Shares in the PRC and in Hong Kong and other tax effects.

Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen- Hong Kong Stock Connect (Cai Shui [2016] No. 127) 《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for dividends and bonus received by domestic investors from investing in H shares listed on the Stock Exchange through southbound trading, the company of such H shares shall withhold individual income tax at the rate of 20% on behalf of the investors. For dividends and bonus received by domestic securities investment funds from investing in shares listed on the Stock Exchange through southbound trading, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold the income tax for dividends and bonus on behalf of domestic enterprise investors and those domestic enterprise investors shall declare and pay the relevant tax themselves.

REPORT OF THE DIRECTORS

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the eligibility of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 6 June 2022 to Thursday, 9 June 2022 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all transfer of the H Shares accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Thursday, 2 June 2022.

For the purpose of determining the Shareholders' entitlement to the Final Dividend, the register of members of the Company will be closed from Thursday, 16 June 2022 to Tuesday, 21 June 2022 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for the Final Dividend, all transfer of H Shares accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Wednesday, 15 June 2022.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2021, revenue attributable to the five largest customers of the Group accounted for less than 30% of the Group's total revenue in the year, and the purchases attributable to the five largest suppliers of the Group accounted for less than 30% of the Group's total purchases in the year.

EQUITY LINKED AGREEMENTS

During the year ended 31 December 2021, no equity-linked agreements were entered into by the Company or subsisted at the end of the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2021.

REPORT OF THE DIRECTORS

BOARD OF DIRECTORS AND SUPERVISORS COMMITTEE

The Directors and the Supervisors during the year ended 31 December 2021 and up to the date of this annual report are set out below:

Executive Directors

Mr. Xia Shaofei (*chairman*)

Mr. Luo Chuansong

Mr. Xu Guofu

Non-executive Directors

Mr. Luo Licheng

Mr. Liang Zhongtai

Mr. Li Nan (*resigned on 28 December 2021*)

Ms. Fu Ting (*appointed on 28 December 2021*)

Independent Non-executive Directors

Mr. Cao Guohua

Ms. Yuan Lin

Mr. Chan Chi Fung Leo

Supervisors

Mr. Yu Yong

Mr. Han Chong

Ms. Ren Wenjuan

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS AND APPOINTMENT LETTERS

Each of the Directors and Supervisors entered into a service contract or appointment letter with the Company. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) subject to termination in accordance with their respective term; and (c) a dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations from time to time.

The appointment of all the Directors is effective from the respective appointment date until the expiry of the term of the first session of the Board. The appointment of all the Supervisors is effective from the respective appointment date until the expiry of the term of the first session of the Supervisory Committee.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to have a service contract with any member of the Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

REPORT OF THE DIRECTORS

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each independent non-executive Director an annual written confirmation of his/her independence in accordance with Rule 3.13 of the Listing Rules for the year ended 31 December 2021. The Company considers each of the independent non-executive Directors to be independent.

DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and the Supervisors and those of the five highest paid individuals of the Group for the year ended 31 December 2021 are set out in notes 37 and 9 to the consolidated financial statements respectively.

None of the Directors nor the Supervisors waived his/her emoluments or has agreed to waive his/her emoluments for the year ended 31 December 2021.

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

Save as disclosed in the section headed "Continuing Connected Transactions" and "Connected Transaction" below and the related party transactions as set out in note 35 to the consolidated financial statements, there was no transaction, arrangement or contract of significance subsisting during or at the end of the year ended 31 December 2021, to which the Company, its holding company or subsidiary was a party, and in which the Directors or the Supervisors or their respective connected entities were materially interested, either directly or indirectly.

DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2021, none of the Directors, the Supervisors nor their respective close associates were interested in any business apart from the Group's businesses, which competes or likely to compete, either directly or indirectly, with the businesses of the Group.

MANAGEMENT CONTRACTS

During the year ended 31 December 2021, no contract concerning the management of the whole or substantial part of any business of the Company was entered into, or subsisted at the end of the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

None of the Company, its holding company, or any of its subsidiaries was a party to any arrangement enabling the Directors to acquire benefits by means of the acquisition of equity or debt securities, including the debentures of the Company or any other body corporate during the year ended 31 December 2021.

REPORT OF THE DIRECTORS

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE

Save as disclosed in the section headed “Continuing Connected Transactions” and “Connected Transaction” below and the related party transactions as set out in note 35 to the consolidated financial statements, no contract of significance was entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries, and no contract of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries was entered into during the year ended 31 December 2021.

COMPLIANCE WITH NON-COMPETITION UNDERTAKINGS BY THE CONTROLLING SHAREHOLDER

Jinke Property has entered into the Deed of Non-Competition in favor of the Company, details of which are set out in the section headed “Relationship with our Controlling Shareholders – Deed of Non-Competition” in the Prospectus.

Jinke Property has confirmed to the Company that, for the year ended 31 December 2021, it has complied with the Deed of Non-Competition as disclosed in the Prospectus (the “Undertakings”).

The independent non-executive Directors have reviewed the compliance with the Deed of Non-Competition by Jinke Property. On the basis that: (i) the Company has received the confirmation from Jinke Property regarding the Undertakings; (ii) there was no competing business reported by Jinke Property; and (iii) there was no particular situation rendering the full compliance of the Undertakings being questionable, the independent non-executive Directors are of the view that the Deed of Non-Competition has been complied with and enforced by the Company for the year ended 31 December 2021.

CONNECTED TRANSACTION

On 27 December 2021, Chongqing Jinke Enterprise Management Group Co., Ltd.* (重慶金科企業管理集團有限公司) (the “Jinke Enterprise Management”), as vendor and Chongqing Jinxiao Xinyue Catering Management Co., Ltd.* (重慶金曉心悅餐飲管理有限公司) (the “Jinxiao Xinyue”) (a wholly-owned subsidiary of the Company), as purchaser entered into an agreement (the “Agreement”) for the sale and purchase of the entire equity interest of Chongqing Jinke Jinchen Hotel Management Co., Ltd.* (重慶金科金辰酒店管理有限公司) (the “Target Company”) and the debt owed by the Target Company to Jinke Enterprise Management in the amount of RMB51,342,435 for a total consideration of RMB312,342,435. For further details, please refer to the announcements of the Company dated 27 December 2021 and 25 January 2022. Through the acquisition of the Target Company, the Group can successfully integrate high-quality group catering resources, expand medium to high-end group catering projects, optimise the local supply chain system and lay out the hotel operation management segment to further improve the strength of value-added services in high-density areas.

Jinke Enterprise Management is a wholly-owned subsidiary of Jinke Property. As Jinke Property is the Controlling Shareholder, Jinke Enterprise Management is therefore a connected person of the Company. Thus the transaction contemplated under the Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one of the applicable percentage ratios in respect of the transaction contemplated under the Agreement exceeds 0.1% but is less than 5%, the transaction is only subject to the reporting and announcement and is exempted from the circular, independent financial advice and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

REPORT OF THE DIRECTORS

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2021, the Company conducted the following transactions which constitute non-exempt continuing connected transactions (as defined in the Listing Rules) of the Company, details of these transactions are set out below:

(1) Hotel Leasing Services Framework Agreement

On 31 December 2021, the Company entered into a hotel leasing services framework agreement with Jinke Property (the “Hotel Leasing Services Framework Agreement”), pursuant to which, the scope of service includes hotel leasing and related services to be provided by the Jinke Property Group to the Group, under which Jinke Property has agreed to lease and procure other members of the Jinke Property Group to lease certain hotel properties to the Group for the Group’s operations. The Hotel Leasing Services Framework Agreement has a term commencing from the 1 January 2022 and ending on 31 December 2024 (both dates inclusive).

Pursuant to the Hotel Leasing Services Framework Agreement, it is proposed that the annual caps for the transactions contemplated thereunder for each of the three years ending 31 December 2024 will not exceed RMB10 million, RMB10.3 million and RMB10.7 million, respectively.

Jinke Property is the Controlling Shareholder and therefore Jinke Property is a connected person of the Company for the purpose of the Listing Rules. As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the highest amount of the annual cap under the Hotel Leasing Services Framework Agreement exceeds 0.1% but all of which are less than 5%, the transactions contemplated under the Hotel Leasing Services Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempt from circular (including independent financial advice) and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

(2) Hotel Management Services Framework Agreement

On 31 December 2021, the Company entered into a hotel management services framework agreement with Jinke Property (the “Hotel Management Services Framework Agreement”), pursuant to which, the scope of service includes hotel management, integrated catering and related services to be provided by the Group to the Jinke Property Group, including but not limited to (i) hotel project feasibility study services; (ii) hotel preopening technical consulting services; (iii) operation management services; (iv) integrated hotel services; and (v) integrated catering services. The Hotel Management Services Framework Agreement has a term commencing from the 1 January 2022 and ending on 31 December 2024 (both dates inclusive).

Pursuant to the Hotel Management Services Framework Agreement, it is proposed that the annual caps for the transactions contemplated thereunder for the three years ending 31 December 2024 will not exceed RMB30 million, RMB31 million and RMB32 million, respectively.

REPORT OF THE DIRECTORS

Jinke Property is the Controlling Shareholder and therefore Jinke Property is a connected person of the Company for the purpose of the Listing Rules. As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the highest amount of the annual cap under the Hotel Management Services Framework Agreement exceeds 0.1% but all of which are less than 5%, the transactions contemplated under the Hotel Management Services Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempt from circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(3) Framework Marketing Service Agreement

On 25 November 2021, the Company entered into a framework marketing service agreement with Jinke Property (which was subsequently amended by a supplemental agreement dated 10 December 2021) (the "Framework Marketing Service Agreement"), pursuant to which, the scope of service includes marketing services in respect of the sales of residential properties and car parking spaces by the Jinke Property Group in their development projects to be provided by the Group to the Jinke Property Group, including but not limited to (i) marketing referral activities through the utilization of the community resources and other sales channel of the Group; (ii) customers' information collection; (iii) customers' referrals; and (iv) other marketing related advertising services, including but not limited to brand image promotion, event promotion and related installation and maintenance services. The term of the Framework Marketing Service Agreement commences upon obtaining the independent Shareholders' approval at a general meeting of the Company on 28 December 2021 and ending on 31 December 2023 (both days inclusive).

Pursuant to the Framework Marketing Service Agreement, it is proposed that the annual cap for the transactions contemplated thereunder for year ended 31 December 2021 shall not exceed RMB150 million, and the annual caps for the two year ending 31 December 2023 shall not exceed RMB900 and RMB1,200 million, respectively. For the year ended 31 December 2021, the actual transaction amounts under the Framework Marketing Service Agreement was approximately RMB149 million.

Jinke Property is the Controlling Shareholder and therefore Jinke Property is a connected person of the Company for the purpose of the Listing Rules. As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the highest amount of the annual cap under the Framework Marketing Service Agreement exceed 5%, the transactions contemplated under the Framework Marketing Service Agreement are subject to the reporting, annual review, announcement, circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(4) Master Sales Agreement

On 29 October 2020, the Company (for itself and on behalf of its subsidiaries) entered into a master sales agreement with Jinke Property (for itself and on behalf of other members of Jinke Property Group and its associates) (the "Master Sales Agreement"), pursuant to which Jinke Property will purchase, or procure other members of Jinke Property Group and its associates to purchase, from the Group customized gifts and daily necessities, which will be used in the marketing promotional activities of Jinke Property Group and its associates, sales offices or as employee benefits of Jinke Property Group and its associates. The Master Sales Agreement has a term commencing from the Listing Date to 31 December 2022.

REPORT OF THE DIRECTORS

Pursuant to the Master Sales Agreement, it is proposed that the annual caps for the transactions contemplated thereunder for the three years ending 31 December 2022 will not exceed RMB12.4 million, RMB14.1 million and RMB16.2 million, respectively. For the year ended 31 December 2021, the actual transaction amounts under the Master Sales Agreement was approximately RMB7.8 million.

Jinke Property is the Controlling Shareholder and therefore Jinke Property is a connected person of the Company for the purpose of the Listing Rules. As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the highest amount of the annual cap under the Master Sales Agreement exceeds 0.1% but all of which are less than 5%, the transactions contemplated under the Master Sales Agreement are subject to the reporting, annual review and announcement requirements but are exempt from circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(5) Master Purchase Agreement

On 29 October 2020, the Company (for itself and on behalf of its subsidiaries) entered into a master purchase agreement with Jinke Property (for itself and on behalf of other members of Jinke Property Group) (the “**Master Purchase Agreement**”), pursuant to which the Group will purchase from Jinke Property Group certain services and products, including but not limited to hotel and catering services for guests of the Group in the course of its business operations and processed food for the Group's employee benefits during the Chinese traditional festivals. The Master Purchase Agreement has a term commencing from the Listing Date to 31 December 2022.

Pursuant to the Master Purchase Agreement, it is proposed that the annual caps for the transactions contemplated thereunder for the three years ending 31 December 2022 will not exceed RMB3.8 million, RMB5.7 million and RMB8.6 million, respectively. For the year ended 31 December 2021, the actual transaction amounts under the Master Purchase Agreement was approximately RMB3.1 million.

Jinke Property is the Controlling Shareholder and therefore Jinke Property is a connected person of the Company for the purpose of the Listing Rules. As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the highest amount of the annual cap under the Master Purchase Agreement exceeds 0.1% but all of which are less than 5%, the transactions contemplated under the Master Purchase Agreement are subject to the reporting, annual review and announcement requirements but are exempt from circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(6) Master Supply and Installation Agreement

On 29 October 2020, the Company (for itself and on behalf of its other subsidiaries) entered into a master supply and installation agreement with Jinke Property (for itself and on behalf of other members of Jinke Property Group and its associates) (the “**Master Supply and Installation Agreement**”), pursuant to which the Group agreed to (i) supply (a) intelligent systems, including but not limited to access control and surveillance systems, parking lot intelligent management systems, smart home systems and intercom systems; (b) community unmanned retail system; and (c) multimedia display system; and (ii) provide related installation and maintenance services. The Master Supply and Installation Agreement has a term commencing from the Listing Date until 31 December 2022.

REPORT OF THE DIRECTORS

Pursuant to the Master Supply and Installation Agreement, it is proposed that the annual caps for the transactions contemplated thereunder for the three years ending 31 December 2022 will not exceed RMB44.0 million, RMB70.4 million and RMB105.6 million, respectively. For the year ended 31 December 2021, the actual transaction amounts under the Master Supply and Installation Agreement was approximately RMB54.6 million.

Jinke Property is the Controlling Shareholder and therefore Jinke Property is a connected person of the Company for the purpose of the Listing Rules. As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the highest amount of the annual cap under the Master Supply and Installation Agreement exceeds 0.1% but all of which are less than 5%, the transactions contemplated under the Master Supply and Installation Agreement are subject to the reporting, annual review and announcement requirements but are exempt from circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(7) Master Property Management Services Agreement

On 29 October 2020, the Company (for itself and on behalf of its other subsidiaries) entered into a master property management services agreement (the "Master Property Management Services Agreement") with Jinke Property (for itself and on behalf of other members of Jinke Property Group and its associates), pursuant to which the Group agreed to provide to Jinke Property Group and its associates certain property management services, including but not limited to (i) property pre-delivery services, including but not limited to (a) preliminary planning and design consultancy services; (b) management services for the display units and on-site sales office; (c) house inspection; (d) pre-delivery clean services; and (e) pre-delivery preparation; (ii) after-sales repair and maintenance services; (iii) property management services for the properties owned or used by Jinke Property Group and its associates, including but not limited to the unsold residential property units, car parking lots, office buildings and commercial properties; and (iv) other related services. The Master Property Management Services Agreement has a term commencing from the Listing Date to 31 December 2022.

Pursuant to the Master Property Management Services Agreement, it is proposed that the annual caps for the transactions contemplated thereunder for the three years ending 31 December 2022 will not exceed RMB738.5 million, RMB932.1 million and RMB1,172.7 million, respectively. For the year ended 31 December 2021, the actual transaction amounts under the Master Property Management Services Agreement was approximately RMB914.6 million.

Jinke Property is the Controlling Shareholder and therefore Jinke Property is a connected person of the Company for the purpose of the Listing Rules. As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the highest amount of the annual cap under the Master Property Management Services Agreement exceed 5%, the transactions contemplated under the Master Property Management Services Agreement are subject to the reporting, annual review, announcement, circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

REPORT OF THE DIRECTORS

CONFIRMATION FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

CONFIRMATION FROM THE AUDITOR

In accordance with Rule 14A.56 of the Listing Rules, the Group has engaged its auditor to report on the Group's continuing connected transactions. The auditor of the Group have issued a letter to the Board confirming that nothing has come to their attention that causes them to believe that the above continuing connected transactions (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded their respective annual cap.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2021 are disclosed in note 35 to the consolidated financial statements.

Save as disclosed in the paragraphs headed "Continuing Connected Transactions" and "Connected Transaction" and those described above, all other related party transactions as disclosed in note 35 to the consolidated financial statements are not connected transactions or continuing connected transactions which need to comply with the disclosure requirements under Chapter 14A of the Listing Rules. The Company confirmed that it has complied with the disclosure requirements regarding the connected transactions and continuing connected transactions disclosed in this report in accordance with Chapter 14A of the Listing Rules.

SHARE OPTION SCHEME

The Company has not adopted any share option scheme.

SHARE AWARD SCHEME

As disclosed in the announcement of the Company dated 9 September 2021, the Board intends to adopt a share award scheme of the Company (the "Share Award Scheme") whereby the Company will establish a trust, and instruct the trustee to purchase from time to time shares of the Company not exceeding 2% of the issued share capital of the Company from the open market which shall then be applied towards the Share Award Scheme. The Share Award Scheme aims to recognise and reward employees who contributed or will contribute to the growth and development of the Group, aligning employees' interests with the long-term success of the Company, and providing incentives to employees to drive the achievement of strategic objectives of the Company. The Board believes that the adoption of the Share Award Scheme will help form a positive interaction among the Company's value, shareholders' rights and employees' interests, and is beneficial to the long term development of the Company.

The Share Award Scheme, if adopted, will be a discretionary scheme of the Company and will not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules.

REPORT OF THE DIRECTORS

During the year ended 31 December 2021, the Company has appointed and instructed a trustee for the Share Award Scheme to purchase a total of 521,193 H Shares from the open market at an aggregate consideration of approximately HK\$16.25 million.

As at the date of this annual report, no major terms of the Share Award Scheme have been determined and approved. The purchases above were made in advance such that the shares purchased could be awarded to the selected participant of the Share Award Scheme as soon as it is adopted.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS

As at 31 December 2021, the interests and short positions of the Directors, Supervisors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise be notified to the Company and the Stock Exchange pursuant to the Model Code are set out below:

(I) Interests and Short Positions of the Directors, Supervisors and the Chief Executive of the Company in the Registered Capital of the Company and its Associated Corporations

Interest in the Company

As at 31 December 2021, none of the Directors, Supervisors or chief executive officer of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company, which were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or notified to the Company and the Stock Exchange pursuant to the Model Code.

Interest in associated corporations of the Company

Name	Name of associated corporation	Nature of Interest	Interest in shares ⁽¹⁾	Percentage holding (approx.)
Xu Guofu (徐國富)	Jinke Property	Beneficial owner	1,126,993 (L)	0.02%
Luo Licheng (羅利成)	Jinke Property	Beneficial owner	9,737,909 (L)	0.18%
Yu Yong (余勇)	Jinke Property	Beneficial owner	100 (L)	0.0000019%

Note:

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

Save as disclosed above, as at 31 December 2021, none of the Directors, Supervisors and chief executives of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

INTERESTS OF PERSONS OTHER THAN THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

As at 31 December 2021, the following persons, other than a Director, Supervisor or chief executive of the Company, had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of interest	Class of Shares	Shares held in relevant class of Shares		Percentage of the total issued share capital of the Company (<i>approx.</i>)
			Number ⁽¹⁾	Percentage (<i>approx.</i>)	
Boyu Capital Fund V, L.P. ⁽²⁾	Interest of corporation controlled by you/Person having a security interest in shares/A concert party to an agreement to buy shares described in s.317(1)(a)	H Shares	341,604,375 (L)	52.33%	52.33%
Boyu Capital Fund V, Pte Ltd ⁽²⁾	Interest of corporation controlled by you/Person having a security interest in shares/A concert party to an agreement to buy shares described in s.317(1)(a)	H Shares	341,604,375 (L)	52.33%	52.33%
Broad Gongga Investment Pte Ltd ⁽²⁾⁽³⁾	Beneficial owner/Person having a security interest in shares/A concert party to an agreement to buy shares described in s.317(1)(a)	H Shares	341,604,375 (L)	52.33%	52.33%
Jubilant Season Limited ⁽²⁾	Interest of corporation controlled by you/Person having a security interest in shares/A concert party to an agreement to buy shares described in s.317(1)(a)	H Shares	341,604,375 (L)	52.33%	52.33%

REPORT OF THE DIRECTORS

Name of Shareholder	Nature of interest	Class of Shares	Shares held in relevant class of Shares		Percentage of the total issued share capital of the Company (<i>approx.</i>)
			Number ⁽¹⁾	Percentage (<i>approx.</i>)	
Jubilant Springtime, LP ⁽²⁾	Interest of corporation controlled by you/Person having a security interest in shares/A concert party to an agreement to buy shares described in s.317(1)(a)	H Shares	341,604,375 (L)	52.33%	52.33%
Jubilant Summer Limited ⁽²⁾	Interest of corporation controlled by you/Person having a security interest in shares/A concert party to an agreement to buy shares described in s.317(1)(a)	H Shares	341,604,375 (L)	52.33%	52.33%
Jubilant Winter Limited ⁽²⁾	Interest of corporation controlled by you/Person having a security interest in shares/A concert party to an agreement to buy shares described in s.317(1)(a)	H Shares	341,604,375 (L)	52.33%	52.33%
Top Yingchun Investment IV Ltd ⁽²⁾	Interest of corporation controlled by you/Person having a security interest in shares/A concert party to an agreement to buy shares described in s.317(1)(a)	H Shares	341,604,375 (L)	52.33%	52.33%
Jinke Property ⁽³⁾	Beneficial owner/A concert party to an agreement to buy shares described in s.317(1)(a)	H Shares	341,604,375 (L)	52.33%	52.33%

REPORT OF THE DIRECTORS

Name of Shareholder	Nature of interest	Class of Shares	Shares held in relevant class of Shares		Percentage of the total issued share capital of the Company (approx.)
			Number ⁽¹⁾	Percentage (approx.)	
Tianjin Hengye Meihao Management Consulting Partnership (Limited Partnership) (天津恒業美好管理諮詢合夥企業(有限合夥)) (“Hengye Meihao”)	Beneficial owner	H Shares	50,516,464 (L)	7.74%	7.74%
Chongqing Jinhetong Trading Co., Ltd. (重慶金合通商貿有限公司) (“Chongqing Jinhetong”) ⁽⁴⁾	Interest in a controlled corporation	H Shares	50,516,464 (L)	7.74%	7.74%
Zhang Yuan (張原) ⁽⁴⁾	Interest in a controlled corporation	H Shares	50,516,464 (L)	7.74%	7.74%

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Broad Gongga Investment Pte Ltd is held as to 100% by Top Yingchun Investment IV Ltd, which is in turn held as to 71.43% by Jubilant Summer Limited, a company held as to 100% by Jubilant Springtime, LP. Jubilant Winter Limited held 100% interests in Jubilant Springtime, LP as its limited partner. Jubilant Season Limited is the general partner of Jubilant Springtime, LP. Both of Jubilant Winter Limited and Jubilant Season Limited are held as to 100% by Boyu Capital Fund V, Pte, Ltd, which is in turn held as to 100% by Boyu Capital Fund V, L.P. By virtue of the SFO, each of Top Yingchun Investment IV Ltd, Jubilant Summer Limited, Jubilant Springtime, LP, Jubilant Winter Limited, Jubilant Season Limited, Boyu Capital Fund V, Pte, Ltd and Boyu Capital Fund V, L.P. is deemed to be interested in the Shares held by Broad Gongga Investment Pte Ltd.
- (3) Pursuant to an concert party agreement entered into between Jinke Property and Broad Gongga Investment Pte Ltd dated 15 December 2021, each of them is deemed to be interested in the Shares that the other person is interested in under section 317 of the SFO.
- (4) The general partner of Hengye Meihao is Chongqing Jinhetong, which is wholly owned by Zhang Yuan (張原). By virtue of the SFO, Chongqing Jinhetong and Zhang Yuan (張原) are deemed to be interested in the Shares held by Hengye Meihao.

Save as disclosed above, the Directors are not aware of any person (other than the Director, Supervisor or chief executive of the Company) who have interests or short positions in the Shares or underlying Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO.

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS AND TAX RELIEF OR EXEMPTION

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

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

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

CORPORATE GOVERNANCE OF THE COMPANY

Save for the deviation from the then applicable code provision A.2.1 of the CG Code as disclosed in the Corporate Governance Report, the Board is of the view that the Company has adopted, applied and complied with the code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules during the year ended 31 December 2021. The principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 44 to 57 of this annual report.

PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Company as at 31 December 2021 are set out in note 14 to the consolidated financial statements.

BUSINESS REVIEW

The Group's business review and its future business development are set out in the Chairman's statement on pages 10 to 11 of this annual report. An analysis of the Group's business using financial key performance indicators, and description of the principal risks and uncertainties facing the Group are set out in the Management Discussion and Analysis on pages 12 to 32 of this annual report and note 3 to the consolidated financial statements. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2021 are set out in note 38 to the consolidated financial statements.

A discussion on the Group's environmental policies and performance, its compliance with relevant laws and regulations that have a significant impact on the Group are set out in the sections headed "Environment Protection" and "Compliance with Laws and Regulations" below. The Group's relationship with employees, customers and suppliers is set out in the section headed "Relationship with Stakeholders" below.

REPORT OF THE DIRECTORS

ENVIRONMENTAL PROTECTION

The Group is principally engaged in the provision of space property management services, community value-added services, local catering services and smart living technology solutions in the PRC. The Group is committed to the long term sustainability of the environment and communities in which it operates. The Group operates its business in compliance with applicable environmental protection laws and regulations and has implemented relevant environmental protection measures in compliance with the required standards under applicable PRC laws and regulations. Further details of the Group's environmental policies and performance will be disclosed in the environmental, social and governance report of the Company for the year ended 31 December 2021 to be published in due course in accordance with the Listing Rules.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2021, the Group had, in all material respects, complied with all the relevant and applicable PRC laws and regulations governing the business of property development and management and the Group had obtained all licenses, permits and certificates for the purpose of operating its business.

LITIGATION

During the year ended 31 December 2021, the Company was not involved in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

RELATIONSHIP WITH STAKEHOLDERS

The Group considers its employees as important stakeholders and cooperative partners. The Group has established an efficient incentive scheme to link its employees' performance with the Group's corporate goal, which further align their interest with the Group.

To attract and retain the core management team members of the Group and to motivate them to contribute to the development of the business of the Group, the Group implemented the 2017 Employee Stock Ownership Plan in 2017 which involved 137 of the Group's core management team members. Since then, the Group has witnessed rapid growth in its contracted GFA, GFA under management, revenue and net profit. To incentivize more frontline employees, the Group launched the 2020 Employee Stock Ownership Plan, which covered 428 of the Group's employees, including both of the Group's management team members and frontline employees.

In addition to constantly improving incentive mechanism of the Group, the Group also continue to optimize its talent recruitment, training and cultivation as well as selection and promotion systems to ensure that the Group's management team is experienced, young and efficient. In order to attract more young talents to join the Group, the Group has implemented a recruitment plan for fresh graduates, namely the "Star Student (星悦生)" training program, which aims to recruit young talents who share similar value with the Group and pursue growth and potential, so as to keep the vitality of the core team of the Group.

REPORT OF THE DIRECTORS

Meanwhile, the Group have set up a training platform, the “Jinke Services Institute (金科生活服務學院)” which provides learning plans for employees at different stages. The platform encompasses four major training systems, namely new emerging force training, managerial staff training, professional staff training and young talents training. For example, the “Jialing (嘉陵)” project in the managerial staff training programs provides trainings that cultivate the global vision for the middle and senior management teams of the Group. Adhering to the concept of unity of knowing and doing, the Group organize study tours in the “Jialing (嘉陵)” project in some globally renowned enterprises and universities.

The Group’s customer base primarily consists of property developers, property owners, residents, tenants and governmental authorities. The Group has established various procedures and systems to monitor and maintain the quality of its services in its managed projects. During the ordinary course of the Group’s business operations, the Group receives feedbacks, suggestions and complaints from property owners and residents of the properties that the Group manages from time to time regarding its services. The Group has set up a national service hotline to manage customers’ feedbacks and complaints. Customers may also send feedbacks or file for complaint through the Group’s online platform “Jinke Grande Community APP” (金科大社區).

The Group’s major suppliers primarily consists of sub-contractors of various services and vendors of various materials used for the services of the Group. During the year ended 31 December 2021, the Group selected sub-contractors through regular monitoring and evaluation of the performance of the sub-contractors.

For further details, please refer to section headed “Risk Management and Internal Control” in Corporate Governance Report set out in page 54 in this annual report.

CHARITABLE DONATIONS

The donations made by the Group during the year ended 31 December 2021 amounted to RMB29,000.

PERMITTED INDEMNITY PROVISIONS

According to the duty indemnity policy for the Directors, the Supervisors and the senior management of the Group, each Director, Supervisor and senior management of the Group is entitled to be indemnified by the Company against all losses or liabilities which he/she may sustain or incur in carrying out his/her functions. The Company has also arranged appropriate insurance in respect of potential legal actions against the Directors, the Supervisors and the senior management of the Group arising out of corporate activities.

REPORT OF THE DIRECTORS

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

As at the date of this report, the Group did not have any other significant event subsequent to 31 December 2021.

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules provides that there must be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities. This normally means that at least 25% of the issuer's total issued shares must at all times be held by the public. The Company has applied to the Stock Exchange to exercise its discretion under Rule 8.08(1)(d) of the Listing Rules, and the Stock Exchange has granted the Company a waiver from strict compliance with the requirements of Rule 8.08(1)(a) of the Listing Rules. Therefore, the Company's public float shall be the higher of (i) 21.0% of its total issued share capital immediately following the completion of the global offering (assuming that the Over-allotment Option is not exercised); and (ii) such percentage of H Shares to be held by public immediately after completion of the global offering (as increased by the H Shares issued upon exercise of the Over-allotment Option), provided that the higher of (i) and (ii) above is below the minimum public requirement of 25% under Rule 8.08(1) of the Listing Rules (the "Public Float Waiver").

Based on the information that is publicly available to the Company and to the knowledge of the Directors, as at the date of this annual report, the Company has maintained a sufficient public float as required under the Public Float Waiver.

CHANGES IN DIRECTOR'S, SUPERVISOR'S AND CHIEF EXECUTIVE'S BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE LISTING RULES

Save as disclosed in the section headed "Biographies of Directors, Supervisors and Senior Management", there is no other change in information of the Directors, Supervisors or the chief executive of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2021 have been audited by PricewaterhouseCoopers, the auditor of the Company. A resolution for the re-appointment of PricewaterhouseCoopers as the Company's auditor will be proposed at the forthcoming AGM of the Company.

Jinke Smart Services Group Co., Ltd.
Xia Shaofei
Chairman of the Board

Chongqing, China, 29 March 2022

REPORT OF THE SUPERVISORY COMMITTEE

REPORT OF THE SUPERVISORY COMMITTEE FOR 2021

The Supervisory Committee of the Company is pleased to present the Report of the Supervisory Committee of the Group for the year ended 31 December 2021.

During 2021, in accordance with the Listing Rules, the Articles of Association of the Company, the Rules of Procedure of the Supervisory Committee and other relevant regulations, and with the aim to be responsible to our Shareholders, the members of the Supervisory Committee fulfilled all duties and obligations in a serious manner and reviewed the Company's financial accounts, and monitored its management and operation, implementation of resolutions of the Shareholders' general meeting, directors' and management's compliance with laws, administrative regulations and the Articles of Association of the Company when performing their respective duties through convening the meeting of Supervisory Committee, participation in general meeting, Directors' Meeting and other ways.

The Supervisory Committee is of the view that, during 2021, the Company operated strictly in accordance with the requirements of relevant laws and regulations, such as the Listing Rules, and the internal control management system, such as the Articles of Association of the Company, and the Directors, senior management of the Company performed their duties diligently and faithfully in accordance with laws, regulations and the Articles of Association of the Company, thereby effectively protecting the interests of the Company and the Shareholders.

I. MEMBERS OF THE SUPERVISORY COMMITTEE AND CHANGES IN THE MEMBERS DURING THE REPORTING PERIOD

As at 31 December 2021, the Supervisory Committee of the Company consists of three members, including a Chairman of the Supervisory Committee, a supervisor and an employee representative supervisor. The terms of office of Supervisors shall be three years, and is renewable upon re-election after the expiry of his/her term in accordance with the requirements of Articles of Association of the Company.

The constitution of the Supervisory Committee is as follows:

Name	Position	Appointment Date	Duties
Mr. Yu Yong	Chairman of the Supervisory Committee	25 May 2020	Presiding over the work of the Supervisory Committee and supervising the Board and senior management of the Company
Mr. Han Chong	Supervisor	25 May 2020	Responsible for supervising the Board and the senior management of the Company
Ms. Ren Wenjuan	Employee Representative Supervisor	25 May 2020	Responsible for supervising the Board and the senior management of the Company

REPORT OF THE SUPERVISORY COMMITTEE

II. MAJOR WORK OF THE SUPERVISORY COMMITTEE IN 2021

During 2021, with the aim to be responsible to all our Shareholders, the members of the Supervisory Committee fulfilled all duties and obligations in a serious manner with strengthened coordination and cooperation with the Board and the senior management. They exercised their oversight role effectively, and promoted the standardized operation and healthy development of the Company, thus safeguarding the rights and interests of the Company and the Shareholders.

(I) Convening meetings of the Supervisory Committee according to laws, and earnestly performing supervisory duties

During the reporting period, a total of 4 meetings of the Supervisory Committee were convened.

The supervisors reviewed the meeting materials carefully, studied and discussed the proposals fully before attending the meeting of the Supervisory Committee. They then attended the meeting and performed their duties as supervisors conscientiously. The details about the attendance of supervisors at the meetings of the Supervisory Committee are as follows:

Name	Type of Supervisor	Number of meetings attended	Number of meetings convened	Attendance rate
Yu Yong (Chairman)	Shareholder Representative Supervisor	4	4	100%
Han Chong	Shareholder Representative Supervisor	4	4	100%
Ren Wenjuan	Employee representative supervisor	4	4	100%

(II) Supervising the performance of duties by the Directors and senior management of the company

During 2021, the members of the Supervisory Committee supervised the performance of duties by the Directors and senior management of the Company through attending the meetings of the Board as non-voting delegates, reviewing the resolutions of the Board, and inspecting the daily operation and management of the Company.

(III) Supervising the operation of the Company

During 2021, members of the Supervisory Committee reviewed and supervised the Company's operations by attending Board meetings and general meetings held by the Company to participate in the discussion about major operating decisions and review recommendations proposed to the Board. The Supervisory Committee is of the view that, the business activities of the Company were carried out in compliance with relevant laws and regulations and the Articles of Association of the Company, and the directors and senior management of the Company diligently exercised various powers as delegated by the Shareholders and carefully discharged their duties under the principles of diligence and integrity, and efficiently implemented the resolutions made at the general meetings, thereby protecting the interests of Shareholders and the Company. No violation of the laws, regulations or the Articles of Association of the Company and no matter to the prejudice of the interests of the Shareholders and the Company were found.

REPORT OF THE SUPERVISORY COMMITTEE

(IV) Exercising effective supervision with focus on the implementation of strategies

The Supervisory Committee actively supported the Company's priorities, paid close attention to the Company's major issues, and played its role in supervision and promotion earnestly.

III. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE

(I) Lawful operation

The Company operated and managed its businesses in accordance with the laws and regulations, and its operational results were objective and true. There has been gradual improvement in its internal control management, and the internal control system was reasonable and effective. The Company's operational decision-making processes were legitimate. The Directors and senior management were cautious, conscientious and diligent in the business operations and management processes, and they were not found to have breached any laws, regulations, or the Articles of Association of the Company or harmed the interests of the Shareholders.

(II) Financial report

The Supervisory Committee of the Company conducted a careful and detailed inspection of the Company's financial condition, and reviewed the Group's audited financial report for the year ended 31 December 2021 and other financial information. It believed that the financial report has reflected the Company's operating results and financial condition in a comprehensive, truthful and objective manner. Financial accounts were unambiguous, accounting and financial management were in compliance with relevant regulations, and no problem was found, and the Company was not aware of any violation of the relevant accounting standards and legal requirements by the personnel who were involved in the preparation and review of the annual report; the unqualified opinion on financial report issued by the auditing institution was objective and fair.

(III) Evaluation results of the performance of directors and senior management

The Supervisory Committee is of the view that, the directors and senior management of the Company observed laws and disciplines, exercised due diligence with pragmatism and dedication, performed their duties diligently and dutifully, and the decision-making procedures were lawful.

(IV) Continuing connected transactions

During 2021, continuing connected transactions of the Company were entered into on normal commercial terms. There was no prejudice against the interests of the Shareholders and the Company. The deliberation, voting, disclosure and performance of continuing connected transactions were in compliance with relevant laws, regulations and the Articles of Association of the Company.

REPORT OF THE SUPERVISORY COMMITTEE

(V) Use of proceeds

As the proceeds were in Hong Kong dollars, the Company settled the foreign exchange for the proceeds according to the actual situation. Among them, HK\$5,401,553,900 was settled as RMB4,550,051,500, of which HK\$99,900 was settled as US\$12,800, and the amount of proceeds received of HK\$6,717,120,200 was HK\$1,315,466,400 after deducting the settlement funds. The Company used a total of HK\$23,148,900, RMB2,700,244,100 and US\$100 of the proceeds according to the use of the proceeds. The Company used the proceeds to pay listing expenses of HK\$17,593,000, RMB6,741,900 and US\$4,300.

As of 31 December 2021, the balance of the proceeds was HK\$1,281,133,000, RMB1,849,915,100 and US\$8,500 (including accumulated net interest received on bank deposits net of bank charges).

(VI) Internal control

The Company has basically established a relatively sound internal control system, formulated a relatively perfect and reasonable internal control system, the Company's internal control system is in compliance with the relevant national regulations and the requirements of the securities regulatory authorities, the internal controls are well implemented in all aspects of the Company's operation such as production and operation, and there are no major and significant deficiencies in the Company's internal control activities. The Supervisory Committee is of the view that the self-evaluation report on the Company's internal control for 2021 issued by the Board objectively reflected the actual situation of the Company's internal control and had no objection to the evaluation report.

IV. MAJOR INITIATIVES OF THE SUPERVISORY COMMITTEE FOR 2022

The Supervisory Committee will strictly comply with the laws and regulations, Articles of Association of the Company and the Rules of Procedure of the Supervisory Committee and other requirements of the relevant provisions to conduct discussion of daily business of the Supervisory Committee and diligently and responsibly perform their duties, including: (1) to convene meetings of the Supervisory Committee according to the actual situation of the Company and review and consider various resolutions; (2) to review the Company's financial position by regularly understanding and reviewing financial reports, and monitor the financial operation of the Company in order to prevent against operational risks; and (3) diligently, responsibly and actively participate in the Board meetings, general meetings and other important meetings as well as the decision-making process in relation to material matters to better safeguard the interests of the Company and all Shareholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

This is the Environmental, Social and Governance (“ESG”) Report (hereinafter referred to as “this report”) of Jinke Smart Services Group Company Limited. This report reflects how Jinke Services works to fulfill its economic, social and environmental responsibilities to achieve sustainability and responds to issues of general interest to stakeholders. The Company’s Board of Directors has reviewed this report and is responsible for the authenticity and validity of the information contained.

REPORTING PERIOD

The reporting period is from 1 January 2021 to 31 December 2021, though it may be extended for some of the contents.

SCOPE OF THIS REPORT

This report focuses on Jinke Smart Services Group Company Limited and its subsidiaries.

DATA SOURCES

All data and information disclosed in this report come from the Company’s official documents, statistical and financial reports and ESG information collected, compiled and reviewed by the Company. This report is published in Chinese and English. If there are any discrepancies between the two versions, the Chinese one shall prevail. Unless otherwise stated, the currency unit is RMB.

PREPARATION BASIS

This report is formulated in accordance with *Appendix 27 Environmental, Social and Governance Reporting Guide of the Main Board Listing Rules* (hereinafter referred to as the “HKEX ESG Guidance”) of the Stock Exchange of Hong Kong Limited (“HKEX”).

REPORTING SPECIFICATION

For the convenience of expression and reading, Jinke Smart Services Group Company Limited is hereinafter referred to as “Jinke Services”, the “Company” or “We” in this report.

ACCESS TO THIS REPORT

This report is available for browse and download at the website of HKEx (www.hkexnews.hk) and the Company’s website (www.jinkeservice.com).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. CORPORATE GOVERNANCE

Jinke Services stays true to the core value of sustainability. With the key guidance of serving the overall national and societal development and meeting people's needs for a better life, the Company fully fulfills its responsibility to the economy, society, and environment and continuously strives to improve corporate governance. In 2021, we continued to improve the ESG management system, maintained good communication with stakeholders through various channels, deepened our understanding of the requirements of stakeholders, and strengthened the management of corporate affairs related to sustainability.

1.1 Board ESG Statement

With great importance attached to sustainable development management and committed to improving sustainable business practices, Jinke Services strives to establish and enhance its ESG working mechanism, develop in harmony with society and the environment, and create long-term and stable social, environmental and corporate value.

On March 29, 2022, Jinke Services established the ESG Committee. The ESG Committee serves as the specific working body for evaluating the Company's working progress on the ESG responsibilities and the risks and opportunities it faces, and formulating the Company's ESG vision, goals and strategies. Reporting directly to the Board of Directors, the Committee consists of three to five Board members, including at least one independent Board member. In addition, a Working Group under the ESG Committee has been responsible for daily liaison, preparation of the ESG Committee meetings, and execution of resolutions of the ESG Committee. The ESG Working Group is composed of personnel from functional departments of the Company's headquarters, regional companies, and other operating units and led by a leader who is the Chief Executive Officer of the Company, whose work is assisted by the Office of the Board of Directors.

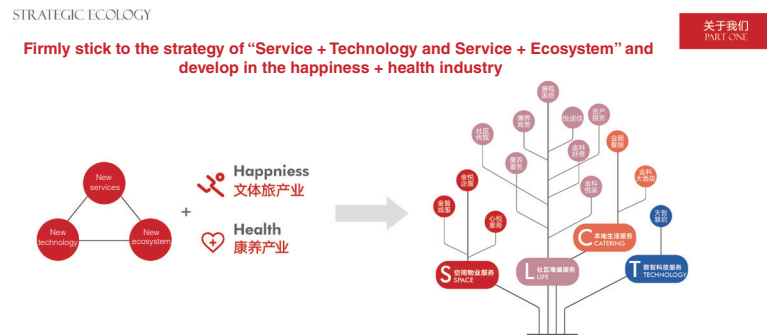
Based on the external social and economic environment and the Company's development strategy, Jinke Services values the expectations and demands of stakeholders and carries out regular stakeholder surveys. The Board of Directors reviews major ESG issues, analyses the Company's ESG risks and opportunities based on the results of the review, and determines important issues for the year.

This report discloses in detail the progress and achievements of the Company's ESG work in 2021 and has been reviewed and approved by the Board of Directors on March 29, 2022. The Board of Directors and all Board members of the Company guarantee that there are no false records, misleading statements, or major omissions in the contents of this report, and take individual and joint responsibility for the authenticity, accuracy, and completeness of the content.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.2 ESG Management

Jinke Services stays true to the core value of sustainability, integrates the concept of environmental, social, and governance into corporate culture, and contributes to the harmonious development of the society. The Company highly values ESG management and has always adhered to the development strategy of “Service + Technology, Service + Ecosystem”, which was proposed early in 2016. In 2021, the Company further strengthened the management responsibilities of decision-makers on environmental, social, and governance matters and proposed to build a “3 + 2H” strategic ecosystem to pursue coordination and consistency of shareholder value and social responsibility while helping the Company to improve its market competitiveness. In the future, the Company will firmly follow a high-quality, sustainable and differentiated development path and continue to promote the efficient implementation of ESG management.



As the highest authority on ESG issues of the Company, the Board of Directors is responsible for decision-making on ESG strategies and major ESG issues. The responsibilities and authorities of the ESG Committee are to guide and review the formulation of the Company’s ESG vision and strategies, and report to the Board of Directors and make recommendations; to review the progress of the Company’s ESG work and internal control system, report to the Board of Directors on their appropriateness and effectiveness and make recommendations; identify and evaluate the Company’s ESG-related risks and opportunities, and report to the Board and make recommendations; review the corporate social responsibility report disclosed by the Company, report to the Board of Directors and make recommendations; and to review and supervise the objectives and implementation of the Company’s ESG-related work, report to the Board of Directors and make recommendations. In addition, the Company set up an ESG Working Group, which is responsible for the regular statistics and control of ESG qualitative and quantitative data, ESG report entrustment, and auditing to promote the orderly development of the Company’s ESG work. To better improve the ESG performance, Jinke Services will continue to improve its ESG governance structure and management mechanism and promote the implementation of ESG management.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.3 Communication with Stakeholders

Jinke Services is committed to enhancing the long-term value of the Company and protecting the interests of all stakeholders to the greatest extent possible while developing and expanding its businesses. The Company has identified key stakeholders, including shareholders and investors, governments and regulators, suppliers and partners, employees, customers, as well as society and the public, based on the characteristics of its overall business and operational activities. In the process of ESG management, the Company attaches great importance to communication with stakeholders, responds to the expectations and demands of stakeholders promptly, and achieves mutual benefit and win-win results, while identifying items to be improved for business operations to facilitate the high-quality development of Jinke Services.

Stakeholders	Expectations and Demands	Communication Channels
Investors/Shareholders	<ul style="list-style-type: none"> Protection for stockholders' rights and interests Sustainable profitability Information transparency Effective risk management and control 	<ul style="list-style-type: none"> General meetings of stockholders Performance reports and financial reports Regular operation and investment information disclosure Investor relations activities
Government and Regulatory Authorities	<ul style="list-style-type: none"> Lawful business operations Implementation of national policies Participation in public governance Support for local development 	<ul style="list-style-type: none"> Compliance with laws and regulations Tax returns Accepting inspections of government authorities Report on policy implementation
Suppliers and Business Partners	<ul style="list-style-type: none"> Win-win and shared progress Fair, open, and equitable procurement Fulfilling contracts in accordance with law Compliance with business ethics 	<ul style="list-style-type: none"> Routine communications about bidding and purchasing Participation in professional exchange Regular appraisal and evaluation
Customers/Property owners	<ul style="list-style-type: none"> Improvement of services Meeting the needs of customers Protection for customer privacy Solutions for customer suggestions and complaints 	<ul style="list-style-type: none"> Customer satisfaction survey Customer relationship management Dealing with questions and complaints Customer visit and communication Meetings with property owners Cultural activities within community National Hotline at 400 Jinke Grand Community app

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholders	Expectations and Demands	Communication Channels
Employees	Protections for the rights and interests of labourers Care for employee health and safety Competitive salary and welfare Excellent career development plan Fair channels for communication and complaints	Protection for employees' rights and interests Platform for career development Employee communication channels Work-life balance
Society	Support for charity projects Green operation Dedication to public welfare Promotion of local and social economic development	Social activities for public good Charitable donation and voluntary activities Poverty alleviation and education aid activities Environmental protection activities

1.4 Compliance with the Principles in the ESG Reporting Guide

Materiality: To clarify the key areas of ESG practice and information disclosure, Jinke Services identified its key ESG issues based on requirements of HKEX ESG Guidance and conducted a materiality assessment to ensure that the report covered all material topics that are of concern to Jinke Services and its stakeholders.

The Company invited all stakeholders to participate in the identification and materiality assessment of ESG topics. Through employee interviews, on-site visits and questionnaire surveys, the Company fully understands the issues and concerns of employees and external stakeholders.

Steps of Jinke Services' ESG Materiality Assessment

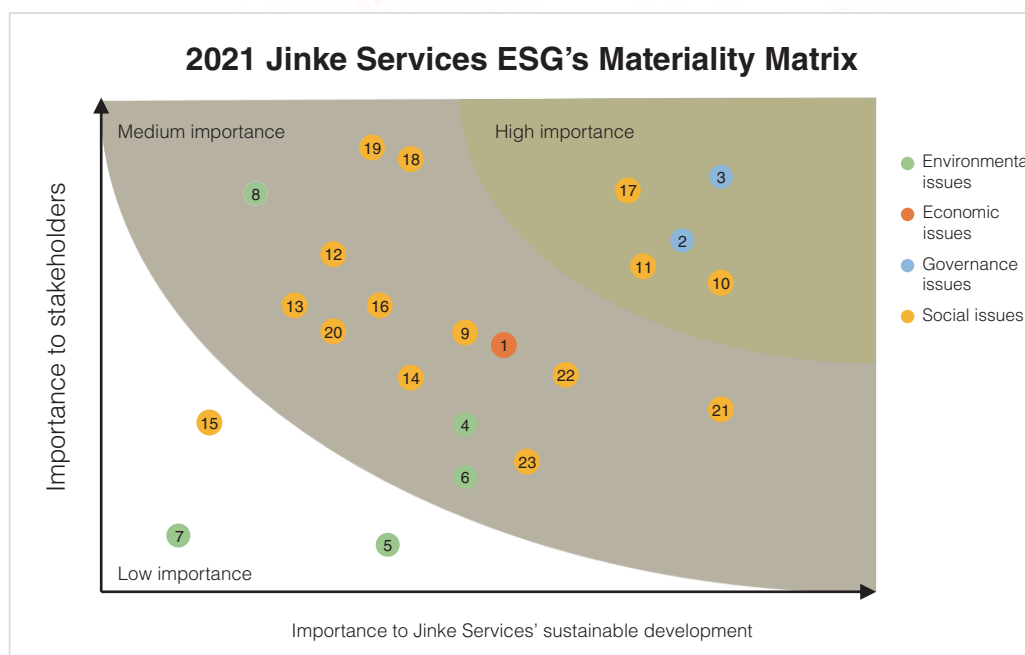
Identify relevant issues: Draw up a list of issues according to HKEX ESG Guidance; use the Company's own business model, state policies, and the trend of ESG disclosure within our industry to draw up further issues. There were 23 ESG issues identified in this step, covering the scope of environment, employment, product, governance, and community.

Collect feedback from stakeholders: Conduct a questionnaire survey on stakeholders, including investors/shareholders, customers/property owners, suppliers and partners, government and regulatory authorities, employees, communities and other key stakeholders via independent third-party consultants; further identify the important issues of the Company by collecting the opinions and suggestions of stakeholders.

Analysis of operational impact: Evaluate the significance of each issue to Jinke Services from the perspective of the Company by analysing the Company's annual core business and collecting opinions from management.

Verify the priority of issues: Rank the issues in order of importance and present them in a matrix in accordance with the two dimensions – "Importance to stakeholders" and "Importance to Jinke Services". The materiality matrix is an important basis for improving the strategic planning of the Company's ESG work in the future.

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Importance	Order	Topic	scope
High importance	2	Anti-corruption	Governance issues
	3	Legal and regulatory compliance	Governance issues
	10	High-quality service	Social issues
	11	Health and safety of customers	Social issues
	17	Health and safety of employees	Social issues
Medium importance	1	Creating economic value	Economic issues
	4	Reducing pollutant emissions	Environmental issues
	6	Resources conservation	Environmental issues
	8	Green property service	Environmental issues
	9	Supply chain management	Social issues
	12	Protection of customer privacy	Social issues
	13	Intellectual property protection	Social issues
	14	Smart service	Social issues
	16	Recruiting and retaining talents	Social issues
	18	Salary and welfare	Social issues
	19	Employee training and development	Social issues
	20	Prohibition of forced labour and child labour	Social issues
	21	Employee communication	Social issues
Low importance	5	Pollutant discharge	Environmental issues
	7	Response to climate change	Environmental issues
	15	Responsible marketing	Social issues

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Quantitative: The Company created collecting tools for ESG indicators of its domestic subsidiaries and regularly collects quantitative key indicators of all major environmental aspects and some social aspects listed in the ESG Reporting Guide, which is summarised and disclosed in this report. For detailed information, please refer to each chapter of this report.

Balance: The report was reviewed and confirmed by the Board of Directors of the Company, and the contents of the report are objective and open. The contents disclosed can be accessed via our official information disclosure channels and public social media.

Consistency: The Company standardised the disclosure standards, specified ESG indicators listed in the ESG Reporting Guide and created tools for collecting data from domestic subsidiaries, providing a basis for consistency in subsequent report disclosures and laying a foundation for the disclose of comparative data over the years.

2. COMPLIANT OPERATION

Compliant operation is the foundation of the Company's steady development. With operations in compliance with rules and regulations and law-based enterprise management as the foundation, Jinke Services carries out enterprise risk management. Working in partnership with suppliers, the Company maintains and enhances its supplier management system. Jinke Services also strives to form good Party conduct and clean governance and actively carries out responsible marketing activities, ensuring a healthy and sustainable development of the Company and sparing no efforts to become a first-class service enterprise with strong competitiveness.

2.1 Risk Management

In order to improve the Company's ability to identify and respond to risks, effectively prevent business risks, and ensure stable operation, Jinke Services is committed to building a scientific and sound risk management system to secure a positive development path. The Company strictly abides by the relevant laws and regulations as well as articles of incorporation, including the *Company Law of the People's Republic of China*, the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* and the *Basic Norms for the Internal Control of Enterprises* and follows the risk management principle of "whole-process management with a focus on control of key issues". In 2021, the Company formulated the *Jinke Services Risk Management System*, strengthened the effectiveness and legitimacy of the system, eliminated system compliance risks, standardized and improved the risk management process, and formed a scientific and efficient system of roles and responsibilities within the Company.

Jinke Services adopted the approach of the Three Lines of Defence model in risk management and established internal control management systems, including the *Internal Control Punishment and Compensation System*. In terms of project management, based on key stages of the project cycle, the Company carries out risk recognition and review of procedures of key milestones in the operations of each project and divides risks into three levels according to the degree of the risks. In addition, based on the nature of the business, the Company formulated specific measures for each risk to realize risk control. In the future, the Company will further improve the existing risk management system to effectively secure the stable operation and healthy development of the enterprise.

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First Line of Defence: The managements of regional companies and projects are responsible for the business management and process control during project operations;

Second Line of Defence: All functional departments work in their specialized areas to ensure the standardization and compliance of projects from a professional standpoint and based on systems;

Third Line of Defence: The Department of Audit and Risk Control and the Department of Inspection and Supervision is responsible for conducting spot check and second check on the duty performance and compliance of regional companies and functional departments.

Jinke Services' Three Lines of Defence model of risk management

Case: Jinke Services carried out special audits on energy consumption management of partnering units

In 2021, the Department of Audit and Risk Control at Jinke Services found that flaws in the system and process and gaps in management control had led to the prevalence of “gas and liquid evaporating, emitting, dripping and leaking” in project energy consumption management, affecting the interests of the Company as a whole. In response to internal control deficiencies and major risk issues, the Department of Audit and Risk Control put forward five management suggestions and worked with all divisions to carry out self-examination and self-correction. A total of 186 at-risk projects were identified, which helped the Company saved a total of RMB3.4167 million in loss.

2.2 Anti-corruption Development

Jinke Services highly values the development of an integrity culture with zero tolerance for any violation of business ethics. Jinke Services strictly abides by laws and regulations that prevent bribery, extortion, fraud, and money laundering and have a significant impact on the Company, including but not limited to the *Criminal Law of the People's Republic of China*, the *Regulations of the People's Republic of China on Punishment of Corruption* and the listing rules. The Company also implements and continuously improves multiple internal policies. In 2021, the Department of Inspection and Supervision revised and released multiple documents, including *Jinke Services Internal Control Punishment and Compensation System*, *Jinke Services Accountability Measures*, *Jinke Services Anti-corruption Development System*, and *Jinke Services Measures for Gifts and Rewards Management*, to continuously strengthen the development of the enterprise management system according to law.

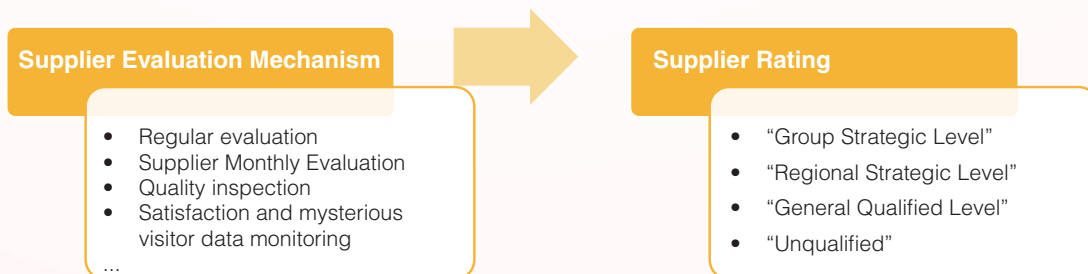
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To strengthen the sense of duty and integrity of leading cadres at all levels and the employees and to firmly establish the values and discipline red line of “clean governance and diligence are honourable, while corruption and lethargy are shameful”, the Company has continuously strengthened the management of employees’ integrity and self-discipline. In 2021, the Company held a total of 30 training sessions on anti-corruption, covering 11,213 employees with a coverage rate of up to 95%. The Company’s Board of Directors consists of nine members in total, including three independent non-executive Board members, three non-executive Board members, and three executive Board members. The 6 Board members employed within Jinke Services all participated in the internal anti-corruption training, and the entire executive management participated in anti-corruption training on a quarterly basis. In 2021, at Jinke Services, due to corruption, 1 person was transferred to the judiciary and 2 persons were sentenced. Upon the occurrence, the Company attached great importance to the issue, actively facilitated judicial investigation, and quickly carried out supervision on relevant matters. In addition, Jinke Services ran an in-depth analysis and issued a Company-wide criticism of the negative event, and put forward higher requirements for future clean governance development to firmly eliminate the recurrence of similar events.

2.3 Supply Chain Management

Jinke Services has always stayed true to the philosophy of “win-win cooperation and mutual development”. It continuously standardizes supplier management, protects the legitimate rights and interests of suppliers, and works in partnership with suppliers to create maximum values of smart services. To safeguard the legitimate right and interests of the Company and ensure service quality, Jinke Services has established a unified supplier management system to strictly control and oversee on each level the admittance, daily supervision, and withdrawal of suppliers and realize dynamic management.

The Company has also established a supplier evaluation system to continuously optimize the supplier structure to control procurement risks. In terms of supplier evaluation, the Company established an evaluation team to formulate different evaluation approaches for suppliers in different specialized sectors. According to the annual evaluation results, suppliers will be classified into different levels for management. The suppliers from the Group Strategic Level and the Regional Strategic Level will be preferred as the Company’s partners. If a supplier fails to pass the annual evaluation, it will be placed on the unqualified supplier list and unable to participate in any bidding and new business cooperation organized by the Company for the duration of one year. In 2021, the Company formulated specific evaluation mechanisms for suppliers in different specialized sectors. Based on internal evaluation and external evaluation, a total 41 Group Strategic Level suppliers were selected and 40 unqualified suppliers were eliminated accumulatively.



Jinke Services' supplier evaluation system

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To effectively meet the Company's needs for high-quality development, enhance the intention for cooperation among suppliers, and consolidate partnerships, the Company held the 2021 Jinke Services Supplier Value Conference in Chongqing. A total of more than 80 suppliers were present at the event, further strengthening the cooperation as well as the contractual spirit between the two sides. In addition, the Company built an open communication platform for suppliers through the existing "Jinke Services" WeChat official account to ensure a smooth communication channel between suppliers and the Company, respond to solid demands of suppliers promptly, and provide objective evidence for the dynamic management of performance in later stages.



2021 Jinke Services Supplier Value Conference

Jinke Services adheres to the concept of green and low-carbon development and continues to promote green procurement. As of December 31, 2021, Jinke Services had a total of 1,252 suppliers, all of which are on Mainland of China. Among them, 159 are in the environmental category, 89 in the security category, 107 in the major engineering category, 90 in the supplies procurement category, and 807 in the reserve and other categories. Among the 41 Group Strategic Level suppliers, 29 suppliers have obtained ISO 9001 certification; 27 suppliers have obtained ISO 14001 certification, and 26 suppliers have obtained ISO 45001/OHSAS 18001 certification.

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Case: Jinke Services continued to promote green procurement – conducting a tender for electricity meter transformation and smart power platform upgrading

In response to the national call for energy conservation and emission reduction and building a resource-saving society, Jinke Services, when selecting suppliers, encourages them to use more environmentally friendly products and services. In 2021, the Company conducted a tender for electricity meter transformation and smart power platform upgrading, requiring the electricity meter products provided by suppliers to have such functions as “real-time and centralized data acquisition online, data analysis presented by system software, analysis of normal consumption and illegal electricity theft by region, sending alerts for current exceeding the threshold value, abnormal consumption and abnormal power-related factors, disconnection detection, and sending alarms”. This upgrade effectively reduces abnormal power consumption, saves resources and improves economic benefits, which is a substantial manifestation of the Company’s action plan of “enhancing efficiency through increasing sources of revenue and reducing expenditure and promoting development through value creation”.

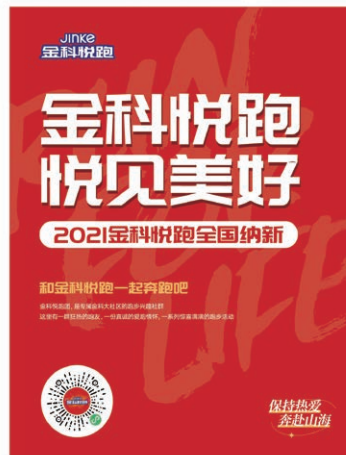
2.4 Responsible Marketing

Jinke Services actively carries out sales and marketing practices that comply with laws, regulations, social norms and ethical standards. It practices responsible marketing to strive to win trust from consumers. Through a three-tier brand management system of “headquarters-region-project”, the Company checks external publicity materials at every level. Upholding the four principles of brand management of “uniform public image, uniform message and standards, uniform visual identity and uniform spokespersons”, Jinke Services truthfully compiles uniform documents covering the Company’s profile, core competencies and business development and plans, etc., and strictly approves and regularly updates it on a monthly basis to effectively manage and standardize the Company’s marketing. Meanwhile, in order to strengthen staff’s brand awareness, the Company has carried out more than 100 training sessions for them to promote publicity standards and to continuously consolidate the foundation of standardized publicity.

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Case: Issuance of the official publication *Service* to vigorously promote brand culture communications

In 2021, Jinke Services published its official publication *Service* and printed nearly 10,000 copies. They were displayed in more than 100 cities across China, strongly promoting the communication of the Company's brand culture. The publication, with a total of 26 pages, fully presents the outstanding business achievements of Jinke Services since its listing, covering corporate honours, partnership deals signed, community services, urban services, smart technology, value-added services, neighbourhood culture, etc. It is an important channel of Jinke Services to strengthen corporate culture, raise all employees' awareness of brand communication and present corporate dynamics within and outside the Company.



Pages of Jinke Service

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3. SMART PRODUCTS

Jinke Services always stays true to the development strategy of “Service + Technology, Service + Ecosystem”. Starting with scientific and technological innovation, the Company keeps thinking innovatively to continuously improve the quality of products and services. We actively participate in the formulation of industry standards, and work hand in hand with our partners and competitors to make efforts for the sustainable development of the Company.

3.1 Core and Products of Smart Property

Based on advanced hardware conditions and innovative and developed technologies, Jinke Services creates an innovative model of “Technology + Data + Scenario + Service”, aiming to empower community services with science and technology. Doing this will bring property owners a more comfortable and smart lifestyle and set an industry benchmark for smart services.

Jinke Services has set up online service platforms, the “Jinke Grand Community” app and the “Jinke Butler” app. “Jinke Grand Community” provides a variety of property management services and community value-added services for residents and property owners. With this app, property owners can enjoy a great number of online services, including getting community news notification, paying public utility fees, applying for maintenance services, etc. The “Jinke Butler” app, on the other hand, offers application systems in such professional sections as customer service, engineering, order, environment and finance, under which there are dozens of application subsystems like the reporting system, fee-charging system, energy consumption platform, quality inspection, cloud access control and cloud parking. By connecting security system, fire-fighting system, parking system and express delivery system, “Jinke Butler” effectively helps all professional sections of property management to move office work online, which not only reduces enterprise operation and maintenance costs but also improves customer service experience.



Property service management platform interface of “Jinke Butler”

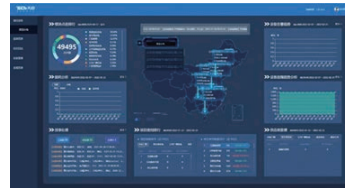
In 2021, the Company updated a series of TIQI robot service projects and intelligent cloud technology projects based on the TIQI big data information system, which will make its property services intelligent and futuristic so as to provide customers with a sophisticated living experience. The Jinke TIQI IBMS system and the smart electricity meter system are the two smart product highlights of Jinke Services in 2021. In a bid to provide convenient service for customers and save labour costs and energy consumption, these two smart products bring new experience to every link of community service.

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Smart Product Highlights of Jinke Services in 2021

Jinke TIQI IBMS System

In order to manage information resources in a uniform manner and improve work efficiency, the IBMS integrated management system developed by Jinke Services was officially put into use in May 2021. The system integrates information collection, analysis, processing and judgment, and performs distributed monitoring and management of all equipment, so as to reduce management personnel needed, save energy, and adapt to work and environment diversification. The goals pursued by the IBMS integrated management system are sharing and managing information resources, improving work efficiency and providing a comfortable working environment. The system adopts the model of “decentralized control and centralized management” for the purposes of reducing management personnel needed and saving energy, adapting to changes in the environment and the diverse and complex nature of work, and coping with emergencies. For property owners, it is a reliable management approach that provides service guarantee; for users, it is a comprehensive, safe and comfortable service platform.



The IBMS smart centralized management system

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The smart electricity meter system

Jinke Services is committed to alleviating the inconvenience in the traditional lifestyle and using technology to improve people's quality of life. The smart electricity meter system, through smart data collection and analysis, helps the Company understand the electricity consumption in various regions and build a cash reserve with pre-stored money. The application of the smart electricity meter system effectively solves the problems of traditional electricity meters, such as the high error rate of manual meter reading by staff, payment arrears and management chaos in electricity consumption of shops in projects, the integrity risks caused by the opaque collection of payments from shop owners or tenants, and the inability to connect data to the unified business management platform of the Company.



The smart electricity meter system

Based on the TIQI cloud system, Jinke Services has established service modules including smart security, smart enterprise services, smart life, and smart operations for non-residential projects. In 2021, Jinke Services explored the application of these four modules. At the same time, in providing smart industrial park services, Jinke Services, for the purposes of reducing costs, collecting big data and improving convenience, etc., devoted a great deal of energy, manpower and material resources to and actively carried out research projects in the three areas of “industrial park cost reduction and efficiency enhancement”, “big data research on life in industrial parks” and “AI for life services in industrial parks”, and the Company has achieved forward-looking research results and provided tangible convenience for employees and customers.

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Case: applications of non-residential service modules in 2021

The core purpose of Jinke Services' development of smart products is to reduce labour costs and improve work efficiency. Although the four major modules have their distinctive advantages in terms of application, they essentially all aim to provide enterprises and employees with convenient operations and to facilitate the process of data observation and prediction.

- Jinke Services has established a smart security project and will continuously improve this system to achieve functions including round-the-clock detection, smart perimeter intrusion detection, automatic pre-warning, and human body line crossing detection. This system will help communities to better deploy manpower, regulate property owners' behaviour and maintain a safe living environment.
- Smart operation is characterised by its meta-space operating system, which ties products to enterprises, employees, property owners and machines to achieve mechanized and intelligent management. It replaces manual feedback with smart devices and will ultimately substitute the property service operation model managed by humans. The system effectively optimizes 30% of the employee's energy. Using smart information collection, we can better gathering information about property owners' and enterprises' needs, improve the quality of our service across different businesses, and gain deeper insights into the operation status of enterprises.
- Our travel module, aiming to improve the quality of life for property owners, builds a platform that integrates data of various scenic spots and the tourism industry. This application is based on one-stop tourism big data, which not only facilitates the obtaining of information by property owners, but also improves the management of tourism enterprises, promotes the development of the tourism industry, and realizes a two-way information exchange with other project modules of the Company.
- "Smart leasing and sales" is an online leasing and sales platform, which stores core business data, analyses and builds models of those data to assist offline businesses by effectively predicting and evaluating future leasing and sales data. In this way, it offers supports to enterprise business growth forecasts and data analysis, marketing promotion, emergency pre-warning, business decision-making and other data-related services.



Smart security

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Smart operation



Smart travel



Smart leasing and sales

To implement smart services and further promote the concept of “dancing with machines” in residential and non-residential service modules, we dedicated ourselves to the robot project, put all kinds of TIQI robots into commercial, government and enterprise programs, and provide various services ranging from security, patrol and floor cleaning to fire extinguishing in 2021. Integrating smart machines into humans’ life is an essential link of Jinke Services’ smart services, and in the future, we will establish in-depth cooperative relationship with advanced robot manufacturers, continue to provide more types of robots and improve existing service types to reduce product-related risks.

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Cinda International – patrol robots



Jinke Ten-year City – robot scrubber



Gs-robot Scrubber 75 for garages



Idriverplus SC50

3.2 Promotion of Industry Development

Jinke Services regards peer cooperation as an important approach to development, and actively participates in peer exchange activities to promote the development of the industry. In 2021, Jinke Services established strategic partnership with a wide range of enterprises, and its self-developed TIQI technology made its debut in the first China International Consumer Products Expo as well as industry summits such as Internet of Things Innovation Conference and the China Electronic Information Expo, through which the Company showed the world its smart products. At the same time, Jinke Services, by virtue of its “TIQI Cloud City System”, signed comprehensive strategic agreements with many urban areas such as Yancheng in Jiangsu, Liuyang in Hunan, and Neijiang in Sichuan to integrate this smart system into urban operation. In this way, it better assists managers in the reasonable allocation of urban resources, detection of potential safety hazards, scenario integration of cloud data from systems across different industries and of various business formats, and the construction of a smart city featuring “one-map sensing, one-stop service, and all-in-one integration”.



TIQI Technology in Neijiang



TIQI Technology in Wuhan

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Case: The Establishment of Hainan Jinke Caissa Smart Travel Technology Co., Ltd.

In 2021, Jinke Services and Caissa Tosun reached a consensus on strategic cooperation. They signed a strategic service agreement, and established Hainan Jinke Caissa Smart Travel Technology Co., Ltd. in Hainan to carry out in-depth and comprehensive cooperation on smart travel, scenic spot management and other businesses. On January 23, 2022, thanks to the active coordination of Caissa Tosun, the members of the service provision team for the Chinese sports delegation, which were all Jinke Services employees, officially moved into the service camp and took on related services covering reception, transportation, accommodation and other aspects, providing a solid service assurance for the Winter Olympic Games.



Jinke Services reached an agreement with Caissa Tosun

Case: Jinke Services' Cooperation with Xijiang Qianhu Miao Village

In 2021, Jinke Services established a comprehensive strategic partnership with Xijiang Qianhu Miao Village and gained a channel advantage in ticket-selling business for the scenic spot. At the same time, the technology company affiliated to Jinke Services built a smart management system for tourist attractions in Xijiang Qianhu Miao Village to achieve smart management of tickets, passenger flow, traffic flow, office, and resources for the scenic spot. It also integrated the business systems in the scenic spot to create an all-in-one smart management and control platform for the realization of data sharing, business linkage and unified management.



The Signing ceremony of Jinke Services and Leishan County People's Government

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Case: China International Consumer Products Expo

From May 7 to 10, 2021, Chongqing Tianzhihuaiqi Technology Co., Ltd., a subsidiary of Jinke Services, attended the China International Consumer Products Expo, and provided smart scenario services for this event through smart security services, AI robot services and other projects, which are a manifestation of Jinke Services' high-level technological innovation and top-notch product quality.



China International Consumer Products Expo

Case: China (Western) Electronic Information Expo – Artificial Intelligence and Internet of Things (AIoT) Convergence Application Forum

On July 15, 2021, Jinke Services participated in the China (Western) Electronic Information Expo – Artificial Intelligent Internet of Things (AIoT) Convergence Application Forum co-hosted by Sichuan IoT Industry Development Alliance, Chongqing IoT Industry Association, Chengdu Electronic Information Industry Ecosystem Alliance and CEC Exhibition and Information Communication Co., Ltd. At the conference, Jinke Services discussed with companies in the industry on the theme of “Focusing on New Track, Empowering New Industry” and its self-developed IBMS management system was awarded “Outstanding Application Case in Artificial Intelligent Internet of Thing Industry of Chengdu and Chongqing in 2021”.



The IBMS Management System was awarded “Outstanding Application of Artificial Intelligent Case in Internet of Thing Industry of Chengdu and Chongqing in 2021” at the conference

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

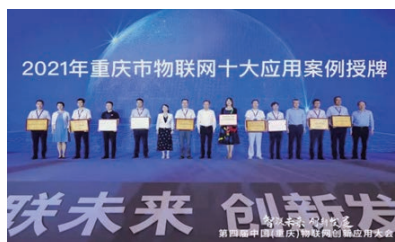
3.3 Intellectual Property Protection

Jinke Services attaches importance to the protection of its own intellectual property rights and those of others. The Company has formulated the *Measures for the Management of Intellectual Property Rights*. Jinke Services not only protects its trademarks, copyrights, patents, intellectual property rights and innovation achievements, but also advocates for the protection of others' intellectual property rights, for which it built a smooth complaint mechanism and user feedback channels and takes necessary measures to promptly deal with products or content potentially involved in infringements in accordance with the law to eschew the risk of infringement. By the end of the Reporting Period, Jinke Services had obtained a total of 45 software copyrights, including 9 design patents, 1 utility model patent and 1 invention patent. In 2021, Jinke Services obtained 15 software copyrights which include 3 patents, 2 appearance patents and 1 invention patent, 5 qualification applications, 21 authorised copyrights and 1 authorised patent.

In 2021, the Company, in compliance with the *Management Measures for Office Software and Operating Systems of Jinke Services*, called for employees to use genuine versions of software, and conducted random checks on the installation of software on employees' computers, especially the installation of unauthorized software. The Company was awarded the Chongqing Intellectual Property Advantageous Enterprise in 2021 due to its intellectual property advantages and excellent application results.

Case: IBMS system was selected among the Top Ten IoT Application Cases in Chongqing

On July 16, 2021, "IBMS system", a system self-developed by Jinke Services and based on property service facilities and equipment management, was selected among the "Top Ten IoT Application Cases in Chongqing in 2021" by Chongqing Municipal Economic and Information Commission. This award covers a wide range of IoT application areas such as smart manufacturing, smart healthcare, smart community, security monitoring and lift maintenance.



IBMS system was selected as one of Top Ten IoT Application Cases in Chongqing

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. BETTER LIVING EXPERIENCE

Based on its own industry, Jinke Services is committed to delivering what customers pursue for better living experience by establishing and continuously improving the management mechanism for customer complaints and safeguards for customer privacy and community safety in an effort to create a high-quality lifestyle and add value to customers in terms of their better living experience.

4.1 Providing Great Living Services

With rich experience in the field of property management services, Jinke Services has actively explored multiple property formats and continuously upgraded living experiences to provide cities with comprehensive service solutions for all formats in full life cycle. We work to empower the urban future and enrich living experience with our smart, ingenious and diligent services towards the goal of creating a golden reputation among customers across the country. In 2021, we further clarified the business development and stuck to the high-quality, sustainable and differentiated development path. By consolidating the dual-engine role of “ecology + technology”, we have worked on service intensity, depth and concentration and orchestrated four growth curves in property services, community value-added services, local life services, and smart digital services.

Property Services

- The Company, with a particular focus on residential, corporate and urban services and based on the high-frequency living needs of property owners, builds humanistic and affectionate communities of “honoring the elderly, loving one’s spouse, caring for children, caring about neighbours and respecting oneself”. By virtue of rich experience, we integrated industry resources to explore the urban service business and provide a wide range of entities such as government buildings with comprehensive services in an all-round, professional and efficient manner.

Local Life Services

- The Company continues to build inclusive value-added services covering property owners’ food, accommodation, transportation, travel, shopping and education, to ultimately form a fully-licensed, professional, integrated and high-value-added “365 living service system”, which consists of community education services that promote multi-dimensional growth, all-round home-living service, one-stop home decoration service, and safe and convenient travel services. In this way, the Company continuously upgrades the lifestyle of communities.

Smart Digital Services

- The Company adheres to the philosophy of “developing leading smart technologies and changing life with innovation” and makes full use of the comprehensive advantages of “technology + data + scenario + service” to create a smart intelligent life for customers based on its multiple functional products.

Value-added Community Services

- With its systems of “Golden Butlers System, Golden Communities System, Golden Technologies System”, the Company strives to provide property owners with value-added community services including home-living service, industrial park management service, home decoration services and comprehensive travel and accommodation services to continuously improve the quality of life of property owners.

Jinke Services’ diversified property services

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Jinke Services highly values comments from customers when providing services to them. By actively conducting customer satisfaction surveys and “mystery visitor” surveys, we constantly improve service methods attuned to customer demand. In 2021, the Company conducted a full life cycle satisfaction survey for property owners based on their respective stage, covering 13 regional companies throughout the year, and the overall satisfaction rate has exceeded 90% for the 10th consecutive year.

During the Reporting Period, the Company has obtained a number of quality-related certificates thanks to its outstanding capability and devotion to excellent customer service.



Enterprise Credit Rating
AAA Certification



Data Enterprise Service
Capability Rating Evaluation
(DSCA)



Quality Management System
(ISO9001)

Quality qualification certifications obtained by Jinke Services in 2021

4.2 Customer Complaints Management

Jinke Services takes customer demands seriously and has always focused on improving the customer feedback and complaint management system which controls and regulates the Company’s daily operation from the perspective of customers. Based on the cloud service centre, we have built a comprehensive service platform that integrates cloud platform, cloud monitoring, and direct communication channels so as to capture, accumulate and analyse big data of customer needs in a comprehensive and compliant manner and interact with customers in a targeted and intuitive manner.

The Company strengthens its interaction with customers through diversified communication channels such as the national service hotline at 400 and the “Jinke Grand Community” app, which has won wide recognition from customers and the public. The Company also pays high attention to handling customer complaints. Upon the receipt of customer complaint, the project or regional leader will respond within 15 minutes, dispatch personnel to visit and apologize, work out a reasonable solution, at the same time actively coordinate and communicate with the headquarters and regions, in an effort to ensure that our customers have good service experience.

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During the Reporting Period, the Company analysed 400 calls from customers, and screened 292 complaints including complaints about customer services regarding service response speed, processing process and results, dissatisfaction with service attitude; complaints about engineering services regarding untimely maintenance of public facilities and equipment, dissatisfaction with repair service, dissatisfaction with door-to-door service and elevator; complaints about security services and environment services. For all the mentioned complaints, we followed up, provided feedback and submitted processing results to the project manager in a timely manner in accordance with the relevant procedures for complaint management. All complaints have been properly solved.

4.3 Customer Privacy Protection

Jinke Services attaches great importance to information security and business secrets of the Company and its customers, and shoulders the responsibility of protecting customer privacy and preventing customer data leakage. We strictly abide by the *Cybersecurity Law of the People's Republic of China*, *Information Security Technology -Personal Information Security Specification (GB/T35273-2020)* and other laws and regulations of high relevance to customer privacy protection, and implement customer privacy protection in a compliant and orderly manner based on internal regulations and documents including the *Project Confidentiality Work System*, *Business Confidentiality Agreement* and *Jinke Services Butlers Code of Conduct on Work Mobile Phone Use*.

The Company strictly regulates the scope of confidential information, and sets the classification and confidentiality period for confidential information. For issues concerning cyber confidentiality, electronic manuscripts, access permission of the classified documents, the heads of administrative departments of each branch are responsible for uniform coordination and management as the corresponding confidentiality rules require. In the case of providing confidential matters to outsiders during cooperation or exchanges, we strictly perform internal review procedures in line with nature of the confidential matter, disclose and use relevant business secrets within the scope of final approval of the customer, and do our best to safeguard the interests of our customers.

We require our employees to foster strong awareness of confidentiality protection by establishing a clear reward and punishment system. According to the *Jinke Services Accountability Management Measures*, *Jinke Services Penalty and Compensation System*, etc, punishment will be given to violators and their region. In the event of information leakage which causes heavy losses to customers, we will also handle lawfully and give appropriate compensation.

4.4 Community Safety

With great importance attached to community safety, Jinke Services is committed to providing property owners with a comfortable and safe living environment, and does its utmost to improve their living experience. In accordance with the Law of the People's Republic of China on Work Safety, the Fire Protection Law of the People's Republic of China and other laws and regulations related to community safety, and based on the internal documents including the Safe Service Operation Instructions, Emergency Contingency Plan, Jinke Services Graded Management Operation Guidelines for Gate Guarding, and Notice on Prevention and Control of Various Security Incidents at the End of the Year, we have implemented gate guarding, perimeter precautions, abnormal weather and anti-theft management to effectively protect property owners against risks and ensure their safety and comfort.

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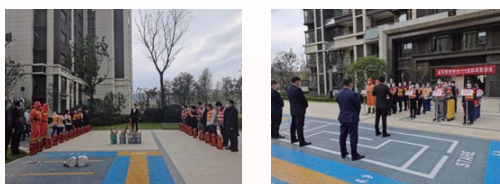
Jinke Services management and control for community safety

- Gate Guarding** • Strictly defining the main responsibilities and basic qualifications for gate guarding and standardizing the graded and distinctive guarding services based on the core document *Jinke Services Graded Management Operation Guidelines for Gate Guarding*, so as to provide customers with a safe and comfortable living environment and fast and convenient service experience.
- Perimeter Precautions** • Building a regular control mechanism on the basis of the safety index-based early warning system to manage community access control, monitoring equipment, electronic perimeter precautions and fire-fighting equipment.
 - Conducting patrol inspections on high-risk and key areas such as swimming pools, escape rooftops, construction sites, and fire escapes for safety precautions.
- Abnormal Weather Precautions** • Establishing an emergency task force with corresponding plans in response to disasters such as rainstorm, earthquake, snow and freeze, heavy fog for effective prevention and post-disaster care of people and relief.
- Anti-theft Management** • Implementing an all-around 24/7 patrol mechanism which includes identity verification for entry and exit personnel, and night patrols co-organized with contingency operation teams when necessary.

In 2021, the Company carried out fire drills and flood drills with special focuses on perimeters, abnormal weather and pandemic precautions to strengthen community safety and service personnel' capability of emergency response.

Case: Jinke Services conducted fire safety and public security drills

In 2021, the Company comprehensively inspected the fire safety facilities in communities, and cooperated with the fire brigade to organize fire safety drills and public security drills “Training on the Fire Safety Day on November 9” to further strengthen the fire safety awareness of property service staff, protect the personal and property safety of residents and employees, and make communities safe. During the Reporting Period, Jinke Services conducted a total of 952 fire emergency drills, covering 588 projects.



Fire safety drills in communities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Jinke Services conducted flood emergency drills

In 2021, the Company also carried out regional flood control emergency drills as part of the flood control emergency plan in response to the climate change risks identified by itself as potentially influential to its operation and the coping strategies, aiming to improve employees' ability to respond to sudden accidents in heavy rain during the flood season and ensure that when a sudden accident occurs, they can respond quickly and act in an orderly and efficient manner to reduce hazards and protect the health and property safety of the public.



Drills for flood accidents in heavy rain at projects

In 2021, the Company also continued to implement the management methods in the *Epidemic Prevention and Control Guide for Gate Guards*, and strictly complied with epidemic prevention rules and regulations in terms of entry and exit closure, gate guards protection and handover, entry and exit control, items management, emergency handling, and contact for epidemic prevention and control purposes. In active response to the call of national policies, the Company made every effort to maintain the health and safety of property owners and service personnel, and safety of the communities where they are located.

5. EMPLOYEE DEVELOPMENT

Jinke Services implements a people-first employment philosophy, and on the basis of a compliant employment system and a diversified talent training and development mechanism, effectively meets the needs of employees for self-development, ensures their health and safety, and leads them towards a bright future.

5.1 Compliant Employment

On the basis of the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China* and other relevant laws and regulations that are applicable in regions where it operates, Jinke Services carries out recruitment, admission and employment steadily. The Company recruits personnel mainly through offline, online and campus recruitment, etc. In 2021, the Company brought into full play the role of live streaming in recruitment, and recruited personnel for various job openings in live streaming sessions, a new recruitment channel for it.

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Case: Jinke Services recruited personnel for various job openings through live streaming

In 2021, Jinke Services brought the role of live streaming into play and actively participated in the streamed “Job Fair for Talents in Chongqing” hosted by the Organization Department of the CPC Chongqing Municipal Committee and the Municipal Human Resources Department and organized by the Municipal Employment Bureau and the Municipal Talent Centre, in which Jinke Services provided nearly 60 job opportunities for candidates.



Jinke Services was recruiting personnel for various job openings through live streaming

In this process, the Company upholds the principle of equality and diversity in employment, welcomes employees with diverse backgrounds to join the Company, and strictly guards against any discrimination, vicious competition and unreasonable infringement based on employee gender, age, region, race and other information.

The Company also focuses on protecting the basic rights and interests of employees in daily work. To this end, a strict employment background check is conducted. Employment contracts and relevant terms are signed in accordance with laws, while child labour and forced labour are prohibited. Furthermore, the Company, with the HR department as the main force, handles oral or written reports about internal violations of laws and rules in a timely manner, and within three working days upon the receipt of reports, the related issues will be answered or addressed to safeguard the work environment.

As of December 31, 2021, Jinke Services has 11,700 regular employees, all on Mainland China, with an overall employee turnover rate of 37.5% in 2021.

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Table Employment and turnover at Jinke Services in 2021

Category		Unit	Quantity
Total		Person	11,700
By gender	Male	Person	5,353
	Female	Person	6,347
By age group	Below 30	Person	2,969
	30-49	Person	6,787
	50 and above	Person	1,944
By job level	Management staff	Person	7,183
	Primary-level staff	Person	4,517
Overall turnover		%	37.5%
By gender	Male	%	31.8%
	Female	%	33.6%
By age group	Below 30	%	47.5%
	30-49	%	30.5%
	50 and above	%	24.7%

Jinke Services has received wide recognition for its outstanding employee management and solid protection of employees' rights and interests. In 2021, the Company was awarded the 2021 Most Employee-Focused Developer Award and the 2021 Best Employer Award in China at the 10th China Employer 2021 Year-End Ceremony.



Most Employee-Focused Developer Award



Best Employer Award in China

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5.2 Talent Training and Personal Development

Jinke Services always regards talents as the most crucial resource and considers employees who can contribute to the development of the Company as the most valuable asset. Based on the market demand and customer needs, the Company has been improving the employee training and promotion mechanism through careful selection, novel utilization, focused cultivation and sincere retention of talents, so as to continuously drive the sustainable growth of the Company.

Case: Jinke Services participated in the Human Resources Service Industry Development Conference

On July 28, 2021, Jinke Services was invited to participate in the First National Human Resources Service Industry Development Conference hosted by the Ministry of Human Resources and Social Security (HRSS) and the Chongqing Municipal People's Government. With a combination of seminar, contest, exhibition and discussion, the conference shed light on the status quo of the HR industry. During the conference, Jinke Services delivered a presentation under the theme of "talent is the most important resource" to the leaders of HRSS Bureau of Shandong, Guizhou, Yunnan and other provinces via audio-visual formats. Furthermore, the Company recreated use cases of intelligent hardware and software at the venue, so that the guests could get a feel of how Jinke Services' intelligent technology liberate employees from repetitive, boring and low-value work and enable them to spend more time on creative work to realize their own value.



Human Resources Service Industry Development Conference

- *Talent Training*

Inspired by its strongly self-motivated workforce, Jinke Services built and has been continuously improving the in-house training system based on Jinke Services Talent Development Academy. Meanwhile, by integrating the internal trainer team optimization project with the specialized and backup talent targeted training project, the Company strives to provide more possibilities for employees in various areas and improve their professionalism, expertise and management competency, so as to build a talent pipeline consisting of professionals with business, service and management know-how.

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Case: Jinke Services launched a HI-PO Training Camp

In 2021, guided by the Company's strategic plan, Jinke Services launched a ten-day HI-PO training camp for new graduates, with two major campus recruitment programs at its core – “Star Student” and “Starlight Trainee”. Through this training camp, fresh graduates gained a better understanding of the Company's business, improved their expertise, and completed the role transition from straight-A students to working professionals.



Poster and group photo of HI-PO Training Camp

Case: Jinke Services continues to carry out the “Young Guard” Project

In 2021, Jinke Services continued to carry out the “Young Guard” project to empower the high-quality growth of talent pipeline, and further improved last year's training content by adopting a one-year multi-layered cultivation model to give the trainees the vastest resources and platform. As of the end of the Reporting Period, the “Young Guard” project has successfully recruited and trained four classes, with a total number of 245 Young Guard cadets.



Classroom-training of the “Young Guard” project

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Case: Jinke Services launched a Backup Management Talent Training Program

In 2021, Jinke Services launched the “Backup Management Talent Training Program” and established a backup management talent pool to meet the Company’s needs for middle-level managers. This half-year training program adopted a progressive hybrid model of “job training + hands-on practice + online improvement+ intensive learning”. As of the end of the Reporting Period, this program has been conducted for three times, covering 115 employees, and the completion rate of the academy reached 85%.



Jinke Services’ Management Backup Talent Training Program

Case: Teaching of Jialing Training Project was delivered for the year

Jialing Training Project, organized by Jinke Services Talent Development Academy, were developed under the theme of “coping with organizational change and governance innovation in a globalized and complex context”. This project was established in 2020 and aims to cultivate a group of business elites with a global vision, cultural awareness, and a sense of responsibility. In 2021, three modules and four courses of Jialing Training Project have been completed.



Classroom of Jialing Training Project

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Case: Jinke Services further improved its internal training mechanism

In 2021, to establish a closed loop of learning resources, Jinke Services further improved its internal training mechanism: building on existing internal training resources, it made further improvements; in April, 2021, it launched the “Train the Trainer” initiative and earnestly implemented the basic principle of “linking the initiative to both strategies and performance”. As of the Reporting Period, the Company had accumulatively nurtured 32 junior lecturers, 12 intermediate lecturers and 7 senior lecturers nationwide and researched and developed 151 courses; the “Train the Trainer” initiative covered altogether 402 trainers of different levels in three batches.



Classroom of training internal trainers

By December 31, 2021, the total number of employees under employment contract with the Company that received training in Jinke Services was 11,700, which means coverage of all employees; the total training hours of employees was 401,505, and the average training hours per person stood at 34.

Table Employee Training at Jinke Services in 2021

Category		Unit	Quantity
Total number of employees that received training		Persons	11,700
By gender	Male	%	46
	Female	%	54
By job level	Management staff	%	61
	Primary-level staff	%	39
Total training hours		Hour	401,515
Average training hours per person		Hour	34
Average training hours per person by gender	Male	Hour	32
	Female	Hour	36
Average training hours per person by job level	Management staff	Hour	37
	Primary-level staff	Hour	30

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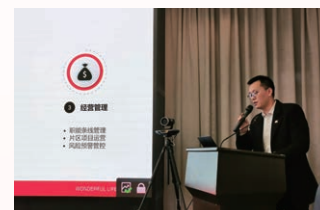
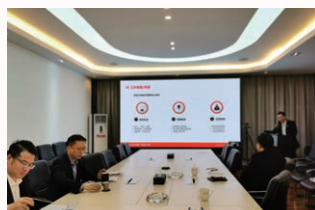
- *Evaluation and Promotion*

Based on internal systems such as *Performance Evaluation and Management Measures of Primary-level Employees* and *Staff Performance Management Measures*, Jinke Services ties compensation to performance, regularly conducts employee performance evaluation, and selects, cultivates and appoints employees that truly want to make a difference and have the ability to do it well. The Company has created an atmosphere of virtuous competition between those inside and those outside the Company and between the junior and the senior employees, which helps the Company achieve its corporate development strategies and operating goals.

In 2021, the Company revised the internal systems of the *Management Measures for Positions and Ranks* and *Management Measures for Competency Assessment*, listed such dimensions as internal talent mentoring, course development and teaching as important conditions for the promotion of employees in core positions such as those in the management-level sequence and those in the project management sequence, and encouraged employees to seek growth and progress continuously in their professional fields. In addition, the Company identifies all kinds of outstanding talents and high-level talents through such means as talent selection and talent circulation, and, on the basis of that, gradually increases the incentives for them to ensure talent retention. During the Reporting Period, Jinke Services had a total of 992 employees in the internal talent reserve pool, and the total number of internally promoted employees was 997, accounting for 8.5% of the total number of employees.

Talent Selection In 2021, to fully spot and cultivate internal talents, the Company conducted a talent selection among the HR pool and the regional operation staff pool successively. Through a comprehensive review that included evaluation, examination and presentation and factoring in employees' annual performance evaluation results, the Company eventually selected 76 employees into the Company's talent reserve pool, who would be matched to appropriate job vacancies in the organization.

Talent Circulation Starting from 2021, the Company has been collecting and publishing the talent needs of each business unit on a monthly basis, and it encourages employees to participate in the circulation through the organization of interviews by each business unit or the unified selection arrangement of the headquarters. At present, accumulatively 244 management staff members have flowed from functional departments of the headquarters and regions into the circulation, which can fully meet the need for talents as business develops.



Defence of candidates in talent selection and talent circulation

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5.3 Occupational Health and Safety

Jinke Services has established and continuously improved the Measures for Employee Health and Safety Management, Provisions for the Supervision and Management of Occupational Health, Procedures for Work-related Injuries Treatment and other rules and regulations closely related to employees, to create a comfortable, sound and safe working environment for employees. The Company regularly organizes employees to take physical examinations, and actively carries out on-the-job occupational disease publicity, occupational health work inspections and training activities related to workplace safety, further standardizes the use of labour protection equipment by employees, and thoroughly practices the “safety first, prevention first” philosophy to protect the physical and mental health of employees. In 2021, the total number of days lost due to work-related injuries was 230, and there was one work-related death.

Table Work-related Injuries and Death at Jinke Services 2019-2021¹

	2019	2020	2021
Work-related death (person)	0	1	0
Percentage of work-related death (%)	0	0.0114	0
Work-related death among outsourced employees(person)	0	1	1
Percentage of work-related death among outsourced employees(%)	0	0.0114	0.0085

During the Reporting Period, Jinke Services, by virtue of its deep care for employees and sound health management system, obtained the ISO 45001 certification.



Occupational health and safety system certification (ISO 45001)

¹ The cause of work-related death among both in-house employees and outsourced employees was traffic accident in 2020 and 2021.

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In 2021, the Company organized 32 safety-related courses on the Interpretation of Work-related Injury Knowledge, Positive Mentality, Employee Safety Education, Epidemic Prevention and Control Guidelines, Fire Fighting Safety Knowledge, Project Safety Control and Who Moved My Helmet, and carried out on-the-job practice drills, scenario simulations and tests, in a bid to integrate safety education into daily work, help employees acquire more safety knowledge imperceptibly, and make safety education a regular activity. During the Reporting Period, the Company has carried out a total of 776 safety education and training sessions with attendances reaching 36,796.

Case: Jinke Jimeijun Project conducted fire safety drills

Jinke Services carried out a fire safety training on June 11, 2021 at the No. 1 square of Jinke Jimeijun, including fire drills such as putting off a fire, emergency evacuation, and the use of fire extinguishers and other fire-fighting equipment. This training, featuring a combination of theory and practice, further strengthened the safety awareness of project employees, improved their safety knowledge and skills, tested fire-fighting equipment and facilities, and ensured the safety of property owners and employees.



Fire Drills

Facing the sudden outbreak of the epidemic, Jinke Services in 2021 strictly followed the relevant policies of the places where it operates, conducted the daily physical health monitoring and travel route check for employees, earnestly carried out the sterilization and safety management of the office, implemented the management mechanism for external visitors, and developed various emergency plans and the Epidemic Prevention and Control Manual according to the changes of the epidemic situation. The Company also encouraged employees to pay more attention to their own health, and urged them to actively cooperate with relevant departments in investigation and information-gathering work, stand together with the Company, and work together to win the battle against the epidemic.

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Giving guidance on epidemic prevention and control

5.4 Caring for Employees

Jinke Services has always been committed to humanistic care and established a sound employee welfare system based on the *Methods of Jinke Services for Managing Employee Welfare*. In addition to the benefits stipulated by relevant national laws and regulations, it also provides various internal welfare subsidies such as study expenses, high temperature subsidies, heating subsidies, holiday and birthday monetary gifts, etc., to continuously improve employees' sense of belonging and happiness.

The Company also has made great efforts in enriching off-hours activities for employees. It is dedicated to not only injecting vitality into its development but also caring for employees and making them feel like at home. The Company established the "Three + X" employee care model. In 2021, we also carried out a series of interesting cultural and sports activities such as May 20 Afternoon Tea, JK Children's Happy Party, Sunshine Action, Staff Club, Red Movie Watching, and Sports Talent Show, as well as employee care activities such as remote expression of encouragement to households with members preparing for exams, "Sunshine Action", "Programmers' Day", etc., to meet the greater spiritual and material needs of employees and make them feel the warmth of home.

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Cultural and sports activities held by Jinke Services in 2021



Staff club



Mid-Autumn Festival activities



Run for happiness

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Afternoon tea on May 20



Children's Day activities

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“Warm Winter” activities

Case: Jinke Services launched “Sunshine Action”

To better incorporate the Company’s culture into the lives of front-line employees and enhance the external cultural influence of the brand, the Company launched a “Sunshine Action” that includes the change-for-the-new plan for livelihood projects and the “dormitory cultural festival” in 2021.

At the same time, the Jinke Services headquarters conducted an online selection among 21 popular dormitories recommended by various regional companies. 6 dormitories from “Neijiang Central Park City”, “Qijiang Red Star International Plaza”, “Jinan Jinke City”, “Qingdao Jinke Star” and “Shaoyang Chenxi Yuefu” and “Langqiao Tiandu” finally stood out and were awarded certificates and prize money.



Posters of “Sunshine Action”

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Case: Jinke Services carried out a variety of employee care activities

The Company visited the family members of front-line project employees below the supervisor level during the Spring Festival, Dragon Boat Festival and Mid-Autumn Festival in 2021, and from time to time organized various activities to care for employees and to celebrate festivals and holidays.

- JK celebration of the Women's Day

On March 8, Jinke Services, together with various regional companies nationwide, carried out JK celebration of the Women's Day, which included visits to internet-famous spots, interactive games, gifts, commendation and publicity, etc., through which care and blessings reached a total of more than 3,000 female employees.



JK celebration of the Women's Day

- Sending Qixi Festival blessings to expatriates and their family members

To thank all the expatriates for their dedication to Jinke Services and their family members for their support, on the Qixi Festival (the Chinese Valentine's Day), the Company acted as the "messenger of love" and conveyed blessings and beautiful wishes to expatriates and their family members, making employees feel the care from the Company.



Qixi Festival activities for expatriates

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- 1024 Programmers' Day

On October 24, the Programmers' Day, Jinke Services organized a large-scale offline interactive activity themed "TIQI Source Project" to pay tribute to all programmers who work relentlessly to build the Jinke Services smart community and push the Company into a high-tech track.



Programmers' Day Activities

- Expressing care to employees to be retired

In 2021, to thank the employees to be retired for their selfless dedication to Jinke Services over the years, the Company sent them "a thank you card", "a DIY photo album", "a commemorative coin", "a farewell party", wishing them a happy and new life after retirement with the four things.



Expressing care to employees to be retired

- "Cool Summer" care under high temperature

With the "Cool Summer" activity, Jinke Services expressed care to employees at the front line to improve their satisfaction and sense of belonging in line with the "culture of home" upheld by Jinke Services.



Care to those working under high temperature

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. LOW-CARBON OPERATION

Jinke Services follows the philosophy of green development featuring “green, environmental protection, and low carbon”, and actively advocates green office and tackling climate change in full response to the country’s goals of carbon peaking and carbon neutrality and energy transition trends. The Company is committed to providing customers with a green and environmentally friendly living environment, continuously reducing the negative impact of its production and operation, and fulfilling corporate environmental responsibility in an all-round manner on multiple dimensions.

6.1 Response to Climate Change

As the earth is getting warmer, extreme weather events such as blizzards, rainstorms and typhoons occur more frequently and last longer. Jinke Services actively identifies and responds to climate change risks, and is committed to reducing the possible impact of its operation on the environment.

The Company has formulated the *Emergency Plan for Natural and Meteorological Disasters* and the *Emergency Plan for Rain and Flood Prevention*, and established an emergency response mechanism for extreme weather. It has also established an emergency team for extreme weather that involves departments of repair and maintenance, order maintenance, logistics support, cleaning and maintenance, responsible for coordinating and handling related matters. At the same time, the Company regularly conducts emergency drills to improve employees’ emergency response speed and handling capabilities. In response to freezing and low temperature weather conditions, the Company issues announcements in advance to remind relevant projects to make relevant preparations, and purchases snow-melting agents and anti-skid sacks for them. As for special weather such as heavy fog, rain and snow, the Company takes such precautions as adjusting lighting, increasing the technological equipment for risk prevention and snow removal equipment, adjusting employee posts and adding temporary posts.

In response to the national low-carbon development strategy, Jinke Services fully understands the impact of climate change on the Company, identifies and analyses the risks and opportunities brought by climate change, and formulates the corresponding countermeasures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Table Climate Risk Identification and Evaluation

Risk category	Risks	Measures
Policies and laws	<ul style="list-style-type: none"> China proposed the target of carbon peaking by 2030 and carbon neutrality by 2060; In 2020, the Ministry of Ecology and Environment of the People's Republic of China issued the <i>Measures for the Administration of Carbon Emissions Trading (Trial)</i>, which would be implemented on February 1, 2021 and thus kick off the national carbon emission trading system. 	<ul style="list-style-type: none"> Actively scrutinize the management and control risks brought by policies and laws, strengthen communication with stakeholders, and actively respond to the demands of various stakeholders; Continue to promote the precision management of energy use; established the Jinke Services energy consumption monitoring system; Continue to promote green operation, energy saving and emission reduction.
Technology	<ul style="list-style-type: none"> High-energy-consuming processes and equipment may lead to increases in Jinke Services' compliance and operating costs. 	<ul style="list-style-type: none"> Eliminate outdated and old high-energy-consuming equipment, and timely conduct equipment iteration and upgrading; Research and develop new technologies for energy saving and consumption reduction to improve quality and efficiency, such as the upgrading and transformation of LED intelligent sensor lights in garages, and transformation of elevators and machine rooms for energy saving and consumption reduction, etc.
Reputation	<ul style="list-style-type: none"> Against the background of carbon peaking and carbon neutrality, the high energy consumption of Jinke Services may cause stakeholders (including the government and investors) to be concerned about the Company's operational efficiency and even compliance and responsibility fulfillment. 	<ul style="list-style-type: none"> Regularly disclose carbon emission and energy consumption data to boost the confidence of the stakeholders of Jinke Services.
Physical risks	<ul style="list-style-type: none"> The increase of extreme weather events in some parts of the world caused by global climate change, such as typhoons, thunderstorms and hailstones, will threaten the safe operation of infrastructure equipment and normal commuting of employees and cause breach of contract, compensation and legal liabilities due to interruption in businesses for Jinke Services. 	<ul style="list-style-type: none"> Continuously improve the emergency response mechanism and system; Formulate emergency management plans against extreme natural disasters and regularly carry out emergency drills.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6.2 Green Operation

Jinke Services strictly abides by laws and regulations such as the Energy Conservation Law of the People's Republic of China and issued the *Guidelines on Energy Conservation and Consumption Reduction* within the Company. The Company, utilizing precision energy management and technological transformation, etc., enhances energy and resource utilization efficiency and contributes to energy conservation and emission reduction in China.

In 2021, Jinke Services set environmental goals on four dimensions, namely, greenhouse gas reduction, energy conservation, water conservation, and waste emission/discharge reduction, and it planned the corresponding implementation paths to help the country achieve the goals of "carbon peaking by 2030 and carbon neutrality by 2060".

Goal category	Overall goal
Greenhouse gas emission reduction	Actively respond to the national goals of carbon peaking and carbon neutrality and strictly implement green operations
Energy conservation	Maximize the efficiency of energy use, and perform better in energy conservation than the China's energy consumption reduction target set forth in the "14th Five-Year Plan"
Water conservation	Minimize water consumption during business operations and set water saving targets that exceed China's water saving target in the "14th Five-Year Plan"
Waste discharge reduction	Minimize waste discharge and have 100% of hazardous waste treated harmlessly by qualified suppliers

Jinke Services has built the Jinke Services energy consumption monitoring system to monitor the use of energy and various resources and conduct online unified and precision management. Through the statistical analysis of daily energy consumption, the Company can timely spot abnormal energy consumption and take special measures to maximize energy utilization efficiency. Leveraging the energy consumption data comparison function of the system, the Company can optimize energy use strategies and predict future energy consumption trends to achieve scientific energy consumption management. The Company's business does not involve the use of product packaging materials.

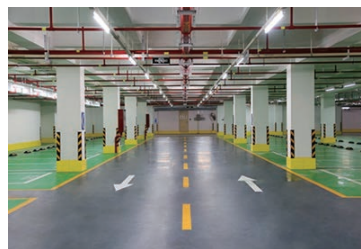
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Jinke Services implemented a number of energy-saving technological transformations to effectively reduce energy consumption

In 2021, Jinke Services implemented a number of energy-saving technological transformation measures in garages, elevators, and machine rooms and achieved significant results in energy conservation and emission reduction.

- Upgrading of garage LED smart sensor lamps

Jinke Services carried out the upgrading and transformation of the garage LED smart sensor lamps. Through the front-end installation of smart lighting fixtures, regional-level gateway settings, central control, back-end and mobile terminal level management, smart lighting has been put in place in garages and public areas of industrial parks (garages, sidewalks, sports venues, etc.). The renovation led to a more than 60% energy-saving rate over LED lights of the same power. As of November 2021, Jinke Services had implemented a total of 65 smart LED lamp projects that involved 12 regional companies across the country, upgrading a total of 47,783 lamps. After the implementation of the LED smart sensor lamp project, the total annual electricity cost saved is RMB5.497 million.



the LED lighting control system



Panel of the energy-efficient LED lamps

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Energy-saving transformation of elevator machine rooms

Jinke Services has carried out an energy-saving transformation of elevator air conditioners. By adding air conditioner intelligent temperature controllers, the starting temperature is further increased, thereby reducing energy waste caused by heating. This move will reduce energy consumption by over 50%. According to statistics, there are 1,020 machine rooms nationwide that meet the requirements for the transformation, and the cost-saving after the transformation is about RMB566,304.

- Renovation of elevator sliding guiding shoes

Jinke Services upgraded the elevator sliding guide shoes. After the upgrade, the elevator failure rate can be reduced and electric energy can be effectively saved. After the elevator renovation, the Jinke Hualin Jingyuan project can save 5,130 kWh of electricity a year and about RMB3,078 in annual electricity bills.

Jinke Services attaches great importance to water resource management. The Company strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, vigorously strengthens the management and control of water resources, and implements water efficiency initiatives. Through measures such as the use of water-saving equipment, the transformation of the greening irrigation system, and the installation of the reclaimed water recovery system, the Company reduces the consumption of water resources through various business activities and their impact on the water environment. We use leak detection instruments to regularly monitor the rainwater pipe network in communities, aiming to alleviate evaporating, emitting, dripping or leaking in time. All the water resources used by Jinke Services come from municipal water supply and do not involve water sourcing.

Table Resource Utilization of Jinke Services in 2020 and 2021²

Indicator	Unit	2021	2020
Electricity	MWh	159,909.59	123,007.40
Purchased heat	GJ	5,406.70	4,159.00
Gasoline	Tonne	21.18	14.70
Natural gas	Standard cubic meter	62,113.00	61,096.39
Comprehensive energy consumption	MWh	168,433.48	127,956.23
Comprehensive energy consumption density ³	MWh/million square meters	708.00	820.23
Total water consumption	Tonne	2,914,566.48	4,240,619.25
Water consumption density	Tonne/million square meters	12,251.23	27,183.46

² The collection of environmental data in 2021 covers the Company's headquarters, offices of subordinate companies and projects, and the non-shared public areas.

³ The denominator used for the calculation of comprehensive energy consumption intensity is Jinke Services' management areas in 2021, which is 237.9 million square meters, and the calculation basis is the *General Principles for the Calculation of Total Energy Consumption GB/T_2589-2020*.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Table Greenhouse gas emissions of Jinke Services in 2020 and 2021⁴

Indicator	Unit	2021	2020
Scope 1 greenhouse gas emissions	Tonne of CO ₂ equivalent	198.74	176.83
Scope 2 greenhouse gas emissions	Tonne of CO ₂ equivalent	92,908.07	75,047.26
Total greenhouse gas emissions	Tonne of CO ₂ equivalent	93,106.81	75,224.08
Greenhouse gas emission density	Tonne of CO ₂ equivalent/ million square meters	391.37	482.21

6.3 Green Community

Jinke Services strictly abides by relevant laws and regulations such as the Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, Law of the People's Republic of China on the Prevention and Control of Water Pollution, and Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, actively identifies sources of the wastes generated in project construction and operation stages and conducts proper disposal. We also carry out publicity and education activities on waste classification and adopt different waste classification models based on local conditions in a bid to create eco-friendly and green communities for property owners. Thanks to the nature of its business, the Company's impact on the environment and natural resources (including land resources and biodiversity, etc.) is overall small.

- *Waste Management*

The solid wastes generated in property management processes are mainly domestic wastes, construction wastes and green waste. The Company conducts waste management in accordance with the principles of "classified recycling, centralized storage, separate disposal, and comprehensive evaluation" and actively promotes resource recycling to effectively improve the utilization rate of waste and old resources. For municipal sanitation projects, Jinke Services has formulated the *Instructions on Municipal Sanitation System Operation*, which strictly regulates road waste control indicators, follows the procedures of garbage collection and transportation, and continuously guarantees the quality of its cleaning of road municipal facilities and landscape facilities. In 2021, Jinke Services was awarded "Excellent Service Provider" for its sanitation work and "Excellent Service Provider" for municipal road greening management and protection.

⁴ Direct greenhouse gas emission (Scope 1) includes carbon dioxide emissions from gasoline combustion of administrative vehicles and transport vehicles as well as direct carbon dioxide emissions from the use of natural gas. Indirect greenhouse gas emission (Scope 2) includes indirect carbon dioxide emissions from purchased electricity and heat. Conversion factors for greenhouse gas emissions from gasoline, natural gas usage, and purchased heat are based on the Guidelines on Enterprises Greenhouse Gas Emissions Accounting and Reporting for Other Industries; power consumption is calculated by reference to the Guidelines on Enterprises Greenhouse Gas Emissions Accounting and Reporting – Power Generation Facilities (Revised in 2022) published by the Ministry of Ecology and Environment of the PRC.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Multiple municipal honours were awarded to Jinke Services

- | | |
|---|---|
| Domestic waste | <ul style="list-style-type: none">• We entrust third-party institutions with professional qualifications to collect domestic wastes at regular locations, which are then transferred to the municipal sanitation department for collective processing; |
| Green waste and construction waste | <ul style="list-style-type: none">• We have established an environmental resource management system for online and precision management, and regularly entrust qualified third-party institutions to clean and transport green waste and construction waste;• We encourage the recycling of green waste for gardening fertilization to promote resource recycling; |
| Hazardous wastes | <ul style="list-style-type: none">• For hazardous wastes such as printer toner cartridges and waste light bulbs, etc., we strictly abide by the relevant hazardous waste disposal regulations in each project location, set up dedicated storage sites and a dedicated recycling process, and entrust qualified institutions to recycle them. |

The Company has established a “zero-waste community” management mechanism, clearly assigned responsibilities to individuals, actively improved the environmental supervision and management system, established a complaint/suggestion channel for environmental issues in communities, and timely collected community residents’ opinions through workshops and questionnaires.

In response to the government’s call to properly carry out waste classification in communities, the Company has conducted a variety of waste classification popularization activities and also made full use of its advantages in science and technology to make waste classification more fun and thus better incentivize and engage residents. In 2021, Jinke Services introduced an advanced digital points-based reward system “Resident Card for Smart Waste Classification” in projects such as Zhonghuafang and Central Park City and established a dedicated points record system for residents that participate in waste classification, which allows residents to exchange their points for corresponding daily necessities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Chongqing branch of Jinke Services vigorously took on waste classification

In 2021, the Chongqing branch of Jinke Services, in response to China government's call, actively promoted and popularized garbage classification in over 80 projects. Each project involves activities such as leaflet distribution, one-on-one-household publicity, and dedicated notice boards set on each floor. In doing so, the Company aims to promote the garbage classification policy, deepen residents' knowledge of garbage classification, and encourage them to actively participate in garbage classification initiatives. In addition, to refurbish the streets and build a high-quality community, the Chongqing branch of Jinke Services has spent more than RMB1.2 million on purchasing waste separation bins.

Case: The Shihu Zhijun project in Suzhou carried out multiple measures of waste classification

In 2021, the Shihu Zhiyun project in Suzhou strictly abides by the *Suzhou Municipal Regulations on the Management of Domestic Waste Classification* and takes multiple measures to actively and properly carry out domestic waste classification:

- Conduct point-to-point publicity with communities on domestic waste classification requirements and waste delivery time, etc.;
- Improve the hardware facilities and equipment of the project, and put up posters for domestic waste classification at key points and locations;
- Organize relevant training on domestic waste classification for staff to strengthen their awareness;
- Set up a project monitoring team to carry out two waste classification inspections from time to time.



Signs of waste classification

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: the Chongqing branch of Jinke Services conducted harmless treatment of green waste

The Chongqing branch of Jinke Services carried out harmless removal and transportation of green waste. In 2021, the projects of the Chongqing branch of Jinke Services treat a total of 7,396 tonnes of green waste, including 664.6 tonnes in January, 613.2 tonnes in March, 621.7 tonnes in June, 623.5 tonnes in August, and 646.86 tonnes in October, 1,235.4 tonnes in November and 806.1 tonnes in December.

- *Community Greening*

Community greening is an important part of green properties. In 2021, the Chongqing branch of Jinke Services initiated the “Green Highlights” initiative, the first batch of which included 10 greening highlights and 43 grass and flower spots, effectively enhancing the presence of greening in projects.



Examples of greening highlights

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6.4 Green Office

Jinke Services vigorously advocates green office, aiming to promote green property services and build low-carbon communities. The Company has formulated internal management measures such as *Management Measures of Administrative Routine Affairs of Jinke Smart Services Group Company Limited*, *158 Guidelines for Increasing Sources of Income and Reducing Expenditure in Administrative System*, and *80 Measures for Office Energy Conservation and Consumption Reduction of Jinke Services* to comprehensively regulate the energy consumption, water consumption, and resource management in daily office settings. The Company established an energy-conserving and consumption-reducing working group, designated employees dedicated to energy conservation and consumption reduction in each department and regional company, and established a data management and control mechanism for office costs. The Company conducts weekly office energy consumption inspections and regularly summarizes water, electricity, and energy consumption and reports the performance of the administrative system in increasing sources of income and reducing expenditure each quarter, incorporates them into the quarterly and annual performance assessment indicators of the relevant personnel in charge. In 2020, we obtained the ISO 14001 environmental management system certification.



Certificate of the ISO 14001 environmental management system certification

Jinke Services actively publicizes and implements measures of energy conservation and consumption reduction to inspire employees to establish awareness of green office. Through various measures including the inspection of water and power consumption, green office publicity through long posters, the implementation of changes to office computers, the publicity of energy consumption of each subsidiary, the strict control of procurement standards for office supplies and the advocacy of setting up shared treasure boxes for office supplies, the Company has spread green environmental protection awareness throughout the Company's daily operations and created a favourable atmosphere for green office.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Green office measures of Jinke Services

- | | |
|--------------------------|--|
| Low-carbon travel | <ul style="list-style-type: none">• Replacing business trips with video meetings to reduce the frequency of travel;• Carpooling with colleagues on self-drive business trips ;• Taking more walks and exercises. |
| Water-saving | <ul style="list-style-type: none">• Advocating the use of directly drinking water dispensers to eliminate the waste of drinking water ;• Using water appropriately and forming the habit of turning off the faucet;• Saving water by not keeping taps running when washing hands or cleaning items. |
| Green office | <ul style="list-style-type: none">• Rationing out office supplies and saving resources in dribs and drabs;• Bringing old items for new ones when requiring reusable office supplies;• Setting up a shared treasure box for office supplies (e.g., staplers, scissors), which can be used on demand in daily office operations and returned after use;• Making the best use of things. Items such as dovetail clips, paper clips, document bags and lamps must be recycled and reused, and should not be discarded at will;• Providing no meeting materials for internal meetings, and attendees should bring their own water cups, paper and pens. |
| Green paper use | <ul style="list-style-type: none">• Circulating documents in electronic version as much as possible, except for important documents that should be printed on both sides;• Previewing before printing for the adjustment of the printing format, encouraging black and white printing, and reducing color printing;• Placing a “green recycling bins” next to printers/printers to collect and use reusable paper;• Not allowing printers to be used by non-staff people and asking employees to bring paper for their own use and leave none there. |

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Table Amount of wastes generated at Jinke Services in 2021

Indicator	Unit	Amount
Used toner cartridges	kg	534.75
Used ink cartridges	kg	52.36
Waste light bulbs	kg	1,367.88
Waste batteries	kg	179.71
Waste electronic products	kg	834.93
Total amount of hazardous waste discharge	kg	2,969.63
Density of hazardous waste discharge	kg/million square meters	12.48
Construction waste	kg	31,484,923.00
Greening waste	kg	994,116.36
Kitchen waste	kg	32,479,039.36
Total amount of harmless waste discharge	kg	136,523.91
Density of harmless waste discharge	kg/million square meters	534.75

Table Waste gas pollutants for Jinke Services in 2021⁵

Pollutant type	Unit	Amount
Total amount of sulfur oxides emission	kg	0.43
Total amount of nitrogen oxides emission	kg	225.78
Total amount of particulate matter emission	kg	21.63

5 Jinke Services does not generate wastewater, waste gas or other emissions or discharges during the course of its operations; the waste gas related to it is the waste gas emission from the combustion of gasoline, and the conversion factor is adopted by reference to the *Appendix 2: Reporting Guidance on Environmental KPIs of the HKEX ESG Guidance*.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

7. COMMUNITY SERVICES

Jinke Services adheres to the concept of “giving back to the society with heart and gratitude”. Bearing the public duty in mind, we would set an example for the community and take immediate actions whenever emergencies occur. We also encourage our employees to actively fulfil their social obligations and participate in various voluntary activities so as to play an active role in communities.

7.1 Disaster Relief

In 2021, facing major natural disasters such as heavy rainfall in Henan Province and landfall of typhoon in Zhoushan City as well as the sudden Covid-19, Jinke Services responded immediately. Jinke service responded at the first time, we tried our best to safeguard community safety during those emergencies and actively dedicated ourselves to the post-disaster repair and reconstruction. With practical actions, we helped property owners solve various problems and go through those tough periods together.

Case: Active flood prevention and response to Typhoon In-Fa

In July 2021, typhoon In-Fa landed in Putuo District, Zhoushan City. Faced with the threat of typhoon, Jinke Services launched emergency plans in the communities that may be affected, which included preparing various flood control supplies and increasing the frequency of community patrol. In Qinglin Bay, Ningbo, to keep property owners' cars in safe place, responsible project staff put extra efforts into work and initiated a “car-moving operation” to ensure property owners' property safety.



Flood prevention at Qinglin Bay, Ningbo



Car-moving efforts

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: All-round and “hard-core” pandemic prevention and control for the life and health of urban residents

In 2021, the number of people infected with COVID-19 in China rebounded in many provinces, which made epidemic prevention and control a grave and complicated task. Jinke Services, upholding the principle of “fast, stringent and meticulous”, promptly established an emergency response team for epidemic prevention and control, which adopted measures such as epidemic prevention publicity, thorough disinfection, and strict entry and exit control and established a firm first line of defence.

The Company assigned more personnel on 24-hour duty in the management area to disband some public gatherings in a timely manner. We also equipped more spots with medical waste bins for used masks, hand sanitizers and mask supply in the public areas to avoid secondary pollution and to provide property owners and customers with prompt help.

In addition, the Company organized an on-demand volunteer group which consists of butlers and staff responsible for security. They ran errands for property owners and provided services such as purchasing daily necessities, receiving express delivery, and recycling garbage when needed. They whole-heartedly took care of the living needs of property owners and ensured their health and safety.



Jinke Services anti-epidemic volunteer group

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Employees in Jinke Services participated in the flood prevention on the front line against heavy rainfall in Henan Province

7.2 Volunteer Activities

Since Jinke Service established a large community volunteer team in 2017, the Company has also been committed to instilling the spirit of voluntary services in its employees and encouraging them to participate in public welfare activities. Meanwhile, in line with its customer-centred philosophy, it has formulated targeted service plans for empty-nesters, left-behind children and the physically challenged and built volunteer teams composed of both property owners and employees, contributing its share to community prosperity and jointly improving residents' sense of happiness. The Party committee of Jinke Services has continually carried out activities of caring for children in mountainous areas; it has continually donated educational and sports supplies to Shibao Primary School in Guanqing Township, Youyang County for many years and has accumulatively donated tens of thousands of yuan, actively fulfilling social responsibilities and showing care and kindness.



Care for empty-nesters



Care for left-behind children



Public good activities organized by the Party committee

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Employees in Jinke Services participated in the anti-epidemic voluntary activities in Jinzhou, Dalian and Nanjing

As the epidemic situation became more severe in some parts of Dalian in 2021, many employees of Jinke Services in Dalian volunteered to engage in epidemic prevention and control to help community residents for up to 34 days. In addition, after the outbreak of the epidemic in Nanjing on July 20, 11 members of Jinke Bocui Garden Project actively responded to the call of the government and the Company and joined the community volunteer group and fought side by side with medical personnel.



Epidemic prevention and control in Dalian



Volunteers in Red Vest assisted in nucleic acid testing under the scorching sun

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Employees of Jinke Services cleared the snow on roads

In November 2021 when heavy snowfall in Urumqi caused inconvenience to the regular travel in the airport, property service staff of Jinke Services cleared the snow on roads and in industrial parks with gusto. Staff from property service posts also volunteered to clear the snow with tools such as snow pushers to ensure that travel on roads and in industrial parks would not be hindered by the snow.



Employees in Jinke Services removed the snow from roads to ensure that the road is clear

INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

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

OPINION

What we have audited

The consolidated financial statements of Jinke Smart Services Group Co., Ltd. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 147 to 247, comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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 disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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

Independence

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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.

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

- Impairment assessment of trade receivables
- Impairment assessment of other receivables

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>Impairment assessment of trade receivables</p> <p>Refer to Note 4(a) “Critical accounting estimates and judgments” and Note 22 “Trade and bill and other receivables and prepayments” to the consolidated financial statements.</p> <p>As at 31 December 2021, the gross amount of trade receivables of the Group amounted to approximately RMB2,082,210,000, which represented approximately 20% of the total assets of the Group. Management has assessed the expected credit losses (“ECL”) of trade receivables and the Group has recognized loss allowance on these trade receivables of approximately RMB78,183,000 as at 31 December 2021.</p> <p>The Group applied the HKFRS 9 simplified approach to measure lifetime ECL allowance for trade receivables.</p> <p>Management estimated the ECL rates of trade receivables collectively by grouping the trade receivables based on shared credit risk characteristics and aging periods, and considering the market conditions, their knowledge about the customers group (including their credit ratings, financial capability and payment histories), and the current and forward-looking information on macroeconomic factors that might affect the ability of the customers to settle the related receivables.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ol style="list-style-type: none">1) Obtained an understanding of management’s impairment assessment process over ECL of trade receivables. We discussed with management to understand the ECL impairment model, key assumptions and estimates as they adopted for determining the ECL rates;2) Understood, evaluated and tested the key controls, on sample basis, in place over management’s assessment on the ECL and ageing analysis review of trade receivables;3) Assessed the inherent risk of material misstatement of ECL of trade receivables by considering the degree of estimation uncertainty and level of other inherent risk factors;4) Evaluated the outcome of prior period assessment of provision for ECL of trade receivables to assess the effectiveness of management’s estimation process by comparing the ECL as estimated in the prior year against the actual collection performance of the debtors in the current year.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters

We identified the impairment assessment of trade receivables as a key audit matter due to the significance of the balance to the consolidated financial statements, combined with the significant degree of estimation uncertainty in relation to the ECL assessment.

How our audit addressed the Key Audit Matters

- 5) Evaluated management's estimation on the ECL by considering the credit ratings and financial capability of the customers against the public available information, and the cash collection performance against the historical payment records;
- 6) Evaluated the appropriateness of the current and forward-looking macroeconomic factors as adopted by management in the ECL assessment by reference to our industry knowledge and relevant authoritative macroeconomic data that might affect the ability of customers to settle the receivables in the future;
- 7) Tested, on a sample basis, the accuracy of ageing analysis of trade receivables prepared by management to the sales invoice, demand notes and other related supporting documents; and
- 8) Checked the mathematical accuracy of the ECL calculation for the loss allowance on trade receivables.

Based on the above, we considered that the significant judgements and estimates made by management in relation to the impairment assessment of trade receivables were supportable by the evidence obtained and procedures performed.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters

How our audit addressed the Key Audit Matters

Impairment assessment of other receivables

Refer to Note 4(a) "Critical accounting estimates and judgments" and Note 22 "Trade and bill and other receivables and prepayments" to the consolidated financial statements.

As at 31 December 2021, the gross amount of other receivables of the Group amounted to approximately RMB1,669,200,000, which represented approximately 16% of the total assets of the Group. Management has assessed the ECL of other receivables and the Group has recognized loss allowance on these other receivables of approximately RMB18,445,000 as at 31 December 2021.

The Group applied the 3-stage model approach to measure ECL allowance for other receivables.

Management estimated the ECL rates of other receivables collectively by grouping the other receivables based on shared credit risk characteristics, and considering the market conditions, their knowledge about the customers group (including their credit ratings, financial capability and payment histories), and the current and forward-looking information on macroeconomic factors that might affect the ability of the customers to settle the related receivables.

We identified the impairment assessment of other receivables as a key audit matter due to the significance of the balance to the consolidated financial statements, combined with the significant degree of estimation uncertainty in relation to the ECL assessment.

We have performed the following procedures to address this key audit matter:

- 1) Obtained an understanding of management's impairment assessment process over ECL of other receivables. We discussed with management to understand the ECL impairment model, key assumptions and estimates as they adopted for determining the ECL rates;
- 2) Assessed the inherent risk of material misstatement of ECL of other receivables by considering the degree of estimation uncertainty and level of other inherent risk factors;
- 3) Evaluated the outcome of prior period assessment of provision for ECL of other receivables to assess the effectiveness of management's estimation process by comparing the ECL as estimated in the prior year against the actual collection performance of the debtors in the current year.
- 4) Evaluated management's estimation on the ECL by considering the credit ratings and financial capability of the customers against the public available information, and the cash collection performance against the historical payment records;
- 5) Evaluated the appropriateness of the current and forward-looking macroeconomic factors as adopted by management in the ECL assessment by reference to our industry knowledge and relevant authoritative macroeconomic data that might affect the ability of customers to settle the receivables in the future;

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters

How our audit addressed the Key Audit Matters

- 6) Tested, on a sample basis, the accuracy of ageing analysis of other receivables prepared by management to the contracts, bank receipts and other related supporting documents; and
- 7) Checked the mathematical accuracy of the ECL calculation for the loss allowance on other receivables.

Based on the above, we considered that the significant judgements and estimates made by management in relation to the impairment assessment of other receivables were supportable by the evidence obtained and procedures performed.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of 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 DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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 HKSA's, we exercise professional judgment 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.
- 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.

INDEPENDENT AUDITOR'S REPORT

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

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

From the matters communicated with Those Charged with Governance, 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 Yeung Chor Ho.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 29 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Year ended 31 December	
		2021 RMB'000	2020 RMB'000 (Restated, Note 34)
Revenue	6	5,968,448	3,371,878
Cost of sales	8	<u>(4,122,014)</u>	<u>(2,362,589)</u>
Gross profit		1,846,434	1,009,289
Selling and marketing expenses	8	(3,073)	(1,672)
Administrative expenses	8	(481,288)	(251,600)
Net impairment losses on financial assets	3.1.3	(68,728)	(8,209)
Other income	7	25,223	47,908
Other losses – net	10	<u>(26,957)</u>	<u>(37,269)</u>
Operating profit		1,291,611	758,447
Finance income		26,732	85,394
Finance cost		<u>(1,591)</u>	<u>(76,988)</u>
Finance income – net	11	<u>25,141</u>	<u>8,406</u>
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method	15	4,101	(845)
Profit before income tax		1,320,853	766,008
Income tax expenses	12	<u>(244,023)</u>	<u>(133,791)</u>
Profit and total comprehensive income for the year		<u>1,076,830</u>	<u>632,217</u>
Profit and total comprehensive income attributable to:			
– Owners of the Company		1,057,182	616,616
– Non-controlling interests		<u>19,648</u>	<u>15,601</u>
		<u>1,076,830</u>	<u>632,217</u>
Earnings per share (expressed in RMB per share)			
– Basic and diluted earnings per share	13	<u>1.62</u>	<u>1.24</u>

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		As at 31 December	
	Note	2021 RMB'000	2020 RMB'000 (Restated, Note 34)
Assets			
Non-current assets			
Property, plant and equipment	16	90,219	33,779
Right-of-use assets	16	192,625	49,235
Goodwill	17	410,041	–
Other intangible assets	17	130,752	9,988
Investments in associates and joint ventures	15	47,159	4,850
Prepayments for acquisition of entity interests	22	92,774	6,049
Deferred income tax assets	31	19,936	5,515
		<u>983,506</u>	<u>109,416</u>
Current assets			
Inventories	19	22,866	16,273
Other assets	20	53,320	60,602
Trade and bill and other receivables and prepayments	22	4,210,273	1,581,633
Restricted cash	24	2,083	364
Term deposits	25	245,169	–
Cash and cash equivalents	23	4,922,276	6,856,275
		<u>9,455,987</u>	<u>8,515,147</u>
Total assets		<u><u>10,439,493</u></u>	<u><u>8,624,563</u></u>
Equity			
Equity attributable to owners of the Company			
Share capital	27	652,848	652,848
Other reserves	28	5,800,761	5,995,270
Retained earnings	28	1,203,396	550,218
		<u>7,657,005</u>	<u>7,198,336</u>
Non-controlling interests		<u>72,971</u>	<u>38,311</u>
Total equity		<u><u>7,729,976</u></u>	<u><u>7,236,647</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	As at 31 December	
		2021 RMB'000	2020 RMB'000 (Restated, Note 34)
Liabilities			
Non-current liabilities			
Lease liabilities	30	176,281	45,406
Deferred income tax liabilities	31	16,968	676
		<u>193,249</u>	<u>46,082</u>
Current liabilities			
Trade and bill and other payables	29	1,725,480	879,215
Lease liabilities	30	23,993	3,245
Contract liabilities	6(a)	586,192	386,897
Current income tax liabilities		180,603	72,477
		<u>2,516,268</u>	<u>1,341,834</u>
Total liabilities		<u>2,709,517</u>	<u>1,387,916</u>
Total equity and liabilities		<u>10,439,493</u>	<u>8,624,563</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 147 to 247 were approved by the Board of Directors on 29 March 2022 and were signed on its behalf.

Mr. Xia Shaofei
Chairman & Executive Director

Mr. Xu Guofu
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Attributable to owners of the Company				Non-controlling interests RMB'000	Total equity RMB'000
		Share capital	Other reserves	Retained earnings	Total		
		RMB'000 (Note 27)	RMB'000 (Note 28)	RMB'000	RMB'000		
Balance at 31 December 2019		50,000	25,000	407,700	482,700	22,295	504,995
Business combination under common control	34(a)	–	2,000	(16,838)	(14,838)	–	(14,838)
Balance at 1 January 2020, adjusted		50,000	27,000	390,862	467,862	22,295	490,157
Comprehensive income							
Profit for the year		–	–	616,616	616,616	15,601	632,217
Transactions with owners of the Company							
Transfer from reserves to share capital		405,473	(5,195)	(400,278)	–	–	–
Capital contribution from owners		44,527	433,525	–	478,052	–	478,052
Issue of shares in connection with the Listing		152,848	5,496,007	–	5,648,855	–	5,648,855
Capital contribution from non-controlling interests		–	–	–	–	3,807	3,807
Disposal of subsidiaries		–	–	–	–	(100)	(100)
Acquisition of additional interests in subsidiaries		–	(12,222)	–	(12,222)	(3,237)	(15,459)
Change in ownership interests in subsidiaries without change of control		–	(827)	–	(827)	3,143	2,316
Dividend declared to non-controlling interests		–	–	–	–	(3,198)	(3,198)
Appropriation of statutory reserves	28(a)	–	56,982	(56,982)	–	–	–
Balance at 31 December 2020		<u>652,848</u>	<u>5,995,270</u>	<u>550,218</u>	<u>7,198,336</u>	<u>38,311</u>	<u>7,236,647</u>
Balance at 1 January 2021		652,848	5,995,270	550,218	7,198,336	38,311	7,236,647
Comprehensive income							
Profit for the year		–	–	1,057,182	1,057,182	19,648	1,076,830
Transactions with owners of the Company							
Capital contribution from non-controlling interests		–	–	–	–	14,324	14,324
Acquisition of subsidiaries	34(b)	–	–	–	–	11,039	11,039
Acquisition of additional interests in a subsidiary		–	20	–	20	(1,970)	(1,950)
Dividend declared to shareholders of the Company	32	–	–	(326,424)	(326,424)	–	(326,424)
Dividend declared to non-controlling interests		–	–	–	–	(6,062)	(6,062)
Purchase of shares in connection with share award scheme	28(b)	–	(13,281)	–	(13,281)	–	(13,281)
Business combination under common control	34(a)	–	(261,000)	–	(261,000)	–	(261,000)
Change in ownership interests in a subsidiary without change of control		–	(434)	–	(434)	434	–
Other transactions with non-controlling interests		–	2,606	–	2,606	(2,753)	(147)
Appropriation of statutory reserves	28(a)	–	77,580	(77,580)	–	–	–
Balance at 31 December 2021		<u>652,848</u>	<u>5,800,761</u>	<u>1,203,396</u>	<u>7,657,005</u>	<u>72,971</u>	<u>7,729,976</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Year ended 31 December	
		2021 RMB'000	2020 RMB'000 (Restated)
Cash flows from operating activities			
Cash generated from operations	33	576,183	245,359
Interest received		22,762	10,294
Income tax paid		(153,661)	(123,514)
Net cash generated from operating activities		445,284	132,139
Cash flows from investing activities			
Purchases of property, plant and equipment		(54,079)	(12,131)
Purchase of intangible assets		(11,235)	(7,402)
Proceeds from disposal of property, plant and equipment and intangible assets		1,688	176
Proceeds from disposal of other assets		6,826	14,542
Acquisition of financial assets at fair value through profit or loss	26	(10,000)	–
Proceeds from disposal of financial assets at fair value through profit or loss	26	24,892	–
Cash received from settlement of derivative financial instruments	10	49,795	–
Increase in term deposits		(245,169)	–
Interest received		1,289	–
Increase in performance guarantee deposits for acquisition of equity interests		(600,000)	–
Advances to related parties	35(b)	–	(398,000)
Repayments from related parties	35(b)	–	2,585,208
Capital injection to the associate and joint ventures	15	(38,437)	(5,535)
Deregistration of a joint venture	15	229	–
Acquisition of subsidiaries (net of cash and cash equivalent acquired)	34(b)	(331,631)	–
Prepayments for acquisition of equity interests	22	(92,774)	(6,049)
Disposal of subsidiaries (net of cash and cash equivalents disposed)		–	58,436
Net cash (used in)/generated from investing activities		(1,298,606)	2,229,245

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Year ended 31 December	
		2021 RMB'000	2020 RMB'000 (Restated)
Cash flows from financing activities			
Capital contribution from owners		–	478,052
Proceeds from issue of ordinary shares		–	5,791,393
Repayments of borrowings	33(b)	–	(1,830,000)
Interest paid	33(b)	–	(88,862)
Dividends paid to shareholders	33(b)	(326,716)	(2,828)
Principal elements and interest elements of lease payments	33(b)	(8,838)	(4,267)
Dividends paid to non-controlling interests	33(b)	(6,187)	–
Listing expenses paid		(6,950)	(131,134)
Transaction with non-controlling interests		(2,097)	(15,459)
Capital contribution from non-controlling interests		14,324	3,807
Purchase of shares for share award scheme	28	(13,281)	–
Payment of acquisition of the entity under common control	34(a)	(240,500)	–
Increase in performance guarantee deposits for acquisition of the entity under common control		(400,000)	–
Net cash (used in)/generated from financing activities		(990,245)	4,200,702
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year		6,856,275	334,492
Exchange losses on cash and cash equivalents		(90,432)	(40,303)
Cash and cash equivalents at end of year		4,922,276	6,856,275

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Jinke Smart Services Group Co., Ltd. (the “Company” or “Jinke Services”, formerly known as “Jinke Property Service Group Co., Ltd.”) was established in the People’s Republic of China (the “PRC”) as a limited liability company on 18 July 2000. The address of the Company’s registered office is Jinke Garden, Wuhuang Road, Wulidian Street, Jiangbei District, Chongqing, PRC.

The Company’s shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 17 November 2020 (the “Listing”).

The Company and its subsidiaries (the “Group”) are primarily engaged in the provision of space property management services, community value-added services, local catering services and smart living technology solutions in the PRC.

The Company’s parent company is Jinke Property Group Co., Ltd. (“Jinke Property”), a real estate company established in the PRC and listed on the Shenzhen Stock Exchange Co., Ltd., stock code SZ 000656.

The outbreak of the 2019 Novel Coronavirus (the “COVID-19”) had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the property management industry. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group. As at the date that the consolidated financial information is authorised for issue, COVID-19 does not have any material adverse impact on the financial position and operating result of the Group.

During the year ended 31 December 2021, the Group acquired 100% of the equity interests of Chongqing Jinke Jinchen Hotel Management Co., Ltd. (“Jinchen Hotel”) from Chongqing Jinke Enterprise Management Group Co., Ltd. (“Jinke Enterprise Management”), a company established in the PRC with limited liability and is a subsidiary of Jinke Property. The acquisition was accounted for as business combinations under common control (Note 2.3).

This consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors (the “Board”) on 29 March 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

(c) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting year commencing 1 January 2021 and there is no material impact on the Group’s consolidated financial statement:

Interest Rate Benchmark Reform – phase 2 – amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(d) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
Hong Kong Accounting Standards ("HKAS") 16 (Amendment)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKAS 37 (Amendment)	Onerous Contracts – Cost to Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendment)	Reference to the Conceptual Framework	1 January 2022
Annual improvements to HKFRS standards 2018 – 2020	Annual improvements to HKFRS standards 2018 – 2020	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combinations	1 January 2022
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 January 2023
Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	Applied when an entity applies HKAS 1 (Amendment)
HKFRS 4 (Amendment)	Intension of the Temporary Exception from Applying HKFRS 9	1 January 2023
HKFRS 17	Insurance Contract	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendment)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendment)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(d) New standards and interpretations not yet adopted (Continued)

The Group has already commenced an assessment of the impact of these new standards and amendments. According to the preliminary assessment made by the Group, no significant impact on the Group's consolidated financial statements is expected when they become effective.

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

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

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

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

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

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see Note 2.2(d) below), after initially being recognized at cost.

(c) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has joint ventures.

Interests in joint ventures are accounted for using the equity method (see Note 2.2(d) below), after initially being recognized at cost in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Principles of consolidation and equity accounting *(Continued)*

(d) Equity method

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

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

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.9.

(e) Changes in ownership interests in subsidiaries without change of control

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

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Business combinations

(a) Business combinations under common control

The consolidated financial statements incorporates the financial statement items of the entities of businesses in which the common control combination occurs as if they had been consolidated from the date when the entities of businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognized in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealized gains on transactions between combining entities or business are eliminated on consolidation.

(b) Business combinations not under common control

The acquisition method of accounting is used to account for all business combinations not under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Business combinations *(Continued)*

(b) Business combinations not under common control (Continued)

Acquisition-related costs are expensed as incurred.

The excess of the:

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

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

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

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

2.4 Separate financial statements

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized within “Other losses – net” in the consolidated statement of comprehensive income.

2.7 Property, plant and equipment

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

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

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

– Buildings	35 years
– Equipment and machinery	5-10 years
– Vehicles	5 years
– Furniture	5 years
– Leasehold improvements	2-10 years
– Right-of-use assets	1-15 years

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Property, plant and equipment *(Continued)*

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other losses – net" in the consolidated statement of comprehensive income.

2.8 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.3. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(b) Software

Computer software are initially recognized and measured at costs incurred to acquire and bring them to use. Computer software are amortized over their estimated useful lives (generally 5 or 10 years, based on management's expectation on the technological lives of the systems), using the straight-line method which reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Intangible assets *(Continued)*

(b) Software (Continued)

Costs associated with maintaining software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products, for example, applications, controlled by the Group are recognized as intangible assets when the following criteria are met:

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

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

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

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

(c) Customer relationships

Customer relationship is recognized through business combinations (Note 34). Customer relationship acquired in a business combination is recognized at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortization is calculated using the straight-line method over the expected life of 10 years for the customer relationship.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Investments and other financial assets

(a) Classification

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

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

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

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

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

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Investments and other financial assets *(Continued)*

(c) Measurement

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

Debt instruments

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

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in “Other losses – net” together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in “Other losses – net”. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in “Other losses – net” and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within “Other losses – net” in the period in which it arises.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Investments and other financial assets *(Continued)*

(c) Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in "Other losses – net" in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 22 for further details. The provision matrix is determined based on historical observed default rates over the expected life of trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Financial guarantee contracts

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments, and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognized as part of the cost of the investment.

2.13 Derivatives

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss and are included in “other losses – net”.

2.14 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Other assets

Other assets represent parking lots and are initially recognized and measured at costs incurred to acquire. Other assets are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price of disposals, less the estimated costs of completion and the estimated costs necessary to make the disposals.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within “Other losses – net” in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 Trade and other receivables

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

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 22 for further information about the Group's accounting for trade receivables and Note 3.1.3 for a description of the Group's impairment policies.

2.17 Cash and cash equivalents, term deposits and restricted cash

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank deposits with initial terms of over three months are included in "term deposits" in the consolidated statement of financial position.

Bank deposits which are restricted to use are included in "restricted cash" in the consolidated statement of financial position.

2.18 Share capital

Ordinary shares are classified as equity.

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

2.19 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

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

(b) Deferred income tax

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

Deferred income tax assets are recognized only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority. Current income tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Employee benefits

(a) Pension obligations

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

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

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

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

(c) Termination benefits

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

(d) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statements of financial position.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.22 Provisions

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

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

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

2.23 Revenue recognition

Revenues are recognized when or as the control of the goods or services is transferred to the customer. Depending the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

The Group provides space property management services, community value-added services, local catering services and smart living technology solutions.

(a) Space property management services

For space property management services provided to resident and non-resident properties, the Group bills a fixed amount for services provided on a monthly basis and recognizes as revenue in the amount to which the Group has a right to bill and that corresponds directly with the value of performance completed. Revenue from providing space property management services is recognized in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group's performance when the Group performs.

For space property management services income from properties managed under lump sum basis, where the Group acts as principal and is responsible for providing the property management services to the property owners, the Group is entitled to revenue at the value of property management services fee received or receivable and recognizes all related property management costs as its cost of service.

For space property management service income from properties managed under commission basis, where the Group acts as an agent of the property owner, the Group recognizes the commission, which is calculated by a pre-determined percentage of the property management fee receivable by the properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 Revenue recognition *(Continued)*

(a) Space property management services (Continued)

Space property management services provided to non-property owners primarily consist of: (i) sales assistance services, primarily include visitors reception, on-site cleaning, security, repair and maintenance services to assist property developers in showcasing and marketing their properties at the pre-sale stage of property sales, (ii) pre-delivery services, including cleaning, inspection, repair and maintenance services to non-property owners at the pre-delivery stage and to a lesser extent, repair and maintenances services after delivery where such services are required by property developers based on inspection of relevant properties, and (iii) consultancy and other services including consultancy services for property developers and property management companies on project planning and management as well as other value-added services such as printing and documentation services, and (iv) sales of customized goods.

The Group agrees the price for each service with the customers upfront and issues the monthly or quarterly bill to the customers which varies based on the actual level of service completed in that month. Revenue is recognized when the services are rendered.

For sales of customized goods, the Group procures products from suppliers and sells to the non-property owners after customized processing. Sales of goods are recognized when the Group delivers the goods to the customers.

(b) Community value-added services

Community value-added services primarily consist of: (i) home-living services, which primarily include sales of goods, and home cleaning services, (ii) community management services, which primarily include common area maintenance services, such as waste disposal services, as well as public resources management services, such as public spaces leasing, delivery services and advertising services, (iii) home decoration services, which refers to home decoration services and move-in furnishing services, and (iv) comprehensive living and traveling services, which primarily include property agency services and travel agency services.

Revenue is recognized when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer.

For sales of goods, the Group procures merchandise from suppliers and sells goods to the property owners and corporate customers. Sales of goods are recognized when the Group delivers the goods to the customers.

The Group acts as a sales agent for property owners and provides residential property agency services, which charge such property owners a commission calculated based on the contract purchase price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 Revenue recognition *(Continued)*

(c) Local catering services

Local catering services primarily include (i) group meals, which refers to providing canteen management for non-property owners, (ii) hotel management, (iii) community stores, which refers to stores opened in community such as cafe, restaurants, (iv) supply chain operations, which refers to supply management of group meals.

Revenue is recognized when the local catering services are rendered to the customer.

(d) Smart living technology solutions

Smart living technology solutions primarily include (i) smart design services, which refers to providing smart function solutions in relation to project construction for property developers and selling technology products to property owners, (ii) smart on-site service, which refers to providing technology services for property developers during the pre-sale or property sales stages, (iii) smart integrated operation platform services, including the development, customization, installation and maintenance of IBMS (intelligent building management system) operation platforms.

Revenue is recognized when the smart living technology solutions are rendered to the customer.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.24 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortized cost calculated using the effective interest method is recognized in profit or loss and presented in the consolidated statement of comprehensive income as “other income”.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

2.25 Leases

The Group leases certain properties. Rental contracts are typically made for fixed periods of 1 to 15 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.25 Leases *(Continued)*

To determine the incremental borrowing rate, the Group:

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

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

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

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

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

Payments associate with short-term leases terms of 12 months or less and leases of low-value assets are recognized on a straight-line basis over the lease term as an expense in profit or loss.

2.26 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.27 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.28 Government grants

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

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.1 Foreign exchange risk

The Group's businesses are principally conducted in RMB, which is the functional currency of the Group. Foreign currency transaction included mainly receipts of proceeds from the Listing on the Main Board of the Stock Exchange and payment of professional fees which are denominated in Hong Kong dollars ("HK\$"), and a subsidiary denominates in United States dollars ("US\$") other than their functional currencies. As at 31 December 2021, non-RMB assets are restricted cash of RMB113,000, term deposits of RMB245,169,000 denominated in HK\$, cash and cash equivalents of RMB805,236,000 and RMB6,430,000 denominated in HK\$ and US\$ respectively. Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations. The Group has a foreign currency hedging policy, and manage its foreign currency risk by closely monitoring the movement of foreign currency rate.

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

	As at 31 December	
	2021 RMB'000	2020 RMB'000
– Restricted cash HK\$	113	–
– Term deposits HK\$	245,169	–
– Cash and cash equivalents HK\$	805,236	5,638,409
US\$	6,430	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.1 Foreign exchange risk (Continued)

The aggregate net foreign exchange losses recognized in profit or loss were:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Net foreign exchange losses included in other losses	(77,522)	(40,303)

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

	As at 31 December	
	2021 RMB'000	2020 RMB'000
5% increase in RMB against HK\$	(42,546)	(231,175)
5% decrease in RMB against HK\$	42,546	231,175
5% increase in RMB against US\$	(260)	–
5% decrease in RMB against US\$	260	–

3.1.2 Market risk

Cash flow and fair value interest rate risk

Other than interest-bearing cash and cash equivalents, the Group has no other significant interest-bearing assets for liabilities. The directors of the Company do not anticipate there is any significant impact to interest-bearing assets and liabilities resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.3 Credit risk

The Group is exposed to credit risk in relation to its trade and bill and other receivables, cash and cash equivalents, term deposits and restricted cash. The carrying amounts of trade and bill and other receivables, cash and cash equivalents, term deposits and restricted cash represent the Group's maximum exposure to credit risk in relation to financial assets.

(a) Cash deposits at banks

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

(b) Trade and bill receivables

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected losses provision for trade receivables.

Trade receivables have been assessed for impairment on a collective basis based on different credit risk characteristics. Trade receivables are categorised as follows for assessment purpose:

- Group 1: Trade receivables due from Jinke Property and its subsidiaries
- Group 2: Trade receivables due from third parties arising from resident properties
- Group 3: Trade receivables due from associates and joint ventures of the Company and Jinke Property Group and third parties arising from non-resident properties

As at 31 December 2021, the management considered the credit risk associated with bill receivables was insignificant. (31 December 2020: same).

(c) Other receivables

Other receivables have been assessed for impairment on a collective basis based on different credit risk characteristics. Other receivables (excluding prepayments to suppliers and input value-added tax ("VAT") to be deducted) are categorised as follows for assessment purpose:

- Group 1 Other receivables due from related parties
- Group 2 Other receivables due from third parties

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.3 Credit risk *(Continued)*

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

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

A summary of the assumptions underpinning the Group's ECL model is as follows:

Category	Group definition of category	Basis for recognition of ECL provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1).
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime expected losses (stage 2).
Non-performing	Interest and/or principal repayments are 90 days past due	Lifetime expected losses (stage 3).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Credit risk (Continued)

The Group accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking information on macroeconomic factors.

As at 31 December 2021, the loss allowance provision for the trade receivables was determined as follows. The ECL below also incorporated forward looking information.

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Trade receivables (Group 1) At 31 December 2021							
Expected loss rate	1.69%	1.71%	1.71%	1.71%	1.71%	1.71%	
Gross carrying amount (RMB' 000)	281,735	995	14	-	-	-	282,744
Loss allowance provision (RMB' 000)	<u>4,770</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,787</u>

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Trade receivables (Group 2) At 31 December 2021							
Expected loss rate	1.07%	16.94%	54.85%	100.00%	100.00%	100.00%	
Gross carrying amount (RMB' 000)	771,314	41,464	15,190	1,733	-	-	829,701
Loss allowance provision (RMB' 000)	<u>8,232</u>	<u>7,025</u>	<u>8,332</u>	<u>1,733</u>	<u>-</u>	<u>-</u>	<u>25,322</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Credit risk (Continued)

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Trade receivables (Group 3) At 31 December 2021							
Expected loss rate	3.18%	13.50%	52.36%	78.06%	100.00%	100.00%	
Gross carrying amount (RMB' 000)	838,086	125,093	4,293	237	2,027	29	969,765
Loss allowance provision (RMB' 000)	<u>26,692</u>	<u>16,893</u>	<u>2,248</u>	<u>185</u>	<u>2,027</u>	<u>29</u>	<u>48,074</u>

As at 31 December 2020, the loss allowance provision for the trade receivables due from Jinke Property and its subsidiaries were considered to be low because these entities have strong ability to fulfill their contractual cash flow responsibilities in a short time. On that basis, as at 31 December 2020, the loss allowance provision for the trade receivables was determined as follows. The ECL below also incorporated forward looking information.

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Trade receivables (Group 2) At 31 December 2020 (Restated)							
Expected loss rate	1%	5%	20%	50%	50%	100%	
Gross carrying amount (RMB' 000)	443,447	33,029	3,318	108	–	9	479,911
Loss allowance provision (RMB' 000)	<u>4,434</u>	<u>1,651</u>	<u>664</u>	<u>54</u>	<u>–</u>	<u>9</u>	<u>6,812</u>

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Trade receivables (Group 3) At 31 December 2020 (Restated)							
Expected loss rate	1%	5%	20%	50%	50%	100%	
Gross carrying amount (RMB' 000)	326,616	8,048	696	2,051	50	20	337,481
Loss allowance provision (RMB' 000)	<u>3,267</u>	<u>402</u>	<u>139</u>	<u>1,026</u>	<u>25</u>	<u>20</u>	<u>4,879</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.3 Credit risk *(Continued)*

The Group accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the expected credit loss rate, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

As at 31 December 2021, other receivables from specific third parties accounting for RMB935,000 were non- performing, and the Group had individually assessed that the ECL were 100%. Expect for that, the Group has assessed that there is no significant increase of credit risk for other receivables since initial recognition. Thus the Group use the 12 months ECL model to assess credit loss of other receivables.

As at 31 December 2021, the loss allowance was determined as follows for other receivables:

	As at December 31	
	2021	2020 <i>(Restated)</i>
Other receivables due from:		
Group 1 – Stage 1		
Gross carrying amount (RMB' 000)	1,327,562	10,989
Expected loss rate	0.95%	0.01%
Loss allowance provision (RMB' 000)	12,570	1
Group 2 – Stage 1		
Gross carrying amount (RMB' 000)	338,058	430,186
Expected loss rate	1.46%	0.42%
Loss allowance provision (RMB' 000)	4,940	1,802
Group 2 – Stage 3		
Gross carrying amount (RMB' 000)	935	–
Expected loss rate	100.00%	100.00%
Loss allowance provision (RMB' 000)	935	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.3 Credit risk *(Continued)*

The loss allowance provision for trade and other receivables reconciles to the opening loss allowance for that provision as follows:

	Trade receivables <i>RMB'000</i>	Other receivables <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2020 (Restated)	5,336	2,064	7,400
Provision/(reversal) for loss allowance recognized in profit or loss	8,349	(140)	8,209
Receivables written off during the year as uncollectible	<u>(1,994)</u>	<u>(121)</u>	<u>(2,115)</u>
At 31 December 2020 (Restated)	<u>11,691</u>	<u>1,803</u>	<u>13,494</u>
At 1 January 2021	11,691	1,803	13,494
Impact of acquisition of subsidiaries	14,624	215	14,839
Provision for loss allowance recognized in profit or loss	52,298	16,430	68,728
Receivables written off during the year as uncollectible	<u>(430)</u>	<u>(3)</u>	<u>(433)</u>
At 31 December 2021	<u>78,183</u>	<u>18,445</u>	<u>96,628</u>

As at 31 December 2021 and 2020, the gross carrying amount of trade and bill and other receivables was RMB3,759,987,000 and RMB1,510,484,000 respectively, which represented the maximum exposure to credit loss as at the respective balance sheet dates.

3.1.4 Liquidity risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.4 Liquidity risk (Continued)

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2021					
Financial liabilities					
Trade and bill and other payables (excluding accrued payroll and other taxes payables)	1,550,878	-	-	-	1,550,878
Lease liabilities (including interest payments)	<u>27,688</u>	<u>28,447</u>	<u>79,558</u>	<u>130,824</u>	<u>266,517</u>
	<u><u>1,578,566</u></u>	<u><u>28,447</u></u>	<u><u>79,558</u></u>	<u><u>130,824</u></u>	<u><u>1,817,395</u></u>

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2020 (Restated)					
Financial liabilities					
Trade and bill and other payables (excluding accrued payroll and other taxes payables)	756,731	-	-	-	756,731
Lease liabilities (including interest payments)	<u>3,593</u>	<u>7,886</u>	<u>20,514</u>	<u>38,817</u>	<u>70,810</u>
	<u><u>760,324</u></u>	<u><u>7,886</u></u>	<u><u>20,514</u></u>	<u><u>38,817</u></u>	<u><u>827,541</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.4 Liquidity risk *(Continued)*

The Group expects that there is no significant liquidity risk associated with financial guarantee contract since it is provided to a subsidiary of Jinke Property Group. Management expects the likelihood of default in payments is minimal. The contract will terminate and exposure will be released on 6 October 2024.

3.2 Capital management

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

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

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

As at 31 December 2021 and 2020, asset-liability ratio of the Group is as follows:

	As at 31 December	
	2021	2020 <i>(Restated)</i>
Asset-liability ratio	<u>26%</u>	<u>16%</u>

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

(a) Allowance on doubtful receivables

The Group makes allowances on receivables based on assumptions about risk of default and expected loss rate. The Group used judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

(a) Allowance on doubtful receivables *(Continued)*

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and bill and other receivables and doubtful debt expenses in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 3.1.3 above.

(b) Current and deferred income tax

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

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

(c) Estimated impairment of goodwill

The Group tests whether goodwill has suffered any impairment annually, or more frequently if events or changes in circumstances predict that goodwill may be impaired, in accordance with the accounting policy stated in Note 2.9, where the recoverable amounts of CGUs is determined based on value-in-use ("VIU") calculations. These calculations require the use of estimates. Details of impairment assessment, key assumptions and impact of possible changes in key assumptions are disclosed in Note 17.

(d) Estimation of useful life of customer relationship identified in business combination

Customer relationship identified in the business combination on respective acquisition date (Note 34) is recognized as intangible assets (Note 17). Customer relationship primarily related to the existing contracts of acquirees on the acquisition date. A large portion of the existing contracts of acquirees are with no specific expiration date and the remaining contracts are with contract periods of one to ten years. Based on the past experience, termination or non-renewal of property management contracts with the property developers or property owners' association are uncommon. The Group thus estimate the useful life and determines the amortisation period of the customer relationship to be ten years based on the expected contract duration of the property management contracts.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION

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

During the years ended 31 December 2021 and 2020, the Group is principally engaged in the provision of space property management services, community value-added services, local catering services and smart living technology solutions in the PRC.

During the years ended 31 December 2021 and 2020, all the segments are domiciled in the PRC and all the revenue are derived in the PRC, and the segments are principally engaged in the provision of similar services to similar customers. All operating segments of the Group were aggregated into a single operating segment.

As at 31 December 2021, all of the assets were located in the PRC except for cash and cash equivalents of HK\$842,358,000 (equivalent to RMB688,712,000) and US\$1,008,000 (equivalent to RMB6,430,000) in Hong Kong.

6 REVENUE

Revenue mainly comprises of proceeds from space property management services, community value-added services, local catering services and smart living technology solutions. An analysis of the Group's revenue by category for the years ended 31 December 2021 and 2020 is as follows:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000 (Restated)
Recognized over time		
– Space property management services	3,809,295	2,730,201
– Community value-added services	995,419	188,817
– Local catering services	33,347	12,934
– Smart living technology solutions	99,528	47,728
	<u>4,937,589</u>	<u>2,979,680</u>
Recognized at a point in time		
– Space property management services	90,900	155,686
– Community value-added services	499,314	35,613
– Local catering services	440,645	200,899
	<u>1,030,859</u>	<u>392,198</u>
	<u><u>5,968,448</u></u>	<u><u>3,371,878</u></u>

For the years ended 31 December 2021 and 2020, revenue from the Jinke Property Group contributed 17%, and 20% of the Group's revenue, respectively. Other than the Jinke Property Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE (Continued)

(a) Contract liabilities

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

	As at 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> <i>(Restated)</i>
Space property management services	571,398	378,481
Community value-added services	9,130	7,025
Local catering services	890	581
Smart living technology solutions	4,774	810
	<u>586,192</u>	<u>386,897</u>

The Company has recognized the following revenue-related contract liabilities:

	As at 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Space property management services	493,669	360,197
Community value-added services	1,086	3,396
	<u>494,755</u>	<u>363,593</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE (Continued)

(a) Contract liabilities (Continued)

(i) Significant changes in contract liabilities

Contract liabilities mainly arise from the advance payments made by customers while the underlying services are yet to be provided. The increase in contract liabilities was mainly due to the business expansion.

(ii) Revenue recognized in relation to contract liabilities

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

The Group

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000 (Restated)
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year		
Space property management services	378,481	283,367
Community value-added services	7,025	7,638
Local catering services	581	47
Smart living technology solutions	810	197
	<u>386,897</u>	<u>291,249</u>

The Company

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year		
Space property management services	360,197	273,481
Community value-added services	3,396	6,607
	<u>363,593</u>	<u>280,088</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE (Continued)

(a) Contract liabilities (Continued)

(iii) Unsatisfied performance obligations

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

For community value-added services, local catering services and smart living technology solutions, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

(b) Assets recognized from incremental costs to obtain a contract

For the year 31 December 2021, there were no significant incremental costs to obtain a contract (31 December 2020: same).

7 OTHER INCOME

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
VAT deductible (Note (a))	13,990	8,692
Government grants (Note (b))	11,233	23,935
Interest income from loans to related parties	—	15,281
	<u>25,223</u>	<u>47,908</u>

- (a) VAT deductible mainly included additional deduction of input value-added tax applicable to certain subsidiaries.
- (b) The government grants mainly represent financial subsidies granted by local government. There are no unfulfilled conditions or other contingencies attached to these grants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 EXPENSES BY NATURE

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000 (Restated)
Employee benefit expenses (Note 9)	1,532,655	1,103,984
Cost of goods sold	757,733	375,277
Greening and cleaning expenses	637,168	417,483
Security charges	381,123	255,225
Cost of tourism services (Note (a))	324,215	4,372
Maintenance costs	163,937	131,393
Utilities	151,889	85,290
Sub-contract expenses for property agency services	135,797	–
Raw materials	117,965	37,475
Office expenses	48,449	34,753
Travelling and entertainment expenses	33,898	22,362
Construction costs	26,298	4,818
Community activities expenses	25,180	14,052
Taxes and other levies	24,101	14,259
Depreciation and amortization charges	23,509	14,668
Research expenses	17,978	9,203
Short-term lease expenses (Note 30)	17,264	8,452
Bank charges	13,709	10,102
Audit services		
– Annual audit and interim review services	3,585	1,975
– Non-audit services	170	–
Others	169,752	70,718
	<hr/>	<hr/>
Total cost of sales, selling and marketing expenses and administrative expenses	4,606,375	2,615,861

- (a) Cost of tourism services represents the cost of the tourism products, mainly including hotel fee and cost of the tickets sold to customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000 (Restated)
Wages, salaries and bonuses	1,231,929	957,225
Social insurance expenses and housing benefits (Note (a))	248,809	96,376
Other employee benefits (Note (b))	51,917	50,383
	<u>1,532,655</u>	<u>1,103,984</u>

- (a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.
- (b) Other employee benefits mainly include meal, housing allowances and holiday benefits.
- (c) Five highest paid individuals

The five highest paid individuals of the Group for the years ended 31 December 2021 and 2020 are analysed as follows:

	Number of individuals	
	Year ended 31 December	
	2021	2020
Directors and supervisors	4	3
Non-directors and supervisors, the highest paid individuals	1	2
	<u>5</u>	<u>5</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 EMPLOYEE BENEFIT EXPENSES (Continued)

(c) Five highest paid individuals (Continued)

Details of the emoluments of the above directors and supervisors are reflected in the analysis shown in Note 37. Details of the emoluments of the above non-directors and supervisors, the highest paid individuals for the years ended 31 December 2021 and 2020 are as follows:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Wages and salaries	577	988
Discretionary bonuses	518	1,204
Contribution to pension scheme	20	51
Housing allowances	15	40
Other social insurances	14	38
	<u>1,144</u>	<u>2,321</u>

The emoluments fell within the following bands:

Emolument bands (in HK dollar)	Number of individuals Year ended 31 December	
	2021	2020
Nil – HK\$1,000,000	–	–
HK\$1,000,001 – HK\$1,500,000	1	2
HK\$1,500,001 – HK\$2,000,000	–	–
	<u>1</u>	<u>2</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 OTHER LOSSES – NET

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Net foreign exchange losses	(77,522)	(40,303)
Gains on settlement of financial assets at fair value through profit or loss	49,795	–
Gains on wealth management products	392	–
Gains from bargain purchase (Note 34(b))	2,011	–
Losses on disposal of subsidiaries	–	(2,457)
Losses on disposal of property, plant and equipment and intangible assets	(537)	(157)
(Losses)/gains on disposal of other assets	(456)	904
Written-off of payables	–	2,701
Others	(640)	2,043
	<u>(26,957)</u>	<u>(37,269)</u>

11 FINANCE INCOME – NET

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000 (Restated)
Finance income		
Interest income from bank deposits	26,732	10,294
Interest income from loans to related parties	–	75,100
	<u>26,732</u>	<u>85,394</u>
Finance cost		
Interest expense on borrowings	–	(76,727)
Interest expense of lease liabilities (Note 30)	(1,591)	(261)
	<u>(1,591)</u>	<u>(76,988)</u>
Finance income – net	<u>25,141</u>	<u>8,406</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 INCOME TAX EXPENSES

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000 (Restated)
Current income tax		
– PRC corporate income tax	258,627	131,503
Deferred income tax (Note 31)		
– PRC corporate income tax	(14,604)	2,288
	<u>244,023</u>	<u>133,791</u>

The income tax expense for the year can be reconciled to the profit before income tax per the consolidated statement of comprehensive income as follows:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000 (Restated)
Profit before income tax	<u>1,320,853</u>	<u>766,008</u>
Tax charge at effective rate applicable to profits in the respective group entities	243,994	134,062
Tax effects of:		
– Expenses not deductible for tax purposes	1,226	610
– Tax effect of super deduction	(927)	(1,082)
– The impact of change in tax rate applicable to subsidiaries	(270)	201
Total income tax expenses	<u>244,023</u>	<u>133,791</u>

The effective income tax rate was 18.5% and 17.5% for the years ended 31 December 2021 and 2020 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 INCOME TAX EXPENSES *(Continued)*

Hong Kong profits tax

No Hong Kong profits tax was applicable to the Group for the year ended 31 December 2021. There was a subsidiary incorporated in Hong Kong. No Hong Kong profit tax was provided for this Hong Kong subsidiary as there was no estimated taxable profits that was subject to Hong Kong profits tax during the year ended 31 December 2021 (2020: nil).

PRC corporate income tax

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

The general corporate income tax rate in PRC is 25%. The Company and some of subsidiaries of the Group in the PRC are located in western cities, and they are subject to a preferential income tax rate of 15% for certain years.

Certain operations of the Group in the PRC were qualified as “Small Low-Profit Enterprise” and taxed at reduced tax rate of 20% from 1 January 2008. During the year ended 31 December 2021, the “Small Low-Profit Enterprise” whose taxable income less than RMB3 million can enjoy the preferential income tax treatment with the income tax rate of 20% and is eligible to have their tax calculated based on 12.5% or 50% of their taxable income.

13 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares during the years ended 31 December 2021 and 2020.

The Company did not have any potential ordinary shares outstanding during the years ended 31 December 2021 and 2020. Diluted earnings per share is equal to basic earnings per share.

	Year ended 31 December	
	2021	2020 <i>(Restated)</i>
Profit attributable to owners of the Company (RMB '000)	1,057,182	616,616
Weighted average number of ordinary shares (in thousands)	652,837	497,011
Basic and diluted earnings per share for profit attributable to the owners of the Company during the year (expressed in RMB per share)	<u>1.62</u>	<u>1.24</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the net profits of the Group at 31 December 2021 and 2020:

Company name	Place and date of incorporation/ establishment/ operation and kind of legal entity	Registered/ issued and paid-in capital	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities and place of operation	Note
			2021	2020	2021	2020		
Directly owned:								
Chongqing Jinke Junyou Property Management Co., Ltd.* 重慶金科俊友物業管理有限公司	The PRC, 3 June 2013, limited liability company	RMB300,000,000/ RMB78,965,000	100%	100%	-	-	Property management services in Chongqing	
Yancheng Jinke Yongheng Property Service Co., Ltd.* 鹽城金科詠恒物業服務有限公司	The PRC, 9 May 2018, limited liability company	RMB10,000,000/ RMB2,000,000	51%	51%	49%	49%	Property management services in Yancheng	
Chongqing Jinhongtong Construction Project Management Co., Ltd.* 重慶金鴻通建築工程項目管理有限公司	The PRC, 5 November 2019, limited liability company	RMB10,000,000/ RMB10,000,000	100%	100%	-	-	Construction management services in Chongqing	
Chongqing Xinqidian Decoration Engineering Co., Ltd.* 重慶新起點裝飾工程有限公司	The PRC, 21 September 2004, limited liability company	RMB150,000,000/ RMB105,000,000	100%	100%	-	-	Decoration services in Chongqing	
Chongqing Difen Yihui Cultural Creativity Co., Ltd.* 重慶迪芬藝匯文化創意有限公司	The PRC, 14 June 2016, limited liability company	RMB5,000,000/ RMB5,000,000	100%	100%	-	-	Cultural management services in Chongqing	
Chongqing Tengjie Trading Co., Ltd.* 重慶騰界商貿有限公司	The PRC, 25 March 2016, limited liability company	RMB10,000,000/ RMB10,000,000	100%	100%	-	-	Trading services in Chongqing	
Chongqing Xinshengyue Media Co., Ltd.* 重慶鑫生悅傳媒有限公司	The PRC, 27 August 2020, limited liability company	RMB5,000,000/ RMB5,000,000	100%	100%	-	-	Advertising services in Chongqing	
Chongqing Haoshengjin Business Information Consulting Co., Ltd.* 重慶昊生金商務資訊諮詢有限公司	The PRC, 15 October 2020, limited liability company	RMB10,000,000/ Nil	100%	100%	-	-	Consulting services in Chongqing	
Indirectly owned:								
Chongqing Jinke Jinchen Hotel Management Co., Ltd.* 重慶金科金辰酒店管理有限公司	The PRC, 23 May 2016, limited liability company	RMB100,000,000/ RMB2,000,000	100%	100%	100%	100%	Hotel management services in Chongqing	(i)

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

(i) On 31 December 2021, the Company completed its acquisition of 100% of the equity interests in Jinchen Hotel from Jinke Enterprise Management, which is a subsidiary of Jinke Property. The acquisition is considered as a business combination involving entities under common control (Note 34(a)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Opening carrying amount	4,850	160
Capital injections	38,437	5,535
Share of net profits/(losses)	4,101	(845)
Deregistration of a joint venture	(229)	—
Closing carrying amount	<u>47,159</u>	<u>4,850</u>

16 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Buildings RMB'000	Equipment and machinery RMB'000	Vehicles RMB'000	Furniture RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Right-of-use assets (Note 30) RMB'000	Total RMB'000
Year ended 31 December 2020 (Restated)								
Opening net book amount	—	22,741	1,203	766	4,036	2,181	3,736	34,663
Additions	—	8,093	768	87	3,183	1,229	48,323	61,683
Disposal of subsidiaries	—	(10)	—	—	—	—	—	(10)
Transfer to leasehold improvements	—	—	—	—	2,181	(2,181)	—	—
Disposals	—	(325)	(5)	(3)	—	—	—	(333)
Depreciation charge	—	(6,831)	(442)	(261)	(2,631)	—	(2,824)	(12,989)
Closing net book amount	—	<u>23,668</u>	<u>1,524</u>	<u>589</u>	<u>6,769</u>	<u>1,229</u>	<u>49,235</u>	<u>83,014</u>
As at 31 December 2020 (Restated)								
Cost	—	52,184	3,247	2,233	13,652	1,229	55,648	128,193
Accumulated depreciation	—	(28,516)	(1,723)	(1,644)	(6,883)	—	(6,413)	(45,179)
Net book amount	—	<u>23,668</u>	<u>1,524</u>	<u>589</u>	<u>6,769</u>	<u>1,229</u>	<u>49,235</u>	<u>83,014</u>
Year ended 31 December 2021								
Opening net book amount	—	23,668	1,524	589	6,769	1,229	49,235	83,014
Additions	8,705	9,104	3,763	295	11,123	33,082	154,109	220,181
Acquisition of subsidiaries (Note 34(b))	566	3,198	427	44	157	—	—	4,392
Transfer to leasehold improvements	—	—	—	—	11,407	(11,407)	—	—
Disposals	—	(574)	(251)	(13)	(270)	—	(1,116)	(2,224)
Depreciation charge	(175)	(7,722)	(696)	(233)	(4,090)	—	(9,603)	(22,519)
Closing net book amount	<u>9,096</u>	<u>27,674</u>	<u>4,767</u>	<u>682</u>	<u>25,096</u>	<u>22,904</u>	<u>192,625</u>	<u>282,844</u>
As at 31 December 2021								
Cost	9,425	62,252	7,461	2,388	35,786	22,904	208,382	348,598
Accumulated depreciation	(329)	(34,578)	(2,694)	(1,706)	(10,690)	—	(15,757)	(65,754)
Net book amount	<u>9,096</u>	<u>27,674</u>	<u>4,767</u>	<u>682</u>	<u>25,096</u>	<u>22,904</u>	<u>192,625</u>	<u>282,844</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS *(Continued)*

Depreciation expenses were charged in the consolidated statement of comprehensive income and capitalized in the statement of financial position to the following categories:

	Year ended 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> <i>(Restated)</i>
Cost of sales	9,646	6,736
Selling and marketing expenses	9	7
Administrative expenses	5,632	5,494
Construction in progress	7,232	752
	<u>22,519</u>	<u>12,989</u>

- (a) No property, plant and equipment is restricted or pledged as security for liabilities as at 31 December 2021 and 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 INTANGIBLE ASSETS

	Goodwill (Note 34) RMB'000	Customer Relationship RMB'000	Software and others RMB'000	Total RMB'000
Year ended 31 December 2020				
(Restated)				
Opening net book amount	–	–	5,017	5,017
Additions	–	–	7,402	7,402
Amortization	–	–	(2,431)	(2,431)
Closing net book amount	–	–	9,988	9,988
As at 31 December 2020 (Restated)				
Cost	–	–	16,758	16,758
Accumulated amortization	–	–	(6,770)	(6,770)
Net book amount	–	–	9,988	9,988
Year ended 31 December 2021				
Opening net book amount	–	–	9,988	9,988
Additions	–	–	11,235	11,235
Acquisition of subsidiaries (Note 34 (b))	410,041	117,730	22	527,793
Disposals	–	–	(1)	(1)
Amortization	–	(4,612)	(3,610)	(8,222)
Closing net book amount	410,041	113,118	17,634	540,793
As at 31 December 2021				
Cost	410,041	117,730	28,084	555,855
Accumulated amortization	–	(4,612)	(10,450)	(15,062)
Net book amount	410,041	113,118	17,634	540,793

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 INTANGIBLE ASSETS (Continued)

Amortization of intangible assets has been charged to the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Cost of sales	4,788	546
Selling and marketing expenses	19	19
Administrative expenses	3,415	1,866
	<u>8,222</u>	<u>2,431</u>

- (a) During the year ended 31 December 2021, the Group acquired several property management companies (Note 34). Total identifiable net assets of these entities acquired as at their respective acquisition dates were amounted RMB74,284,000, including identified customer relationship of RMB117,730,000 recognized by the Group.
- (b) An independent valuation was performed by an independent valuer to determine the amount of the customer relationship recognized by the Group during year ended 31 December 2021. Methods and key assumptions in determining the fair value of the customer relationship as at respective acquisition dates are disclosed as follows:

	Valuation technique	Discount rate	Expected life of the intangible assets
Customer Relationship	Discounted cash flow	11.7%-14.4%	10 years

- (c) As at 31 December 2021, goodwill of RMB410,041,000 (31 December 2020: nil) has been allocated to each group of cash-generating units for impairments testing. Goodwill of RMB169,149,000 and RMB103,636,000 was allocated to the property management business operated by Sichuan Tongyong Property Services Co., Ltd. ("Tongyong Services") and Chongqing Zhongke Sanxin Property Services Co., Ltd. and its subsidiaries ("Sanxin Services"), respectively.

Management performed an impairment assessment on the goodwill as at 31 December 2021. The recoverable amount of the property management business operated by the acquired subsidiaries have been assessed by an independent valuer or the management and determined based on VIU calculations. The calculations used cash flow projections based on financial budgets covering a five-year period approved by management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 INTANGIBLE ASSETS (Continued)

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

	Tongyong Services	Sanxin Services	Other subsidiaries
2021			
Compound annual growth rate of revenue during the projection period (%)	9.4%	0.7%	2.3%-4.3%
Earnings before interest, tax, depreciation and amortisation (“EBITDA”) margin during the projection period (%)	31.9%-35.5%	22.2%-33.2%	20.4%-27.3%
Long term growth rate (%)	2.0%	2.0%	2.0%
Pre-tax discount rate (%)	16.2%	17.0%	16.4%-17.5%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Compound annual growth rate of revenue	Based on the past performance and management’s expectations of market development.
EBITDA margin	Based on the past performance and management’s expectations for the future.
Long term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period.
Pre-tax discount rate	Reflect specific risks relating to the relevant cash-generating units.

By reference to the recoverable amount assessed as at 31 December 2021, the directors of the Company determined that no impairment provision on goodwill was required as at 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 FINANCIAL GUARANTEES

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Guarantees for sale and leaseback financing loan of a related party (Note(a))	<u>25,000</u>	<u>–</u>

- (a) During the year ended 31 December 2021, Jinchen Hotel, the newly acquired subsidiary under common control (Note 34(a)), provided guarantees to a subsidiary of Jinke Property Group to obtain sale and leaseback financing loan. Pursuant to the terms of the guarantees, the loan is unconditionally and irrevocably guaranteed by Jinchen Hotel. The fair value of financial guarantee is insignificant both at initial recognition and at 31 December 2021. The Group considers the repayment progress of the relevant loan by the related party and considers that the likelihood of default in payments is minimal. The financial guarantee contracts will terminate and guarantees provided for sale and leaseback financing loan of a related party will be released on 6 October 2024.

19 INVENTORIES

	As at 31 December	
	2021 RMB'000	2020 RMB'000 (Restated)
Merchandise goods	13,996	10,025
Consumables	6,792	4,312
Raw materials	<u>2,078</u>	<u>1,936</u>
	<u>22,866</u>	<u>16,273</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 OTHER ASSETS

The Group and the Company

	As at 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Parking lots	<u>53,320</u>	<u>60,602</u>

The Group held a small number of parking lots of certain properties it managed for ultimate sales purpose, but the sales of these parking lots is not the part of the Group's core business and the Group does not intend to engage in such business in the future.

21 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> <i>(Restated)</i>
Financial assets at amortized cost		
Trade and bill and other receivables (excluding prepayments and input VAT to be deducted) (Note 22)	3,663,359	1,496,990
Cash and cash equivalents (Note 23)	4,922,276	6,856,275
Restricted cash (Note 24)	2,083	364
Term deposits (Note 25)	<u>245,169</u>	<u>–</u>
	<u>8,832,887</u>	<u>8,353,629</u>
Financial liabilities at amortized cost		
Trade and bill and other payables (excluding accrued payroll and other taxes payables) (Note 29)	1,550,878	756,731
Lease liabilities (Note 30)	<u>200,274</u>	<u>48,651</u>
	<u>1,751,152</u>	<u>805,382</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 TRADE AND BILL AND OTHER RECEIVABLES AND PREPAYMENTS

The Group

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Trade receivables (Note (a))		
– Related parties (Note 35(d))	360,720	295,224
– Third parties	1,721,490	773,001
	<u>2,082,210</u>	<u>1,068,225</u>
Less: allowance for impairment of trade receivables	(78,183)	(11,691)
	<u>2,004,027</u>	<u>1,056,534</u>
Bill receivables		
– Related parties (Note 35(d))	7,877	–
– Third parties	700	1,084
	<u>8,577</u>	<u>1,084</u>
Other receivables		
– Related parties (Note 35(d))	1,327,562	10,989
– Third parties	341,638	430,186
	<u>1,669,200</u>	<u>441,175</u>
Less: allowance for impairment of other receivables	(18,445)	(1,803)
	<u>1,650,755</u>	<u>439,372</u>
Prepayments		
– Third parties	626,166	87,532
Input VAT to be deducted	13,522	3,160
	<u>4,303,047</u>	<u>1,587,682</u>
Less: non-current portion of prepayments	(92,774)	(6,049)
Current portion of trade and bill and other receivables and prepayments	<u>4,210,273</u>	<u>1,581,633</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 TRADE AND BILL AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

The Company

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Trade receivables (Note (a))		
– Subsidiaries	246,143	207
– Related parties	216,236	254,708
– Third parties	886,879	547,901
	<u>1,349,258</u>	<u>802,816</u>
Less: allowance for impairment of trade receivables	(29,548)	(8,380)
	<u>1,319,710</u>	<u>794,436</u>
Bill receivables		
– Related parties	78	–
– Third parties	–	1,084
	<u>78</u>	<u>1,084</u>
Other receivables		
– Subsidiaries	2,322,734	685,565
– Related parties	909,301	6,726
– Third parties	224,228	67,399
	<u>3,456,263</u>	<u>759,690</u>
Less: allowance for impairment of other receivables	(8,707)	(1,158)
	<u>3,447,556</u>	<u>758,532</u>
Prepayments		
– Subsidiaries	11,349	2,695
– Third parties	43,061	20,205
	<u>54,410</u>	<u>22,900</u>
Input VAT to be deducted	5,012	1,579
Dividend receivables	2,255	–
	<u>4,829,021</u>	<u>1,578,531</u>
Less: non-current portion of prepayments	(24,774)	(5,929)
Current portion of trade and bill and other receivables and prepayments	<u>4,804,247</u>	<u>1,572,602</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 TRADE AND BILL AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

(a) Trade receivables mainly arise from space property management services income.

Space property management services income are received in accordance with the terms of the relevant services agreements. Service income from space property management service is due for payment by the residents upon the issuance of demand note and property developers upon the issuance of document of settlement.

As at 31 December 2021 and 2020, the ageing analysis of the trade receivables based on invoice date were as follows:

The Group

	As at 31 December	
	2021 RMB'000	2020 RMB'000 <i>(Restated)</i>
Up to 1 year	1,891,135	1,018,156
1 to 2 years	167,552	43,553
2 to 3 years	19,497	4,040
3 to 4 years	1,970	2,395
4 to 5 years	2,027	52
Over 5 years	29	29
	<u>2,082,210</u>	<u>1,068,225</u>

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9. As at 31 December 2021 and 2020, a provision of RMB78,183,000 and RMB11,691,000 was made against the gross amounts of trade receivables (Note 3.1.3).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 TRADE AND BILL AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

The Company

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Up to 1 year	1,291,701	765,745
1 to 2 years	48,145	33,075
2 to 3 years	7,686	2,054
3 to 4 years	50	1,942
4 to 5 years	1,676	–
	<u>1,349,258</u>	<u>802,816</u>

The Company applies the simplified approach to provide for ECL prescribed by HKFRS 9. As at 31 December 2021 and 2020, a provision of RMB29,548,000 and RMB8,380,000 was made against the gross amounts of trade receivables.

23 CASH AND CASH EQUIVALENTS

The Group

	As at 31 December	
	2021 RMB'000	2020 RMB'000 (Restated)
Cash at bank, payment platforms and on hand (Note(a))		
– Denominated in RMB	4,110,610	1,217,866
– Denominated in HK\$	805,236	5,638,409
– Denominated in US\$	6,430	–
	<u>4,922,276</u>	<u>6,856,275</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 CASH AND CASH EQUIVALENTS (Continued)

The Company

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Cash at bank, payment platforms and on hand (Note(a))		
– Denominated in RMB	2,535,940	928,905
– Denominated in HK\$	805,236	5,638,409
– Denominated in US\$	54	–
	<u>3,341,230</u>	<u>6,567,314</u>

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

24 RESTRICTED CASH

Restricted cash mainly represents a subsidiary's cash deposits held in a bank as the performance security for tourism services according to the requirements of local government authority.

25 TERM DEPOSITS

As at 31 December 2021, term deposits were all denominated in HK\$ and the initial terms of the Group's term deposits were twelve months. The annual interest rates of the Group's term deposits held in banks throughout the year ended 31 December 2021 was 1.20% per annum. (31 December 2020: nil)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The different levels have been defined as follows:

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

The following table presents the changes in level 3 instruments for the year ended 31 December 2021.

	Financial assets at fair value through profit or loss Wealth management products RMB'000
Opening balance	–
Additions	10,000
Acquisition of subsidiaries (Note 34(b))	14,500
Gains for the year recognized in profit or loss	392
Disposals	(24,892)
Closing balance	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Valuation techniques used to determine fair values

Level 3 financial instruments comprise wealth management product. The fair value of the investment is determined using discounted cash flow analysis.

There were no other changes in valuation techniques during the year.

27 SHARE CAPITAL

The Group and the Company

Issued and fully paid

As at 31 December 2021 and 2020

Number of ordinary shares	Share capital <i>RMB'000</i>
<u>652,848,100</u>	<u>652,848</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 RESERVES

The Group

	Shares held for share award scheme <i>RMB'000</i>	Capital reserves <i>RMB'000</i>	Statutory reserves <i>RMB'000</i>	Total other reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total reserves <i>RMB'000</i>
Balance at 1 January 2020	–	–	25,000	25,000	407,700	432,700
Business combination under common control	–	2,000	–	2,000	(16,838)	(14,838)
Balance at 1 January 2020 (Restated)	–	2,000	25,000	27,000	390,862	417,862
Profit for the year	–	–	–	616,616	616,616	
Transfer from reserves to share capital	–	19,805	(25,000)	(5,195)	(400,278)	(405,473)
Capital contribution from owners	–	433,525	–	433,525	–	433,525
Issue of shares in connection with the Listing	–	5,496,007	–	5,496,007	–	5,496,007
Acquisition of additional interests in subsidiaries	–	(12,222)	–	(12,222)	–	(12,222)
Change in ownership interests in a subsidiary without change of control	–	(827)	–	(827)	–	(827)
Appropriation of statutory reserves (Note (a))	–	–	56,982	56,982	(56,982)	–
Balance at 31 December 2020 (Restated)	–	5,938,288	56,982	5,995,270	550,218	6,545,488
Balance at 1 January 2021	–	5,938,288	56,982	5,995,270	550,218	6,545,488
Profit for the year	–	–	–	–	1,057,182	1,057,182
Acquisition of additional interests in a subsidiary	–	20	–	20	–	20
Dividend declared to shareholders of the Company	–	–	–	–	(326,424)	(326,424)
Purchase of shares in connection with share award scheme (Note (b))	(13,281)	–	–	(13,281)	–	(13,281)
Business combination under common control (Note 34(a))	–	(261,000)	–	(261,000)	–	(261,000)
Change in ownership interests in a subsidiary without change of control	–	(434)	–	(434)	–	(434)
Other transaction with non-controlling interests	–	2,606	–	2,606	–	2,606
Appropriation of statutory reserves (Note (a))	–	–	77,580	77,580	(77,580)	–
Balance at 31 December 2021	(13,281)	5,679,480	134,562	5,800,761	1,203,396	7,004,157

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 RESERVES (Continued)

- (a) In accordance with relevant rules and regulations in the PRC, the PRC Group entities are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective Group entities.
- (b) The Board of the Company adopted the Share Award Scheme on 9 September 2021. The Board has appointed a trustee to purchase shares of the Company on the Stock Exchange out of the Company's resources. As at 31 December 2021, no major terms of the Share Award Scheme have been determined and approved. The purchase was made in advance such that the shares purchased could be awarded to the selected participant of the Share Award Scheme as soon as it is adopted.

As at 31 December 2021, the trustee has purchased 521,000 shares of the Company which unit price at HK\$31.06 to HK\$31.47, totalling HK\$16,253,000 (equivalent to approximately RMB13,281,000), under the Share Award Scheme and no shares have been granted to any employee.

29 TRADE AND BILL AND OTHER PAYABLES

The Group

	As at 31 December	
	2021 RMB'000	2020 RMB'000 (Restated)
Trade payables (Note (a))		
– Related parties (Note 35(d))	4,052	493
– Third parties	582,889	271,959
	<u>586,941</u>	<u>272,452</u>
Bill payables		
– Third parties	23,219	7,936
Other payables		
– Related parties (Note 35(d))	249,409	35,543
– Third parties	691,064	440,430
	<u>940,473</u>	<u>475,973</u>
Accrued payroll	92,482	72,302
Other taxes payables	82,120	50,182
Dividend payables	245	370
	<u>174,847</u>	<u>122,854</u>
	<u>1,725,480</u>	<u>879,215</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 TRADE AND BILL AND OTHER PAYABLES (Continued)

The Company

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Trade payables (Note (a))		
– Subsidiaries	17,361	3,590
– Related parties	3,286	452
– Third parties	<u>312,857</u>	<u>205,727</u>
	<u>333,504</u>	<u>209,769</u>
Bill payables		
– Third parties	<u>22,429</u>	<u>7,749</u>
Other payables		
– Subsidiaries	1,018,253	82,285
– Related parties	17,997	13,454
– Third parties	<u>553,493</u>	<u>387,609</u>
	<u>1,589,743</u>	<u>483,348</u>
Accrued payroll	65,684	56,657
Other taxes payables	<u>58,970</u>	<u>40,443</u>
	<u>124,654</u>	<u>97,100</u>
	<u><u>2,070,330</u></u>	<u><u>797,966</u></u>

As at 31 December 2021 and 2020, the carrying amounts of trade and bill and other payables approximated their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 TRADE AND BILL AND OTHER PAYABLES (Continued)

- (a) As at 31 December 2021 and 2020, the ageing analysis of the trade payables based on invoice date were as follows:

The Group

	As at 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> <i>(Restated)</i>
Up to 1 year	582,279	268,933
1 to 2 years	2,997	2,766
2 to 3 years	1,082	165
Over 3 years	583	588
	<u>586,941</u>	<u>272,452</u>

The Company

	As at 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Up to 1 year	331,943	207,429
1 to 2 years	423	1,987
2 to 3 years	913	161
Over 3 years	225	192
	<u>333,504</u>	<u>209,769</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 LEASES

(a) Amounts recognized in the statements of financial position

The Group

	As at 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> <i>(Restated)</i>
Right-of-use assets (Note 16)		
– Properties	<u>192,625</u>	<u>49,235</u>
Lease liabilities		
– Current	23,993	3,245
– Non-current	<u>176,281</u>	<u>45,406</u>
	<u><u>200,274</u></u>	<u><u>48,651</u></u>

The Company

	As at 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Right-of-use assets		
– Properties	<u>7,112</u>	<u>3,000</u>
Lease liabilities		
– Current	3,265	1,268
– Non-current	<u>3,835</u>	<u>2,062</u>
	<u><u>7,100</u></u>	<u><u>3,330</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 LEASES (Continued)

- (b) Amounts recognized in the consolidated statement of comprehensive income and consolidated statement of financial position

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000 (Restated)
Depreciation charge (Note 16)		
– Properties	<u>9,603</u>	<u>2,824</u>
Interest expense (included in finance cost) (Note 11)	<u>1,591</u>	<u>261</u>
Interest expense (included in construction in progress)	<u>4,761</u>	<u>477</u>
Expenses relating to short-term leases (included in cost of sales, selling and marketing expenses and administrative expense) (Note 8)	<u>17,264</u>	<u>8,452</u>
Total cash outflows for leases	<u>26,102</u>	<u>12,719</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 LEASES (Continued)

(c) A maturity analysis of lease liabilities is shown in the table below:

	As at 31 December	
	2021 RMB'000	2020 RMB'000 (Restated)
Leases are payable:		
Within 1 year	27,688	3,593
1 to 2 years	28,447	7,886
2 to 5 years	79,558	20,514
More than 5 years	130,824	38,817
	<hr/>	<hr/>
Minimum lease payments	266,517	70,810
Future finance charge	(66,243)	(22,159)
	<hr/>	<hr/>
Total lease liabilities	<u>200,274</u>	<u>48,651</u>
The present value of lease liabilities is as follows:		
Within 1 year	23,993	3,245
1 to 2 years	24,317	7,064
2 to 5 years	62,624	16,666
More than 5 years	89,340	21,676
	<hr/>	<hr/>
Total lease liabilities	<u>200,274</u>	<u>48,651</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DEFERRED INCOME TAX

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

	As at 31 December	
	2021 RMB'000	2020 RMB'000 (Restated)
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	23,857	6,668
– Deferred income tax assets to be recovered within 12 months	497	457
– Set-off of deferred income tax liabilities pursuant to set-off provisions	<u>(4,418)</u>	<u>(1,610)</u>
	<u>19,936</u>	<u>5,515</u>
Deferred income tax liabilities:		
– Deferred income tax liabilities to be settled after more than 12 months	(18,396)	(1,552)
– Deferred income tax liabilities to be settled within 12 months	(2,990)	(734)
– Set-off of deferred income tax liabilities pursuant to set-off provisions	<u>4,418</u>	<u>1,610</u>
	<u>(16,968)</u>	<u>(676)</u>
	<u><u>2,968</u></u>	<u><u>4,839</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DEFERRED INCOME TAX (Continued)

The movement in deferred income tax assets/(liabilities) during the years ended 31 December 2021 and 2020, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Allowance on doubtful debts <i>RMB'000</i>	Accrued expenses <i>RMB'000</i>	Tax losses <i>RMB'000</i>	Excess of carrying amount of property, plant and equipment over the tax bases <i>RMB'000</i>	Recognition upon business combination <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2020 (Restated)	1,287	55	7,795	(1,999)	–	7,138
Credited/(charged) to profit or loss	1,180	(55)	(3,126)	(287)	–	(2,288)
Disposal of subsidiaries	(11)	–	–	–	–	(11)
As at 31 December 2020 (Restated)	<u>2,456</u>	<u>–</u>	<u>4,669</u>	<u>(2,286)</u>	<u>–</u>	<u>4,839</u>
As at 1 January 2021	2,456	–	4,669	(2,286)	–	4,839
Credited/(charged) to profit or loss	15,233	–	810	(2,132)	693	14,604
Acquisition of subsidiaries (Note 34)	1,186	–	–	–	(17,661)	(16,475)
As at 31 December 2021	<u>18,875</u>	<u>–</u>	<u>5,479</u>	<u>(4,418)</u>	<u>(16,968)</u>	<u>2,968</u>

32 DIVIDENDS

	Year ended 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Proposed annual dividend comprised of a final dividend of RMB0.65 (2020: RMB0.50) per ordinary share (Note (a))	<u>424,351</u>	<u>326,424</u>

- (a) A final dividend of RMB0.65 per share for the year ended 31 December 2021, totalling RMB424,351,265 have been proposed by the Board of the Company and are subject to the approval of the forthcoming annual general meeting to be held on 9 June 2022. These dividend will be distributed out of the Company's retained earnings. These consolidated financial statements have not reflected the proposed dividend payable.

A final dividend of RMB0.50 per share for the year ended 31 December 2020, totalling RMB326,424,050 were declared at the annual general meeting held on 25 May 2021. These dividend have been distributed out of the Company's retained earnings and paid in cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000 (Restated)
Profit before income tax	1,320,853	766,008
Adjustments for:		
– Depreciation of property, plant and equipment and right-of-use assets	15,287	12,237
– Amortization of intangible assets (Note 17)	8,222	2,431
– Net foreign exchange losses	90,760	40,303
– Net impairment losses on financial assets (Note 3.1.3)	68,728	8,209
– Losses on disposal of property, plant and equipment and intangible assets and (Note 10)	537	157
– Losses/(gains) on disposal of other assets (Note 10)	456	(904)
– Finance income – net (Note 11)	(25,141)	(8,406)
– Interest income from loans to related parties (Note 7)	–	(15,281)
– Losses on disposal of subsidiaries (Note 10)	–	2,457
– Share of net (profits)/losses of associates and joint ventures accounted for using the equity method (Note 15)	(4,101)	845
– Gains on wealth management products (Note 10)	(392)	–
– Gains on settlement of financial assets at fair value through profit and or loss (Note 10)	(49,795)	–
– Gains from bargain purchase (Note 10)	(2,011)	–
	<u>1,423,403</u>	<u>808,056</u>
Changes in working capital:		
– Inventories	(6,441)	(10,430)
– Trade and bill and other receivables and prepayments	(1,622,573)	(848,947)
– Contract liabilities	153,588	95,648
– Trade and bill and other payables	629,925	199,941
– Restricted cash	(1,719)	1,091
	<u>(1,053,210)</u>	<u>(662,727)</u>
Cash generated from operations	<u>576,183</u>	<u>245,359</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) The reconciliation of liabilities arising from financial activities is as follow:

	Borrowings and interest payables <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Dividends payable <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2020 (Restated)	1,842,135	3,857	–	1,845,992
Cash flows				
– Inflow from financing activities	–	–	–	–
– Outflow from financing activities	(1,918,862)	(4,267)	(2,828)	(1,925,957)
Non-cash changes	–	–	–	–
– Acquisition – leases	–	48,800	–	48,800
– Finance expense recognized	76,727	261	–	76,988
– Accrued dividends payable	–	–	3,198	3,198
As at 31 December 2020 (Restated)	<u>–</u>	<u>48,651</u>	<u>370</u>	<u>49,021</u>
As at 1 January 2021	–	48,651	370	49,021
Cash flows				
– Inflow from financing activities	–	–	–	–
– Outflow from financing activities	–	(8,838)	(332,903)	(341,741)
Non-cash changes	–	–	–	–
– Acquisition – leases	–	158,870	–	158,870
– Finance expense recognized	–	1,591	–	1,591
– Accrued dividends payable	–	–	332,778	332,778
As at 31 December 2021	<u>–</u>	<u>200,274</u>	<u>245</u>	<u>200,519</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 BUSINESS COMBINATIONS

(a) Business combinations under common control

On 31 December 2021, the Group acquired 100% of the equity interest of Jinchen Hotel from Jinke Enterprise Management, which is a subsidiary of Jinke Property, at a purchase consideration of RMB261,000,000, of which RMB240,500,000 has been paid as at 31 December 2021.

The acquisition is considered as a business combination involving entities under common control and has been accounted for by using merger accounting method. As a result, the consolidated statement of financial position as at 31 December 2020 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year ended 31 December 2020 have been restated to include the results of the acquired entities during that year.

The adoption of merger accounting for the year ended 31 December 2020 has resulted in a decrease in the Group's total comprehensive income and profit attributable to the owners of the Company for the year ended 31 December 2020 by RMB978,000 and RMB978,000 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 BUSINESS COMBINATIONS (Continued)

(a) Business combinations under common control (Continued)

The effect of merger accounting restatement described above on the consolidated statement of comprehensive income for the year ended 31 December 2020 by line items is as follows:

	Year ended 31 December 2020 RMB'000 (Originally presented)	Merger accounting adjustment RMB'000	Year ended 31 December 2020 RMB'000 (Restated)
Revenue	3,358,944	12,934	3,371,878
Cost of sales	<u>(2,361,590)</u>	<u>(999)</u>	<u>(2,362,589)</u>
Gross profit	997,354	11,935	1,009,289
Selling and marketing expenses	(1,672)	–	(1,672)
Administrative expenses	(237,984)	(13,616)	(251,600)
Net impairment losses on financial assets	(8,222)	13	(8,209)
Other income	47,819	89	47,908
Other losses – net	<u>(37,269)</u>	<u>–</u>	<u>(37,269)</u>
Operating profit	760,026	(1,579)	758,447
Finance income	85,362	32	85,394
Finance cost	<u>(76,988)</u>	<u>–</u>	<u>(76,988)</u>
Finance income – net	<u>8,374</u>	<u>32</u>	<u>8,406</u>
Share of net losses of an associate and joint ventures accounted for using the equity method	(845)	–	(845)
Profit before income tax	767,555	(1,547)	766,008
Income tax expenses	<u>(134,360)</u>	<u>569</u>	<u>(133,791)</u>
Profit and total comprehensive income for the year	<u>633,195</u>	<u>(978)</u>	<u>632,217</u>
Profit and total comprehensive income attributable to:			
– Owners of the Company	617,594	(978)	616,616
– Non-controlling interests	<u>15,601</u>	<u>–</u>	<u>15,601</u>
	<u>633,195</u>	<u>(978)</u>	<u>632,217</u>
Earnings per share (expressed in RMB per share)			
– Basic and diluted earnings per share	<u>1.24</u>	<u>–</u>	<u>1.24</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 BUSINESS COMBINATIONS (Continued)

(a) Business combinations under common control (Continued)

The effect of merger accounting restatement described above on the financial position as at 31 December 2020 by line items is as follows:

	As at 31 December 2020 <i>RMB'000</i> <i>(Originally presented)</i>	Merger accounting adjustment <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i> <i>(Restated)</i>
Assets			
Non-current assets			
Property, plant and equipment	29,477	4,302	33,779
Right-of-use assets	4,868	44,367	49,235
Other intangible assets	9,988	–	9,988
Investments in an associate and joint ventures	4,850	–	4,850
Prepayments for acquisition of entity interest	6,049	–	6,049
Deferred income tax assets	4,946	569	5,515
	<u>60,178</u>	<u>49,238</u>	<u>109,416</u>
Current assets			
Inventories	16,255	18	16,273
Other assets	60,602	–	60,602
Trade and bill and other receivables and prepayments	1,574,505	7,128	1,581,633
Restricted cash	364	–	364
Cash and cash equivalents	6,840,339	15,936	6,856,275
	<u>8,492,065</u>	<u>23,082</u>	<u>8,515,147</u>
Total assets	<u><u>8,552,243</u></u>	<u><u>72,320</u></u>	<u><u>8,624,563</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 BUSINESS COMBINATIONS *(Continued)*

(a) Business combinations under common control *(Continued)*

	As at 31 December 2020 <i>RMB'000</i> <i>(Originally presented)</i>	Merger accounting adjustment <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i> <i>(Restated)</i>
Equity			
Equity attributable to owners of the Company			
Share capital	652,848	–	652,848
Other reserves	5,993,270	2,000	5,995,270
Retained earnings	568,034	(17,816)	550,218
	<u>7,214,152</u>	<u>(15,816)</u>	<u>7,198,336</u>
Non-controlling interests	<u>38,311</u>	<u>–</u>	<u>38,311</u>
Total equity	<u>7,252,463</u>	<u>(15,816)</u>	<u>7,236,647</u>
Liabilities			
Non-current liabilities			
Lease liabilities	3,685	41,721	45,406
Deferred income tax liabilities	676	–	676
	<u>4,361</u>	<u>41,721</u>	<u>46,082</u>
Current liabilities			
Trade and bill and other payables	834,419	44,796	879,215
Lease liabilities	1,748	1,497	3,245
Contract liabilities	386,775	122	386,897
Current income tax liabilities	72,477	–	72,477
	<u>1,295,419</u>	<u>46,415</u>	<u>1,341,834</u>
Total liabilities	<u>1,299,780</u>	<u>88,136</u>	<u>1,387,916</u>
Total equity and liabilities	<u>8,552,243</u>	<u>72,320</u>	<u>8,624,563</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 BUSINESS COMBINATIONS (Continued)

(b) Business combinations not under common control

During the year ended 31 December 2021, the Group completed several acquisitions of equity interests in certain property management companies at an aggregate purchase consideration of RMB471,275,000. Goodwill of RMB410,041,000 and total identifiable net assets of RMB74,284,000 were recognized. The directors of the Company consider that the acquisition of Tongyong Services and Sanxin Services constituted a substantial acquisition for the Group while other subsidiaries acquired during the year were not significant to the Group. Thus, only financial information of Tongyong Services and Sanxin Services on the acquisition date were disclosed individually.

Details of the purchase considerations, the net assets acquired are as follows:

	Tongyong Services RMB'000	Sanxin Services RMB'000	Others RMB'000	Total RMB'000
Purchase Consideration				
– Cash paid	157,500	94,411	138,489	390,400
– Acquisition prepayments	–	–	6,049	6,049
– Consideration payable	52,500	14,000	8,326	74,826
Total purchase consideration	210,000	108,411	152,864	471,275

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 BUSINESS COMBINATIONS (Continued)

(b) Business combinations not under common control (Continued)

	Tongyong Services RMB'000	Sanxin Services RMB'000	Others RMB'000	Total RMB'000
Recognized amounts of identifiable assets acquired and liabilities assumed				
Cash and cash equivalents (Note (i))	11,602	1,992	45,175	58,769
Property, plant and equipment (Note 16)	14	129	4,249	4,392
Other intangibles (excluding customer relationship) (Note 17)	–	22	–	22
Customer relationship (included in other intangible assets) (Note 17)	52,150	11,830	53,750	117,730
Deferred income tax assets (Note 31)	851	321	14	1,186
Financial assets at fair value through profit or loss (Note 26 (a))	–	500	14,000	14,500
Trade and other receivables and prepayments	11,344	35,035	25,770	72,149
Inventories	–	–	152	152
Trade and other payables	(13,971)	(36,975)	(77,142)	(128,088)
Contract liabilities	(10,510)	(6,304)	(28,893)	(45,707)
Current income tax liabilities	(2,806)	–	(354)	(3,160)
Deferred income tax liabilities (Note 31)	(7,823)	(1,775)	(8,063)	(17,661)
Total identifiable net assets	<u>40,851</u>	<u>4,775</u>	<u>28,658</u>	<u>74,284</u>
Less: non-controlling interests	–	–	(11,039)	(11,039)
Identifiable net assets attributable to the Company	<u>40,851</u>	<u>4,775</u>	<u>17,619</u>	<u>63,245</u>
Goodwill (Note 17)	169,149	103,636	137,256	410,041
Gains from bargain purchase (Note 10)	–	–	(2,011)	(2,011)
	<u>169,149</u>	<u>103,636</u>	<u>135,245</u>	<u>408,030</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 BUSINESS COMBINATIONS (Continued)

(b) Business combinations not under common control (Continued)

(i) Net cash outflow arising from the acquisitions during the year ended 31 December 2021:

	Tongyong Services RMB'000	Sanxin Services RMB'000	Others RMB'000	Total RMB'000
Cash consideration paid	(157,500)	(94,411)	(138,489)	(390,400)
Cash and cash equivalents acquired on the acquisition date	<u>11,602</u>	<u>1,992</u>	<u>45,175</u>	<u>58,769</u>
Net cash outflow on acquisitions	<u>(145,898)</u>	<u>(92,419)</u>	<u>(93,314)</u>	<u>(331,631)</u>

(ii) Revenue and profit contribution

The acquired businesses contributed revenue of RMB136,268,000 and net profit of RMB26,417,000 to the Group for the period from their respective acquisition dates to 31 December 2021.

If the acquisitions had occurred on 1 January 2021, the consolidated statements of comprehensive income for the year ended 31 December 2021 would show pro-forma revenue of RMB6,053,700,000 and net profit of RMB1,085,038,000, respectively.

No contingent liability has been recognized for the business combination during the year ended 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship
Jinke Property Group	Ultimate holding company and its subsidiaries
Chongqing Jinjiahe Property Development Co., Ltd.* 重慶金佳禾房地產開發有限公司	Joint ventures/associates of Jinke Property
Chongqing Kunxiang Yutang Property Development Co., Ltd.* 重慶昆翔譽棠房地產開發有限公司	Joint ventures/associates of Jinke Property
Chongqing Pinjinyue Property Development Co., Ltd.* 重慶品錦悅房地產開發有限公司	Joint ventures/associates of Jinke Property
Chongqing Xidao Property Development Co., Ltd.* 重慶西道房地產開發有限公司	Joint ventures/associates of Jinke Property
Henan Jinshangbaishi Enterprises Co., Ltd.* 河南金上百世置業有限公司	Joint ventures/associates of Jinke Property
Henan Zhongjian Jinlun Enterprises Co., Ltd.* 河南中建錦倫置業有限公司	Joint ventures/associates of Jinke Property
Henan Zhongshu Enterprises Co., Ltd.* 河南中書置業有限公司	Joint ventures/associates of Jinke Property
Chongqing Xilianjin Property Development Co., Ltd.* 重慶西聯錦房地產開發有限公司	Joint ventures/associates of Jinke Property
Yunnan Jiaxun Property Development Co., Ltd.* 雲南嘉遜房地產開發有限公司	Joint ventures/associates of Jinke Property
Gongyi Bixin Enterprises Co., Ltd.* 鞏義市碧欣置業有限公司	Joint ventures/associates of Jinke Property
Anqing Jinshixiang Property Development Co., Ltd.* 安慶金世祥房地產開發有限公司	Joint ventures/associates of Jinke Property
Linquan County Jiarun Property Development Co., Ltd.* 臨泉縣嘉潤房地產開發有限公司	Joint ventures/associates of Jinke Property
Lanxi Zhonglianglong Enterprises Co., Ltd.* 蘭溪中梁龍置業有限公司	Joint ventures/associates of Jinke Property
Lanxi Hongke Enterprises Co., Ltd.* 蘭溪鴻科置業有限公司	Joint ventures/associates of Jinke Property
Changzhou Meike Property Development Co., Ltd.* 常州市美科房地產發展有限公司	Joint ventures/associates of Jinke Property
Yueyang County Dingyue Property Development Co., Ltd.* 岳陽縣鼎岳房地產開發有限公司	Joint ventures/associates of Jinke Property
Jian Jinchen Property Development Co., Ltd.* 吉安金晨房地產開發有限公司	Joint ventures/associates of Jinke Property
Xuchang Jinyao Property Co., Ltd.* 許昌金耀房地產有限公司	Joint ventures/associates of Jinke Property

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
Suzhou Xincheng Jinyue Property Development Co., Ltd.* 宿州新城金悦房地產開發有限公司	Joint ventures/associates of Jinke Property
Shijiazhuang Jinke Property Development Co., Ltd.* 石家莊金科房地產開發有限公司	Joint ventures/associates of Jinke Property
Hebei Guokong Lancheng Property Development Co., Ltd.* 河北國控藍城房地產開發有限公司	Joint ventures/associates of Jinke Property
Suzhou Tianchen Property Development Co., Ltd.* 蘇州天宸房地產開發有限公司	Joint ventures/associates of Jinke Property
Changzhou Jinke Property Development Co., Ltd.* 常州金科房地產開發有限公司	Joint ventures/associates of Jinke Property
Fujian Hilton Holiday Hotel Co., Ltd.* 福建希爾頓假日大酒店有限公司	Joint ventures/associates of Jinke Property
Chongqing Jinke Junzhi Property Development Co., Ltd.* 重慶市金科駿志房地產開發有限公司	Joint ventures/associates of Jinke Property
Dalian Hongkun Enterprises Co., Ltd.* 大連弘坤實業有限公司	Joint ventures/associates of Jinke Property
Shijiazhuang Jinke Tianyao Property Development Co., Ltd.* 石家莊金科天耀房地產開發有限公司	Joint ventures/associates of Jinke Property
Chongqing Meike Property Development Co., Ltd.* 重慶美科房地產開發有限公司	Joint ventures/associates of Jinke Property
Chongqing Bijiyi Property Development Co., Ltd.* 重慶市碧嘉逸房地產開發有限公司	Joint ventures/associates of Jinke Property
Yunnan Jinke Xinhaihui Enterprises Co., Ltd.* 雲南金科鑫海匯置業有限公司	Joint ventures/associates of Jinke Property
Changzhou Baijun Property Development Co., Ltd.* 常州百俊房地產開發有限公司	Joint ventures/associates of Jinke Property
Nanjing Yuhong Property Development Co., Ltd.* 南京裕鴻房地產開發有限公司	Joint ventures/associates of Jinke Property
Changde Dingye Property Development Co., Ltd.* 常德市鼎業房地產開發有限公司	Joint ventures/associates of Jinke Property
Chengdu Leading Property Development Co., Ltd.* 成都領跑房地產開發有限公司	Joint ventures/associates of Jinke Property
Chongqing Bijinhui Property Development Co., Ltd.* 重慶市碧金輝房地產開發有限公司	Joint ventures/associates of Jinke Property

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
Chongqing Jinjianglian Property Development Co., Ltd.* 重慶金江聯房地產開發有限公司	Joint ventures/associates of Jinke Property
Chongqing Meichengjin Property Development Co., Ltd.* 重慶美城金房地產開發有限公司	Joint ventures/associates of Jinke Property
Hengyang Dingheng Property Development Co., Ltd.* 衡陽市鼎衡房地產開發有限公司	Joint ventures/associates of Jinke Property
Shangrao Yuesheng Property Development Co., Ltd.* 上饒市悅盛房地產開發有限公司	Joint ventures/associates of Jinke Property
Yidu Jiaotou Jinwei Property Development Co., Ltd.* 宜都交投金緯房地產開發有限公司	Joint ventures/associates of Jinke Property
Yiwu Lianxiang Enterprises Co., Ltd.* 義烏市聯祥置業有限公司	Joint ventures/associates of Jinke Property
Shenyang Junyu Property Development Co., Ltd.* 瀋陽駿宇房地產開發有限公司	Joint ventures/associates of Jinke Property
Shanghai Longjun Property Development Co., Ltd.* 上海龍竣房地產開發有限公司	Joint ventures/associates of Jinke Property
Guangxi Tangpeng Investment Co., Ltd.* 廣西唐鵬投資有限公司	Joint ventures/associates of Jinke Property
Chongqing Jinnan Shengtang Property Development Co., Ltd.* 重慶金南盛唐房地產開發有限公司	Joint ventures/associates of Jinke Property
Chongqing Jinyonghe Property Development Co., Ltd.* 重慶金永禾房地產開發有限公司	Joint ventures/associates of Jinke Property
Nanyang Zhongliang Chengtong Enterprises Co., Ltd.* 南陽中梁城通置業有限公司	Joint ventures/associates of Jinke Property
Dalian Runyu Property Development Co., Ltd.* 大連潤譽房地產開發有限公司	Joint ventures/associates of Jinke Property
Zhengzhou Xinyinke Enterprises Co., Ltd.* 鄭州新銀科置業有限公司	Joint ventures/associates of Jinke Property
Wenzhou Kaiyi Enterprises Co., Ltd.* 溫州市凱壹置業有限公司	Joint ventures/associates of Jinke Property
Dalian Fengmao Enterprises Co., Ltd.* 大連豐茂置業有限公司	Joint ventures/associates of Jinke Property
Yueqing Liangpin Enterprises Co., Ltd.* 樂清市梁品置業有限公司	Joint ventures/associates of Jinke Property
Chongqing Taijun Property Development Co., Ltd.* 重慶泰駿房地產開發有限公司	Joint ventures/associates of Jinke Property

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
Hubei Jiaotou Hailujing Suizhou Enterprises Co., Ltd.* 湖北交投海陸景隨州置業開發有限公司	Joint ventures/associates of Jinke Property
Qingdao Hengmei Enterprises Co., Ltd.* 青島恒美置業有限公司	Joint ventures/associates of Jinke Property
Chongqing Wisler Construction Co., Ltd.* 重慶威斯勒建設有限公司	Joint ventures/associates of Jinke Property
Chongqing Meichen Property Development Co., Ltd.* 重慶美宸房地產開發有限公司	Joint ventures/associates of Jinke Property
Shangrao Kesong Enterprises Co., Ltd.* 上饒市科頌置業有限公司	Joint ventures/associates of Jinke Property
Chongqing Jinyuhui Real Estate Development Co., Ltd.* 重慶金煜輝房地產開發有限公司	Joint ventures/associates of Jinke Property
Qingdao Shimao Boxi Real Estate Co., Ltd.* 青島世茂博璽置業有限公司	Joint ventures/associates of Jinke Property
Chengdu Shengbu Real Estate Development Co., Ltd.* 成都市盛部房地產開發有限公司	Joint ventures/associates of Jinke Property
Liuzhou Luzhai Jinrun Real Estate Development Co., Ltd.* 柳州鹿寨金潤房地產開發有限公司	Joint ventures/associates of Jinke Property
Guilin Yingsheng Real Estate Development Co., Ltd.* 桂林盈盛房地產開發有限公司	Joint ventures/associates of Jinke Property
Guigang Yuegui Real Estate Development Co., Ltd.* 貴港悅桂房地產開發有限公司	Joint ventures/associates of Jinke Property
Ji'an Jinsong Real Estate Development Co., Ltd.* 吉安金頌房地產開發有限公司	Joint ventures/associates of Jinke Property
Jiujiang Huadi Jinda Real Estate Co., Ltd.* 九江華地金達房地產有限公司	Joint ventures/associates of Jinke Property
Chongqing western consumption poverty alleviation industry development Co. Ltd.* 重慶西部消費扶貧產業發展有限公司	Joint ventures/associates of Jinke Property
Chongqing Jinjiahai Real Estate Development Co., Ltd.* 重慶金嘉海房地產開發有限公司	Joint ventures/associates of Jinke Property
Jiashan Tianchen Real Estate Development Co., Ltd.* 嘉善天宸房地產開發有限公司	Joint ventures/associates of Jinke Property
Chongqing Keshijin Real Estate Co., Ltd.* 重慶科世金置業有限公司	Joint ventures/associates of Jinke Property
Taicang Zhuorun Real Estate Development Co., Ltd.* 太倉卓潤房地產開發有限公司	Joint ventures/associates of Jinke Property

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
Beijing Jinke Jinbi Real Estate Co., Ltd.* 北京金科金碧置業有限公司	Joint ventures/associates of Jinke Property
Changsha Jingke Real Estate Co., Ltd.* 長沙景科置業有限公司	Joint ventures/associates of Jinke Property
Chengdu Chenpan Real Estate Co., Ltd.* 成都辰攀置業有限公司	Joint ventures/associates of Jinke Property
Suzhou Zhengnuo Real Estate Development Co., Ltd.* 蘇州正諾房地產開發有限公司	Joint ventures/associates of Jinke Property
Suzhou Pingtai Real Estate Co., Ltd.* 蘇州平泰置業有限公司	Joint ventures/associates of Jinke Property
Suzhou Xiaojun Real Estate Development Co., Ltd.* 蘇州驍竣房地產開發有限公司	Joint ventures/associates of Jinke Property
Suzhou Zhuojun Real Estate Development Co., Ltd.* 蘇州卓竣房地產開發有限公司	Joint ventures/associates of Jinke Property
Hai'an Baijun Real Estate Development Co., Ltd.* 海安市百俊房地產開發有限公司	Joint ventures/associates of Jinke Property
Chongqing Jinmeiyuan Real Estate Development Co., Ltd.* 重慶金美園房地產開發有限公司	Joint ventures/associates of Jinke Property
Yuxi Jinke Junhui Real Estate Development Co., Ltd.* 玉溪金科駿輝房地產開發有限公司	Joint ventures/associates of Jinke Property
Yunnan Jinjia Real Estate Development Co., Ltd.* 雲南金嘉房地產開發有限公司	Joint ventures/associates of Jinke Property
Yuxi Zhangtai Real Estate Development Co., Ltd.* 玉溪彰泰房地產開發有限公司	Joint ventures/associates of Jinke Property
Xinmi Shouli Real Estate Co., Ltd.* 新密首利置業有限公司	Joint ventures/associates of Jinke Property
Xinyang Jinshao Real Estate Co., Ltd.* 信陽金紹置業有限公司	Joint ventures/associates of Jinke Property
Huainan Jinjun Real Estate Development Co., Ltd.* 淮南金駿房地產開發有限公司	Joint ventures/associates of Jinke Property
Hefei Jinjun Meihe Real Estate Development Co., Ltd.* 合肥金駿美合房地產開發有限公司	Joint ventures/associates of Jinke Property
Hangzhou Dexin Chaoyang Real Estate Co., Ltd.* 杭州德信朝陽置業有限公司	Joint ventures/associates of Jinke Property
Tianjin Sunshine City Jinke Real Estate Development Co., Ltd.* 天津陽光城金科房地產開發有限公司	Joint ventures/associates of Jinke Property
Handan Liangrui Real Estate Development Co., Ltd.* 邯鄲梁瑞房地產開發有限公司	Joint ventures/associates of Jinke Property

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
Wuhan Fanxiu Real Estate Development Co., Ltd.* 武漢市藩秀房地產開發有限公司	Joint ventures/associates of Jinke Property
Xiaogan Chenhui Real Estate Development Co., Ltd.* 孝感宸輝房地產開發有限公司	Joint ventures/associates of Jinke Property
Xiangyang Jinjue Real Estate Development Co., Ltd.* 襄陽金珏房地產開發有限公司	Joint ventures/associates of Jinke Property
Nanjing Jinjun Real Estate Development Co., Ltd.* 南京金俊房地產開發有限公司	Joint ventures/associates of Jinke Property
Chongqing Jinyuyang Real Estate Development Co., Ltd.* 重慶金宇洋房地產開發有限公司	Joint ventures/associates of Jinke Property
Guizhou Changsa Real Estate Development Co., Ltd.* 貴州昌薩房地產開發有限公司	Joint ventures/associates of Jinke Property
Taicang Xingyu Real Estate Co., Ltd.* 太倉興裕置業有限公司	Joint ventures/associates of Jinke Property
Shenyang Junhan Real Estate Development Co., Ltd.* 瀋陽駿瀚房地產開發有限公司	Joint ventures/associates of Jinke Property
Shenyang Liangming Real Estate Development Co., Ltd.* 瀋陽梁銘房地產開發有限公司	Joint ventures/associates of Jinke Property
Dalian Jinke Jiuli Real Estate Development Co., Ltd.* 大連金科九裡房地產開發有限公司	Joint ventures/associates of Jinke Property
Zhuzhou Jingke Real Estate Co., Ltd.* 株洲景科置業有限公司	Joint ventures/associates of Jinke Property
Guangzhou Jingyu Real Estate Development Co., Ltd.* 廣州景譽房地產開發有限公司	Joint ventures/associates of Jinke Property
Suqian Tongjinhong Real Estate Co., Ltd.* 宿遷市通金弘置業有限公司	Joint ventures/associates of Jinke Property
Suqian Liangyue Real Estate Co., Ltd.* 宿遷梁悅置業有限公司	Joint ventures/associates of Jinke Property
Wenzhou Jingrong Real Estate Co., Ltd.* 溫州景容置業有限公司	Joint ventures/associates of Jinke Property
Yixing Baijun Real Estate Development Co., Ltd.* 宜興百俊房地產開發有限公司	Joint ventures/associates of Jinke Property
Chongqing Weicheng Real Estate Co., Ltd.* 重慶韋成置業有限公司	Joint ventures/associates of Jinke Property
Pizhou Yihua Real Estate Development Co., Ltd.* 邳州益華房地產開發有限公司	Joint ventures/associates of Jinke Property

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
Sishui Jinmengquan Real Estate Development Co., Ltd.* 泗水金孟泉房地產開發有限公司	Joint ventures/associates of Jinke Property
Guangxi Yuanshan Investment Co., Ltd.* 廣西元善投資有限公司	Joint ventures/associates of Jinke Property
Taizhou Shimao New Milestone Real Estate Co., Ltd.* 台州世茂新里程置業有限公司	Joint ventures/associates of Jinke Property
Guizhou Longli Tianchen Real Estate Development Co., Ltd.* 貴州龍裡天宸房地產開發有限公司	Joint ventures/associates of Jinke Property
Hunan Jinke Jingchao Industry Development Co., Ltd.* 湖南金科景朝產業發展有限公司	Joint ventures/associates of Jinke Property
Wuxi Fuyang Real Estate Development Co., Ltd.* 無錫福陽房地產開發有限公司	Joint ventures/associates of Jinke Property
Zhangjiagang Dongjun Real Estate Development Co., Ltd.* 張家港東峻房地產開發有限公司	Joint ventures/associates of Jinke Property
Foshan Jinji Real Estate Development Co., Ltd.* 佛山市金集房地產開發有限公司	Joint ventures/associates of Jinke Property
Jinxiao Real Estate Development Co., Ltd.* 茂名市茂南區金驍房地產開發有限公司	Joint ventures/associates of Jinke Property
Chongqing Zhongliang Yongsheng Real Estate Development Co., Ltd.* 重慶中梁永昇房地產開發有限公司	Joint ventures/associates of Jinke Property
Chongqing Jincheng Jinyu Real Estate Development Co., Ltd.* 重慶金宸錦宇房地產開發有限公司	Joint ventures/associates of Jinke Property
Wuhan Yejin Real Estate Development Co., Ltd.* 武漢業錦房地產開發有限公司	Joint ventures/associates of Jinke Property
Chongqing Shuchen Real Estate Development Co., Ltd.* 重慶蜀宸房地產開發有限公司	Joint ventures/associates of Jinke Property
Shenyang Fuyu Tianxia Real Estate Development Co., Ltd.* 瀋陽富禹天下房地產開發有限公司	Joint ventures/associates of Jinke Property
Chongqing Supin Real Estate Development Co., Ltd.* 重慶肅品房地產開發有限公司	Joint ventures/associates of Jinke Property

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
Changzhou Jincheng Real Estate Development Co., Ltd.* 常州金宸房地產開發有限公司	Joint ventures/associates of Jinke Property
Dalian Jinheng Yaohui Real Estate Development Co., Ltd.* 大連金恒耀輝房地產開發有限公司	Joint ventures/associates of Jinke Property
Tianjin Junye Gongchuang Real Estate Co., Ltd.* 天津駿業共創置業有限公司	Joint ventures/associates of Jinke Property
Chongqing Jinghuanjin Real Estate Co., Ltd.* 重慶景煥金置業有限公司	Joint ventures/associates of Jinke Property
Wuhan Yeshuo Real Estate Development Co., Ltd.* 武漢業碩房地產開發有限公司	Joint ventures/associates of Jinke Property
Guangxi Huixian Real Estate Co., Ltd.* 廣西匯賢置業有限公司	Joint ventures/associates of Jinke Property
Nanning Jinhong Xianghui Real estate Development Co., Ltd.* 南寧金鴻祥輝房地產開發有限公司	Joint ventures/associates of Jinke Property
Chongqing Lanbo Bay Real Estate Co., Ltd.* 重慶藍波灣置業有限公司	Joint ventures/associates of Jinke Property
Chongqing Jinmeibi Real Estate Development Co., Ltd.* 重慶金美碧房地產開發有限公司	Joint ventures/associates of Jinke Property
Yulin Longhe Country Garden Real Estate Development Co., Ltd.* 玉林市龍河碧桂園房地產開發有限公司	Joint ventures/associates of Jinke Property
Shangqiu Xinhang Real Estate Co., Ltd.* 商丘新航置業有限公司	Joint ventures/associates of Jinke Property
Guangxi Tangfeng Investment Co., Ltd.* 廣西唐峰投資有限公司	Joint ventures/associates of Jinke Property
Changzhou Tianchen Real Estate Development Co., Ltd.* 常州天宸房地產開發有限公司	Joint ventures/associates of Jinke Property
Xiangyang Jinlun Real Estate Development Co., Ltd.* 襄陽金綸房地產開發有限公司	Joint ventures/associates of Jinke Property
Suining Chuanda Real Estate Development Co., Ltd.* 遂甯川達房地產開發有限公司	Joint ventures/associates of Jinke Property

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
Nanning qingzhou real estate Development Co., Ltd.* 南寧晴洲房地產開發有限公司	Joint ventures/associates of Jinke Property
Kunming Lianghui Real Estate Co. Ltd.* 昆明梁輝置業有限公司	Joint ventures/associates of Jinke Property
Hubei Jiaotou Jinke Property Service Co., Ltd.* 湖北交投金科物業服務有限公司	Joint ventures/associates of Jinke Services
Anhui Kejian Property Service Co., Ltd.* 安徽科建物業服務有限公司	Joint ventures/associates of Jinke Services
Chongqing Jinyuejia Education and Technology Co., Ltd.* 重慶金悅佳教育科技有限公司	Joint ventures/associates of Jinke Services
Neijiang Jinchun Wisdom Property Service Co., Ltd.* 內江市金宸智慧物業服務有限公司	Joint ventures/associates of Jinke Services
Urumqi Tianjierenhe Labor Dispatching Co., Ltd.* 烏魯木齊天潔仁和勞務派遣有限公司	Joint ventures/associates of Jinke Services
Renhuai Chengke Property Service Co., Ltd.* 仁懷市城科物業服務有限公司	Joint ventures/associates of Jinke Services
Beijing Yitu Exit-entry Service Co., Ltd.* 北京壹途因私出入境服務有限公司	Joint ventures/associates of Jinke Services
Chongqing Tianhuitong Technology Co., Ltd.* 重慶天匯通科技有限公司	Joint ventures/associates of Jinke Services
Chongqing Qiaoyunchang Commercial Management Co., Ltd.* 重慶喬運昌商業管理有限責任公司	Company controlled by the close family member of ultimate beneficial owner of Guangdong Hongmin Enterprise Management Consulting Co., Ltd. which has significant influence over Jinke Property Group
Chongqing Oufei Trade Co., Ltd.* 重慶市甌飛商貿有限公司	Company controlled by the shareholder of Jinke Property

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000 (Restated)
Provision of services		
– Jinke Property Group	1,029,465	660,725
– Joint ventures and associates of Jinke Property	144,082	113,625
– Joint ventures and associates of Jinke Services	1,254	712
	<u>1,174,801</u>	<u>775,062</u>
Purchase of goods and services		
– Jinke Property Group	4,145	1,888
– Joint ventures and associates of Jinke Services	10,261	–
– Joint ventures and associates of Jinke Property	30	–
	<u>14,436</u>	<u>1,888</u>
Rental expenses		
– Jinke Property Group	8	162
– Joint ventures and associates of Jinke Services	3	–
	<u>11</u>	<u>162</u>
Advances to related parties		
– Jinke Property Group	–	398,000
Repayments from related parties		
– Jinke Property Group	–	2,585,208
Interest income on loans to related parties		
– Jinke Property Group	–	90,372

All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 RELATED PARTY TRANSACTIONS *(Continued)*

(c) Key management compensation

The key strategic and operation decisions of the Group are made by the directors of the Company and their compensations and remuneration have been set out in Note 37.

(d) Balances with related parties

	As at 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> <i>(Restated)</i>
Trade receivables		
– Jinke Property Group	282,744	250,833
– Joint ventures and associates of Jinke Property	77,763	44,388
– Joint ventures and associates of Jinke Services	213	3
	<u>360,720</u>	<u>295,224</u>
Bill receivables		
– Jinke Property Group	<u>7,877</u>	–
Other receivables		
– Jinke Property Group (i)	826,458	10,292
– Company controlled by the close family member of ultimate beneficial owner of Guangdong Hongmin Enterprise Management Consulting Co., Ltd. which has significant influence over Jinke Property Group (ii)	500,000	–
– Joint ventures and associates of Jinke Property	560	20
– Joint ventures and associates of Jinke Services	544	677
	<u>1,327,562</u>	<u>10,989</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 RELATED PARTY TRANSACTIONS (Continued)

(d) Balances with related parties (Continued)

	As at 31 December	
	2021 RMB'000	2020 RMB'000 (Restated)
Trade payables		
– Jinke Property Group	2,086	493
– Joint ventures and associates of Jinke Services	1,856	–
– Joint ventures and associates of Jinke Property	110	–
	<u>4,052</u>	<u>493</u>
Other payables		
– Company controlled by the shareholder of Jinke Property	200,000	–
– Jinke Property Group	49,214	35,427
– Joint ventures and associates of Jinke Property	194	116
– Joint ventures and associates of Jinke Services	1	–
	<u>249,409</u>	<u>35,543</u>
Contract liabilities		
– Jinke Property Group	3,349	–
– Joint ventures and associates of Jinke Services	3,223	–
– Joint ventures and associates of Jinke Property	1,094	–
	<u>7,666</u>	<u>–</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 RELATED PARTY TRANSACTIONS *(Continued)*

(d) Balances with related parties *(Continued)*

- (i) The balance mainly represented the refundable deposits for proposed acquisition of the entity under common control and for other related party transactions which are trade in nature to Jinke Property Group.
- (ii) The balance represented the refundable deposits for proposed acquisition of equity interests.

Above trade receivables, bill receivables, trade payables and contract liabilities due from/to related parties are trade in nature, while the other receivables and other payables due from/to related parties, except performance guarantee deposits, are non-trade in nature.

Other payables due to related parties are unsecured, interest-free and repayable on demand.

(e) Financial guarantees

	As at 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Guarantees		
– Jinke Property Group (Note 18)	<u>25,000</u>	<u>–</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

		As at 31 December	
	Note	2021 RMB'000	2020 RMB'000
Assets			
Non-current assets			
Property, plant and equipment		34,453	23,281
Right-of-use assets		7,112	3,000
Intangible assets		14,783	9,494
Investment in subsidiaries		1,709,404	143,168
Investment in associates and joint ventures		23,342	4,850
Prepayments for acquisition of entity interests	22	24,774	5,929
Deferred income tax assets		2,087	–
		<u>1,815,955</u>	<u>189,722</u>
Current assets			
Inventories		5,018	3,890
Other assets	20	53,320	60,602
Trade and bill and other receivables and prepayments	22	4,804,247	1,572,602
Restricted cash		231	–
Term deposits	25	245,169	–
Cash and cash equivalents	23	3,341,230	6,567,314
		<u>8,449,215</u>	<u>8,204,408</u>
Total assets		<u>10,265,170</u>	<u>8,394,130</u>
Equity			
Equity attributable to owners of the Company			
Share capital	27	652,848	652,848
Other reserves		6,070,618	6,006,319
Retained earnings		881,446	509,647
		<u>7,604,912</u>	<u>7,168,814</u>
Total equity		<u>7,604,912</u>	<u>7,168,814</u>
Liabilities			
Non-current liabilities			
Lease liabilities	30	3,835	2,062
Deferred income tax liabilities		–	676
		<u>3,835</u>	<u>2,738</u>
Current liabilities			
Trade and bill and other payables	29	2,070,330	797,966
Lease liabilities	30	3,265	1,268
Contract liabilities	6(a)	494,755	363,593
Current income tax liabilities		88,073	59,751
		<u>2,656,423</u>	<u>1,222,578</u>
Total liabilities		<u>2,660,258</u>	<u>1,225,316</u>
Total equity and liabilities		<u>10,265,170</u>	<u>8,394,130</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Reserve movement of the Company

	Shares held for share award scheme <i>RMB'000</i>	Capital reserves <i>RMB'000</i>	Statutory reserves <i>RMB'000</i>	Total other reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total reserves <i>RMB'000</i>
Balance at 1 January 2020	–	–	25,000	25,000	397,089	422,089
Profit for the year	–	–	–	–	569,818	569,818
Transfer from reserves to share capital	–	19,805	(25,000)	(5,195)	(400,278)	(405,473)
Capital contribution from owners	–	433,525	–	433,525	–	433,525
Issue of shares in connection with the Listing	–	5,496,007	–	5,496,007	–	5,496,007
Appropriation of statutory reserves (Note 28(a))	–	–	56,982	56,982	(56,982)	–
Balance at 31 December 2020	–	5,949,337	56,982	6,006,319	509,647	6,515,966
Balance at 1 January 2021	–	5,949,337	56,982	6,006,319	509,647	6,515,966
Profit for the year	–	–	–	–	775,803	775,803
Dividend declared to shareholders of the Company	–	–	–	–	(326,424)	(326,424)
Purchase of shares in connection with share award scheme (Note 28(b))	(13,281)	–	–	(13,281)	–	(13,281)
Appropriation of statutory reserves (Note 28(a))	–	–	77,580	77,580	(77,580)	–
Balance at 31 December 2021	(13,281)	5,949,337	134,562	6,070,618	881,446	6,952,064

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 DIRECTORS' AND SUPERVISORS' BENEFITS AND INTERESTS

(a) Directors' and supervisors' emoluments

The directors and supervisors received emoluments from the Group for the year ended 31 December 2021 as follows:

Name	Fees <i>RMB'000</i>	Salaries <i>RMB'000</i>	Bonuses <i>RMB'000</i>	Housing allowance <i>RMB'000</i>	Employer's contribution to a retirement benefit scheme <i>RMB'000</i>	Other allowance and benefits in kind <i>RMB'000</i>	Total <i>RMB'000</i>
Executive Directors							
Mr. Xia Shaofei	180	1,480	2,220	26	33	24	3,963
Mr. Luo Chuansong	180	736	1,295	26	33	24	2,294
Mr. Xu Guofu	180	916	950	26	33	24	2,129
Non-executive Directors							
Mr. Luo Licheng	180	-	-	-	-	-	180
Mr. Liang Zhongtai	180	-	-	-	-	-	180
Mr. Li Nan (Note (i))	150	-	-	-	-	-	150
Independent non-executive directors							
Mr. Cao Guohua	240	-	-	-	-	-	240
Mr. Chan Chi Fung	240	-	-	-	-	-	240
Ms. Yuan Lin	240	-	-	-	-	-	240
Supervisors							
Mr. Yuyong	120	642	1,450	26	33	23	2,294
Mr. Hanchong	120	-	-	-	-	-	120
Ms. Ren Wenjuan	120	206	264	14	19	14	637
	<u>2,130</u>	<u>3,980</u>	<u>6,179</u>	<u>118</u>	<u>151</u>	<u>109</u>	<u>12,667</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 DIRECTORS' AND SUPERVISORS' BENEFITS AND INTERESTS (Continued)

(a) Directors' and supervisors' emoluments (Continued)

The directors and supervisors received emoluments from the Group for the year ended 31 December 2020 as follows:

Name	Fees RMB'000	Salaries RMB'000	Bonuses RMB'000	Housing allowance RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Other allowance and benefits in kind RMB'000	Total RMB'000
Executive Directors							
Mr. Xia Shaofei	30	1,159	2,334	24	32	23	3,602
Mr. Luo Chuansong	30	723	1,256	24	32	23	2,088
Mr. Xu Guofu	30	371	680	13	16	12	1,122
Non-executive Directors							
Mr. Luo Licheng	30	–	–	–	–	–	30
Mr. Liang Zhongtai	30	–	–	–	–	–	30
Mr. Li Nan	30	–	–	–	–	–	30
Independent Non-executive Directors							
Mr. Cao Guohua	40	–	–	–	–	–	40
Mr. Chan Chi Fung	40	–	–	–	–	–	40
Ms. Yuan Lin	40	–	–	–	–	–	40
Supervisors							
Mr. Yuyong	20	622	1,132	24	32	23	1,853
Mr. Hanchong	20	–	–	–	–	–	20
Ms. Ren Wenjuan	20	188	165	13	19	14	419
	<u>360</u>	<u>3,063</u>	<u>5,567</u>	<u>98</u>	<u>131</u>	<u>95</u>	<u>9,314</u>

(i) The non-executive director, Mr. Li Nan resigned on 28 December 2021.

(ii) Ms. Fu Ting was appointed as a non-executive director on 28 December 2021 and did not receive any emoluments from the Group or the related parties of the Group for the year 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 DIRECTORS' AND SUPERVISORS' BENEFITS AND INTERESTS *(Continued)*

(b) Directors' retirement benefits and termination benefits

There were no retirement benefits was paid to or receivable by directors during the year ended 31 December 2021 by defined benefit pension plans operated by the Group and there were no director's termination benefits subsisted during the year ended 31 December 2021 (2020: nil).

(c) Consideration provided to third parties for making available directors' services

There was no consideration provided to third parties for making available directors' services subsisted during the year ended 31 December 2021 (2020: nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors subsisted during the year ended 31 December 2021 (2020: nil).

(e) Directors' material interests in transactions, arrangements or contracts

There were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during the year ended 31 December 2021 (2020: nil).

38 EVENT AFTER THE BALANCE SHEET DATE

Save as disclosed in this report, there are no material subsequent event undertaken by the Company or by the Group.

FIVE-YEAR FINANCIAL SUMMARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December				
	2021 (RMB'000)	2020 (RMB'000) (Restated)	2019 (RMB'000)	2018 (RMB'000)	2017 (RMB'000)
Revenue	5,968,448	3,371,878	2,327,657	1,523,886	1,047,041
Cost of sales	<u>(4,122,014)</u>	<u>(2,362,589)</u>	<u>(1,691,979)</u>	<u>(1,133,053)</u>	<u>(766,495)</u>
Gross profit	1,846,434	1,009,289	635,678	390,833	280,546
Selling and marketing expenses	(3,073)	(1,672)	(3,021)	(3,618)	(1,729)
Administrative expenses	(481,288)	(251,600)	(233,390)	(185,815)	(148,002)
Net impairment losses on financial assets	(68,728)	(8,209)	(4,018)	(1,007)	(344)
Other income	25,223	47,908	52,146	3,330	3,433
Other (losses)/gains – net	<u>(26,957)</u>	<u>(37,269)</u>	<u>1,788</u>	<u>(597)</u>	<u>37</u>
Operating profit	1,291,611	758,447	449,183	203,126	133,941
Finance income	26,732	85,394	160,731	156,188	109,731
Finance cost	<u>(1,591)</u>	<u>(76,988)</u>	<u>(159,962)</u>	<u>(161,658)</u>	<u>(107,439)</u>
Finance income/(cost) – net	<u>25,141</u>	<u>8,406</u>	<u>769</u>	<u>(5,470)</u>	<u>2,292</u>
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method	4,101	(845)	160	–	–
Profit before income tax	1,320,853	766,008	450,112	197,656	136,233
Income tax expenses	<u>(244,023)</u>	<u>(133,791)</u>	<u>(75,728)</u>	<u>(33,730)</u>	<u>(22,541)</u>
Profit and total comprehensive income for the year	<u>1,076,830</u>	<u>632,217</u>	<u>374,384</u>	<u>163,926</u>	<u>113,692</u>
Profit and total comprehensive income attributable to:					
– Owner of the Company	1,057,182	616,616	366,452	161,776	113,551
– Non-controlling interests	<u>19,648</u>	<u>15,601</u>	<u>7,932</u>	<u>2,150</u>	<u>141</u>
	<u>1,076,830</u>	<u>632,217</u>	<u>374,384</u>	<u>163,926</u>	<u>113,692</u>
Earnings per share (expressed in RMB per share)					
– Basic and diluted earnings per share	<u>1.62</u>	<u>1.24</u>	<u>0.80</u>	<u>0.36</u>	<u>0.25</u>

FIVE-YEAR FINANCIAL SUMMARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December				
	2021 (RMB'000)	2020 (RMB'000) (Restated)	2019 (RMB'000)	2018 (RMB'000)	2017 (RMB'000)
Assets					
Non-current assets	983,506	109,416	1,191,346	1,874,993	816,361
Current assets	<u>9,455,987</u>	<u>8,515,147</u>	<u>2,902,547</u>	<u>2,250,525</u>	<u>1,673,608</u>
Total assets	<u>10,439,493</u>	<u>8,624,563</u>	<u>4,093,893</u>	<u>4,125,518</u>	<u>2,489,969</u>
Equity					
Equity attributable to owners of the Company	7,657,005	7,198,336	482,700	315,450	250,425
Non-controlling interests	<u>72,971</u>	<u>38,311</u>	<u>22,295</u>	<u>10,477</u>	<u>4,622</u>
Total equity	<u>7,729,976</u>	<u>7,236,647</u>	<u>504,995</u>	<u>325,927</u>	<u>255,047</u>
Liabilities					
Non-current liabilities	193,249	46,082	1,148,468	1,833,980	781,375
Current liabilities	<u>2,516,268</u>	<u>1,341,834</u>	<u>2,440,430</u>	<u>1,965,611</u>	<u>1,453,547</u>
Total liabilities	<u>2,709,517</u>	<u>1,387,916</u>	<u>3,588,898</u>	<u>3,799,591</u>	<u>2,234,922</u>
Total equity and liabilities	<u>10,439,493</u>	<u>8,624,563</u>	<u>4,093,893</u>	<u>4,125,518</u>	<u>2,489,969</u>

GLOSSARY AND DEFINITION

In this annual report, unless the context otherwise requires, the following words and expressions have the following meanings.

“2017 Employee Stock Ownership Plan”	the employee stock ownership plan approved by Jinke Property in January 2017
“2020 Employee Stock Ownership Plan”	the employee stock ownership plan adopted by the Company on 7 April 2020
“AGM”	the annual general meeting of the Company for 2021 to be convened and held on Thursday, 9 June 2022
“Articles of Association” or “Articles”	the articles of association of the Company
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Jinke Smart Services Group Co., Ltd.* (金科智慧服務集團股份有限公司), a limited liability company established in the PRC on 18 July 2000 and converted into a joint stock company with limited liability on 28 May 2020, the H Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 9666)
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules, and unless the context requires otherwise, refers to Jinke Property
“Deed of Non-Competition”	the deed of non-competition dated 29 October 2020 and executed by the Controlling Shareholder in favor of the Company, details of which are set out in “Relationship with Our Controlling Shareholder – Deed of Non-competition” in the Prospectus
“Director(s)”	the director(s) of the Company
“Domestic Shares”	the ordinary shares in the capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“Final Dividend”	the final dividend of RMB0.65 per Share (before tax) as proposed by the Board for the year ended 31 December 2021
“GFA”	gross floor area

GLOSSARY AND DEFINITION

“Group”	the Company and its subsidiaries
“H Share Registrar”	Tricor Investor Services Limited
“H Shares”	the overseas listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Administrative Region of the PRC
“Independent Third Party(ies)”	individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates (within the meaning of the Listing Rules)
“Jinke Property”	Jinke Property Group Co., Ltd.* (金科地產集團股份有限公司), a joint stock company with limited liability established in the PRC on 29 March 1994, listed on the Shenzhen Stock Exchange (stock code: 000656.SZ) and the Controlling Shareholder
“Jinke Property Group”	Jinke Property and its subsidiaries, which exclude the Group
“Listing”	the listing of the H Shares on the Main Board of the Stock Exchange
“Listing Date”	17 November 2020, the date on which dealings in the H Shares on the Main Board first commence
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Nomination Committee”	the nomination committee of the Board
“Over-allotment Option”	the option granted by the Company to allot and issue up to 19,936,700 additional H Shares in connection with the global offering of the Company as disclosed in the Prospectus
“Prospectus”	the prospectus of the Company dated 5 November 2020

GLOSSARY AND DEFINITION

“Remuneration Committee”	the remuneration committee of the Board
“RMB” or “Renminbi”	the lawful currency of the People’s Republic of China
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the H Shares only
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“sq.m.”	square meter(s)
“USA”	the United States of America
“US\$” or “United States dollars”	US dollars, the lawful currency of the United States of America
“Year”	the year ended 31 December 2021
“%”	percent

* *for identification purpose only*

JINKE金科服务