

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)



JINKE 金科服务
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ANNUAL
REPORT 2022
年度報告

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Xia Shaofei (*Chairman*)
Mr. Luo Chuansong (*resigned on 27 June 2022*)

Non-Executive Directors

Mr. Luo Licheng
Mr. Liang Zhongtai
Ms. Lin Ke (*appointed on 18 August 2022*)
Mr. Wu Xiaoli (*appointed on 18 August 2022*)
Mr. Xu Guofu (*re-designated as non-executive director on 13 February 2023*)
Ms. Fu Ting (*resigned on 27 June 2022*)

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

Ms. Xu Yuanyuan (*appointed on 30 March 2023*)
Mr. Lau Kwok Yin
Mr. Xu Guofu (*resigned on 10 February 2023*)

AUTHORIZED REPRESENTATIVES

Mr. Xia Shaofei (*appointed on 10 February 2023*)
Mr. Lau Kwok Yin
Ms. Ching Suet Fan (*alternative authorized representative to Mr. Lau Kwok Yin*) (*appointed on 29 March 2022*)
Mr. Xu Guofu (*resigned on 10 February 2023*)

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

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

COMPANY'S WEBSITE

www.jinkeservice.com

STOCK CODE

09666

H SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

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

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
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FINANCIAL SUMMARY

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

	Year ended 31 December	
	2022	2021
Revenue (RMB million)	5,005.1	5,968.4
Gross profit (RMB million)	943.2	1,846.4
Gross profit margin	18.8%	30.9%
Net (loss)/profit (RMB million)	(1,839.9)	1,076.8
Net (loss)/profit margin	(36.8%)	18.0%
(Loss)/profit attributable to owners of the Company (RMB million)	(1,818.5)	1,057.2
Basic (losses)/earnings per share (RMB)	(2.80)	1.62
Return on shareholders' equity (weighted average)	(34.1%)	13.8%

SUMMARY OF THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December	
	2022	2021
Total assets (RMB million)	8,356.8	10,439.5
Cash and cash equivalents (RMB million)	3,069.8	4,922.3
Total equity (RMB million)	5,400.4	7,730.0
Gearing ratio	–	–

HONORS AND MAJOR EVENTS IN 2022:

No.	Name of award	Awarding unit
1	2022 TOP 100 Property Management Companies in China	China Index Academy
2	2022 Top 10 among the TOP 100 Property Management Companies in China in Terms of Operating Performance	China Index Academy
3	2022 TOP 100 Property Management Companies in Terms of Service Quality	China Index Academy
4	2022 TOP 100 Property Management Companies in China in Terms of Leading Satisfaction	China Index Academy
5	2022 Top 10 among the TOP 100 Property Management Companies in China in Terms of Service Scale	China Index Academy
6	2022 Leading Companies in Property Technology Empowering in China	China Index Academy
7	2022 Leading Companies in China in Term of Specialty Property Services – City Services	China Index Academy
8	2022 Outstanding Property Companies in China in Terms of Corporate Service	China Index Academy
9	2022 Outstanding Hospital Property Management Companies in China	China Index Academy
10	2022 Outstanding Education Property Management Companies in China	China Index Academy
11	2022 TOP 10 Property Management Companies in Chongqing in Terms of Comprehensive Strength	China Index Academy
12	2022 TOP 10 Property Service Companies in Wuxi in Terms of Comprehensive Strength	China Index Academy
13	2022 TOP 10 Property Management Companies in Zhengzhou in Terms of Comprehensive Strength	China Index Academy
14	2022 TOP 10 Listed Property Management Companies in China in Terms of Community Value-added Service Capability	China Index Academy
15	2022 TOP 10 Listed Property Management Companies in China in Terms of Market Expansion Capabilities	China Index Academy
16	2022 TOP 5 Listed Property Companies in Terms of Market Expansion Capability	Shanghai E-house China R&D Institute、CRIC Property Management
17	2022 TOP 5 Leading Listed Property Companies in Terms of ESG Sustainability	Shanghai E-house China R&D Institute、CRIC Property Management



HONORS AND MAJOR EVENTS IN 2022:



HONORS AND MAJOR EVENTS IN 2022:

TOP 20 EVENTS OF THE YEAR UNVEILED! RECORD THE YEAR FOR US

January

Offering hands to the Winter Olympics, and delivering satisfactory answers with five-star service standards

On the eve of the opening of the Beijing Olympic Winter Games, Jinke Services' support team for Chinese sports delegation during contest time went to Beijing, and stationed at the National Olympic Sports Center, China House and Yanqing Winter Olympic Village. During the Olympic Games, Jinke Services provided service guarantee for important foreign affairs receptions with five-star service standards, empowering the efficient operation of the venues during contesting and contributing to the successful holding of the Beijing Winter Olympic Games, which was highly praised by the President of the International Olympic Committee and the Organizing Committee of the Winter Olympic Games.



February

Empowering Pingxiang, Jiangxi to create a new benchmark for sponge city operation and maintenance

On 15 February, Jinke Services formally joined hands with Pingxiang, Jiangxi, to build a city service system of "professional service + smart platform + administrative force" with state-owned enterprises, to provide whole-process "management + service + operation" one-stop service for public space, public resources and public projects in Pingxiang city, realizing the governance mode of government, market and social multi-body synergy, jointly helping with the sponge city construction of Pingxiang city and creating a comprehensive ecological service circle of smart city.



March

"Officially announcing" Chongqing Digital Tower, and activating the new digital economy landmark

On 1 March, Jinke Services officially commenced to provide services to Chongqing Digital Tower, a new 10 billion-grade landmark for digital economy in Chongqing. From star-level service empowering, privilege-style meeting affairs reception to strict epidemic prevention and control, IFM service, Jinke Services empowers digital industry with digital intelligence technology and helps park operation and maintenance with professional service, providing better service experience to the emerging digital highland in Chongqing and every enterprise settles there, and continuously injecting vitality for the high-quality development of regional digital economy.



April

Sticking to long-termism and winning the national TOP10 for 7 consecutive years

On 26 April, the list of 2022 Top 100 Property Management Companies in China was released in Beijing. With high quality and sustainable growth, Jinke Services was listed Top 10 among the Top 100 Property Management Companies in China for the 7th consecutive year, and had won the titles of leading company in service quality, leading company in satisfaction, and leading company in technology empowering for many years in a row, and ranked among the three special lists of corporate service, hospital logistics service and education logistics service, with its comprehensive strength and brand influence continuing to improve.



HONORS AND MAJOR EVENTS IN 2022:

May

Value empowering multinational enterprise Sime Darby, and “Attracting fans of” BMW and Volvo

In the first half of the year, Jinke Services reached cooperation with Sime Darby Group, a large multinational enterprise, and had been settling at BMW 4S Center in Nanshan, Shenzhen and Volvo 4S Center in Longhua since May, to create distinguished treatment for star customers with five-star service standards. In the face of the high requirements of international first-tier brands, Jinke Services has developed refined service standards in line with local conditions, creating a “caring + joyful” customer experience with perfect services and showcasing the top brand value of both internal and external refining.



May

Settling at the First Branch of Chongqing Medical University’s Affiliated Hospital No.1, to build a regional first-class medical center

On 20 May, the new hospital area of the First Branch of Chongqing Medical University’s Affiliated Hospital No.1 was officially opened for business. As a logistics service unit for the hospital, Jinke Services provides the hospital with a big butler-style logistics service centered on hospital and patients focusing on property management, medical auxiliary and group nutrition meal services, and works together with the hospital to create a first-class medical recuperating environment, first-class medical service and first-class medical center.



June

“Culture+” empowering city development and strategically joining hands with Wuhan Cultural Investment Group

On 29 June, Wuhan City Cultural Services Group, a subsidiary of Wuhan Cultural Investment Group, was officially established. As the first important partner after its establishment, Jinke Services was invited to attend the inauguration ceremony and signed a cooperation agreement with Wuhan City Cultural Services Group. The two parties will focus on the integrated operation of urban cultural properties and public cultural facilities services in Wuhan, striving to build a benchmark of cultural properties in domestic smart cities and strategically empowering urban cultural services in Wuhan, so as to promote the high-quality development of cultural undertakings and cultural industries in Wuhan.



July

Digital intelligence technology empowering city governance, and “Cloud City 100” landing in Wuxi, Jiangsu Province

In July, the “Cloud City 100” smart city system of Jinke Services officially landed in Wuxi, Jiangsu Province. Supported by digital twin technology, “Cloud City 100” treats the city as a large “building space aggregation” as a whole with the support of IBMS system and TOS system, empowers comprehensive urban governance through the integration of “professional service + smart platform + administrative force”, and provides solutions for city-level digitalization transformation.



HONORS AND MAJOR EVENTS IN 2022:

August

Helping with the mountain fire rescue in Chongqing, and being a firm guardian of the city

In August, Chongqing suffered from rare high temperature and dry weather, and mountain fire occurred in multiple places. In the emergency, Jinke Services immediately organized and dispatched volunteer teams to the front line of the mountain fires under the unified dispatching command of the government. They carried supplies to the mountains on foot under the high temperature of more than 40 degrees to ensure the supply for first-line rescuers; they patrolled the mountains day and night to clear the remaining fires and eliminate the hidden danger of re-ignition, continuously delivering the strength of Jinke Services for extinguishing the mountain fires and guarding the city.



September

Joining hands with the national research center once again and moving into the headquarters of CAERI in Lijia, Chongqing

On 1 September, Jinke Services formally moved into the headquarters of CAERI in Lijia, Chongqing, a national first-class research institute, to create customized park services centering on the concept of "people-oriented", to fully guarantee the efficiency of scientific research and production by virtue of the nation's leading industrial park operation and maintenance model, and to provide service support for the domestic first-class and internationally advanced automotive research base with high-end and efficient service experience.

October

Contributing to the upgrading and development of cities and signing a contract with Neijiang High-tech Zone once again

Following participating in the reform of introducing mixed ownership to state-owned enterprises in Neijiang Economic Development Zone in an in-depth manner in 2020, Jinke Services signed a strategic cooperation agreement with a wholly state-owned enterprise under the Management Committee of Neijiang High-tech Zone in October of the year. This cooperation will take the residential community of over 340,000 m² as the starting point, and innovate modern living experience for 3,212 owners; and focused on the layout of industrial park services, to help with investment and rent inviting, further promoting regional industry, service service upgrading and high-end industry's landing.



November

Talent being our first resource, and winning the Gold Award of CSTD Enterprise Learning Design Competition

On 4 November, the "7th Enterprise Learning Design Competition" organized by CSTD was held, and Jinke Services won the Gold Award relying on the "Young Guards Talent Program". Jinke Services adheres to the concept of "Talent is the first resource of an enterprise", attaches importance to the growth of young employees, devotes resources to foster a fast runway for the rapid growth of high-potential and high-performance young talents and for their career development.

HONORS AND MAJOR EVENTS IN 2022:

November

Developing earnestly local life services and having won another national certification

On 11 November, Jin Yi Meal service, one of Jinke Services' s food service brands, was awarded five national standard system certifications in succession, including HACCP Food Hazard and Critical Node Control, ISO22000 Food Safety Management System, ISO14001 Environmental Management System, GB/T45001-2020 Occupational Health and Safety Management System and ISO9001 Quality Management System. With the support by multiple authoritative recognition, we continue to build ourselves as the "China Catering Golden Key".



CHAIRMAN'S STATEMENT



2022 was a year full of challenges, and it was also a critical year in the development of Jinke Services. In the face of external pressure brought about by the macro environment and the structural adjustment of the real estate industry, Jinke Services has been actively seeking self-breakthrough and upward growth, and has always insisted on “providing warm services and pursuing high-quality growth”.

In 2023, the Company will embark on a new journey, unswervingly implement the strategy of “service + ecology, service + technology”, strengthen intensive cultivation, deep collaboration and concentration construction, as well as strive to improve the matrix layout of the four major businesses, so as to maintain sustainable and healthy development, and continue to create value for customers.

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

XIA SHAOFEI

CHAIRMAN'S STATEMENT

FOR THE SPACE PROPERTY MANAGEMENT SERVICES, WE WILL UPGRADE TO NEIGHBORHOOD PROPERTY SERVICES BY THE TWO-WHEEL DRIVE OF "SERVICE + ECOLOGY", AND FIRMLY PURSUE HIGH-QUALITY GROWTH UNDER LONG-TERM PRINCIPLES.

We will continue to adhere to long-term customer satisfaction and word-of-mouth orientation, strengthen refined operations, consolidate service capabilities, and provide high-quality services to high-quality customers. We will further strengthen our data-driven refined operation management system, enhance our ability in project intelligent operation, outbound pre-investment and post-investment integration and index assessment management, and continue to improve our management efficiency and per capita efficiency.

FOR THE LOCAL CATERING SERVICES, WE WILL TAKE IT AS THE SECOND GROWTH CURVE OF THE COMPANY'S STRATEGIC DEVELOPMENT TO DEEPEN THE DEVELOPMENT OF THE TRILLION-RMB CATERING SEGMENT WITH DIFFERENTIATION.

In the future, we will further strengthen the resource synergy mechanism between group catering business and non-residential property segment, give full play to the resource synergy of space property, further tap into opportunities from existing customers, achieve further development through organic growth and external acquisition, and provide one-stop logistics services for customers, enhance unit management effectiveness and efficiency in multiple dimensions, and help the strategic acceleration of the group catering track.

FOR COMMUNITY VALUE-ADDED SERVICES, WE WILL CENTER ON ASSET OPERATION TO ACHIEVE VALUE ADDITION AND PRESERVATION.

We will continue to focus on large-flow and sustainable community value-added services, promoting the rapid development of asset operation business with full efforts, enhancing market expansion capability and asset operation capability, focusing on real estate operation, household services and commercial operation business, and building a closed loop of integrated asset management. Meanwhile, we will also continue to accelerate the deployment of new business and future tracks, and to build parent-child service ecology, "travel +" industry chain as well as community private space value chain.

FOR DIGITAL AND INTELLIGENT TECHNOLOGY SERVICES, WE WILL FOCUS ON TECHNOLOGY RESEARCH AND DEVELOPMENT, AND CONTINUE TO BUILD "INTERNET OF INTELLIGENT + THINGS" AND "TWIN ENGINES + CARBON NEUTRAL".

We will seize the historical opportunity of building Digital China, focus on the three core points of digital twins, intelligent IOT and energy management, rely on our own research and development capability and resource integration advantages, which further enhance our core competitiveness of products, create integrated solutions for energy saving, energy storage and energy charging, continuously upgrade the integration capability of data intelligence and data development capability of the whole scene, and strengthen the realization of data output.

Xia Shaofei
Chairman

Jinke Smart Services Group Co., Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group is a leading, high-quality third-party comprehensive service provider in the PRC and ranked the first in the Southwestern China Region. The Group has 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. Through its four growth curves “SLCT”: (i) space property management services (Space); (ii) community value-added services (Life); (iii) local catering services (Catering); and (iv) smart living technology services (Technology), we are committed to providing one-stop, all-time high quality services to both government and corporate and individual customers.

Relying on its industry-leading overall strength and brand influence, 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 seven consecutive years, and the Group’s market share in the Southwestern China Region has ranked the first for six consecutive years. In 2022, due to its leading service quality, 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品質領先企業 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. Relying on our all-round service capability in multiple industries, we were awarded the top three lists in corporate services, hospitals and education. Based on our industry-leading smart living technology strength, we were awarded the “Top 3 Leading Enterprises in China in terms of Property Technology Empowerment”(中國物業科技賦能領先企業 Top3) by CIA. We insisted on our urban density strategy and were awarded the “Top 1 in terms of Comprehensive Strength among Property Service Enterprises”(物業服務企業綜合實力 Top1) in Chongqing and Wuxi by CIA.

The year of 2022 is an unprecedented and challenging year of transition for the property industry. The development of the property industry has entered a new normal due to the continued macroeconomic pressure, recurring the COVID-19 pandemic and control policy, increasing liquidity crisis in the real estate industry, and the intensified triple pressure of “shrinking demand, supply impact and weakening expectations.” In the face of the drastic changes in the external environment, we have, on the one hand, remained steadfast in our business foundation of “Service + Ecosystem, Service + Technology”; on the other hand, we have accelerated our transformation and firmly adhered to market-oriented third-party outbound business as the absolute focus of our strategic development, continuously polishing our service power, marketability and internal drive. We firmly believe that crises will create opportunities, and the reshaping of market pattern will create new industry leaders. We will adhere to the path of high quality, sustainable and differentiated development, the principle of “revenue shall generate profit and profit shall contain cash flow,” striving to become a world-class high-quality third-party comprehensive service provider.

OUTLOOK AND FUTURE PLANS

In view of the volatile macro environment and the constantly evolving external market, the industry growth rate is expected to slow down to a certain extent as compared to the level of the same period in history. At the same time, considering the decline in the volume of new constructions completed in the associated industries and the increase in the average age of the projects under management of property enterprises, the stage of blind expansion in pursuit of rapid growth in GFA has passed and the era of refined operation emphasizing high-quality growth is coming.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group will further leverage on its strengths to implement 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 of space property management services, local catering services, community value-added services and smart living technology solutions. By insisting on the concept of “revenue shall generate profit and profit shall contain cash flow,” we will strive for sustainable and healthy development and is committed to building a leading high-quality third-party comprehensive service provider in China.

By firmly pursuing quality growth driven by long-termism, through a refined operation system, complemented by a flexible and wolfish organization team and the synergy of ecological resources, we will build up an absolute leading service capability and market expansion capability in the property services industry. 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 long-term customer satisfaction and word-of-mouth-oriented approach, strengthen our high-quality service capacity and enhance our professional service capabilities in multiple fields, and help customers to realize assets value preservation and increase; We will strengthen the data-driven refined operation management system, improve our abilities in intelligent project operation, integrated and long-term tracking assessment of expansion pre-investment and post-investment, real-time operation performance and financial index assessment management, continue to improve the management efficiency and per capita efficiency, emphasize the collaboration of strong middle and back-office capabilities and wolfish frontline teams, and focus on project profitability, collection rates and project cash flow in the meantime of rapid expansion. We will focus on high-quality business segments, insist on quality and efficient scale growth, keep the residential business as our core, launch the “Residential Development Plan” for the stock housing, sort out the information of the stock residential projects on a grid-based approach, and exchange for the long-term trust of property owners and the growth in the performance of expansion through disciplined and systematic short-term investment, so as to quickly seize the market share; We will make balanced efforts to expand in other high-quality diversification businesses such as the mid to high-end commercial-office buildings, hospitals, schools and industrial parks, to provide customers with a one-stop integrated logistics solution of “Property Services + Catering Services + Smart Technology” to continuously enhance the single-site operating cash flow and business profitability; 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, so as to further consolidate our leading position in core markets; We will continue to explore and evaluate high-quality acquisition and merger targets through careful selection and by taking small steps with focus on regional boutique third-party property management companies with high convergence with existing advantageous regions, low historical burden and clean balance sheet, and value key indicators such as cash flow, project occupancy rate and payment rate of the company, so as to make acquisitions at reasonable valuation; We will further strategically adjust our value-added services to non-property owners, focus on the cash flow capacity of our business, and provide necessary services to win the long-term satisfaction and word-of-mouth from property owners on the basis of responding to the government’s policy of “ensuring delivery and stabilizing people’s livelihood.”

MANAGEMENT DISCUSSION AND ANALYSIS

We will deepen the development of trillion-RMB catering segment with differentiation, give full play to the resource synergy of property management business, with internal development and external acquisition going hand in hand and the second growth line ready to start. We will make local catering services the second growth line of our strategic development, and vigorously develop catering services, hotel management services and catering supply chain services; In the catering services segment, we have established a three-wheel driven development framework of “government and enterprise group catering, star-rated high-end catering services and community catering”; In particular, we will emphasize the resource synergy mechanism between the group catering business and the non-residential property segment to jointly bid for joint expansion, and further explore existing customers while keeping two-way link to premium incremental customers. By taking the key demand of group catering as a breakthrough point, we will quickly seize other types of demands for property management service required by the same customer, provide customers with one-stop logistics services, and improve the effectiveness and efficiency of single site management in multiple dimensions; We will also emphasize deep business cultivation, shared empowerment of supply chain resources and the middle and back-office capabilities, and continuously iterate product and service capabilities to lay a solid foundation for building a benchmarking enterprise in the segmented field. In addition, we will also continue to identify the opportunities to acquire and merge quality group catering companies, focus on the product power, customer reserve, brand influence, digital operation ability and other growth indicators of potential targets, so as to achieve strategic acceleration in the group catering services segment; In the hotel management sector, based on our nearly 20 years of experience in the operation of high-star hotels, we will continue to steadily improve the service standards of our five-star brands such as “Jinke Grand Hotel” (金科大酒店) to create the star-level “ceiling” of local business and banquet. Meanwhile, we will sort out the strategic direction of mid-end hotels, and do a good job in the operation of directly operated and franchised hotels in the way of light assets output. Through high-end exhibitions, industry forums and major new media, we will continuously export our hotel service brands in a high-frequency and high-quality manner to further enhance our brand value; In terms of catering supply chain business, we will further develop our strengths in channels and raw materials, integrate and build a high-quality local supply chain system, and explore opportunities to empower external quality customers while giving back to the internal catering business.

MANAGEMENT DISCUSSION AND ANALYSIS

We will give full play to the advantages of community resources, explore customer needs in a thorough manner, focus on businesses with high profit margin and cash flow, and build a new path for value-added services through innovation. Community is the most numerous and most influential basic consumption unit scenario. We have been committed to building a community value-added service ecosystem, leveraging our advantage of being “closest to home,” relying on our huge landlord base and community location resources, combining with differentiated community consumption scenarios and focusing on the diversified scenarios of “food, accommodation, transportation, education, travel and shopping,” we will strengthen customer full life cycle research, focus on business models with high profit margin and good cash flow and provide customers with differentiated and warm community services to further enhance the loyalty of property owners; We will continue to build up our asset operation capability and actively consider entering into various asset projects, leverage our comparative advantages in community assets such as real estate, parking spaces and shops, so as to accelerate the reduction of the Company’s heavy book assets and bring back cash flow; We will focus on the soft decoration business, supplemented by the community home decoration platform, to create a brand-new ecosystem of home decoration service; We will rely on high-quality kindergarten assets, closely follow the national policy guidance for preschool education, continue to improve the layout of preschool education services, and actively implement the integrated development strategy of childcare; By taking advantages of the obvious recovery in the tourism market and by virtue of our experience accumulated in the tourism industry chain in the past, we will gradually restart our tourism product line business, and improve the supply of tourism resources to meet the rebounded and even explosive travel demand of customers; We will continue to implement the internal partnership mechanism of business groups, cultivate the sense of ownership and shareholder mindset of backbone employees, and encourage internal entrepreneurship to continue to create new service formats based on the market environment and the actual situation of business development.

We will focus on research and development, enhance technology capabilities to build technical barriers, make reform through digital intelligence transformation, and explore the structural opportunities of the sub-segment in a deep manner. We will continue to promote the reform of mechanization of manpower and the intellectualization of machinery. 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, continuously empowering property projects under management to reduce costs and increase efficiency. In addition, by 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; With the three products of “Cloud City 100 (Cloud Property Center)” (雲城 100(雲物業中心)), “Fengquan Project (TOS Space Platform)” (蜂圈計劃(TOS空間平臺))” and “Qianshou Community Operation System” (千手社區運營系統) as the core, and with a product-oriented and industrial-focused approach, we will seek to establish core technology barriers and to facilitate the digital and intelligent transformation of internal businesses and continuously expand external business resources.

We will further optimize our corporate governance structure, firmly protect and maximize the interests of all shareholders, and continue to iterate and upgrade our management systems to drive the stable and high-quality long-term development of the Company. We will continue to upgrade the financial system, human resources system and IT system in all aspects to better drive the business growth of the Company; We will also further improve and upgrade our talent system construction and incentive mechanism, promote the expansion of the shareholding ratio of core teams, bind the interests of core employees with those of the rest shareholders of the Company over the long term, stimulate employees’ shareholder spirit, and add lasting driving force for the long-term development of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the Year, the Group derived its revenue from four business lines, namely (i) space property management services (included in value-added services to non-property owners); (ii) community value-added services; (iii) local catering services; and (iv) smart living technology solutions.

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			
	2022		2021	
	(RMB'000)	%	(RMB'000)	%
Space property management services	4,101,158	81.9	3,900,195	65.4
– Property management services	3,675,677	73.4	2,866,563	48.1
– Value-added services to non-property owners	425,481	8.5	1,033,632	17.3
Community value-added services	332,851	6.7	1,494,733	25.0
Local catering services	487,931	9.7	473,992	7.9
Smart living technology solutions	83,119	1.7	99,528	1.7
Total	5,005,059	100.0	5,968,448	100.0

The Group's revenue decreased by approximately 16.1% from RMB5,968.4 million for the year ended 31 December 2021 to RMB5,005.1 million for the year ended 31 December 2022. The details of change of revenue by business line are set out as below:

- (i) Revenue from space property management services increased by approximately 5.2% from RMB3,900.2 million for the year ended 31 December 2021 to RMB4,101.2 million for the year ended 31 December 2022. Among which, (a) revenue from property management services increased by approximately 28.2% from RMB2,866.6 million for the same period in 2021 to RMB3,675.7 million, which was primarily driven by the Group's business expansion. The increased GFA under management for the Year was 44.5 million sq.m., and 27.8 million sq.m. of inefficient GFA under management which led to negative cash flow was decreased. The GFA under management increased by approximately 7.0% from 237.9 million sq.m. as at 31 December 2021 to 254.5 million sq.m. as at 31 December 2022; (b) revenue from value-added services to non-property owners decreased by approximately 58.8% from RMB1,033.6 million for the same period in 2021 to RMB425.5 million, which was primarily due to the macro situation of the property industry. The Company took the initiative to significantly reduce the number of projects for which it provided site services to developers including Jinke Property Group during the Year, and instead focused on high quality projects with guaranteed cash flow and returns, as well as related services necessary for guaranteed delivery of buildings;

MANAGEMENT DISCUSSION AND ANALYSIS

- (ii) Revenue from community value-added services decreased by approximately 77.7% from RMB1,494.7 million for the year ended 31 December 2021 to RMB332.9 million for the year ended 31 December 2022, which was mainly due to the fact that many of the Group's value-added businesses did not commence as planned due to the impact of the pandemic control and weakened consumer demand, resulting in a decline in revenue. In particular, the travel business decreased significantly and almost ceased to operate; the decoration business also declined significantly due to the decline in property deliveries and the restriction on order fulfillment caused by the pandemic control; and some of the products in the home-living segment switched from a self-operated model to a platform model, and some businesses with longer payback periods and poorer cash flow were voluntarily curtailed, resulting in a decline in revenue;
- (iii) Revenue from local catering services increased by approximately 2.9% from RMB474.0 million for the year ended 31 December 2021 to RMB487.9 million for the year ended 31 December 2022, which was mainly due to (a) the Group's vigorous development of its catering services (group meals and social meals) and hotel management businesses, which managed to rise against the odds despite the resurgence of the pandemic, achieving a comprehensive revenue growth of over 300% to RMB338.5 million (2021: RMB83.4 million); (b) in view of the changes in the external operating environment, the Group have enhanced the risk management capability of our supply chain services based on the principle of prudence and reduced part of our food supply chain services business with very low profit margin and poor cash flow, resulting in a reduction in the volume of our food supply chain business to RMB149.4 million (2021: RMB390.6 million);
- (iv) Revenue from smart living technology solutions decreased by approximately 16.5% from RMB99.5 million for the year ended 31 December 2021 to RMB83.1 million for the year ended 31 December 2022, which was mainly due to the Company's initiative to reduce the business provided to the Jinke Property Group, thus the related revenue decreased by approximately 44.6% to RMB45.3 million (2021: RMB81.7 million) as compared to the same period in 2021 and the revenue from non-Jinke Property Group increased by approximately 112.4% to RMB37.8 million (2021: RMB17.8 million) as compared to the same period in 2021.

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 full range of services for every space in home, community and city with our ubiquitous five-star care. We are committed to serve our clients compassionately and to provide our clients with "Worry-free + Pleasant" services, so that they can enjoy a better quality service experience.

As one of the first companies in the industry to take the expansion of third-party property projects as the core strategy, we have long been polishing the high-quality and refined management capabilities of our basic property management business, and continuing to iterate on the potential of our value-added services and technology empowerment capabilities, thereby accumulating industry-leading owner satisfaction and a good market reputation. Today, the Group has built 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. And we have expanded a large number of third-party residential and non-residential properties.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2022, the Group has completed a national strategic layout in 27 provinces and 182 cities in the PRC. We managed a total of 735 residential projects and 344 non-residential projects, and the number of property owners under management increased continuously. As at 31 December 2022, the total GFA under management was approximately 254.5 million sq.m., of which approximately 57.3% was attributable to Independent Third Parties, which means the Group's market-oriented outward expansion capability has been proven. The GFA under management in the core area of the Southwestern China Region reached 126.0 million sq.m., accounting for 49.5% of the total GFA under management. And the GFA under management in the Yangtze River Economic Belt reached 205.5 million sq.m., accounting for 80.7% of the total GFA under management, which further showed the urban density effect.

During the year 2022, the entire residential real estate industry was under extreme pressure, with most of the newly delivered projects by developers having unsatisfactory sell-out rates, take-up rates and occupancy rates, as well as a lack of guaranteed payback for vacant housing costs. Against this backdrop, the Group has deliberately controlled the pace of expansion of newly delivered residential projects during the year 2022. In 2022, the new added GFA under management was approximately 44.5 million sq.m., representing a decrease of approximately 50.0% compared to the same period in 2021. The new added GFA under management for residential GFA was 27.1 million sq.m., representing a decrease of approximately 59.7% compared to the same period in 2021. And approximately 79.7% of the new added GFA under management was attributable to Independent Third Parties, representing an increase of 2.7 percentage points compared to the same period in 2021. In addition, in 2022, the Group focused on evaluating the low quality, low revenue collection rate and negative contribution projects accumulated in the past high-speed development process, and gradually carried out systematic withdrawal of these projects. The Group withdrew 27.8 million sq.m. of GFA under management for the year to avoid continuous negative profits, projects without cash inflow, various management risks (e.g. the ongoing operation risk of developers), and misjudging investment returns with only short-term gains in mind, as a result, we ensured that the Group could achieve high-quality and sustainable long-term development. In terms of M&A, the Group evaluated a total of 52 potential targets in 2022, of which the total GFA under management of targets entering the due diligence stage was 251 million sq.m. A total annual saturated revenue was over RMB5,000 million, and a total due diligence cost was over RMB4.00 million. However, in view of the fact that many of the targets and their related parties were hit by the macro pressure of real estate, they were all found to have more serious problems after due diligence, resulting in the actual M&A of the Group during the Year was lower than expected. To address the above problems, the Group formally launched the "Residential Development Plan" in November 2022, shifting the strategic focus of outbound expansion to the stock of old properties, and the focus of M&A to third-party boutique property companies without property related parties.

Benefiting from the continued enhancement of the Group's full-matrix service capabilities in the catering service and digital technology businesses, our non-residential business grew steadily in 2022. The new added GFA under management was approximately 17.4 million sq.m. In 2022, the Group successfully entered benchmark projects such as the first branch of The First Affiliated Hospital of Chongqing Medical University (重慶醫科大學附屬第一醫院第一分院), Chengdu Tianfu Asia No.1 of Jingdong (京東成都天府亞洲一號), Blue Moon (Chongqing) Co., Ltd. (藍月亮(重慶)有限公司), Hunan Agricultural University (湖南農業大學), and Hunan University of Finance and Economics (湖南財經大學). The Group has secured more than 10 projects with annual saturated revenue of RMB10 million, and many of them are joint bids for property management services and group catering services; at the same time, we continue to strengthen our moat of outbound capacity through continuous strategic partnerships with city-level and top-tier companies.

MANAGEMENT DISCUSSION AND ANALYSIS

As of 31 December 2022, the average unit property management fee of the Group increased to RMB2.20 per sq.m./month (2021: RMB2.19 per sq.m./month), of which the average unit property management fee for third party projects was RMB1.93 per sq.m./month (2021: RMB1.89 per sq.m./month). The property management efficiency of the Group improved by 19.5% to RMB14.4 per sq.m./year (2021: RMB12.05 per sq.m./year). The Group's integrated collection rate for property management services was 85.4% (2021: 85.0%).

The table below indicates the changes for our contracted GFA and GFA under management for the years ended 31 December 2022 and 2021 respectively:

	For the year ended December 31			
	2022		2021	
	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	359,800	237,859	277,171	156,173
New engagements ⁽¹⁾	35,861	44,460	93,066	88,969
– Properties developed by Jinke Property Group and its joint ventures and associates	499	9,024	12,780	20,418
– Properties developed by Independent Third Parties	32,004	32,328	50,352	38,629
– Properties took over upon mergers & acquisitions ⁽²⁾	3,358	3,108	29,934	29,922
– Residential projects	15,720	27,052	67,631	67,183
– Non-residential projects	20,141	17,408	25,435	21,786
Terminations ⁽³⁾	(35,839)	(27,781)	(10,437)	(7,283)
	<u>359,822</u>	<u>254,538</u>	<u>359,800</u>	<u>237,859</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) Acquisitions during the Year mainly included Baotou Zhonglianhang Property Service Co., Ltd. (包頭市眾聯行物業服務有限公司).
- (3) Such terminations included (a) property management service contracts that are not renewed upon contract expiration due to the reallocation of our resources to more profitable projects to optimize our portfolio of property management projects; (b) property management service contracts that are retired from management, such retired projects are generally characterized by low operational quality, low cash return rate and low property decommissioning rate; and (c) passively terminated property management service contracts, due to macroeconomic impact, some property developers or asset holders, either chose to stop paying for the relevant services due to a break in their financial chains, or chose to terminate professional property services and replace them with self-management, or were deeply involved in the public opinion of the slow delivery of phased projects that were in bad shape, all of which had a profound negative impact on the Group's development of subsequent services.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Year, the Group's revenue from properties developed by Independent Third Parties accounted for 47.2% of our total revenue from property management services, which has been on a continuous upward trend in previous years and has increased significantly by 5.5 percentage points from 2021, mainly due to: (i) the continued development of independent deployment with professional market development teams; and (ii) the synergistic development of property, group meals and technology to expand business channel; and (iii) the shrinkage of land acquisition and development of affiliated properties in response to changes in the industry.

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			
	2022		2021	
	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⁾	93,531	1,712,148	87,634	1,522,702
Properties developed by Jinke Property Group's joint ventures and associates ⁽²⁾	15,168	228,882	13,013	148,955
Properties developed by Independent Third Parties ⁽³⁾	111,751	1,422,732	104,818	1,088,305
Properties took over upon mergers & acquisitions ⁽⁴⁾	34,088	311,915	32,394	106,601
Total	254,538	3,675,677	237,859	2,866,563

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) Refer to properties acquired through a property right transaction to gain control of the acquired party and then incorporated into the Group's operation and management.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Year, a majority of the Group's revenue from property management services was derived from residential properties, which accounted for 79.0% of the Group's total revenue from property management services as compared to 79.6% of the Group's total revenue from property management services in 2021. The moderate overall decrease in the percentage of revenue derived from managing residential properties during the Year was primarily due to: (i) the continuous increase of the proportion of non-residential management projects, dominated by higher value projects such as industrial parks, schools and hospitals; and (ii) the growth in the Group's urban services projects in the diversified business during the Year.

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			
	2022		2021	
	GFA under Management (sq.m.'000)	Revenue (RMB'000)	GFA under Management (sq.m.'000)	Revenue (RMB'000)
Residential properties	208,234	2,903,041	194,626	2,282,280
Non-residential properties				
– Commercial properties and office buildings	2,673	81,033	3,305	113,255
– Public institutions, enterprises and other properties	14,548	387,669	13,559	294,363
– Industrial parks	10,199	164,694	11,588	108,652
– Urban services	18,884	139,240	14,781	68,013
Subtotal	46,304	772,636	43,233	584,283
Total	254,538	3,675,677	237,859	2,866,563

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			
	2022		2021	
	GFA under Management (sq.m.'000)	Revenue (RMB'000)	GFA under Management (sq.m.'000)	Revenue (RMB'000)
Southwestern China Region ⁽¹⁾	126,044	2,097,347	117,084	1,689,417
Eastern and Southern China Region ⁽²⁾	60,034	770,315	55,878	602,071
Central China Region ⁽³⁾	47,065	527,215	48,911	366,845
Other regions ⁽⁴⁾	21,395	280,800	15,986	208,230
Total	254,538	3,675,677	237,859	2,866,563

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

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. Due to the macro situation of the real estate industry, the Company has significantly reduced the number of projects for which it provides sales assistance services to developers during the year of 2022, instead, we focused on businesses with guaranteed cash flow and returns, or those that must be taken over by guaranteed delivery arrangements. During the Year, revenue from value-added services to non-property owners was approximately RMB425.5 million, representing a decrease of approximately 58.8% as compared with RMB1,033.6 million for the same period in 2021.

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			
	2022		2021	
	(RMB'000)	%	(RMB'000)	%
Sales assistance services	296,239	69.6	815,157	78.9
Pre-delivery services	112,762	26.5	200,374	19.4
Consultancy and other services	16,480	3.9	18,101	1.7
Total	<u>425,481</u>	<u>100.0</u>	<u>1,033,632</u>	<u>100.0</u>

Revenue from community value-added services

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

MANAGEMENT DISCUSSION AND ANALYSIS

Due to the impacts of the supply shock, the weakening of market expectations and the relative contraction of consumer demands brought by the COVID-19 pandemic in China, the overall demand for community value-added showed a downward trend, and some value-added business segments were not carried out as planned due to the impact of the COVID-19 pandemic. Both the home-living services and home-decoration services requiring entry into the households and the tourism business involving travel largely came to a halt under the epidemic control, and community retail was greatly impacted. In 2022, revenue from community value-added services decreased by approximately 77.7% from RMB1,494.7 million in 2021 to RMB332.9 million. In response to the changes in external environment, we actively adjusted our business focus. With the focus on “food, accommodation, transportation, travel, shopping and education”, and on high-frequency, high-profit and sustainable business segments, we completed the rapid transformation of some business segments from self-operated model to platform-based model, and proactively downsized some businesses with long payback period and poor cash flow; At the same time, the Group also actively strengthened its project strengths in the sales and leasing of heavy asset, accelerated the sales of the Company’s resources such as parking spaces, shops and real estates to generate revenue from agency business and bring back cash flow.

For the home-living services segment, by starting from the rigid demands of customers and relying on the private traffic carrier, the Group gradually improved its own product end, channel end and after-sales end, synchronized the source of cooperative products, and established a “supply chain platform + diversification + service” system in hand with national strategic partners of home services, covering the service requirements of whole scenarios including community group purchase, home services, gift package customization and employee welfare. However, due to the overlapped impact of factors such as difficulties in entering households and communities, tightened consumer demands, rising supplier risks and logistics costs brought by the lockdown of COVID-19 pandemic, the revenue from home-living services was only approximately RMB32.4 million during the Year, representing a decrease of approximately 89.2% over the same period of 2021.

Although the number of property projects under the management of the Group increased, offline flow of people decreased significantly due to the lockdown of COVID-19 pandemic. Demand for traditional space operation services, such as public space rental, community advertising media and parking lot management, decreased substantially. Revenue from the community management segment was only approximately RMB66.1 million during the Year, representing a decrease of approximately 80.4% over the same period of 2021.

As a result of the delayed delivery of property development projects due to the COVID-19 pandemic and the suspension of construction work, the delivery of new houses continued to decrease; Meanwhile, the flow of customers to real estate sales sites dropped abruptly and customers were reluctant to attend offline activities such as owners’ meetings and renovation salons during the period of lockdown, which affected the customer coverage rate, penetration rate, conversion rate and the performance progress of the stock orders. In response to the above changes, the Company deepened and penetrated into each project, expanded its business categories and increased customer order value for the home-decoration services, and provided renovation services for older properties. Revenue from home-decoration services was approximately RMB95.1 million during the Year, representing a slight decrease of approximately 22.4% over the same period of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

For asset services, leveraging on our exclusive advantages in resources, we vigorously developed parking spaces agency, sales of new properties and rental and sale of existing properties, committed to promoting team upgrading, node control and resources coordination. However, under the background of severe COVID-19 pandemic in many places, residents' low intention to buy properties, and no significant improvement in residents' income expectation during the Year, the overall sales of the real estate market continued to reduce. As a result, revenue from asset services decreased by approximately 31.6% to RMB127.8 million. Due to the impact of the repeated outbreaks of the COVID-19 pandemic, the tourism business of the same segment could not be carried out, and the revenue from this business line was nearly zero. Revenue from comprehensive living and traveling services was approximately RMB139.2 million during the Year.

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			
	2022		2021	
	(RMB'000)	%	(RMB'000)	%
Home-living services	32,443	9.7	299,342	20.0
Community management services	66,088	19.9	336,485	22.5
Home-decoration services	95,085	28.6	122,561	8.2
Comprehensive living and traveling services	139,235	41.8	736,345	49.3
– Asset services	127,764	38.4	186,908	12.5
– Cultural tourism and others	11,471	3.4	549,437	36.8
Total	332,851	100.0	1,494,733	100.0

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) hotel management services, and (iii) catering supply chain services (specialty food materials supply chain services such as rice, flour, grain and oil etc.). Revenue from local catering services was approximately RMB487.9 million in 2022, basically remained the same level as last year.

As one of the first companies in the industry to focus on and lay out catering services, the Group has established a differentiated brand matrix covering “high-end catering services, comprehensive group catering and community catering”, and has developed a strong ability to expand the catering service market, and coupled with the strong synergy with the property service business, the Group was able to quickly capture the trillion-level catering services market. During 2022, the Company won the joint bid for basic property services and group catering services in various projects, with remarkable synergy effect in terms of market expansion for the two business segments. In addition, the Company developed “Ling Hao” (Ling 好) food shop and other community retail stores in the community catering sector, and the hot pot brand “Yuqian Doudou” (渝錢鬥鬥) won the first place in the hot pot category service list of Chongqing Region on Dianping. Total revenue from catering services amounted to approximately RMB198.2 million, representing an increase of approximately 296.1% over the same period of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

For hotel management services segment, the Company has nearly 20 years of experience in the operation and management of high-star hotels, with boutique hotel brands, such as “Jinke Grand Hotel”(金科大酒店), “Shengjia”(聖嘉) and “Ruijing”(瑞晶). During the Year, three new mid-end hotels were opened in Guiyang, Hangzhou and Chongqing. Through business restructuring, model innovation and cost control, revenue from hotel management services for the year was approximately RMB140.3 million, representing an increase of approximately 320.9% over the same period of 2021.

In addition, based on our fast-growing customer base of catering services and food materials procurement volume, we continue to integrate and optimize our food materials supply chain systems, and provide food materials supply chain services to our internal and third-party customers for their projects by leveraging on our advantages in large scale centralized procurement. During 2022, in view of the macroeconomic downturn and the significant increase in both supplier performance risks and customer repayment risks, we proactively scaled down the food materials supply chain services business with lower profit margin to ensure a stable, controlled and robust supply chain. During the Year, revenue from the catering supply chain services amounted to approximately RMB149.4 million, representing a decrease of approximately 61.8% over the same period of 2021.

	For the year ended December 31			
	2022		2021	
	(RMB'000)	%	(RMB'000)	%
Catering services	198,202	40.6	50,039	10.6
Hotel management services	140,345	28.8	33,347	7.0
Catering supply chain services	149,384	30.6	390,606	82.4
Total	<u>487,931</u>	<u>100.0</u>	<u>473,992</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 management companies, external government and enterprise customers, property developers and other customers 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, digital and intelligent communities, and smart culture-base tourism 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 2022, 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 and continuously increased R&D inputs to strengthen its cooperation with top companies in the technology industry, focused on core capabilities on the digital and intelligent space operation, management and control, built three core competencies including Internet of Things, space operating system, and urban space-time engines, and continuously promoted the Cloud City 100 project.

In 2022, in view of the severe liquidity crisis in the real estate industry, some government and enterprise customers were also under great pressure due to macro factors. In 2022, the Group gradually downsized its businesses of smart on-site services, software development revenue and smart solutions to some property developers as well as government and enterprise customers with difficulties in making repayments. During the Year, the revenue from smart living technology solutions decreased by approximately 16.5% from RMB99.5 million for the same period in 2021 to RMB83.1 million, while the revenue from non-Jinke Property Group operations increased by approximately 112.4% to RMB37.8 million over the same period of 2021 (2021: RMB17.8 million).

COST OF SALES

The Group’s cost of sales primarily consists of (i) employee benefit expenses; (ii) greening and cleaning expenses; (iii) security charges; (iv) utilities; (v) cost of goods sold; (vi) consumables, food and beverages; (vii) depreciation and amortization expenses; (viii) office expenses; (ix) raw materials; (x) travelling and entertainment expenses; (xi) engineering expenses; (xii) community activities expenses; and (xiii) other costs.

The cost of sales of the Group decreased by approximately 1.5% from approximately RMB4,122.0 million for the year ended 31 December 2021 to approximately RMB4,061.9 million for the year ended 31 December 2022, which was generally in line with the Group’s management model of reducing the scale of low-quality businesses and committing to cost control and improving service efficiency.

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			
	2022		2021	
	Gross profit (RMB'000)	Gross profit margin %	Gross profit (RMB'000)	Gross profit margin %
Space property management services	730,799	17.8	1,141,936	29.3
– Property management services	649,958	17.7	696,832	24.3
– Value-added services to non-property owners	80,841	19.0	445,104	43.1
Community value-added services	92,731	27.9	621,838	41.6
Local catering services	102,168	20.9	38,344	8.1
Smart living technology solutions	17,504	21.1	44,316	44.5
Total	943,202	18.8	1,846,434	30.9

Gross profit of the Group decreased by approximately 48.9% from approximately RMB1,846.4 million for the year ended 31 December 2021 to approximately RMB943.2 million for the year ended 31 December 2022. Gross profit margin decreased from 30.9% for the year ended 31 December 2021 to 18.8% for the year ended 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit of space property management services decreased from RMB1,141.9 million for the year ended 31 December 2021 to RMB730.8 million for the year ended 31 December 2022, and the gross profit margin decreased from 29.3% for the year ended 31 December 2021 to 17.8% for the year ended 31 December 2022, among which: (i) the gross profit of property management services decreased from RMB696.8 million for the year ended 31 December 2021 to RMB650.0 million for the year ended 31 December 2022, and the gross profit margin decreased from 24.3% for the year ended 31 December 2021 to 17.7% for the year ended 31 December 2022. Such decreases were primarily attributable to (a) a relatively large price reduction adjustment on vacant property fees, vacant parking space management fees and others made by the Group in the second half of 2022 after considering that it was more difficult to collect payments from developers under the current real estate market; (b) the additional expenses and one-off compensation losses incurred by the Group for withdraws from some projects in the second half of 2022; (c) the amortization expenses of intangible assets arising from mergers and acquisitions consolidated in the historical period; and (d) increases in additional staff salaries and resettlement subsidies, as well as costs of epidemic prevention and supply guarantee consumables affected by uncontrollable factors such as resurgence of the epidemic during the Year and epidemic prevention and control in most of the core area Sichuan and Chongqing markets in the second half of 2022; (ii) the gross profit of value-added services to non-property owners decreased from RMB445.1 million for the year ended 31 December 2021 to RMB80.8 million for the year ended 31 December 2022, and gross profit margin decreased from 43.1% for the year ended 31 December 2021 to 19.0% for the year ended 31 December 2022. Such decreases were primarily because the Group significantly reduced the number of projects in relation to provision of sales assistance services to developers during 2022; but at the same time, for some new projects of related parties that we have decided to withdraw or not to provide property management services, the Group adhered to the policy of “guaranteeing the delivery of buildings and stabilizing people’s livelihood,” and still provided the necessary pre-delivery services for these projects and bore the corresponding business costs.

Gross profit of community value-added services decreased from RMB621.8 million for the year ended 31 December 2021 to RMB92.7 million for the year ended 31 December 2022, and the gross profit margin decreased from 41.6% for the year ended 31 December 2021 to 27.9% for the year ended 31 December 2022, which was primarily due to temporary suspension of the Group’s multiple value-added business sub-segments (such as industrial parks, tourism, home decoration, etc.) affected by the COVID-19 pandemic lockdown and the weakening consumer demand.

Gross profit of local catering services increased from RMB38.3 million for the year ended 31 December 2021 to RMB102.2 million for the year ended 31 December 2022, and the gross profit margin increased from 8.1% for the year ended 31 December 2021 to 20.9% for the year ended 31 December 2022, which was mainly attributable to (i) significant increase in the revenue of catering and hotel management services resulted from diversified layout; and (ii) reduced catering supply chain service business with relatively low gross profit margin due to the need for risk management and control.

Gross profit of smart living technology solutions decreased from RMB44.3 million for the year ended 31 December 2021 to RMB17.5 million for the year ended 31 December 2022, and the gross profit margin decreased from 44.5% for the year ended 31 December 2021 to 21.1% for the year ended 31 December 2022, which was mainly because (i) the Group proactively reduced the relevant service business provided to related parties during the Year; and (ii) the number of digital and intelligent technology solutions projects developed by Independent Third Parties continued to increase, and the gross profit margins of these projects were relatively low to seize market opportunities and expand businesses.

MANAGEMENT DISCUSSION AND ANALYSIS

NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

The net impairment loss of the Group's financial assets increased by 3,033.0% from approximately RMB68.7 million for the year ended 31 December 2021 to approximately RMB2,152.4 million for the year ended 31 December 2022, which was mainly due to that taking into the consideration of various unfavourable factors such as the severe liquidity crisis in the real estate sector in the PRC, the resurgence of the COVID-19 and the slowdown in economic growth in the PRC during the year, the property management industry has encountered unprecedented challenges and thus the Group's affiliated real estate developer customers and certain third party customers were facing liquidity difficulties, for which the Group had conducted impairment tests on assets such as other receivables and trade receivables in its books for prudence purpose and has made reasonable impairment charges at a higher amount than in previous years.

OTHER INCOME

Other income of the Group increased by 75.0% from approximately RMB25.2 million for the year ended 31 December 2021 to approximately RMB44.1 million for the year ended 31 December 2022, which was primarily because (i) the local catering services segment vigorously developed the operation and management business of college canteens during the Year, enjoying the support of national tax incentives; and (ii) in order to guarantee the short and medium-term operations of the related parties and the construction of the properties under construction, and then to hire the Group to provide property management services after the delivery of the properties to facilitate the long-term development of the Group, the Group (as the lender) provided a loan of RMB1,500 million (annual interest rate of 8.6%) to Jinke Property Group (as the borrower), thereby significantly increasing the relevant interest income.

OTHER NET LOSSES

The Group's other net losses primarily consist of (i) net foreign exchange gains; (ii) impairment of goodwill; (iii) losses on disposal of other assets. The Group's other net losses increased by 1,039.8% from approximately RMB27.0 million for the year ended 31 December 2021 to approximately RMB307.3 million for the year ended 31 December 2022, which was mainly because the appreciation of the exchange rate of Hong Kong dollars held by the Group against RMB contributed to the net foreign exchange income, however, due to changes in the real estate and property market conditions during the Year, the Group made reasonable impairment of approximately RMB288.1 million for the relatively high goodwill recorded by the property management companies acquired during the historical period.

MANAGEMENT DISCUSSION AND ANALYSIS

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 15.9% from approximately RMB481.3 million for the year ended 31 December 2021 to approximately RMB557.9 million for the year ended 31 December 2022, which were primarily because (i) the number of senior employees of the Group continued to increase; and (ii) in order to seize the opportunity to constantly strengthen the growth of the main business and geographical coverage, the Group incurred related intermediary agency fees due to the need for due diligence in mergers and acquisitions.

INCOME TAX (CREDIT)/EXPENSE

The Group's income tax (credit)/expense comprise PRC corporate income tax. Income tax (credit)/expense of the Group decreased from approximately RMB244.0 million for the year ended 31 December 2021 to approximately RMB-161.5 million for the year ended 31 December 2022, which was primarily because the Group made reasonable impairments on other receivables and accounts receivable from related real estate developers facing liquidity difficulties and some third-party customers due to changes in the external macro environment, resulting in deferred income tax assets.

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 1.4% from RMB540.8 million as at 31 December 2021 to RMB548.4 million as at 31 December 2022, mainly due to (i) increase of approximately RMB304.7 million in customer relationship and goodwill arising from the Group's actively pursuing business expansion and several business mergers and acquisitions during the Year and historical periods; on the other hand, (ii) the amortization and impairment of approximately RMB304.6 million in customer relationship and goodwill arising from acquisitions during the Year and historical periods.

TRADE AND BILL RECEIVABLES

Carrying balance of trade and bill receivables of the Group increased by approximately 21.1% from RMB2,090.8 million as at 31 December 2021 to RMB2,531.0 million as at 31 December 2022, and provision for impairment of trade and bill receivables increased from RMB78.2 million as at 31 December 2021 to RMB1,046.5 million as at 31 December 2022. Trade receivables mainly arise from the space property management services, (i) in terms of ageing structure, over 62.2% of the receivables were generated within one year, which was mainly due to the constant increase in the GFA area and the number of projects under management of the Group's basic property management services; and (ii) in terms of customer classification, over approximately 50% of the trade and bill receivables were from major property owners. Due to the impact of continued downturn in the real estate market and downward pressure on the economy and the COVID-19 pandemic during the Year, the cash flows of government customers, property developer customers and other major property owner customers served by the Group are tightening, resulting in higher trade receivables turnover days. The Group will pay close attention to the balance of trade receivables, strengthen risk control measures and carry out special collection work.

MANAGEMENT DISCUSSION AND ANALYSIS

PREPAYMENTS AND OTHER RECEIVABLES

The Group's prepayments and other receivables mainly represent (i) loans to related parties; (ii) prepayments to suppliers; and (iii) service deposit paid to third parties. Carrying balance of prepayments and other receivables of the Group increased by approximately 54.1% from RMB2,295.4 million as at 31 December 2021 to RMB3,537.4 million as at 31 December 2022, and provision for impairment of prepayments and other receivables increased from RMB18.4 million as at 31 December 2021 to RMB1,197.2 million as at 31 December 2022. These changes were primarily due to (i) the Group (as the lender) provided a loan of RMB1,500 million to Jinke Property Group (as the borrower); (ii) diversified business, such as gradually restarting the tourism product line business to increase the supply of tourism resources, and the increased business deposit paid; but (iii) the Group conducted an impairment test on other receivables and made reasonable impairment after considering a severe liquidity crisis facing by China's real estate industry, resurgence of the domestic COVID-19 epidemic, and economic growth slowdown. The Group will pay close attention to the balance of other receivables, strengthen risk control measures and carry out special collection work.

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 63.1% from RMB53.3 million as at 31 December 2021 to RMB19.7 million as at 31 December 2022, which was primarily due to (i) the sales of parking lot; and (ii) impairment test for and provision for reasonable impairment on other assets.

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 37.5% from RMB610.2 million as at 31 December 2021 to RMB838.8 million as at 31 December 2022, 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 rapid growth of the local catering services of the Group.

OTHER PAYABLES

The Group's other payables and accruals primarily consist of (i) equity acquisition payables to third parties; (ii) deposit guarantee payable. Other payables and accruals of the Group decreased by approximately 6.7% from RMB940.5 million as at 31 December 2021 to RMB877.3 million as at 31 December 2022, mainly due to the Group's payment of certain equity payables.

CONTRACT LIABILITIES

Contract liabilities primarily consist of advances of property management fees and other service fees. The Group's contract liabilities increased by 26.3% from RMB586.2 million as at 31 December 2021 to RMB740.2 million as at 31 December 2022, mainly due to (i) the increase in the GFA under management and the number of properties under management of the Group; and (ii) the increase in the Group's ability to receive prepayments for property management fees from private property owners due to higher customer satisfaction.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Cash Position

As at 31 December 2022, the Group had cash and cash equivalents of approximately RMB3,069.8 million (31 December 2021: approximately RMB4,922.3 million).

Cash Flows

For the year ended 31 December 2022, the Group's net cash inflow from operating activities was approximately RMB393.3 million, representing a decrease of approximately 11.7% as compared to approximately RMB445.3 million for the same period in 2021, which was mainly attributable to (i) the decrease in the operating profits of the Group; and (ii) a slower collection of proceeds due to tight cash flow from major property owners in respect of basic property management services.

For the year ended 31 December 2022, the Group's net cash outflow from investing activities was approximately RMB1,755.3 million, representing an increase of approximately 35.2% as compared to a net cash outflow from the Group's investing activities of approximately RMB1,298.6 million for the same period in 2021, mainly attributable to (i) a loan of RMB1,500 million provided by the Group (as the lender) to Jinke Property Group (as the borrower); (ii) the Group's payment for acquisition of equity interests in property management companies; and (iii) the Group's payment for purchase of nursery assets.

For the year ended 31 December 2022, the net cash outflow from the Group's financing activities was approximately RMB518.4 million, representing a decrease of approximately 47.6% as compared to a net cash outflow from the Group's financing activities of approximately RMB990.2 million for the same period in 2021. Such change was mainly due to (i) the payment of final dividend to shareholders for the year ended 31 December 2021; offset by (ii) the decreased payment of equity interest and equity transaction margin for the acquisition of jointly controlled entities compared with the same period last year.

INDEBTEDNESS

Borrowings

As at 31 December 2022, the Group had nil borrowings (31 December 2021: Nil).

GEARING RATIO

As the Group had nil borrowings as at 31 December 2022, 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 2022 (31 December 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 31 December 2022, the Group did not have any pledged assets (31 December 2021: Nil).

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, and a subsidiary which is mainly denominated in United States dollars. As at 31 December 2022, the cash and cash equivalents of approximately RMB15.4 million and RMB7.0 million denominated in HK\$ and US\$. 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 foreign exchange rate and timely settlement. The management of the Group will continue to keep track of change of exchange rate and control the financial impact of exchange rate changes on the Group.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any material contingent liabilities (31 December 2021: Nil).

COMMITMENTS

As at 31 December 2022, the Group did not have any capital commitments (31 December 2021: Nil).

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

During the year ended 31 December 2022, 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 Documents, the Group intended to use the net proceeds as follows: (i) approximately 60%, or approximately HK\$3,996.5 million for pursuing selective strategic investment and acquisition opportunities and further developing 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\$666.1 million for upgrading the systems of the Group for digitization and smart management; (iii) approximately 18%, or approximately HK\$1,199.0 million for further developing the value-added services of the Group; (iv) approximately 10%, or approximately HK\$666.1 million for the Group's general business operations and working capital; and (v) approximately 2%, or approximately HK\$133.2 million 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 in respect of retaining the net proceeds in Hong Kong and Mainland China.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth details of the revised use and allocation of net proceeds as at 31 December 2022:

	Planned use of net proceeds disclosed in the Documents		Unutilised net proceeds as at 1 January 2022	Actual use of net proceeds during the year ended 31 December 2022	Unutilised net proceeds as at 31 December 2022	Expected timeline of the intended use of proceeds
	<i>HK\$'million</i>	<i>approximately %</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	
(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 in relevant industry funds with business partners	3,996.5	60%	2,258.6	2,371.8	1,624.7	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%	1,000.4	738.9	793.1	On or before 30 September 2023
(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 enjoy a reputable brand name	666.0	10%	46.1	666.0	–	On or before 30 September 2023
(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%	1,212.1	966.9	831.6	On or before 30 September 2023
(b) Upgrading the systems of the Group for digitization and smart management	666.1	10%	646.8	44.8	621.3	On or before 30 September 2023

MANAGEMENT DISCUSSION AND ANALYSIS

	Planned use of net proceeds disclosed in the Documents		Unutilised net proceeds as at 1 January 2022	Actual use of net proceeds during the year ended 31 December 2022	Unutilised net proceeds as at 31 December 2022	Expected timeline of use of proceeds
	HK\$'million	approximately %	HK\$'million	HK\$'million	HK\$'million	
(i) Developing and upgrading hardware and software	466.3	7%	447.0	44.8	421.5	On or before 30 September 2023
(ii) Developing and improving the Group's intelligent management systems	199.8	3%	199.8	–	199.8	On or before 30 September 2023
(c) Further developing the value-added services of the Group	1,199.0	18%	397.8	721.5	477.5	On or before 30 September 2023
(i) Strategically developing the Group's upstream and downstream services	899.2	13.5%	100.0	719.5	179.7	On or before 30 September 2023
(ii) Upgrading hardware and developing smart community	299.8	4.5%	297.8	2.0	297.8	On or before 30 September 2023
(d) General business operations and working capital	666.1	10%	13.8	655.7	10.4	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%	113.2	130.0	3.2	On or before 30 September 2023
Total	6,660.9	100%	3,430.2	3,923.8	2,737.1	

Such used amounts were allocated and utilised in accordance with the use of proceeds as set out in the Documents. As disclosed in the announcement of the Company dated 18 April 2023, the Board has resolved to further change the use of the remaining unutilized net proceeds. Save as disclosed in the announcement of the Company dated 18 April 2023, the Directors are not aware of any material change in the planned use of 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 Documents, the Group has no other future plans for material investments and capital assets as at 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE AND REMUNERATION POLICY

As of 31 December 2022, the Group had approximately 12,227 employees (31 December 2021: 11,700 employees). During the Year, the staff cost recognised as expenses of the Group amounted to RMB2,038.3 million (31 December 2021: approximately RMB1,541.7 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

In July 2022, the Company entered into a loan agreement with Jinke Property to provide loan in the principal amount of RMB1,500 million. Pursuant to the agreement, Jinke Property should repay 20% of the principal amount of the loan (the "First Instalment") on 20 January 2023 with a two-month grace period. After 20 March 2023, Jinke Property was default in repaying 20% of the principal of the loan, amounting to RMB300 million. As Jinke Property has failed to repay the First Instalment upon expiry of such grace period, the Company has issued a demand letter to require Jinke Property to repay all principal amount together with the accrued and unpaid interest under the loan agreement. As of the date of this annual report, the Company has yet to receive any repayment from Jinke Property.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTOR

Mr. Xia Shaofei (夏紹飛), aged 43, 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.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

Mr. Luo Licheng (羅利成), aged 58, 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 41, 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. He has been the general manager of the finance center of Jinke Property since May 2022, and has been the assistant to the president of Jinke Property since February 2023. 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 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 and obtained a master's degree in business administration from Chongqing University in June 2021. 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. Lin Ke (林可), aged 39, was appointed as the non-executive Director in August 2022. Ms. Lin graduated from Beijing Foreign Studies University with a bachelor's degree in economics in July 2005 and has been employed by Boyu Lize (Xiamen) Investment Consulting Company Limited since December 2021 with her current position as managing director. Prior to that, she was employed by Boyu Taoran (Shanghai) Investment Management Company Limited from January 2020. Boyu Lize (Xiamen) Investment Consulting Company Limited and Boyu Taoran (Shanghai) Investment Management Company Limited are associated or are perceived to be associated with the Boyu Group.

From July 2005 to June 2007, Ms. Lin worked at Jones Lang LaSalle with her last position as deputy manager. From July 2007 to December 2019, Ms. Lin worked at GIC Real Estate with her last position as vice president. Since April 2021, Ms. Lin has been serving as an executive director of Shanghai Jinjun Props Co., Ltd.* (上海勁駿道具有限公司). Since September 2021, Ms. Lin has been serving a director of Taicang Anguang Supply Chain Management Co., Ltd.* (太倉市安廣供應鏈管理有限公司). Since December 2021, Ms. Lin has been serving as an executive director of Ankuang Enterprise Management (Shanghai) Co., Ltd.* (安廓企業管理(上海)有限公司). Since January 2022, Ms. Lin has been serving as an executive director of Anxing Supply Chain Management (Shanghai) Co., Ltd.* (安杏供應鏈管理(上海)有限公司). Since August 2022, Ms. Lin has been serving as a director of ZData Intelligent Valley Limited.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Wu Xiaoli (吳曉力), aged 48, was appointed as the non-executive Director in August 2022. Mr. Wu graduated from Tsinghua University with a bachelor's degree in biomedical engineering in July 1998. Mr. Wu received a Master of Engineering degree in bioengineering from Boston University in May 2002 and a Master of Business Administration degree from The Wharton School, University of Pennsylvania in May 2004. Mr. Wu has been employed by Boyu Zizhu (Xiamen) Enterprise Management Company Limited, an entity within the Boyu Group, since December 2021 with his current position as managing director. Prior to that, he was employed by CDB Boyu (Shanghai) Investment Management Company Limited from 2012. CDB Boyu (Shanghai) Investment Management Company Limited is associated or is perceived to be associated with the Boyu Group.

From 1998 to 2000, Mr. Wu served as a consultant at International Business Machines Corporation (IBM). From 2005 to 2011, Mr. Wu worked at McKinsey & Company with his last position as associate principle. Since April 2021, Mr. Wu has been serving as a director of Genesis Medtech Group Limited.

Mr. Xu Guofu (徐國富), aged 39, was appointed as the executive Director in May 2020 and re-designated as the non-executive Director in February 2023. Mr. Xu joined the Group in May 2020 and had served as deputy general manager, chief financial officer and secretary of the Board.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cao Guohua (曹國華), aged 56, 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 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)
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 December 2020	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 58, 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. (重慶建工投資控股有限責任公司)	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 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)
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 served as the vice chairman of the Chinese Society of Criminology (中國犯罪學學會) from August 2012 to December 2022, 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 44, 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) of 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 51, 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 50, 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 38, 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) of 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 Director and the president of the Company are responsible for the day-to-day operations and management of the business of the Group. For the biographical details of Mr. Xia Shaofei, please refer to “– Executive Director” in this section.

Mr. Han Qiang (韓強), aged 40, 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, 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

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 resigned as an executive director on 27 June 2022. 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) .

JOINT COMPANY SECRETARIES

Ms. Xu Yuanyuan (徐圓圓), aged 34, was appointed as the joint company secretary of the Company on 30 March 2023. From November 2017 to December 2019, she worked in the Securities Affairs Department of Jinke Property. Since January 2020, she has served as the officer of the Board Office of the Company. Her main duties include but not limited to assisting the secretary of the Board (and the joint company secretary of the Company) to conduct corporate governance affairs and investor relationship management. She was also involved in the whole process leading to the listing of the Company in 2020, including liaising with domestic and foreign lawyers, secretarial companies, independent financial advisers and other professional consultants, and assisting the secretary of the Board to carry out the post-listing work of the Company.

Ms. Xu has more than 8 years of extensive experience in legal affairs. From January 2015 to August 2015, Ms. Xu served as the legal affairs and compliance risk control supervisor of the operation management department of Shanghai Boqiao Financial Information Service Co., Ltd. (上海伯喬金融信息服務有限公司). From August 2015 to May 2017, she served as the legal affairs manager of Shanghai Feisuo Technology Co., Ltd. (上海飛梭科技有限公司). From May 2017 to November 2017, she served as investment and financing legal manager of Shanghai Yimidida Supply Chain Management Co., Ltd. (上海壹米滴答供應鏈管理有限公司).

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Xu obtained a bachelor's and a master's degree in law from Southwest University of Political Science & Law (西南政法大學) in 2012 and 2014 respectively. She also obtained the legal vocational qualification certificate (A certificate) of the People's Republic of China (中華人民共和國法律職業資格證書(A證)) in 2013, the qualifications of Chinese fund practitioners (中國基金從業人員資格) in April 2017, and the qualifications of Chinese securities practitioners (中國證券從業人員資格) in April 2018. She obtained the qualification of secretary of the board of directors of the Shenzhen Stock Exchange in December 2019.

Mr. Lau Kwok Yin (劉國賢), aged 37, was appointed as the joint company secretary of the Company on 20 June 2020. Following the resignation of Mr. Xu Guofu as a joint company secretary of the Company on 10 February 2023, Mr. Lau remains in office as the company secretary of the Company. Following the appointment of Ms. Xu Yuanyuan as a joint company secretary of the Company on 30 March 2023, Mr. Lau remains in office as another joint company secretary of the Company.

Mr. Lau is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited. He has over 12 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 2022.

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 2022.

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 code provisions set out in the CG Code as its own code of corporate governance.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. In order to enhance the corporate governance standard of the Company and to comply with code provision C.2.1 of the CG Code, with effect from 29 March 2022, Mr. Xia Shaofei has resigned as the president of the Company and continues to serve as an executive Director and the chairman of the Board, and Mr. Han Qiang has been appointed as the president of the Company. Following the appointment of Mr. Han Qiang, the Company has complied with the requirement under code provision C.2.1 of the CG Code. Save as disclosed above, the Company has complied with the code provisions set out in the CG Code during the year ended 31 December 2022.

During the year ended 31 December 2022, the corporate governance functions stipulated in code provision A.2.1 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 2022, 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 one executive Director, five 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.

The Board has established the Audit Committee, the Remuneration Committee, the Nomination Committee and the Environmental, Social and Governance 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. 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*) (*resigned as president on 29 March 2022*)

Mr. Luo Chuansong (*resigned on 27 June 2022*)

Non-executive Directors

Mr. Luo Licheng

Mr. Liang Zhongtai

Ms. Lin Ke (*appointed on 18 August 2022*)

Mr. Wu Xiaoli (*appointed on 18 August 2022*)

Mr. Xu Guofu (*re-designated as non-executive director on 13 February 2023*)

Ms. Fu Ting (*resigned on 27 June 2022*)

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 70 of this annual report.

The respective biographical information of the Directors is set out on pages 39 to 50 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 2022, 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.

CORPORATE GOVERNANCE REPORT

The Board has also established mechanisms to ensure independent views are available to the Board, including providing the Directors with sufficient resources to perform its duties and shall seek, at the Company's expense, independent professional advice to perform its responsibilities if necessary.

The Board shall at all times comprise at least three independent non-executive Directors that represent at least one-third of the Board, such that there is always a strong element of independence on the Board which can effectively exercise independent judgement.

All the Directors, including the independent non-executive Directors, are given equal opportunity and channels to communicate and express their views to the Board and have separate and independent access to the management of the Group in order to make informed decisions. The chairman of the Board will hold meetings with the independent non-executive Directors without the involvement of other Directors at least annually to discuss any issues and concerns.

Any Director or his/her associate who has a conflict of interest in a matter to be considered by the Board will be dealt with by a physical Board meeting rather than by written resolutions. Such Director will be required to declare his/her interests before the meeting and abstain from voting and not counted towards the quorum on the relevant resolutions. Independent non-executive Directors who, and whose associates, have no interest in the matter should attend the Board meeting.

The Board has reviewed and considered that the mechanisms are effective in ensuring that independent views and input are provided to the Board during the year ended 31 December 2022.

Chairman and President

Currently, the roles of the chairman and president of the Company are performed by Mr. Xia Shaofei and Mr. Han Qiang, respectively.

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.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2022, the Board held 10 Board meetings, 3 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 2022	Number of meetings attended/ Number of general meetings held during the year ended 31 December 2022
Executive Directors		
Mr. Xia Shaofei (<i>chairman</i>) ¹	10/10	3/3
Mr. Luo Chuansong	2/3 ²	1/1 ²
Non-executive Directors		
Mr. Luo Licheng	10/10	3/3
Mr. Liang Zhongtai	10/10	3/3
Ms. Lin Ke	6/6 ³	1/1 ³
Mr. Wu Xiaoli	6/6 ³	1/1 ³
Mr. Xu Guofu ⁴	10/10	3/3
Ms. Fu Ting	2/3 ⁵	1/1 ⁵
Independent non-executive Directors		
Mr. Cao Guohua	10/10	3/3
Ms. Yuan Lin	10/10	3/3
Mr. Chan Chi Fung Leo	10/10	3/3

Notes:

1. Mr. Xia Shaofei resigned as the president of the Company on 29 March 2022.
2. Mr. Luo Chuansong resigned as executive Director on 27 June 2022.
3. Ms. Lin Ke and Mr. Wu Xiaoli were appointed as non-executive Directors with effect from the conclusion of the extraordinary general meeting held on 18 August 2022.
4. Mr. Xu Guofu was re-designated as non-executive Director on 13 February 2023.
5. Ms. Fu Ting resigned as non-executive Director on 27 June 2022.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board has established the Audit Committee, the ESG 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 paragraph D.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 3 meetings during year ended 31 December 2022, to review, among other things, the unaudited interim results and report for the six months ended 30 June 2022, 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 2021, 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	3/3
Mr. Liang Zhongtai	3/3
Mr. Cao Guohua	3/3

On 30 March 2023, the Audit Committee held a meeting to review (i) the annual consolidated financial statements of the Group and annual results announcement for the year ended 31 December 2022; (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 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 paragraph E.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 3 meetings during the year ended 31 December 2022 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	3/3
Mr. Cao Guohua	3/3
Ms. Yuan Lin	3/3

On 30 March 2023, 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; (iii) review the Company's remuneration and benefits policy and performance appraisal system; and (iv) re-appoint and elect the independent and non-independent director candidates.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Group has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A and paragraph B.3 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, re-appointment and removal of the Directors and succession planning for the Directors.

The Nomination Committee held 2 meetings during the year ended 31 December 2022 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 30 March 2023, the Nomination Committee held one 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; (iii) review the measurable objectives for implementing the Board Diversity Policy; and (V) re-election of candidates for independent non-executive Directors.

CORPORATE GOVERNANCE REPORT

ESG Committee

The Group has established the ESG Committee with written terms of reference, to better integrate the idea of “Social, Environmental and Corporate Governance” into the corporate strategy, promote sustainable development, generate long-term value for all stakeholders. The ESG Committee consists of one executive Director, one non-executive Director and one independent non-executive Director, namely, Mr. Xia Shaofei, Mr. Xu Guofu and Mr. Chan Chi Fung Leo. The chairman of the ESG Committee is Mr. Xu Guofu.

The primary duties of the ESG Committee are to (i) guide and review the formulation of the Company’s ESG vision and strategies; (ii) identify and evaluate the Company’s ESG-related risks and opportunities; (iii) review the progress of the Company’s ESG work and internal control system; and (iv) review and supervise the objectives and implementation of the Company’s ESG-related work.

The ESG Committee strives to improve and enhance the Company’s capabilities of managing environment and social responsibilities, and to promote the sustainable development of the Company.

NOMINATION POLICY

The Company has adopted 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.

CORPORATE GOVERNANCE REPORT

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.

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

During the year ended 31 December 2022, each of Ms. Lin Ke and Mr. Wu Xiaoli has been appointed as a non-executive Director on the extraordinary general meeting (the “EGM”) of the Company held on 18 August 2022 with the nomination of the Board and recommendation of the Nomination Committee. Each of Mr. Lin and Mr. Wu 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.

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 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 and the Board will review and the Board Diversity Policy on an annual basis to ensure its implementation and monitor its continued effectiveness.

Diversity at Board Level

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, business administration, economics and business management, bioengineering, industrial and civil construction, 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 39 years to 58 years old.

CORPORATE GOVERNANCE REPORT

The Board currently comprises two female Directors and seven male Directors. The Board considers that the Company has achieved gender diversity at the Board level and targets to maintain at least the current level of female representation/the Board aims to increase the proportion of female Directors to achieve gender parity when suitable candidates are identified. The Company will ensure that gender diversity is taken into account when recruiting staff members of mid to senior level and ensure that sufficient resources are available for providing appropriate trainings and career development to develop a pipeline of potential successors to the Board and maintain gender diversity.

Based on the Nomination Committee's review for the year ended 31 December 2022, the Nomination Committee considered that there was sufficient diversity in the Board for the Company's corporate governance and business development needs. Taking into account the recommendation of the Nomination Committee, the Group's existing business model and specific needs as well as the different background of the Directors, the Board considers that its current composition satisfies the Board Diversity Policy.

Diversity at Workforce Level

The Group recognises the importance of diversity and is committed to promote gender diversity at all levels, and believes that a diverse workforce and an inclusive culture supports high performance and the Group's ability to operate effectively. The gender ratio in the workforce (including senior management) as at 31 December 2022 is set out below:

	As at 31 December 2022	
	Number of persons	Percentage of total number of employees
Female employees	6,841	55.9%
Male employees	5,386	44.1%

The Board considers that the Group has achieved gender diversity at the workforce level and targets to maintain the current level of gender diversity. To maintain diversity at workforce level, the Group has put in place appropriate recruitment and selection practices such that a diverse range of candidates with different age, gender and experiences are considered. The Group has also established talent management and training programs to provide career development guidance and promotion opportunities to develop a broad and diverse pool of skilled and experienced employees. As at the date of this annual report, the Board is not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce more challenging or less relevant.

CORPORATE GOVERNANCE REPORT

DIRECTORS' REMUNERATION POLICY

The Company has put in place the Directors' Remuneration Policy to determine the remuneration packages of Directors. The objective of remunerating the Directors is to ensure that there is an appropriate level of remuneration to attract and retain experienced talents of high calibre to oversee the Group's business and development.

The remuneration of the Directors is determined with reference to the skills and knowledge of the Directors and senior management, their job responsibilities and level of involvement in the Group's affairs, the performance and profitability as well as remuneration benchmark in the industry and the prevailing market conditions. Remuneration comprises basic salaries, allowances, performance related bonuses and contributions to a pension scheme.

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 2022 is as follows:

Remuneration bands (RMB)	Number of individuals
Nil – 1,000,000	0
1,000,001 – 1,500,000	0
1,500,001 – 2,000,000	1
2,000,001 – 2,500,000	2
2,500,001 – 3,000,000	0
3,000,001 – 3,500,000	0

Details of the remuneration of the Directors are set out in note 38 to the consolidated financial statements.

AUDITOR'S REMUNERATION

The Company has appointed PricewaterhouseCoopers as its external auditor for the year ended 31 December 2022.

During the year ended 31 December 2022, the remunerations paid or payable to PricewaterhouseCoopers in respect of its statutory audit services and non-audit services are RMB519 million and RMB0.2 million, respectively.

CORPORATE GOVERNANCE REPORT

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 2022, 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 156 to 162 of this annual 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.

CORPORATE GOVERNANCE REPORT

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 2022 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 2022, the Board considers that the risk management and internal control systems of the Company are effective and adequate.

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.

CORPORATE GOVERNANCE REPORT

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 more than 10% (inclusive) 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

JOINT COMPANY SECRETARIES

The Company appointed Mr. Xu Guofu and Mr. Lau Kwok Yin as the joint company secretaries of the Company for the year ended 31 December 2022. Following the resignation of Mr. Xu Guofu as a joint company secretary of the Company on 10 February 2023, Mr. Lau remains in office as the company secretary of the Company. Following the appointment of Ms. Xu Yuanyuan as a joint company secretary of the Company on 30 March 2023, Mr. Lau remains in office as another joint company secretary of the Company. Please refer to the section headed "Biographies of Directors, Supervisors and Senior Management" in this annual report for the biographical information of Ms. Xu and Mr. Lau.

Ms. Xu Yuanyuan, the joint company secretary and the head of the board office 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 2022.

CORPORATE GOVERNANCE REPORT

CONSTITUTIONAL DOCUMENTS

In view of the business needs of the Group and pursuant to the Consultation Conclusions on Listing Regime for Overseas Issuers published by the Stock Exchange in November 2021 requiring listed issuers to adopt a uniform set of 14 “Core Standards” for shareholder protections for issuers, the Board proposed to amend the Articles of Association. Please refer to the announcement of the Company dated 29 July 2022 and the circular of the Company dated 1 August 2022 for details of the proposed amendments.

The proposed amendments to the Articles of Association have been approved by the Shareholders by way of a special resolution at the EGM and have become effective on 18 August 2022. The full text of the revised Articles of Association has been published on the websites of the Stock Exchange and the Company.

SHAREHOLDERS' COMMUNICATION POLICY

The Company believes that effective communication with Shareholder is essential to enhance investor relations and to keep investors informed of the Group's business performance and strategies. The Company has established various and a wide range of communication channels with Shareholders, including general meetings, annual results and interim results, annual reports and interim reports, announcements and circulars. Shareholders may make enquires with the Company through the channels mentioned above, and provide comments and recommendations to the Directors or managements at any time. Upon receipt of written enquiries from Shareholders, the Company will get in touch with the Shareholders as soon as possible.

In addition, the Company updates its website from time to time to keep the Shareholders update of the recent development of the Company. The Company endeavours to maintain an ongoing dialogue with Shareholders. At the general meetings of the Company, the Directors (or their delegates as appropriate) will be available to meet with the Shareholders and answer their enquiries.

During the year ended 31 December 2022, three general meetings of the Company were convened and held on at which all the then Directors attended either by person or by means of electronic facilities to communicate with the Shareholders. Further, all corporate communications and regulatory announcements were published by the Company on its website and the website of the Stock Exchange in a timely manner. Based on the review of the implementation and effectiveness conducted during the year ended 31 December 2022, the Board considers the shareholders communication policy effective and adequate.

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 2022.

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 2022 are set out in the consolidated statement of comprehensive income and the consolidated statement of financial position on pages 163 to 165 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 169 to 272 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 2022 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 2022 are set out in note 28 to the consolidated financial statements. As at 31 December 2022, distributable reserves of the Company amounted to RMBnil.

BORROWINGS

During the year ended 31 December 2022, the Group had no borrowings.

DEBENTURES

During the year ended 31 December 2022, the Group 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 net loss attributable to owners of ordinary shares of the parent company for the year ended 31 December 2022 as shown on the consolidated financial statements amounted to RMB1,818,545,000, and the accumulated losses at the end of 2022, net of the cash dividends paid to ordinary shareholders in 2021, were RMB1,039,500,000 due to no provision made for surplus reserve from losses and the undistributed profits retained at the beginning of the year.

According to the Articles of Association, in view of the negative profit available for distribution to investors in 2022, the conditions for dividend distribution are no longer available, and in view of the future development needs of the Company, the Company has proposed the profit distribution plan for 2022 as no cash dividend, no bonus shares and no capital reserve capitalization.

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, 5 June 2023 to Thursday, 8 June 2023 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Friday, 2 June 2023.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2022, 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 2022, save as disclosed under the paragraphs headed "H Share Award Scheme" in this section, 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 2022.

REPORT OF THE DIRECTORS

BOARD OF DIRECTORS AND SUPERVISORS COMMITTEE

The Directors and the Supervisors during the year ended 31 December 2022 and up to the date of this annual report are set out below:

Executive Directors

Mr. Xia Shaofei (*chairman*)
Mr. Luo Chuansong (*resigned on 27 June 2022*)

Non-executive Directors

Mr. Luo Licheng
Mr. Liang Zhongtai
Ms. Lin Ke (*appointed on 18 August 2022*)
Mr. Wu Xiaoli (*appointed on 18 August 2022*)
Mr. Xu Guofu (*re-designated as non-executive Director on 13 February 2023*)
Ms. Fu Ting (*resigned on 27 June 2022*)

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 2022. 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 2022 are set out in notes 38 and 9 to the consolidated financial statements respectively.

Except for Ms. Lin Ke and Mr. Wu Xiaoli who have waived her/his emoluments for acting as non-executive Directors, 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 2022.

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

Save as disclosed, there was no transaction, arrangement or contract of significance subsisting during or at the end of the year ended 31 December 2022, 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 2022, 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 2022, 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

Save as disclosed under the paragraphs headed "H Share Award Scheme" in this section, 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 2022.

REPORT OF THE DIRECTORS

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE

Save as disclosed, no contract of significance was entered into between the Company or any of its subsidiaries and a person who is a controlling shareholder of the Company as at 31 December 2022 or any of its subsidiaries, and no contract of significance for the provision of services to the Company or any of its subsidiaries by such a person or any of its subsidiaries was entered into during the year ended 31 December 2022.

PROFIT GUARANTEE IN RESPECT OF JINKE JINCHEN

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”), 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 Jincheng Hotel Management Co., Ltd.* (重慶金科金辰酒店管理有限公司) (the “Jinke Jincheng”). Pursuant to the Agreement, Jinke Enterprise warrants and guarantees to Jinxiao Xinyue that the actual earnings before interest, taxes, depreciation and amortization of Jinke Jincheng for the year ending 31 December 2022 (the “EBITDA”) shall not be less than RMB30,000,000 (the “Guaranteed EBITDA”). For further details, please refer to the announcements of the Company dated 27 December 2021 and 25 January 2022.

For the year ended 31 December 2022, the EBITDA of Jinke Jincheng exceeded RMB30,000,000, which has satisfied the Guaranteed EBITDA pursuant to the Agreement.

CONNECTED TRANSACTIONS

(1) Acquisition of Properties

On 20 April 2022, the Company, as purchaser, and Chongqing Jinke Industry Group Hongjing Real Estate Development Co., Ltd.* (重慶市金科實業集團弘景房地產開發有限公司) (“Hongjing Real Estate”), as seller, entered into (i) an agreement for the acquisition of the property located at No. 1 affiliated to 484 Panxi Road, Jiangbei District, Chongqing, the PRC (重慶市江北區盤溪路484號附1號) with a gross floor area of 1,646.20 square meters for a consideration of RMB24,158,330; and (ii) an agreement for the acquisition of the property located at No. 2 affiliated to 484 Panxi Road, Jiangbei District, Chongqing, the PRC (重慶市江北區盤溪路484號附2號) with a gross floor area of 1,685.95 square meters for a consideration of RMB24,741,670 (collectively, the “Acquisitions”). For further details, please refer to the announcement of the Company dated 20 April 2022.

Hongjing Real Estate is a subsidiary of Jinke Property, which is a substantial shareholder of the Company. Accordingly, Hongjing Real Estate is a connected person of the Company and the Acquisitions constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (except for profits ratio) as set out in Rule 14.07 of the Listing Rules in respect of the Acquisitions, when aggregated under Rule 14A.81 of the Listing Rules, is more than 0.1% but all of them are less than 5%, the Acquisitions are subject to the reporting and announcement requirements but are exempted from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, as each of Mr. Luo Licheng and Mr. Liang Zhongtai also held management positions in Jinke Property, each of them had abstained from voting on the relevant Board resolutions to approve the Acquisitions.

REPORT OF THE DIRECTORS

(2) Acquisition of Equity Interests in the Target Company, Ownership or Right-of-Use Assets of the Nursery Properties and Entering into the Cooperation Agreement

References are made to the announcements of the Company dated 30 June 2022, 7 July 2022, 13 July 2022, 1 September 2022 and 25 November 2022 (the “Announcements”). Unless the context otherwise requires, capitalized terms used herein shall have the same meaning as those defined in the Announcements.

(a) *MOU*

On 30 June 2022, the Company entered into a legally binding MOU with Jinke Property regarding the obligations of (i) entering into definitive sale and purchase agreement between the Company and Jinkejin Education for the acquisition of the Sale Equity, representing 44.44% of the registered capital of the Target Company for a consideration of RMB22,660,000; (ii) entering into definitive sale and purchase agreement between the Company and the Jinke Property Group for the acquisition of ownership or right-of-use assets (where applicable) of the Nursery Properties for a maximum consideration of not more than RMB271,200,000; and (iii) entering into definitive cooperation agreement among the Company, the Target Company and Tianjin Jinjiefu for the obligation of the Company to pay up the unpaid portion of registered capital of the Sale Equity being RMB19,998,000.

(b) *Acquisition Agreements and Leasing Agreements*

On 7 July 2022, the Company respectively entered into (i) the Acquisition Agreements with the relevant Designated Member regarding the acquisition of ownership of 3 Nursery Properties with a total gross floor area of 9,677.59 square metres at a total consideration of RMB26,470,000; and (ii) the Leasing Agreements with the relevant Designated Member regarding the acquisition of right-of-use assets of 28 Nursery Properties in the form of lease with a total gross floor area of 66,692.8 square metres at a total consideration of RMB176,530,000.

(c) *Second Acquisition Agreements and Second Leasing Agreements*

On 13 July 2022, the Company respectively entered into (i) the relevant Second Acquisition Agreements with the Second Designated Members regarding the acquisition of ownership of 2 Nursery Properties with a total gross floor area of 5,264.52 square metres at a total consideration of RMB11,960,000; and (ii) the Second Leasing Agreements with the relevant Second Designated Member regarding the acquisition of right-of-use assets of 5 Nursery Properties in the form of lease with a total gross floor area of 15,902.32 square metres at a total consideration of RMB34,180,000.

(d) *Supplemental Agreement*

On 31 August 2022, the Company and Jinke Property entered into the Supplemental Agreement to revise the Termination Term of the MOU in light of the timeframe and progress of negotiation for definitive agreements and the due diligence for the Transactions. Pursuant to the Supplemental Agreement, the Termination Term has been revised as “the MOU shall be terminated as follows: (1) the execution of the definitive agreements for the Transactions or their consummation cannot be proceeded due to the occurrence of force majeure event; or (2) the Company and Jinke Property have mutually agreed to terminate the MOU.”

REPORT OF THE DIRECTORS

(e) *Sale and Purchase Agreement and Cooperation Agreement*

On 25 November 2022, the Company respectively entered into (i) the Sale and Purchase Agreement with Jinkejin Education for the acquisition of the Sale Equity, representing 44.44% of the registered capital of the Target Company for a consideration of RMB22,660,000; and (ii) the Cooperation Agreement with the Target Company, Jiefu (Tianjin) Education and Tianjin Jinjiefu, pursuant to the terms of the MOU (as supplemented).

The Company has respectively entered into the Acquisition Agreements, the Leasing Agreements, the Second Acquisition Agreements and the Second Leasing Agreements with the relevant designated members of the Jinke Property Group for the acquisition of the ownership or right-of-use assets of 38 Nursery Properties, and the transactions contemplated thereunder have been conducted on terms within the framework of the MOU (as supplemented). After considering the relevant due diligence outcome, the Company has decided not to enter into further definitive agreements to acquire the remaining 5 Nursery Properties. Accordingly, as at 31 December 2022, the Company acquired a total of 38 Nursery Properties. For further details, please refer to the Announcements.

The Designated Members are Chongqing Jinke Huiyi Real Estate Development Co., Ltd.* (重慶市金科匯宜房地產開發有限公司), Chongqing Jinke Zhengtao Real Estate Development Co., Ltd.* (重慶金科正韜房地產開發有限公司), Chongqing Bishan Jinke Zhongxi Real Estate Co., Ltd.* (重慶市璧山區金科眾壘置業有限公司), Chongqing Jinke Huimao Real Estate Development Co., Ltd.* (重慶金科匯茂房地產開發有限公司), Chongqing Jinke Zhuchen Real Estate Co., Ltd.* (重慶金科竹宸置業有限公司), Chongqing Jinke Yijia Real Estate Development Co., Ltd.* (重慶金科億佳房地產開發有限公司), Jinke Property, Chongqing Jinke Industrial Group Hongjing Real Estate Development Co., Ltd.* (重慶市金科實業集團弘景房地產開發有限公司), Chongqing Jiangjin District Jinke Guojun Real Estate Co., Ltd.* (重慶市江津區金科國竣置業有限公司), Chongqing Jinke Junwei Real Estate Development Co., Ltd.* (重慶金科郡威房地產開發有限公司), Chongqing Jinke Xingju Real Estate Co., Ltd.* (重慶市金科星聚置業有限公司), Chongqing Jinke Xingkun Real Estate Development Co., Ltd.* (重慶市金科星坤房地產開發有限公司), Chongqing Jinke Changjin Real Estate Co., Ltd.* (重慶市金科昌錦置業有限公司), Chongqing Jinke Junyao Real Estate Development Co., Ltd.* (重慶市金科駿耀房地產開發有限公司), Chenzhou Jinke Kaitian Real Estate Development Co., Ltd.* (郴州金科凱天房地產開發有限公司), Chongqing Hengchun Real Estate Co., Ltd.* (重慶恒春置業有限公司), Chongqing Jinke Jiachen Real Estate Development Co., Ltd.* (重慶金科嘉辰房地產開發有限公司), Chongqing Bozhan Real Estate Development Co., Ltd.* (重慶市博展房地產開發有限責任公司), Chongqing Pengde Enterprise Management Co., Ltd.* (重慶蓬得企業管理有限公司), Chongqing Jinke Chenju Real Estate Co., Ltd.* (重慶市金科宸居置業有限公司), Chongqing Jiale Jiulong Real Estate Development Co., Ltd.* (重慶市佳樂九龍房地產開發有限公司), Chongqing Jinke Jingyi Real Estate Development Co., Ltd.* (重慶金科景繹房地產開發有限公司), Chongqing Jinke Industrial Group Kerun Real Estate Development Co., Ltd.* (重慶市金科實業集團科潤房地產開發有限公司).

All the Designated Members are subsidiaries of Jinke Property which were established in the PRC with limited liability and principally engaged in property development.

The Second Designated Members are Chongqing Zhongxun Property Development Co., Ltd.* (重慶中訊物業發展有限公司), Chongqing Jinke Industrial Group Kerun Real Estate Development Co., Ltd.* (重慶市金科實業集團科潤房地產開發有限公司), Chongqing Jinke Junkai Real Estate Development Co., Ltd.* (重慶市金科駿凱房地產開發有限公司), Chongqing Jinke Huiyi Real Estate Development Co., Ltd.* (重慶市金科匯宜房地產開發有限公司), Chongqing Jinke Tuhong Real Estate Co., Ltd.* (重慶市金科途鴻置業有限公司), Chongqing Zhubang Real Estate Development Co., Ltd.* (重慶住邦房地產開發有限公司) and Chongqing Jinke Kejian Real Estate Co., Ltd.* (重慶金科科健置業有限公司).

REPORT OF THE DIRECTORS

All the Second Designated Members are subsidiaries of Jinke Property which were established in the PRC with limited liability and principally engaged in property development.

The Target Company is a company established in the PRC with limited liability and is principally engaged in the nursery business. Prior to the Transactions, the Target Company was owned as to 44.44% by Jinkejin Education and 55.56% by Tianjin Jinjiefu.

Jinkejin Education is a company established in the PRC with limited liability principally engaged in investment of education business, which is wholly owned by Jinke Property.

To the best knowledge, belief and information, and having made all reasonable enquiries, Tianjin Jinjiefu and its ultimate beneficial owners are Independent Third Parties.

Jinke Property is a substantial shareholder of the Company thus a connected person under the Listing Rules. The Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As one of the applicable percentage ratios in respect of the Transactions exceeds 0.1% but all of which are less than 5%, the Transactions are 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. Further, as each of Mr. Luo Licheng and Mr. Liang Zhongtai also held management positions in Jinke Property, each of them had abstained from voting on the relevant Board resolutions to approve the MOU, Acquisition Agreements, Leasing Agreements, Second Acquisition Agreements and the Second Leasing Agreements.

(3) Loan Agreement

On 29 July 2022, the Company as lender and Jinke Property as borrower entered into the loan agreement (the "Loan Agreement") in relation to the loan in the principal amount of RMB1,500 million advanced by the Company to Jinke Property (the "Loan") at an interest rate of 8.6% per annum, accruing on the principal amount of the Loan from the date of its drawdown but excluding the maturity date of the Loan, being 20 December 2024 (the "Maturity Date") and payable on a half-yearly basis commencing from 20 December 2022 with last payment on the Maturity Date. The Loan has a fixed term commencing from the date of drawdown and ending on the Maturity Date. In the event that Jinke Property fails to repay any sum payable under the Loan Agreement on or before expiry of the aforementioned two-month grace period, Jinke Property shall pay an extra default interest calculated on such overdue amount at 1.5 times of the standard interest rate of 8.6% per annum, i.e. 12.9% per annum, accruing on a daily basis until the full repayment of such overdue amount by Jinke Property. The Loan is secured by the assets of the Jinke Property Group including not less than 42,000 units of car parking spaces and not less than 200 retail shop units with an aggregated gross floor area of approximately 100,000 square metres (the "Charged Assets"). Pursuant to the Loan Agreement, Jinke Property is entitled to, subject to prior consent from the Company, sell the Charged Assets for repayment purpose, or for its self-use purpose on condition that substitute assets of equivalent value as acknowledged by the Company have been charged to the Company. For further details, please refer to the announcement of the Company dated 29 July 2022.

REPORT OF THE DIRECTORS

Jinke Property is a substantial shareholder of the Company thus a connected person under the Listing Rules. As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Loan Agreement was over 5% but all of which were less than 25%, the transactions contemplated under the Loan Agreement constituted a discloseable and connected transaction for the Company and were subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules and were subject to the reporting, annual review, announcement, circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, as each of Mr. Luo Licheng and Mr. Liang Zhongtai also held management positions in Jinke Property, each of them had abstained from voting on the relevant Board resolutions to approve the Loan Agreement.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2022, 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. For the year ended 31 December 2022, the actual transaction amounts under the Hotel Leasing Services Framework Agreement was approximately RMB7.0 million.

Jinke Property is a substantial shareholder of the Company 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.

REPORT OF THE DIRECTORS

(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. For the year ended 31 December 2022, the actual transaction amounts under the Hotel Management Services Framework Agreement was approximately RMB28.7 million.

Jinke Property is a substantial shareholder of the Company 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 2022, the actual transaction amounts under the Framework Marketing Service Agreement was approximately RMB552.7 million.

REPORT OF THE DIRECTORS

Jinke Property is a substantial shareholder of the Company 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.

Pursuant to the Master Sales Agreement, it is proposed that the annual caps for the transactions contemplated thereunder for the three years ended 31 December 2022 will not exceed RMB12.4 million, RMB14.1 million and RMB16.2 million, respectively. For the year ended 31 December 2022, the actual transaction amounts under the Master Sales Agreement was approximately RMB5.7 million.

As the Master Sales Agreement would be expiring on 31 December 2022 and the Group expected to continue to carry on the transactions contemplated thereunder upon its expiry, the Company and Jinke Property entered into the new master sales agreement on 29 July 2022 (the “**2022 Master Sales Agreement**”) for a term commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive). Pursuant to the 2022 Master Sales Agreement, it is proposed that the annual caps for the transactions contemplated thereunder for each of the three years ending 31 December 2025 will not exceed RMB19 million.

Jinke Property is a substantial shareholder of the Company 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.

REPORT OF THE DIRECTORS

Pursuant to the Master Purchase Agreement, it is proposed that the annual caps for the transactions contemplated thereunder for the three years ended 31 December 2022 will not exceed RMB3.8 million, RMB5.7 million and RMB8.6 million, respectively. For the year ended 31 December 2022, the actual transaction amounts under the Master Purchase Agreement was approximately RMB2.1 million.

Jinke Property is a substantial shareholder of the Company 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.

Pursuant to the Master Supply and Installation Agreement, it is proposed that the annual caps for the transactions contemplated thereunder for the three years ended 31 December 2022 will not exceed RMB44.0 million, RMB70.4 million and RMB105.6 million, respectively. For the year ended 31 December 2022, the actual transaction amounts under the Master Supply and Installation Agreement was approximately RMB39.5 million.

As the Master Supply and Installation Agreement would be expiring on 31 December 2022 and the Group expected to continue to carry on the transactions contemplated thereunder upon its expiry, the Company and Jinke Property entered into the new master supply and installation agreement on 29 July 2022 (the “**2022 Master Supply and Installation Agreement**”) for a term commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive). Pursuant to the 2022 Master Supply and Installation Agreement, it is proposed that the annual caps for the transactions contemplated thereunder for each of the three years ending 31 December 2025 will not exceed RMB122 million.

Jinke Property is a substantial shareholder of the Company 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.

REPORT OF THE DIRECTORS

(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; (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 ended 31 December 2022 will not exceed RMB738.5 million, RMB932.1 million and RMB1,172.7 million, respectively. For the year ended 31 December 2022, the actual transaction amounts under the Master Property Management Services Agreement was approximately RMB426.4 million.

As the Master Property Management Services Agreement would be expiring on 31 December 2022 and the Group expected to continue to carry on the transactions contemplated thereunder upon its expiry, the Company and Jinke Property entered into the new master property management services agreement on 29 July 2022 (the “**2022 Master Property Management Services Agreement**”) for a term commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive). Pursuant to the 2022 Master Property Management Services Agreement, it is proposed that the annual caps for the transactions contemplated thereunder for each of the three years ending 31 December 2025 will not exceed RMB800 million.

Jinke Property is a substantial shareholder of the Company 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 2022 are disclosed in note 36 to the consolidated financial statements.

Save as disclosed in the paragraphs headed "Continuing Connected Transactions" and "Connected Transactions" and those described above, all other related party transactions as disclosed in note 36 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 INCENTIVE SCHEMES

The Company has not adopted any share option scheme. As at 31 December 2022, the share award scheme that need to be disclosed according to Rule 17.12 of the Listing Rules are listed as follow:

H SHARE AWARD SCHEME

On 30 December 2022, the Company adopted the H Share Award Scheme, the principal terms of which are set out below:

REPORT OF THE DIRECTORS

Purpose and Objectives

H Share Award Scheme is a share award and trust scheme established by the Company to award Selected Participants. The objectives of H Share Award Scheme are: (i) to improve the corporate governance of the Company with an interests balance mechanism among the Shareholders and the management of the Group; (ii) to incentivize the management of the Group to balance the Group's short-term and long-term goals in the Company's development process; and (iii) to attract and retain talents, stimulate creation of value sustainably and promote long term growth of the Group.

Eligible Participants

The Eligible Participant under the H Share Award Scheme includes any individual, being a director, manager, core business technicians or employee of the Group as the Board considers appropriate and shall not include the independent non-executive Directors of the Company.

Scheme Limits

The Board and the Delegatee shall not make any further award of Awarded Shares which will result in the number of H Shares awarded by the Board and the Delegatee under H Share Award Scheme exceeding 13,056,962 H Shares, representing 2% of the total number of Shares in issue as at the date of this annual report.

The maximum number of H Shares which may be awarded to a Selected Participant under H Share Award Scheme shall not exceed 1% of the issued H Shares from time to time.

Vesting

Unless otherwise specified in the Grant Letter and given vesting conditions have been complied with, the Award shall be granted in one lump sum and vested in batches within three years after the date of grant, i.e. the date of the Grant Letter. There is no minimum vesting period.

When the Selected Participant has satisfied all vesting conditions specified in the Grant Letter at the time of making the Award and becomes entitled to the H Shares forming the subject of the Award, the Board or the Delegatee shall direct and procure the Trustee to release the vested Awarded Shares from the Trust in one of the following manners: (i) to transfer the relevant Awarded Shares to the relevant nominee account; (ii) to sell part of the relevant Awarded Shares for the purposes of payment of withholding tax, and subsequently transfer the remaining relevant Awarded Shares to the relevant nominee account; or (iii) to sell all relevant Awarded Shares and have the proceeds of the sale to be paid to the relevant Selected Participant.

The H Share Award Scheme is a discretionary scheme of the Company and constitutes a share award scheme funded by existing Shares under the new Chapter 17 of the Listing Rules which came in effect on 1 January 2023.

During the year ended 31 December 2022, the Company has appointed and instructed the Trustee to purchase a total of 5,171,490 H Shares from the open market at an aggregate consideration of approximately HK\$101.4 million. As at 31 December 2022, the Trustee held 5,692,683 H Shares for the purpose of the H Share Award Scheme, representing approximately 1.0% of the total number of Shares in issue and no Awarded Share has been granted since its adoption.

REPORT OF THE DIRECTORS

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS

As at 31 December 2022, 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

Name	Nature of Interest	Interest in Shares ⁽¹⁾	Approx. % of issued Shares
Xia Shaofei (夏紹飛)	Beneficial owner	210,000 (L)	0.03%
Han Qiang (韓強)	Beneficial owner	120,000 (L)	0.02%

Note:

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

Interest in associated corporations of the Company

Name	Name of associated corporation	Nature of Interest	Interest in shares ⁽¹⁾	Approx. % of issued shares
Luo Licheng (羅利成)	Jinke Property	Beneficial owner	9,737,909 (L)	0.18%

Note:

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

Save as disclosed above, as at 31 December 2022, 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.

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

As at 31 December 2022, 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:

REPORT OF THE DIRECTORS

Name of Shareholder	Nature of interest	Class of Shares	Shares or underlying Shares held in the relevant class of Shares		Approx. % of issued Shares
			Number ⁽¹⁾	Percentage (<i>approx.</i>)	
Boyu Group, LLC ⁽²⁾⁽³⁾	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	424,123,846 (L)	64.97	64.97
Mr. Tong Xiaomeng (童小檬) ⁽²⁾⁽³⁾	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	424,123,846 (L)	64.97	64.97
XXXY Holdings Ltd. ⁽²⁾⁽³⁾	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	424,123,846 (L)	64.97	64.97
Boyu Capital Fund V L.P. ⁽²⁾⁽³⁾	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	419,643,646 (L)	64.28	64.28
Boyu Capital Fund V, Pte Ltd ⁽²⁾⁽³⁾	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	419,643,646 (L)	64.28	64.28
Boyu Capital General Partner V, Ltd. ⁽²⁾⁽³⁾	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	419,643,646 (L)	64.28	64.28
Jubilant Season Limited ⁽²⁾⁽³⁾	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	419,643,646 (L)	64.28	64.28

REPORT OF THE DIRECTORS

Name of Shareholder	Nature of interest	Class of Shares	Shares or underlying Shares held in the relevant class of Shares		Approx. % of issued Shares
			Number ⁽¹⁾	Percentage (<i>approx.</i>)	
Jubilant Springtime, LP ⁽²⁾⁽³⁾	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	419,643,646 (L)	64.28	64.28
Jubilant Summer Limited ⁽²⁾⁽³⁾	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	419,643,646 (L)	64.28	64.28
Jubilant Winter Limited ⁽²⁾⁽³⁾	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	419,643,646 (L)	64.28	64.28
Broad Gongga Investment Pte. Ltd. ⁽⁴⁾	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	341,701,375 (L)	52.34	52.34
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	341,701,375 (L)	52.34	52.34
Jubilant Autumn Limited ⁽³⁾	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	77,942,271 (L)	11.94	11.94
Thematic Bridge Investment Pte. Ltd.	Beneficial owner	H Shares	77,942,271 (L)	11.94	11.94
Jinke Property ⁽⁴⁾	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 or underlying Shares held		Approx. % of issued Shares
			Number ⁽¹⁾	Percentage (<i>approx.</i>)	
Tianjin Hengye Meihao Management Consulting Partnership (Limited Partnership)* (天津恒業美好管理諮詢合夥企業(有限合伙))	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") ⁽⁵⁾	Interest in a controlled corporation	H Shares	50,516,464 (L)	7.74	7.74
Zhang Yuan (張原) ⁽⁵⁾	Interest in a controlled corporation	H Shares	50,516,464 (L)	7.74	7.74
Hainan Shi Wa Private Equity Fund Management Co., Ltd.* (海南希瓦私募基金管理有限責任公司) ("Hainan Shiwa") ⁽⁶⁾	Investment manager	H Shares	39,186,700 (L)	6.00	6.00
Liang Hong (梁宏) ⁽⁶⁾	Other	H Shares	39,194,700 (L)	6.00	6.00

Notes:

- (1) The letter "L" denotes the person's long position in the Shares or underlying 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. The general partner of Boyu Capital Fund V L.P. is Boyu Capital General Partner V, Ltd., which in turn held as to 100% by Boyu Group, LLC. Boyu Group, LLC is held as to 44.30% by XYXY Holdings Ltd., a company held as to 100% by Mr. Tong Xiaomeng. 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, Boyu Capital Fund V L.P., Boyu Capital General Partner V, Ltd., Boyu Group, LLC, XYXY Holdings Ltd. and Mr. Tong Xiaomeng are deemed to be interested in the Shares held by Broad Gongga Investment Pte. Ltd..
- (3) Thematic Bridge Investment Pte. Ltd. is 100% owned by Jubilant Autumn Limited, which is in turn 100% owned by Jubilant Summer Limited. Jubilant Summer Limited is 100% owned by Jubilant Springtime, LP. Jubilant Springtime, LP is managed by its general partner, Jubilant Season Limited and has one limited partner, Jubilant Winter Limited. Both Jubilant Season Limited and Jubilant Winter Limited are 100% owned by Boyu Capital Fund V, Pte, Ltd. Boyu Capital Fund V, Pte, Ltd is 100% owned by Boyu Capital Fund V L.P. Boyu Capital Fund V L.P. is managed by the Boyu Group, LLC. By virtue of the SFO, each of Jubilant Autumn Limited, Jubilant Summer Limited, Jubilant Springtime, LP, Jubilant Winter Limited, Jubilant Season Limited, Boyu Capital Fund V, Pte, Ltd, Boyu Capital Fund V L.P., Boyu Capital General Partner V, Ltd., Boyu Group, LLC, XYXY Holdings Ltd. and Mr. Tong Xiaomeng are deemed to be interested in the Shares held by Thematic Bridge Investment Pte. Ltd..

REPORT OF THE DIRECTORS

- (4) Pursuant to a 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.
- (5) The general partner of 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)) is Chongqing Jinhetong Trading Co., Ltd., which is wholly owned by Zhang Yuan. By virtue of the SFO, Chongqing Jinhetong Trading Co., Ltd. and Zhang Yuan are deemed to be interested in the Shares held by 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)).
- (6) According to the public information available, 35,183,900 Shares and 4,010,800 Shares were held by Hainan Shiwa and Shanghai Shiwa Private Fund Management Centre L.P.* (上海希瓦私募基金管理中心(有限合夥)) (“Shanghai Shiwa”) as manager, respectively, for the private equity investment funds managed by them. The ultimate controller of Hainan Shiwa and Shanghai Shiwa is Liang Hong.

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.

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 of the Company and shall be disclosed as required by Rule 13.18 of the Listing Rules.

CORPORATE GOVERNANCE OF THE COMPANY

Save 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 Part 2 of Appendix 14 to the Listing Rules during the year ended 31 December 2022. The principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 51 to 67 of this annual report.

PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Company as at 31 December 2022 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 11 to 12 of this annual report. An analysis of the Group's business using financial key performance indicators, a description of the principal risks and uncertainties facing the Group are set out in the Management Discussion and Analysis on pages 13 to 38 of this annual report and note 3 to the consolidated financial statements.

REPORT OF THE DIRECTORS

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.

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 are set out in the Environmental, Social and Governance Report on pages 98 to 155 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2022, 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 2022, 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 and the H Share Award Scheme as disclosed above.

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 2022, the Group selected sub-contractors through regular monitoring and evaluation of the performance of the sub-contractors.

CHARITABLE DONATIONS

The donations made by the Group during the year ended 31 December 2022 amounted to RMB40,000.

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

In July 2022, the Company entered into a loan agreement with Jinke Property to provide loan in the principal amount of RMB1,500 million. Pursuant to the agreement, Jinke Property should repay 20% of the principal amount of the loan (the “First Instalment”) on 20 January 2023 with a two-month grace period. After 20 March 2023, Jinke Property was default in repaying 20% of the principal of the loan, amounting to RMB300 million. As Jinke Property has failed to repay the First Instalment upon expiry of such grace period, the Company has issued a demand letter to require Jinke Property to repay all principal amount together with the accrued and unpaid interest under the loan agreement. As of the date of this annual report, the Company has yet to receive any repayment from Jinke Property.

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.

REPORT OF THE DIRECTORS

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2022 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, 30 March 2023

* *for identification purpose only*

REPORT OF THE SUPERVISORY COMMITTEE

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 2022.

During 2022, 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 2022, 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 2022, 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 2022

During 2022, with the aim to be responsible to all our Shareholders, the members of the Supervisory Committee strengthened coordination and cooperation with the Board and the senior management, earnestly performed supervisory duties, listened to and considered all major proposals of the Company, kept abreast of the operating and performance of the Company to exercise 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, the Supervisory Committee held one meeting of the Supervisory Committee and attended the general meeting and the Board meeting to listen to the production and operation, investment activities and financial operation of the Company, participated in the decision-making process of major matters of the Company, and reviewed the periodic reports of the Company and relevant information during the year in strict accordance with the regulations of the regulatory authorities.

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	1	1	100%
Han Chong	Shareholder Representative Supervisor	1	1	100%
Ren Wenjuan	Employee Representative Supervisor	1	1	100%

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

During 2022, 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, reviewing the resolutions of the Board, and inspecting the daily operation and management of the Company.

REPORT OF THE SUPERVISORY COMMITTEE

(III) Supervising the operation of the Company

During 2022, 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.

(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.

REPORT OF THE SUPERVISORY COMMITTEE

(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 2022 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 2022, continuing connected transactions of the Company were entered into on normal commercial terms. There was no prejudice against the interests of 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.

(V) Use of proceeds

The Company used a total of HK\$136,371,000, RMB3,190,706,100 and US\$8,600 of the proceeds according to the use of the proceeds. The Company used the proceeds to pay listing expenses of HK\$18,220,000, RMB6,741,900 and US\$4,300.

As of 31 December 2022, the balance of the proceeds was HK\$1,883,400, and RMB2,372,874,600 (including accumulated net interest received on bank deposits net of bank charges).

REPORT OF THE SUPERVISORY COMMITTEE

(VI) Internal control and risk management

The Company 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 2022, 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, and continuously strengthened the construction of compliance culture for employees, including setting up the management of personal behavior within the Company, adopting necessary procedures and measures to ensure strict accountability of each employee, and conducting regular internal compliance inspections and compliance training and integrity promotion. Meanwhile, the Company had an internal audit and risk control function, which was primarily responsible for analyzing and independently evaluating the adequacy and effectiveness of its risk management and internal control systems. The Company 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. The various internal controls and risk management of the Company are well implemented in all aspects of the Company's production and operation, and there are no major risks and significant deficiencies. The Supervisory Committee is of the view that the self-evaluation report on Jinke's risk management and internal control for 2022 issued by the Board objectively reflected the actual situation of the Company's internal control and had no objection to the evaluation report.

REPORT OF THE SUPERVISORY COMMITTEE

IV. MAJOR INITIATIVES OF THE SUPERVISORY COMMITTEE FOR 2023

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, and supervise the standardized operation of the Company; at the same time, it will continuously strengthen its own professionalism and strive to improve its professional ability and performance level; it will strengthen the supervision of major matters of the Company to further enhance the awareness of risk prevention, ensure the implementation of effective internal control measures of the Company, promote the further improvement of the corporate governance structure of the Company and practically protect the interests of all shareholders. The important work for 2023 includes (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.

Jinke Smart Services Group Co., Ltd.

The Supervisory Committee

30 March 2023

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 our 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 in the report.

REPORTING PERIOD

The reporting period is from 1 January 2022 to 31 December 2022, 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 version shall prevail. Unless otherwise stated, the currency unit is RMB.

PREPARATION BASIS

This report is prepared 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”). This report complies with all the “comply or explain” provisions as set out in the HKEX ESG Guidance.

This report strictly complies with the four reporting principles of Materiality, Quantification, Balance and Consistency, and strives to fully reflect the effectiveness of our ESG management.

REPORTING SPECIFICATION

For ease of presentation and readability, 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 review and download from the HKEx website (www.hkexnews.hk) and the Company’s website (www.jinkeservice.com).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. CORPORATE GOVERNANCE

Jinke Services aims high and adheres to the concept of sustainable development. We continuously fulfill our social and environmental responsibilities, optimizing the level of corporate governance and laying a solid foundation for premium service quality. In 2022, we improved our ESG management system, actively communicating with major stakeholders through various channels to thoroughly understand their needs, identifying the issues related to our sustainable development, in order to help the company to grow steadily.

1.1 Board of Directors' ESG Statement

Jinke Services always implements sustainable development management, continuously improving our ESG management and business sustainability in a targeted manner through practice; seeking the effective integration of corporate governance, society and the environment, we are committed to make our contributions to social and environmental stability, in order to demonstrate our corporate values.

Based on the external environment and our development strategy, during the reporting period, Jinke Services surveyed our internal and external stakeholders to identify key ESG issues. Our Board of Directors considered these relevant issues to define key goals for the year to improve the overall level of sustainable development. In 2022, we took several specific measures to accelerate our sustainable corporate development:

In terms of corporate governance, we continuously refine our ESG management, prioritizing risk management; focusing on effective communication with all stakeholders, assessing key ESG issues, clarifying the direction of ESG management; we vigorously implement our anti-corruption policy, standardizing our supplier management, and conducting responsible marketing activities, to steadily promote our sustainable corporate development.

In terms of smart products, we actively apply high tech solutions to create a series of smart products to empower business development, placing great emphasis on intellectual property protection, to prevent infringement of our legitimate rights and interests.

In terms of premium services, we insist on improving service quality, extending the service chain, improving profitability; maintaining open access to complaint channels, protecting the privacy and security of our customers, and further improving services while enhancing customer experience.

In terms of people management, we adhere to the concept putting people first, complying with regulations on employee hiring, enhancing the building of talent pipelines, caring for the health, safety and lives of our employees in our day-to-day management while striving to create a comfortable, friendly and harmonious work environment.

In terms of low carbon and environmental protection, we set clear management objectives, practice the concept of green development, strive to integrate green management in our business operations, and attach great importance to energy conservation, emission reductions and water conservation, to minimize the adverse impact on the environment.

In practicing social responsibility, we adhere to the concept of "giving back to society with heart and gratitude", and carried out a series of public welfare and volunteer activities to show our corporate responsibility through concrete actions.

This report discloses in detail the progress and achievements of our ESG activities in 2022, and has been reviewed and approved by our Board of Directors on 30 March 2023. Our Board of Directors and all Directors hereby warrant that this Report is free from any misrepresentations, misleading statements or material omissions, and agree to assume joint and several liabilities for the truthfulness, accuracy and completeness of its contents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.2 ESG Management and Risk Management

Jinke Services incorporates the concept of sustainable development in our corporate culture, attaches importance to green environmental protection in our day-to-day management, and practice social responsibility through concrete actions. According to the actual circumstances of our ESG management, we have continuously upgraded our development strategy, forming the “3+2H” strategic ecosystem; continuously adjusting our business positioning, focusing on building four growth curves comprising of space property management services, community value-added services, local catering services and smart living technology solutions, on the basis of enhancing our enterprise core competitiveness, meeting the expectations and demands from all stakeholders, we strive to achieve the harmonious coexistence of enterprise, environment and society. In the future, we strive to further develop the “dual engine” role of “ecosystem + technology”, implementing ESG management, strengthening and refining our diversified businesses, and accelerating our high-quality and sustainable development.

To effectively carry out Jinke Services’ ESG management, we have established a sustainable development governance structure comprising the Board of Directors, the ESG Committee and the ESG Working Group, to promote Jinke Services’ ESG development and information disclosure in an orderly manner. Our Board of Directors is responsible for leading and overseeing ESG management, reviewing and managing ESG-related issues and risks on an annual basis, incorporation of ESG into our corporate strategy, and setting management objectives. Our company’s ESG Committee is responsible for reviewing the objectives of sustainable development, reviewing and supervising ESG management activities, assessing the related risks, and reporting and putting forward suggestions to the Board of Directors. Our company’s ESG Working Group is responsible for collecting relevant data and information required in the preparation of ESG reports.



Jinke Services’ ESG governance framework

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Jinke Services clearly understands the significance of risk management to our sustainable development, and actively carries out risk management to prevent operational risks. We strictly abide by 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; we have developed our risk management and supervision system in conjunction with the actual situation of each functional department, continuously improving the standardization of internal controls management, and established a whole-process risk management system covering the front-end, middle – and back-end. With respect to internal controls, we implemented risk management by risk checklist and deficiency classification, immediately resolving issues as they are identified, as well as carrying out regular tracking and audits, to implement regular risk management and ensure all risks are under control.

Case: Jinke Services conducts orderly, comprehensive general and special project audits

In 2022, to improve internal controls, compliance management and to promote business development, Jinke Services' Audit and Risk Control Department organized and implemented 5 comprehensive audit projects and 6 special audit projects (including 5 special projects entrusted by the Board of Directors). Over 100 significant internal control deficiencies were found. RMB1,038,300 in capital losses were recovered and RMB8,293,700 in economic losses were avoided.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.3 Communications with Stakeholders

Jinke Services is committed to building a “mutual development and win-win” development model, actively maintaining communications with all stakeholders to meet the expectations and demands of all stakeholders. Based on our business characteristics and actual circumstances of business activities, we have identified our major stakeholders, including investors, shareholders, customers, homeowners, employees, suppliers, partners, government and regulatory authorities, society and the public. In the practice of ESG management, Jinke Services provides a variety of communication channels, ensures the openness and effectiveness of these channels, listens to the opinions and suggestions from all stakeholders, and gives timely responses.

Stakeholders	Expectations and Demands	Communication Channels
Investors/ Shareholders	<ul style="list-style-type: none"> • Protection of shareholders’ rights and interests • Maintain sustainable profitability • Improve information and management transparency • Implement effective risk management and control 	<ul style="list-style-type: none"> • Corporate communications, such as circulars to shareholders and notices of meetings • General meetings of shareholders • Press releases of results announcements and financial reports • Regular disclosure of operating and investment information • Investor relations activities, such as investor tours
Customers/ Homeowners	<ul style="list-style-type: none"> • Increase service quality • Meet customer needs • Protect customer privacy • Solutions for customer suggestions and complaints • Protect customer rights and interests 	<ul style="list-style-type: none"> • Customer satisfaction surveys and interviews • Customer relationship management • Customer service centers • Customer visits and communication • Meetings with homeowners • Community cultural activities • National 400 service hotline • Jinke Grand Community app

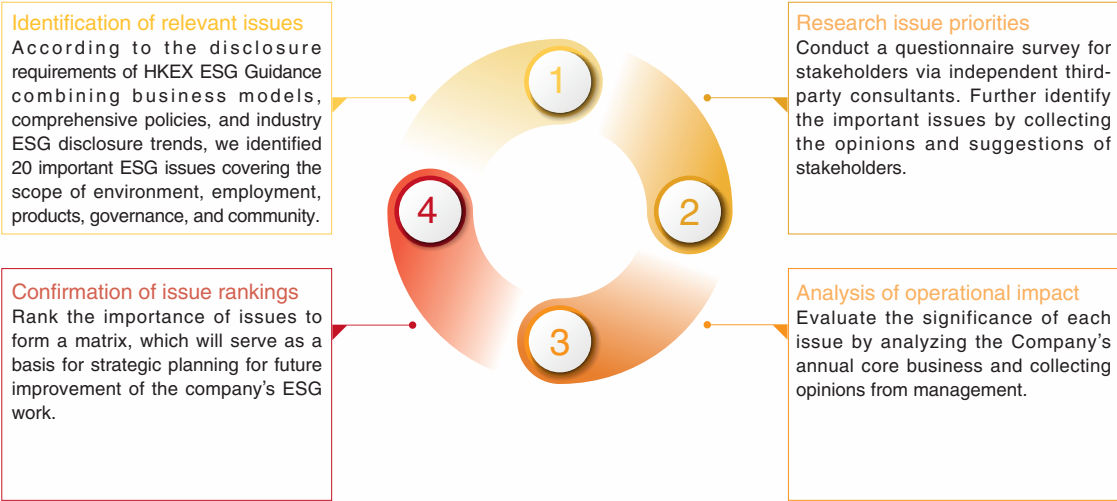
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholders	Expectations and Demands	Communication Channels
Employees	<ul style="list-style-type: none"> • Protect Labor Rights • Safeguard occupational health and safety • Competitive compensation packages • Establish a sound and fair career development path • Fair communication and complaint channels 	<ul style="list-style-type: none"> • Meetings and interviews • Staff training • Job performance discussions • Seminars and lectures • Internal publications • Employee communication conferences
Suppliers and Business Partners	<ul style="list-style-type: none"> • Win-win cooperation • Fair, open and equitable procurement • Fulfillment of contracts in accordance with the law • Adherence to business ethics • Experience sharing 	<ul style="list-style-type: none"> • Routine bidding and procurement communication • Regular appraisals and evaluations • Supplier conferences • On-site inspections • Business exchange meetings
Government and Regulatory Authorities	<ul style="list-style-type: none"> • Ensure compliant operations • Implementation of national policies • Participation in public governance • Support local development 	<ul style="list-style-type: none"> • Compliance with laws and regulations, tax declarations • Inspection by government authorities • Meetings, policy implementation reporting
Society and the Public	<ul style="list-style-type: none"> • Support public welfare projects • Insist on green operations • Support social livelihood • Promote community and social development 	<ul style="list-style-type: none"> • Social welfare activities • Charitable donations and volunteer activities • Poverty alleviation and educational activities • Activities for ecological environment protection • Community events

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.4 Assessment of Key ESG Issues

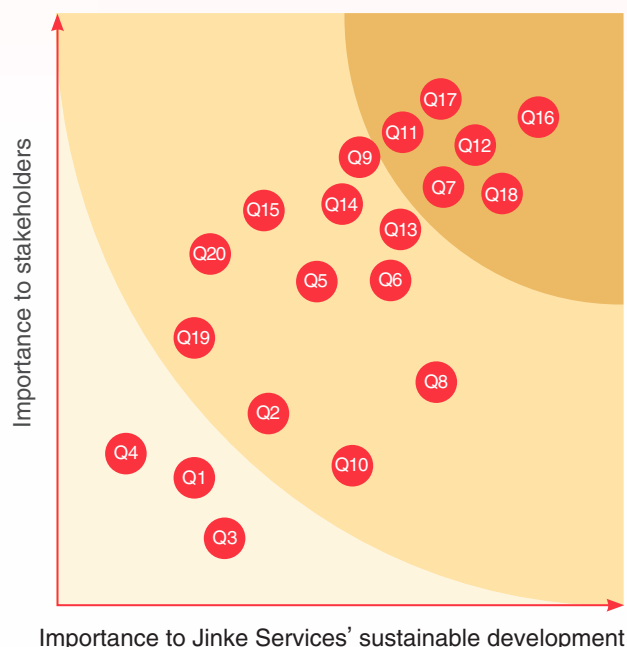
To better assess stakeholders' concerns regarding our environmental, social and governance ("ESG") issues, Jinke Services has invited internal and external stakeholders to participate in the identification of key ESG issues through interviews, on-site visits, questionnaires, and assess the materiality of such ESG issues through the following steps.



Based on the relevant guidelines on information disclosure with respect to sustainable development, we have identified key industry-related ESG issues, analyzed the result of materiality assessment of ESG issues by stakeholders, and developed the following materiality assessment matrix. According to the result of assessment and ESG guidelines issued by the SEHK, we have focused on labor standards, protection of intellectual property rights, product and service quality, employee welfare and compensation, customers/homeowners' health and safety, employees' physical and mental health, supply chain management, information security, resource utilization and other social and environmental issues.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2022 Jinke Services ESG Materiality Matrix



Importance	Issue Number	Issue Name	Scope
High importance	Q16	Business compliance and standardization	Governance
	Q17	Anti-corruption and anti-money laundering	Governance
	Q12	Product and service quality	Social
	Q18	ESG monitoring	Governance
	Q11	Health and safety of customers/homeowners	Social
	Q7	Physical and mental health of employees	Social
Medium importance	Q9	Supply chain management	Social
	Q14	Information security	Social
	Q13	Intellectual property protection	Social
	Q6	Employee development and training	Social
	Q15	Charity and community service	Social
	Q8	Labor guidelines	Social
	Q5	Employee benefits and compensation	Social
	Q20	Communication related to ESG issues	Governance
	Q10	Customer relationship management	Social
	Q19	ESG risk management	Governance
Low importance	Q2	Resource use	Environmental
	Q1	Emissions	Environmental
	Q3	Environment and natural resources	Environmental
	Q4	Climate change	Environmental

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.5 Anti-Corruption

Jinke Services strictly abides by the Criminal Law of the People's Republic of China, the Criminal Procedure Law of the People's Republic of China, the Interim Provisions on the Prohibition of Commercial Bribery, the Regulations of the People's Republic of China on Punishing Corruption, the Anti-Money Laundering Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China and other applicable laws and regulations; we have introduced and improved upon the Anti-Corruption Policy, the Measures for the Administration and Supervision of Employee Culture and other internal management policies, in order to prohibit employees from taking advantage of their positions to seek gains or damage the interests of the Company or engaging in other misconduct, to regulate employee culture, and to carry out anti-corruption campaign in all aspects, to reduce the risk of embezzlement and corruption.

Jinke Services has also increased campaigns against corruption, organized anti-corruption and prevention trainings, in order to increase employees' awareness and self-discipline. In addition to regular campaigns and pre-holiday alerts through pop-ups on the OA system, we give pre-employment anti-corruption training to new employees, to enhance their awareness and self-discipline. In 2022, Jinke Services held 20 anti-corruption lectures, where nearly 20,000 employees attended, or about 80% of the employees, including attendance from 9 Directors of the Board. In addition, five Directors attended 3 anti-corruption trainings.

Jinke Services regularly conducts spot-checks on its subsidiaries and business units, with a focus on the execution of contracts, bidding and procurement management, fee collection and other aspects, in order to control corruption. In 2022, Jinke Services handled 60 cases of internal corruption, of which 1 person has been detained by public authorities due to the misappropriation of public funds in excess of RMB140,000 and is under further investigation; 25 people have been dismissed in accordance with our rules and regulations due to taking advantage of their positions to accept benefits, encroaching upon operating funds or engaging in other misconduct. In addition, Jinke Services has diversified complaint and whistleblower channels, to gather tips on corruption, keeping the information of whistleblowers in strict confidence, and encouraging the entire staff to participate in the supervision and control of corruption. In 2022, we received over 15 effective complaints.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Jinke Services has entered into an anti-corruption agreement with each supplier, where any supplier who is found to have offered any bribe, paid any gratuity, or any employee who is found to have solicited any bribe, gratuity, or engaged in any other misconduct will be subject to economic penalties in the first two instances and directly disqualified as a partner in the third instance; in order to stop all malpractices and to create a harmonious and healthy cooperation environment.

Case: Jinke Services conducts anti-corruption training

In 2022, in order to strengthen the awareness of recruiting and procurement staff in performing their duties and responsibilities, Jinke Services held a lecture on “Integrity in the industry, anti-corruption starting with the people and events around us”; through the three aspects of: legal awareness, anti-corruption culture and rules, policy red lines and case-studies sharing, using “people and events around us” to sound-off the alarm for staff, using concrete examples to warn them of the “red line” that must not be crossed, to effectively enhance the awareness of anti-corruption and self-discipline.



Anti-corruption training of the Jinke Services Bidding and Procurement Management department

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.6 Supplier Management

Jinke Services complies with the Tendering and Bidding Law of the People’s Republic of China and other applicable laws and regulations, abides by to our original intention of pursuing win-win cooperation, continuously enhancing supplier lifecycle management, to ensure the objectiveness, fairness and impartiality in supplier selection and the quality of products supplied; we also strive to maintain stable and long-term cooperative relationships with suppliers.

Jinke Services revises our supplier management policies regularly according to actual business situations, strictly controlling the bidding and procurement processes to promote orderly procurement. We have built a sound supply chain risk management system, strictly verifying the qualifications of suppliers, and regularly assessing the performance of suppliers, classifying the suppliers into different grades to manage them accordingly, so as to realize dynamic supplier control. In 2022, we conducted an annual appraisal of suppliers according to the supplier management system for different business units, as a result, 37 suppliers were selected as strategic/outstanding suppliers, 28 suppliers were disqualified/blacklisted and eliminated.

We also strive to maintain good cooperative relationships with our suppliers, actively communicating with them about the methods of cooperation, prices, visions, etc., through offline face-to-face meetings or otherwise; we also built effective channels for communication with our suppliers, promptly responding to their demands, to set a solid foundation for subsequent contract compliance. We provide channels through our “Jinke Services” WeChat official account for suppliers to file complaints, and attach the QR code for the supplier complaint channel on template contracts and bidding documents, enabling suppliers, especially new suppliers, to quickly find the way to file complaints as needed.



Jinke Services’ on-site supplier communication meeting

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Jinke Services always adheres to the concept of green procurement and looks forward to achieving sustainable development together with our partners. As of December 31, 2022, the total number of Jinke Services providers is 797, all located in mainland China, including 131 in the environmental category, 109 in the order maintenance category, 63 in the mechanical and electrical maintenance category, 276 in the community value-added services category, and 218 in the “other” category; 212 suppliers have the ISO9001 certification, 205 have the ISO14001 certification, and 204 have the ISO45001/OHSAS18001 certification.

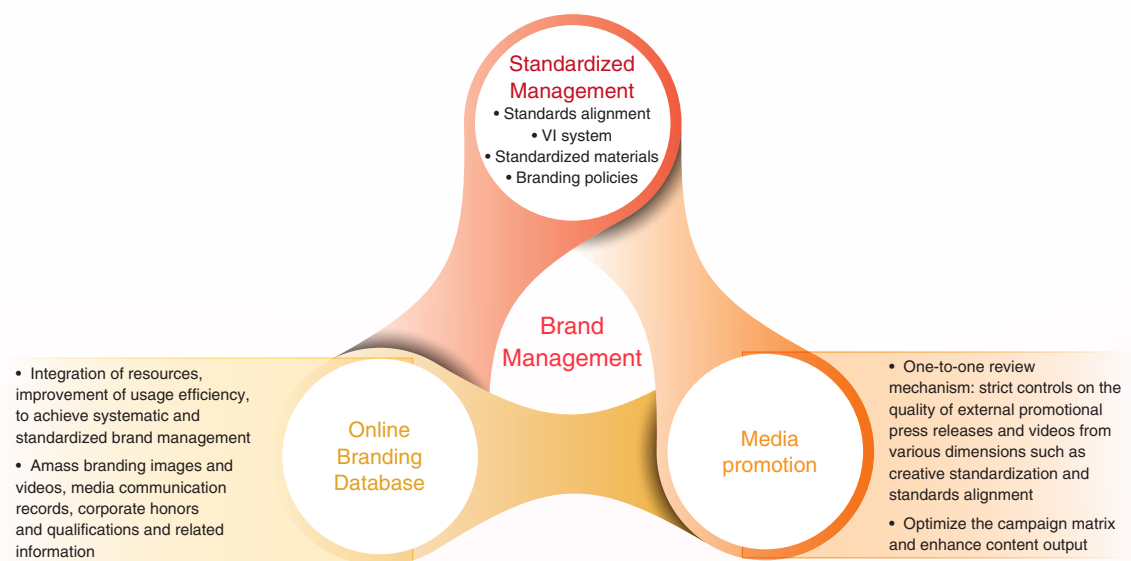
Table: Distribution information of Jinke Services suppliers in 2022

Supplier Regional Distribution	Quantity
Southwest China	420
East and South China	178
Central China	77
Other areas	122

1.7 Responsible Marketing

Jinke Services always abides by the Advertising Law of the People’s Republic of China, the Trademark Law of the People’s Republic of China and other applicable laws and regulations, abiding by social norms and code of ethics, carrying out marketing activities in a responsible manner, paying attention to detail management, and making every effort to build a brand worthy of public trust.

We continue to improve and implement the Brand Management Policy, Accountability Policy, Public Opinion Management Policy, Intangible Asset Management Policy and other relevant policies, update in a timely manner the “Brand Refueling Station,” enhancing branding communications and standardization management from the dimensions of communication management, public opinion management, community activity management, reputation and intangible asset management, etc.; we have strictly defined the accountable bodies in order to standardize marketing activities.



Jinke Services brand management measures

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. SMART PRODUCTS, MARKET EXPANSION

Jinke Services is firmly committed to implementing our development strategies of “Service + Ecosystem” and “Service + Technology”, through continuous technology investments, we have optimized service capabilities, enhanced customer experiences and support for scenario-based solutions; we are bold in innovation, demonstrating the self-driven spirit, carrying out extensive cooperations, focusing on the protection of intellectual property rights while promoting industry development.

2.1 Application Scenarios of Smart Products

While continuously optimizing our online service platform apps “Jinke Grand Community” and the “Jinke Butler”, Jinke Services has enhanced the research and development of TIQI big data information systems, and made continuous innovations in the service model of “Technology + Data + Scenarios + Services”, to use technologies to enable scenario services and create a safe, comfortable, happy and smart living environment for our customers.

Smart Communities. Community and property management are the starting point of the TIQI business model. Relying on the rich experience in smart community applications, Jinke Services provides property management companies with smart and integrated management and control capabilities, enabling them to provide homeowners with safer, more comfortable and more convenient smart services at lower costs.

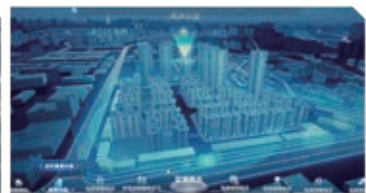
The TOS Space Operation System, as the integrated and visible space operations platform developed by TIQI for property management and control, provides integrated support for the management of community access, security, energy consumption, environment and equipment. This system can not only rebuild cost structure, improve project operation efficiency, upgrade service experience, and enhance decision-making, but also consolidate multiple space functions, improve per capita energy efficiency, break through project management boundaries, enable project managers to remotely manage multiple projects and reduce the impact of a lack of project managers in the industry, thus reducing operating costs by 20.0%.



Chongqing Jinke Jiuqu River



Chongqing Jinke 10 Milestone City



Neijiang Jinke Jimei Tianchen



Wuxi Jinke Milan Garden

Smart communities cases

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Smart Buildings. Our AIoT-based smart building sensory system realizes centralized management of equipment, applications and data, comprehensive perception of buildings, and provides spatial visualization data based on the IoT platform, creating a digital twin building perception system, allowing the interaction between service systems and incidents, so the building can respond to and make decisions intelligently. This system is not only safe and convenient (with smart surveillance, access control, fire prevention, vehicle management, etc.), efficient (with smart merchant management, lease management, equipment monitoring, patrols, property management, etc.), but can also create a green, energy-saving environment (with the smart monitoring of surroundings, lighting and temperature control, energy consumption alerts, etc.) as well as a comfortable working environment (with smart meeting, attendance, enterprise services app, etc.).

Building management subsystems are integrated into the TOS smart building management platform for unified management and control, ensuring increased compatibility, interconnectedness and information sharing across systems.

The smart building management system presents various network sensors in a matrix structure, integrating digital twin applications and achieving a highly visible control experience.

Provides an integrated operational management platform for asset management, contract management, and lease management to improve the quality and efficiency of project operations

Supports multi-project, cross-city operations, suitable for large enterprises. Supports private deployment source; source code can be adapted for customization.



TOS Integrated Platform



Chongqing-Jinke Center



Chongqing-Cinda International



Chongqing-Renhe Porsche Center



Zhengzhou-Zhengkai Porsche Center



CPIC Southern Base



Xiamen Bank Chongqing Branch



Chongqing-CZBank



Industrial Bank Chongqing Branch

Smart building systems cases

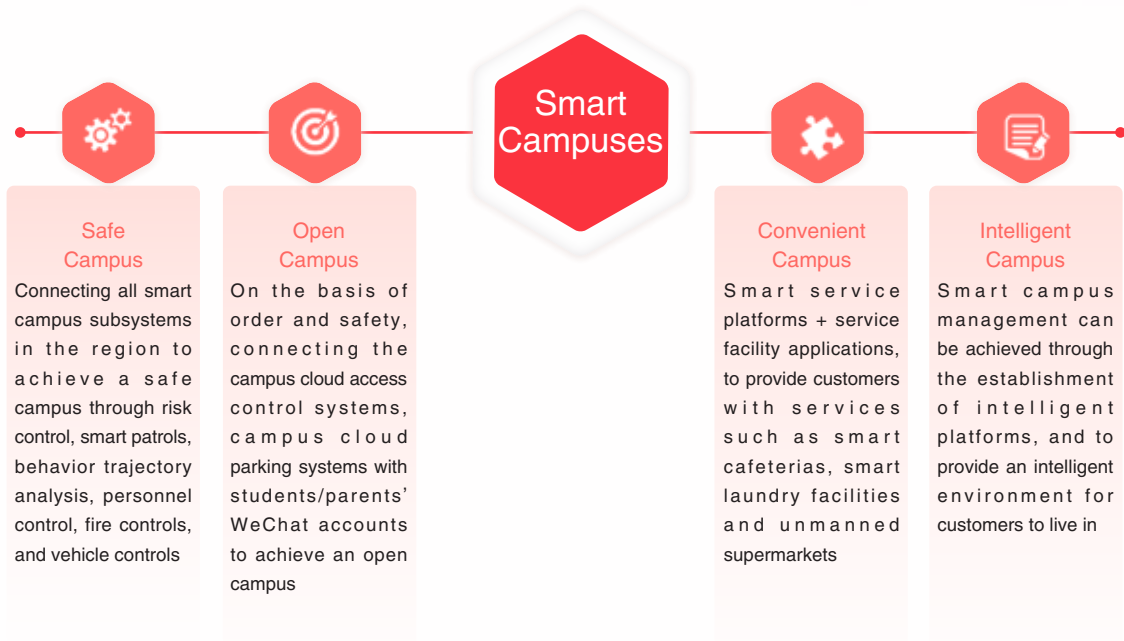
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Smart Parks. Based on the AIoT platform, the TIQI Smart Park Solution realizes device perception, access, management and intelligent analysis, provides park life services, enterprise services, merchant management services, asset operations, basic management services, innovation and entrepreneurship services, etc.; through the support of diversified service capabilities of Jinke Group, improves park life operation services, innovation, entrepreneurship, incubation and other functions, and realizes the visualization of park functions with one image, access to all park services via one mobile phone, and perception of the park data through one platform.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Smart Schools. Our new Smart Campus solution is based on the Internet of Things and cloud computing, created to fully integrate teaching, scientific research, management and campus life with various smart application service systems to fully meet the demand for informatization development from higher learning institutions to achieve “safe, open, convenient and intelligent” campuses.



Central South University



Hunan Normal University



Changsha Normal University

Smart campus solutions cases

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Smart Hospitals. Taking the internal detailed management business of hospitals as its core, integrating video monitoring, intelligent analysis, IOT perception, AR/3D visual advanced technology to create an integrated, visualized and intelligent hospital management platform; realizing safe personnel management, efficient vehicle passage, timely communications and broadcasting, reliable fire prevention management and convenient logistics management, and integrating surveillance and management to the monitoring center to achieve resource sharing and operational connectedness to improve management quality and efficiency.



Tangshan Central Hospital



Chongqing Western Hospital



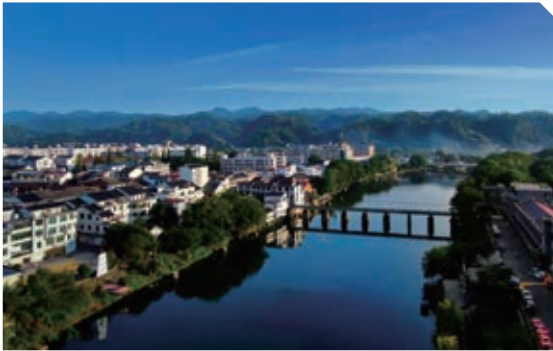
The Third Hospital of Changsha

Smart hospitals cases

Smart Sanitation. Our system gathers all sanitation operating data, integrates and manages resources in a centralized manner, using linked IoT devices, 3D digital engines and other technologies to achieve real-time monitoring of sanitation operating dynamics, using central command and response coordination for sanitation emergencies, closed-end management of the entire sanitation process and centralized management of sanitation operations at all levels.



Neijiang Economic Development Zone sanitation project



Liuyang Guandu Town sanitation project

Smart sanitation cases

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Smart Scenic Areas. The TIQI system creates an intelligent scenic cultural tourism brain, online and offline data linkage, to achieve region-wide spatial and temporal scheduling; using three major application technologies (data intelligence, service AI, payment aggregation) to improve four types of services (optimization of crowd passage and vehicle traffic, transformation of leisure facilities, improvement of tourism services, and the building of a region-wide public security platform), to achieve five general goals (full integration of intelligent management, intelligent region-wide free-flow transportation, full access to public information, upgrading of experience of public services, and full coverage of safety and security); thereby effectively enhancing tourist experiences, improving business efficiency and increasing service quality.



Wuxi-Wenchang Park



Chengdu Ecological City Park Belt integrated development

Smart scenic areas cases

In addition, according to business needs and actual circumstances, TIQI has developed the “Smart New Area” and “Smart Housing and Development” platforms. The “Smart New Area” is a city-level digital transformation solution that treats the city as a large “building space aggregation.” Through the integration of “professional service + intelligent platforms + administrative power”, the city network, i.e. the operation of building space + IOT data, is shared with government authorities to empower comprehensive urban governance. The “Smart Housing and Development” platform mainly focuses on government management and the property management industry’s service pain points, combining Party building guidance and grassroots governance, combining property monitoring and market forces, promoting city, street and community “four-levels of coordination”, empowering Party and government grassroots governance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2.2 Intellectual Property Protection

Jinke Services strictly abides by the requirements of the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China and other laws and regulations; has formulated the Measures for Intellectual Property Rights Management to protect its own intellectual property rights and to process, systematize and normalize the protection of intellectual property rights. At the same time, we also fully respect the intellectual property rights of others, carry out intellectual property identification work to prevent the infringement of intellectual property rights of others. As of the end of the reporting period, the company has obtained 82 trademarks, 50 software copyrights (45 in the last year); 30 patents, including 6 design patents (9 in the last year), 9 utility model patents (1 in the last year) and 15 invention patents (1 in the last year).

2.3 Promoting Industry Development

While developing the TIQI system, Jinke Services actively sought cooperation opportunities to contribute to the development of the industry as well as to society. Tianzhihuiqi Technology Co., Ltd. ("TIQI Technology" for short) is a subsidiary company of Jinke Services focusing on digital intelligence technology. From independent research and development of the TIQI Big Data Information System, to the first AIoT Smart IoT demonstration project in Chongqing, to the continuous output of Cloud City 100, TIQI Technology continues to refine its technology product research and development capabilities and continues to empower services with the advantages of digital intelligence technology. In 2022, Jinke updated a series of AIoT robot and intelligent cloud technology projects around the TIQI big data information system and continues to provide intelligent and futuristic services as well as advanced living experiences for homeowners. With the digital intelligence technology empowerment of TIQI Technology, Jinke Services will join hands with more partners to explore intelligent services, continuing to stimulate urban activity, upgrade standards of living and create greater value for more diverse groups.

Case: Jinke Services partners with Gem Flower Healthcare to start a new model of "Hospital+" services

In February 2023, Jinke Services and Gem Flower Medical Health Investment Holding Group Co., Ltd. ("Gem Flower Healthcare" for short) formed a strategic partnership to develop the "Hospital+" new service model. In the future, Jinke Services will continue to work together with Gem Flower Healthcare in the fields of "Hospital+" such as building intelligent hospitals, hospital basic logistics services, medical ancillary services, medical nutrition and meal services, etc.; empowered by Jinke Services' professional, standardized and scientific management system, using intelligent, professional and warm "Hospital+" services to contribute to the high ground of wellness healthcare development.



Onsite the strategic cooperation between Jinke Services and Gem Flower Healthcare

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Jinke Services joins hands with Jiangxi Pingxiang City to create a new benchmark for “Sponge City” operations and maintenance

In 2022, Jinke Services signed a cooperation agreement with the Jiangxi Province Intelligent Sponge City Construction and Development Investment Group Limited (“Sponge Group” for short) to help Pingxiang City’s “Sponge City” construction and jointly build a comprehensive, intelligent, ecological urban service system. Jinke Services will make full use of our technical advantages combined with experience advantages to introduce systematized intelligent city services of TIQI Cloud City to help Pingxiang City build an intelligent Sponge City system, using multi-system linkages such as end-user security and technical security, as well as integrated deployment to improve quality and efficiency, to help provide guidance for the intelligent operation and maintenance of “Sponge Cities” nationwide.



Cooperation Signing Between Jinke Services and Sponge Group

Case: Jinke Services joins hands with China Mobile to tackle “Made in China 2025”

In 2022, Jinke Services and China Mobile Chongqing Corporation officially signed a strategic cooperation agreement to jointly promote comprehensive cooperation in property services, corporate services, business operations, consulting services and public services, deepening the implementation of 5G technology, accelerating the industry’s intelligent transformation, and helping to realize the evolution from “Made in China” to “Intelligently Made in China.” The two parties will jointly promote the development of a new generation of high-speed, mobile and secure information and communication infrastructure, promote network upgrades, and build a smart housekeeper around the home life of Jinke homeowners to achieve the efficient upgrading of living quality.



Signing Ceremony of Jinke Services and China Mobile Chongqing Corporation

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Jinke Services Strategically Partners with Wuhan Cultural Investment

In 2022, a subsidiary of Wuhan Cultural Investment Group, Wuhan City Cultural Service Group Co., Ltd. (“Wuhan City Cultural Service Group” for short) invited Jinke Services to participate in its inauguration ceremony and signed a cooperation agreement with us. In the future, the two parties shall combine forces to focus on the integrated operations of Wuhan City cultural properties and public cultural facilities services, striving to build a domestic benchmark for intelligent urban cultural properties, strategically empowering Wuhan City Cultural Service and promoting the high-quality development of Wuhan’s cultural undertakings and cultural industries. Based on years of experience in the field of intelligent services, Jinke Services will help Wuhan Cultural Property Services to expand in digital information, high-tech, cultural creativity and other fields, providing intelligent, distinguished, local professional advantages in digitization development and operating solutions for Wuhan’s public cultural facilities, helping to improve service capacity and digital development empowerment in the cultural industry, building a new high ground of cultural industry services in central China together with Wuhan.



The Wuhan City Cultural Service Group inauguration

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. QUALITY SERVICES, INCREASING THE QUALITY OF LIFE

3.1 Providing Diversified Services

Jinke Services always adheres to the “customer-centered” value proposition and consistently provides customers with high-quality life services; with multi-dimensional operations and diversified services¹, covering space property management services, government and enterprise services, urban services, community value-added services, local catering services; and smart living technology services; providing diversified customer communication channels, open customer complaint processes, protecting customer privacy and creating a safe and warm living environment for customers.

Space Property Management Services. In terms of urban space services, we center on various scenarios in the lives of residents, focus on residential, commercial, office, urban and other sectors, and provide comprehensive space services with property management at the core, covering facilities, equipment, asset management and other fields.

Residential Services. We adhere to the long-term concept of “customer first”, insist on providing pleasant services, adhere to consistent service standards, standardizing business supervision and management processes at the levels of group, region and project, in order to ensure that all projects demonstrate sound quality and service processes while maintaining the consistency of standards; we received the ISO:9001 quality management system certification and the AAA enterprise credit rating certificate. In 2022, we launched the “Planning with Heart, Craftsmanship Returns Home” quality residential service program, which centers on the four “returning home” themes of cleanliness, beautification, keeping watch and keeping warm, and is aimed at building a fine and pleasant property management service system at Jinke.

From the perspective of each customer, Jinke Services refuses stagnation in service mentality, implements service details with care, and constantly upgrades service offerings so customers can enjoy high-quality services and continuously experience increased customer satisfaction.

¹ Base on the business situation, the Company’s products and services do not involve “recall for safety and health reasons” and “quality verification process and product recall” aspects.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Emergency medical treatment for a pregnant woman

In November 2022, the front desk of Fuling Fairview Park received an urgent call from the male homeowner of a unit, saying his pregnant wife was home alone and suffering from stomach pains and he could not go home because of pandemic controls at his workplace, hoping property management would check on the situation on his behalf. The project manager and housekeeper immediately rushed to the homeowner's home, found the female homeowner in critical condition, immediately called the 120-dispatch command center to explain the situation, calming the homeowner's emotions, sending the pregnant woman to the nearest hospital and reported the medical situation to the male homeowner, not leaving until the homeowner was reassured.



Jinke Services sends a pregnant woman to the hospital

Additionally, Jinke Services starts from the small details in life; building neighborhood culture in addition to regular services since 2008, organizing rich and diverse neighborhood activities, helping Jinke fans return to a neighborhood style of closeness and familiarity, and building a harmonious Jinke large community.



Jinke Services Neighborhood Activities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Jinke Fans Festival

In the summer of 2022, Jinke Services organized over 1,000 colorful festivals one after another in thousands of large communities across China, from Children's Day, Dragon Boat Festival, Father's Day to Qixi Festival, bringing joy to countless homeowners. During summer vacation, Jinke Services led children to participate in the process of social production, from "Tiny dairy workers" and "Tiny dessert makers" to "Tiny bosses" at the Dream Market in large communities, creating joy for children and cultivating their hobbies and interests. During summer nights, Jinke Services organized the "Summer Escape Plan," unlocking activities such as open-air film festivals, forest music festivals, camping in the mountains and urban picnic parties, allowing Jinke fans to enjoy a pleasant summer time. In addition, Jinke Services held a blanket airing festival full of warmth by taking advantage of sunlight in the dog days of summer. In 2022, a total of 8,956 blankets were aired in large communities nationwide during the festival.

Dairy workers at the
"Tiny Jinke Fans Experience Pavilion"



A firefighter at the
"Tiny Jinke Fans Experience Pavilion"



Camping in the mountains during the
"Summer Escape Plan"



A Jinke Housekeeper airing blankets



Jinke Fans Festival Activities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Neighborhood Art Festival

From September 10th to 12th, 2022, Jinke Services organized a fun-filled Mid-Autumn festival park visit and folk activities. At the Mid-Autumn festival site, homeowners of any age can enjoy a colorful and fun time. For the festival, lanterns of different styles formed the “Mid-Autumn most-festive group,” riddles were hidden in oil paper lanterns hanging above the head; for adult homeowners, guessing the riddle correctly meant taking home a special small gift; younger children had a good time in the parent-child interactive games such as fun lasso, hopscotch and dart throwing into bottles. In many large communities of Jinke Chongqing, the tools for “pounding the rice dough” were brought into the community and the scene was very lively.

Additionally, Jinke Services housekeepers delivered moon cakes, rice cakes and grapefruits for the empty-nester elderly and elderly homeowners who were sick and could not participate in the activities, so that all homeowners could feel the warmth of Jinke Services.



Mid-Autumn Festival and Folk Activities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Chongyang Festival for respecting the elderly

In order to create a habitable, joyous community for the elderly, Jinke Services covers all aspects of life with care for the elderly: during festivals, various activities for the elderly are organized, and a platform for the elderly to showcase their talents is also set up; in daily life, health management profiles are established and special care planning is made for the empty-nester elderly.

During the 2022 Chongyang Festival, Jinke Services housekeepers one by one visited the elderly living alone and delivered longevity noodles with good wishes; in Qijiang Shangyu City, Jinke Services conducted key safety checks on water and electricity facilities in the homes of elderly homeowners and repaired aging equipment for free, giving the elderly a sense of security; many communities held free medical exam activities; in Chenzhou City in Hunan Province, Jinke Services' management office specially cooperated with Chenzhou No. 4 Hospital to spread health and wellness knowledge among elderly homeowners; while at the Xi'an Jingshang Huafu community, elderly homeowners enjoyed the artistic performance of a Qin Opera troupe organized by Jinke Services, as well the specialties of Shaanxi food – Saozi noodles, fried rice cakes and the Chinese hamburger or “rougamo.”

Case: Warm Winter Thanksgiving Season

Since November 2022, Jinke Services' Warm Winter Thanksgiving Season activities have quietly kicked off in large communities. As temperatures dropped, the housekeepers of the Zhengzhou Jinke Shu Yuan China, Jinke Tianlai Garden and other communities prepared door handle gloves for the units, and changed the door handle gloves for the homeowners door by door; the familiar Jinke large community brand winter hot drinks were made available again, and in order to ensure that every cup of hot drink is delivered to homeowners in time, the Jinke Service housekeepers waited for homeowners at crosswalks and distributed the drinks with customized paper cups with better heat insulation.



Warm Winter Thanksgiving Season Activities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Jinke Run for Fun

In 2022, for the 45 subgroups of Jinke Run for Fun across the country, the self-organized daily running for fun has never stopped, from monthly trainings to public welfare marathons, as well as running with other groups. Over time, from the elderly with graying hair to children of 6 or 7 years old, the runners of Jinke Run for Fun groups meet on the same tracks, blurring generation gaps from age differences.

In April 2022, the Jinke Run for Fun exclusive mini-program was launched, with the 2022 new online check-in competition, runners were very active, with groups and individuals trying to beat their best times from yesterday; top runners' different check-ins would always create a stir in running groups, and beginners would also check-in regularly with improvement and encouragement from running friends; runners communicated, shared and competed in various running groups. In 2022, Jinke Run for Fun's exclusive mini program was opened 459,000 times, with the highest record individual check-in of 210 days, the average mileage of each check-in was over 13 kilometers, and the total number of check-ins was 74,450 times, and total mileage checked-in was 982,674 km.



Jinke Services' Run for Fun

Government and Corporate Services. In 2022, focusing on operational project development, Jinke Services released the Project Grading Management System to clarify the specific criteria for grading projects; for the management of major customers' satisfaction, Jinke Services released the Measures for the Management of Major Customers' Satisfaction in Government and Corporations to clarify the rules, scope and standards of survey sampling, providing support for understanding customer demands and driving business improvement; the Management Policy for Benchmark Projects of Government and Corporate Services was revised to establish business standards and support corporate reputation building; the first white paper of IFM-based business standards in administrative services, Jinyue Corporate and Administrative Service Standards, was released to promote industry development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Teacher's Day & the start of the new school season

The government and corporate services of Jinke is committed to providing comprehensive and integrated logistics services for campuses. During the school opening and orientation season and Teachers' Day, by ensuring property management logistics services and arranging special activities, school teachers and students can feel the "love is everywhere" service of Jinke Smart Services.



Photo of the special activities of the Jinke Services Campus

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Jinke Services delivers value to Sime Darby BMW and Volvo 4S Centers

In 2022, Jinke Services entered into cooperations with the Sime Darby Group, a large multinational corporation, successively servicing the Shenzhen Nanshan BMW 4S Center, Longhua Volvo 4S Center and the Polestar City Showroom. At the 4S centers, Jinke Services developed refined service standards according to local circumstances and through the finest service created a “caring + joyful” customer experience: in the interior environment, Jinke Services set up customized, refined professional maintenance programs, adopting a variety of maintenance methods for different materials on walls and floors, including 8-hour mechanized cleaning operations, 15 minutes of “cleaning up garbage without leaving a trace”; through the standardized management of tool and color classification to achieve zero-interference service, ensuring a clean and comfortable environment and highlighting top brand value both internally and externally; in daily management, Jinke Services provided safety protection services from the dimensions of vehicles, personnel and fire prevention, etc.; on the one hand, designing reasonable and precise driving lanes for incoming and outgoing vehicles, managing different vehicles through time-phased management, and keeping 24-hour watch to ensure the standardization and orderliness of the parking area; on the other hand, establishing staff patrols + vehicle patrols for monitoring and protection, using differentiated management by scenario, combining peripheral monitoring, fire terminal equipment, electronic fence perimeter equipment and security patrols to form a three-dimensional security protection system of “five posts, one team.”



At the 4S Center Service Site

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Jinke Services reshapes new life at the office

For commercial office building services, Jinke Services continues to explore the diverse possibilities of services, providing companies and employees in the space with services covering all enterprise scenarios, from landscape greenery, intelligent inspection of equipment, safety and prevention to high-end concierge and conference services, as well as administrative services, etc. At the Beijing Sunshine Insurance Financial Center, we provide refined conference services, from conference setup, venue cleaning, refreshment break services etc., to ensure that each conference is a success.

At the same time, Jinke Services pays great attention to the experience of people in the space, constantly optimizing their service experience. At Chongqing Cinda International, a 24-hour work space, we provide 24-hour uninterrupted services, increasing night cleaning to avoid overnight garbage build-up and ensuring a clean and comfortable office and rest environment; we also provide administrative logistics services such as water delivery for water coolers and office area greenery maintenance to improve the overall corporate office experience through attention to detail.



Jinke Services Commercial Office Building Services

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Urban Services. In 2022, as the “first year” for the establishment of Jinke Urban Services System, the company issued a total of 9 policy documents and 3 special proposals and guidelines to continuously improve the development of the Urban Services Standards System and to promote quality project management and management standards; with customer service at the core, we strived to build the “Jinzhi City Services” industry template; released the notice on “Improving Quality and Efficiency in Urban Services Project Development”; optimizing business processes, adjusting management practices and steadily improving project quality.

Community Value-Added Services. Jinke Services provides community value-added services to homeowners, residents and major customers, including asset management, home-living services, community management services, home-decoration services, comprehensive living and traveling services, and education services, among others. Home-living services is based on the sub-brands “Blessed Neighborhood” and “Jinke Goods” to provide users with high-quality community group shopping services, continuously optimizing the cloud warehouse + supply chain system, focusing on users’ high-frequency demands, and carrying out community shopping events such as the Jinke “Neighborhood Group”, seeing continued increases in customers’ positive feedback.

Local Catering Services. We provide local catering services to homeowners and corporate customers, mainly in the form of meal services, meal supply chain services and hotel management services. Relying on our competitive advantages of project resources and management density, our focus on meal services establishes a differentiated brand system of high-end meal services, comprehensive meal services and community meal services, building multi-dimensional high-quality meal services, optimizing the meal supply chain service system, taking into account hotel management to form a fully licensed, professional, integrated and high value-added 365 catering service system.

Smart Living Technology Services. Focusing on internal empowerment and external services, we have built a technical support structure with two dimensions of operation and management, creating a technology service system featuring smart cases, smart community and smart cities; we continue to focus on providing digital intelligence solutions to property developers, property management companies and homeowners; continue to promote the reform of labor mechanization and mechanical intelligence, reducing costs and increasing efficiency through a series of digital intelligence upgrades such as cloud surveillance, cloud parking and smart energy controls; through the development, customization, installation, operation and maintenance of IBMS (Intelligent Building Management System), we are committed to participating in the construction of digital smart cities, digital smart government enterprises and digital smart communities, and contributing to the national digital smart transformation and to the national “double carbon” goals of carbon peaking and carbon neutrality.

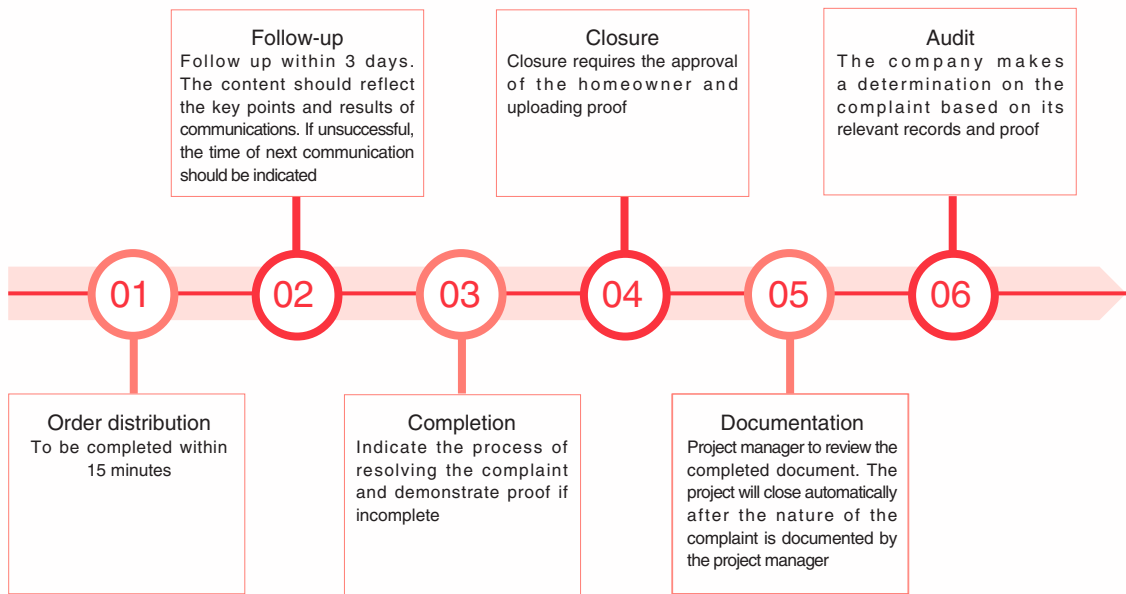
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.2 Customer Complaint Management

Jinke Services maintains close communications with our customers, continuously improving the customer feedback and complaint management system, listening to customer suggestions and opinions, we seek to dig deeper into understanding customers' needs, improving customer profiles to achieve customer service quality improvement.

Jinke Services continues to improve and diversify our communication channels, through the 400 national service hotline, "Jinke Grand Community" app, cloud customer service, WeChat questionnaires; combined with offline housekeeper visits and homeowners' meetings, etc., strengthening the interaction and communications with customers and improving customer satisfaction in all aspects.

In 2022, we further optimized our complaint management process; upon receiving the customer complaint, an action is taken within the first 15 minutes, in accordance with the six steps of taking the order, following-up, completing the order, closing the order, documenting the order and auditing, with the project manager responsible for processing the order and headquarters responsible for auditing; at the same time, we established a customer interview ledger to track and create a closed cycle of follow-up and rectification. The total number of complaints received by Jinke Services for the year is 163, and 100% of the complaints were processed.



Jinke Services' Complaint Management Process

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.3 Protecting Customer Privacy

The customers' information and data involve the personal privacy of homeowners, and even concern the life and property safety of customers. We have a duty to protect privacy and prevent leakage of the information of our customers. To this end, Jinke Services has taken a variety of measures to improve the relevant operating processes and to protect the security of customer information and data in strict accordance with the provisions of the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Cybersecurity Law of the People's Republic of China, the Provisions of the Supreme People's Court on Certain Issues Concerning the Application of Law in the Trial of Civil Cases Involving Processing of Personal Information Using Facial Recognition Technology, the Usage Standard of Work Mobile Phones for Housekeepers, the Guidelines on Customer Relationship Management in Urban Services and other relevant documents; we have obtained the Certificate of Information Security Management System Certification; in 2022, no information leakage or infringement on customer privacy has occurred. Specifically, we have taken the following measures:

Chapter 2, Article 5 of the Usage Standard of Work Mobile Phones for Housekeepers states that all customer information (including but not limited to the room number, name, contact information and WeChat account ID) contained in employees' work mobile phones is deemed confidential information of the Company, and shall not be disclosed externally in the form of data, images, screenshots or otherwise; violators will be dealt with in accordance with the confidentiality policies of the Company.

Our interpretation and implementation of the Provisions of the Supreme People's Court on Certain Issues Concerning the Application of Law in the Trial of Civil Cases Involving Processing of Personal Information Using Face Recognition Technology are as follows: (i) informing the public that it is not a necessity but a choice; we have published a notice on community bulletin boards that "the community supports access through access cards, facial recognition, the Grand Community App, ID verification and other means of verification. You are free to choose any one of these methods. For the safety of the community, we will strictly verify identities. Thank you for your support and cooperation." Property management service companies will not collect or process facial or other personal information of homeowners and visitors; (ii) homeowners can choose voluntarily to authorize the saving of their files. The Grand Community, Jinke Butler and other products that provide facial recognition and collection services for individual users are strictly prohibited from forcing the users to grant permission by "binding with other permissions," or "refusing to provide services unless permissions are granted"; such information are accessible only if there's a record of permission. In such situations, please redesign the product in a timely fashion.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.4 Protecting Customers Safety

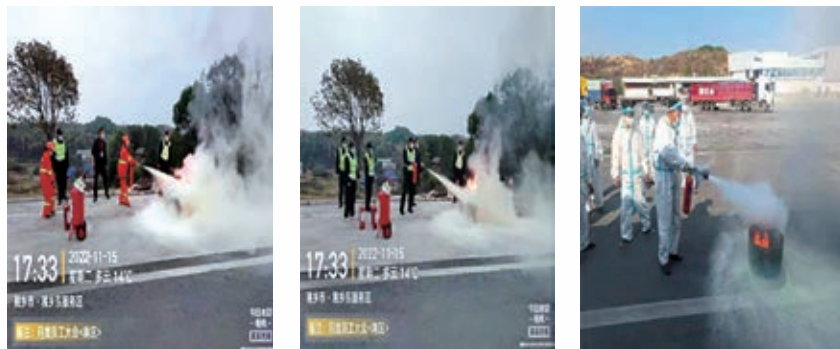
Protecting the safety of homeowners and customers is a primary duty of Jinke Services. Pursuant to the Work Safety Law of the People's Republic of China, the Fire Protection Law of the People's Republic of China and other applicable laws and regulations, we have strictly implemented the Operating Instructions for Safety Services, the Emergency Response Plan, the Jinke Services Operating Instructions for Classification Management of Gate Guards, the Guidelines on Epidemic Prevention and Control and other regulations of the Company; we conduct regular inspections and normalized management to enhance the safety awareness of relevant personnel, so as to protect homeowners' and customers' property, personal safety and information security.

During abnormal weather conditions, we perform checks on facilities and equipment beforehand to eliminate any safety hazards; we carry out emergency response training drills, and send timely extreme weather alerts to customers; in the event of an emergency, the division of responsibilities is clear, emergency facilities are in place, some facilities are disconnected if needed; afterwards, we organize personnel to repair damaged facilities and equipment and to restore the environment in time.

Relying on the company's TIQI system, the community is under constant monitoring and management in all aspects and from multiple angles, verifying the identity of people entering and leaving and making inquiries when necessary, as well as uninterrupted night patrols; the main duties of gate guards are strictly defined, and the classification of services and special services of gate guards are specified.

Case: Jinke Services conducts fire drills

Hunan Expressway Services Area Project conducting fire drills on using fire extinguishers to ensure project safety.



Fire drills

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. PUTTING PEOPLE-FIRST, PURSUING A BEAUTIFUL FUTURE TOGETHER

Jinke Services firmly believes that employees are an important element for the sustainable development of the corporation; we are constantly improving the hiring system, building a diversified and targeted talent training and development model, meeting the diverse growth needs of employees in all respects, providing a healthy and safe working environment for employees, and aligning the interests of employees in promoting the sustainable development of the company.

4.1 Compliant Employment

Pursuant to the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Employment Promotion Law of the People's Republic of China, the Law on the Protection of Women's Rights and Interests, the Provisions on Labor Protection for Female Employees, and the Law of the People's Republic of China on the Protection of Minors, Jinke Services has established management measures such as the "Jinke Services Recruitment Management Measures" and "Employee Rights and Interests Protection Management Policy"; we revise the relevant details in a timely manner according to the actual situation to ensure the orderly and qualitative development of employees. We have a zero tolerance for child labor and forced labor, and effectively prevent the employment of child labor and forced labor through contract regulation and open complaint channels at the headquarters, with immediate and severe handling of any violations to protect employees' rights and interests.

We uphold the employment philosophies of "diversity and equality" and actively recruit employees from diverse backgrounds; in the recruitment and development of employees, we insist on eliminating discrimination and unreasonable behavior based on gender, region, religion, age, pregnancy or marital status, etc.; we ensure accessible channels for recruitment and promotions and we are committed to creating a comfortable and harmonious working environment to help employees realize their worth. In addition, we pay attention to special employment groups and actively recruit veterans. As of the end of 2022, a total of 1,103 veterans have joined Jinke Services.

We continue to optimize recruitment management in order to quickly recruit quality talent and promote the corporation's stable development. We have recruited external personnel mainly through on-site, online and campus recruitment and internal recommendations; and have formed a three-level recruitment system comprising "guaranteed delivery, special delivery and talent delivery," in order to increase the efficiency of recruitment delivery. In 2022, employees externally recruited by Jinke Services' management accounted for 5.2% of the total employees recruited. Meanwhile, we have established a double-track recruitment system for internal employees, and opened the internal exchange platform and internal recommendation channels, meeting 21.7% of the company's annual recruitment needs.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Jinke Services explores a new form of college recruitment: campus chat groups

In 2022, with the help of campus chat groups, through interesting activities such as “Jinke Services Tips, Sharing Workplace Experiences, Current events hot topics, and Prize-winning competitions,” Jinke Services demonstrated its strengths and attracted students from target universities to actively participate. By the end of 2022, there were 14 national campus chat groups, attracting the participation of more than 10,000 people, achieving 85% active participation and 213 students were recruited from outstanding schools.



Campus chat groups and a campus recruitment poster

As of December 31, 2022, Jinke Services has 12,227 full-time employees², all located in Mainland China, with an overall employee turnover rate of 42.0% for the year.

² The employees of the Company are all employees with formal labor contracts, and there are no part-time employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Table 2021-2022 Jinke Services Employee Hiring and Turnover

Category		Unit	2022	2021
Total		Person	12,227	11,700
By gender	Male	Person	5,386	5,353
	Female	Person	6,841	6,347
By age group	Below 30	Person	2,857	2,969
	30-49	Person	7,142	6,787
	50 and above	Person	2,228	1,944
By job level	Management staff	Person	7,628	7,183
	Primary-level staff	Person	4,599	4,517
Overall turnover		%	42.0	37.5
By gender	Male	%	36.6	31.8
	Female	%	37.4	33.6
By age group	Below 30	%	46.0	47.5
	30-49	%	32.0	30.5
	50 and above	%	36.0	24.7

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4.2 Talent Training and Development

Jinke Services focuses on talent cultivation, continuously tapping into the potential of quality talents, motivating employees to build a first-class service team; we fully integrate the company's strategy and business needs, continuously upgrade staff trainings, optimize promotions systems, and promote the construction of an efficient and high-quality talent pipeline.

➤ Talent Training

Jinke Services adheres to the concept of “talent development for company development,” strongly supporting the growth and career development of employees, and we are committed to building a learning organization with multiple paths to win-win results. In 2022, Jinke was awarded the “Yuntu Award – Digital Learning Transformation Pioneer Excellence Award” for its excellent talent development system; at the same time, the “Young Guards Talent Program” won the Gold Award in the “7th Enterprise Learning Design Competition.” We have also enhanced the precision of talent training, established an internal talent pool, and reserved talents according to job level, in order to select talents in a more precise manner. In 2022, the internal talent pool of Jinke Services comprised 650 employees, including 479 reserve supervisors, 112 reserve managers, 35 reserve directors, and 24 reserve general managers.

Case: Jinke Services Launches Star Student HI-PO Training Camp

In August 2022, Jinke Services launched the HI-PO training camp to build Star Student teams with “high recognition, high goals, high potential.” The camp adopted the new learning method of “cloud experience + immersion,” combined with lessons from senior management, to promote corporate culture while transferring professional knowledge. The purpose of the training camp is to help college students quickly integrate into the workplace, increase adhesion between students and the company, and develop high-quality talents from different fields.



Group photo from the 2022 Star Student HI-PO Training Camp

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Jinke Services cultivates talent through the “Star” program

In 2022, the “Star” program for the cultivation of reserve leadership cadres of Jinke Services was relaunched. As of December, the Property Management business unit has carried out 17 sessions of the Xinghuo (Spark) Program (leadership reserve) covering 479 persons, with a completion rate of 80%; 3 sessions of the Xingyao (Shine) Program (general manager reserve), covering 112 persons, with a completion rate of 78.45%; the fifth annual Xingyun (Nebula) program (director reserve) recruited a total of 35 people who attended orientation trainings.



Onsite the Xingyao (Shine) Program classroom



Onsite the Xinghuo (Spark) Program classroom



Xingyun (Nebula) Program commencement image

As of December 31, 2022, the total number of full-time Jinke Services employees participating in training was 12,227, covering all employees at Jinke Services; the total number of training hours for employees was 513,534, with 34 training hours per person.

Table 2021-2022 Employee Training at Jinke Services

Category		Unit	2022	2021
Total		Person	12,227	11,700
By gender	Male	%	44	46
	Female	%	56	54
By job level	Management staff	%	62	61
	Primary-level staff	%	38	39
Total training hours		Hour	513,534	401,515
Average training hour per person		Hour	34	34
Average training hour per person by gender	Male	Hour	32	32
	Female	Hour	37	36
Average training hour per person by job level	Management staff	Hour	34	37
	Primary-level staff	Hour	39	30

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

➤ Promotion System

Jinke Services continuously improves the talent management development system, establishes assessment mechanisms for different levels and positions through capability models, job profiles, etc., forming talent selection standards that effectively meet relevant job requirements; to ensure the objectiveness, fairness and equality in the promotion and development of employees. At the same time, Jinke Services opens the job qualification certification to all employees semi-annually, and all employees who meet the criteria can participate; employees can be promoted after passing the certification. In 2022, 972 employees, or 7.9% of the total employees, were promoted within Jinke Services, and 52.6% of core positions were filled by the employees promoted internally.

Talent Circulation: The flow of internal talents across regions or business units. In 2022, Jinke Services launched a special talent circulation program for business groups and launched the online platform for talent circulation, which enables each business group to state its own demands and for employees to apply independently. For the year, 329 management level employees from headquarters and regional offices moved to other departments, which enhanced talent vitality.

4.3 Employee Health and Safety

With reference to the quality management system, environmental management system and occupational health and safety management system, Jinke Services continuously improves policies such as “Jinke Services Employee Health Management Measures” and in our daily work take various measures to prevent and rectify hazards in advance, striving to create a green, comfortable, healthy and safe working environment for employees. In 2022, the total number of days lost due to work-related injuries was 221 days at Jinke Services and the number of work-related deaths was 0.

Table 2020-2022 Jinke Services Work-Related Injuries and Death³

	Unit	2022	2021	2020
Work-related death	Person	0	0	1
Percentage of work-related death	%	0	0	0.0114
Work-related death among outsourced employees	Person	0	1	1
Percentage of work-related death among outsourced employees	%	0	0.0085	0.0114

Jinke Services organizes regular safety education and training to increase safety awareness of all employees to take precautions. In 2022, the company conducted more than 70 safety awareness training sessions, covering all employees. In addition, we have customized employee insurance according to their work situations to protect their safety.

³ In 2020 and 2021, the death causes of labor contract employees and outsourced employees were all traffic accidents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Jinke Services protects employees through epidemic prevention work

In 2022, in order to ensure the safety of employees in epidemic prevention, Jinke not only purchased a large number of epidemic prevention supplies and distributed them to employees, but also required all personnel to wear epidemic prevention masks and checked their body temperature before coming to work; we strengthened the management of personnel flow, enhanced the management of office premises, and conducted cleaning and disinfection work to reduce the risk of infections among employees; we kept employees informed of national epidemic prevention and control updates through the “Weekly Report on Epidemic Prevention and Control,” to fight the epidemic through preparedness.

In order to protect the rights and interests of employees, Jinke Services set up an employee complaint channel and adopted a firewall mechanism to protect employees’ safety from retaliation for those who make reports, complaints and suggestions. When the reasonable rights and interests of employees are unreasonably infringed upon, employees can give feedback through the complaint channel. The Human Resources Department assigns to the corresponding department according to the content of the complaint, and the department will reply or resolve the problem within three business days after receiving the complaint, and the complaining party can directly appeal to the divisional leader and higher if they are dissatisfied with the reply; all complaint information must be filled out by the employee onto the “Employee Complaint Record Form”; the responsibilities of each person in each step of the complaint process are clearly defined.

To protect the health of employees, Jinke Services also issued the “Employee Health Management Measures” to advocate employees’ healthy life and joyous work, and to further implement employee health management. Based on the “Employee Health Management Measures,” every quarter we organize at least 3 healthy exercise activities, with diverse events such as running, hiking, cycling, fitness, jump rope, badminton, basketball etc., and check-ins with JKS Sports, promoting a healthy and positive lifestyle, so that employees can exercise after work, improving their health and at the same time increasing their energy and enthusiasm at work. In addition, at the end of each year, Jinke Services organizes physical exams for all employees to understand and effectively improve the health situation of employees; as of the end of 2022, more than 90% of Jinke employees are deemed to be in good health.



Jinke Services Health and Exercise Activities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4.4 Caring for the Lives of Employees

Jinke Services advocates humanistic care, and has continuously improved upon the employee welfare system, developing the Methods for Managing Employee Welfare; ensuring all benefits have been actually provided. In 2022, to meet our goals of leapfrogging strategic development, we actively surveyed remuneration levels in the market, provided competitive remunerations and benefits by revising the policies for determining and adjusting remunerations, key points of operation and payroll time set forth in existing administrative measures for remunerations and benefits, and adjusting the components and standards of remunerations and benefits of employees based on the new job rankings. In addition to the basic benefits required by applicable laws and regulations of the country, we also offer additional benefits to our employees by purchasing commercial insurance, optimizing incentive schemes linked to annual goals, implementing employee co-investment plans, launching the pension and benefit payment plans, caring for children of employees, etc., so that employees can feel our considerate and compassionate care.

We also pay attention to the lives of our staff, through various activities to reduce work fatigue, increasing fun and good humor in their lives, enhancing their adhesion to the Company and building a harmonious and friendly work atmosphere. In 2022, we held 1,162 employee care activities, bringing the employees and the Company closer.



Memories from 2022 activities organized by Jinke Services

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Jinke Services' Customized Holiday Gift Packages, Employee Care Activities

Jinke Services is always committed to the value of “long-termism” and “employees first”; to enhance employees’ sense of belonging, customized holiday gift packages were distributed and employee care activities such as “Fighters” are organized annually. The company also pays attention to employees’ children; giving a one-time allowance to employees who give birth and annual Children’s Day gifts to employees’ children under age 14; employees and their families are invited to participate in exclusive Children’s Day activities. In 2022, Jinke Services issued more than 46,000 gift packages and 50 care packages.



Employee Gift Packages and Care Activities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. LOW-CARBON OPERATIONS, BUILDING A GREEN HOME

Jinke Services closely follows the goal of 3060 carbon peaking and carbon neutrality and energy transition trends, actively practicing green development, integrating the concept of sustainable development into our management, continuously improving the environmental management system, implementing top-down energy saving, emission reduction, water conservation and other green office policies and measures, reducing the adverse environmental effect during operations, and providing a green, environmentally friendly and comfortable living environment for customers.

5.1 Environmental Management Goals

Jinke Services abides by the Law of the People's Republic of China on Environmental Protection, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, Law of the People's Republic of China on the Prevention and Control of Water Pollution, Law of the People's Republic of China on the Prevention and Control of Air Pollution, Law of the People's Republic of China on the Prevention and Control of Noise Pollution and other relevant laws and regulations; developing the Measures for Energy Saving and Consumption Reduction, implementing refined management, enhancing the awareness among all employees to conserve, paying close attention to the risks from climate change to our businesses; fulfilling our environmental responsibility of sustainable corporate development, and further promoting the high-quality and sustainable development of the Company.

To increase the benefits of environmental management, we have set forth four major environmental management goals of greenhouse gas emission reduction, waste reduction, energy conservation and water conservation; further promoting sustainable development from three dimensions: green operations, green offices and green communities; making every effort to achieve environmental management goals.

Table 2022 Jinke Services Environmental Management Goals

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
Waste discharge reduction	Minimize waste discharge and have 100% of hazardous waste treated harmlessly by qualified suppliers
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"

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5.2 Green Operations

Jinke Services adheres to the concept of green and environmental protection; implementing sustainable development practices in our day-to-day management; we have developed and implemented a series of internal management systems for energy conservation and control, with clear regulations on the conservation of energy and other resources, striving to reduce energy and natural resources consumption and promoting a green and sustainable business operating model. Our operations do not involve the use of product packaging materials.

From both software and hardware perspectives, Jinke Services strives to reduce the potential impact of the company's operations on the environment and natural resources. On the one hand, we carefully manage the energy consumption of projects, such as water and electricity, through the energy consumption testing system, and realize rapid data collection and analysis with the help of technology, so as to capture the abnormal energy consumption in time and immediately initiate countermeasures to continuously improve the efficiency of energy and resource usage. On the other hand, Jinke Services carries out green energy-saving upgrades of relevant facilities and equipment to effectively reduce the loss of energy and resources. All water sources used by Jinke Services are from the municipal water supply, thus there is no need to seek suitable water sources.

Table 2021-2022 Jinke Services Resource Utilization⁴

Indicator	Unit	2022	2021
Electricity	MWh	164,173.86	159,909.59
Purchased heat	GJ	4,689.91	5,406.70
Gasoline	Tonne	17.99	21.18
Natural gas	Standard cubic meter	66,190.71	62,113.00
Comprehensive energy consumption	MWh	166,284.83	168,433.48
Comprehensive energy consumption density ⁵	MWh/million square meters	653.38	708.00
Total water consumption	Tonne	3,117,116.60	2,914,566.48
Water consumption density	Tonne/million square meters	12,248.00	12,251.23

⁴ The environmental data collected in 2022 shall cover the headquarters of the company, the offices of its subsidiaries and the non-public area of the work area.

⁵ Comprehensive energy consumption density adopted by Jinke Services in 2022 in the GFA under management 254.5 million sq.m.. The calculation is based on General Principles of Comprehensive Energy Consumption Calculation GB/T 2589-2020.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Table 2021-2022 Jinke Services Greenhouse Gas Emissions⁶

Indicator	Unit	2022	2021
Scope 1 greenhouse gas emissions	Tonne of CO2 equivalent	197.85	198.74
Scope 2 greenhouse gas emissions	Tonne of CO2 equivalent	94,144.24	92,908.07
Total greenhouse gas emissions	Tonne of CO2 equivalent	94,342.09	93,106.81
Greenhouse gas emission density	Tonne of CO2 equivalent/ million square meters	370.70	391.37

Case: replacing energy-saving LED lights for parking garages and public areas

In April 2022, Jinke Services launched a strategic bidding for the replacement of smart energy-saving lights for public lighting systems in parking garages and residential areas. Traditional lighting in garages and residential areas were replaced with energy-saving LED lighting to reduce energy consumption and achieve the goal of energy conservation and carbon reduction.

Case: upgrading and renovation of the headquarters parking shed

In August 2022, Jinke Services launched a bidding for the upgrading and renovation of the property management headquarters' parking shed and solar power generation. The upgrading committed to using a clean, low-carbon, safe and efficient energy system to accelerate the pace of emission reduction, achieve sustainable development and a green future.

⁶ Direct greenhouse gas emissions (Scope 1) include emissions from the combustion of petrol in administrative and transport vehicles as well as direct CO2 emissions from the use of natural gas. Indirect greenhouse gas emissions (Scope 2) include indirect emissions of carbon dioxide from the purchase of electricity and heat. Gasoline, natural gas usage and purchased heat GHG conversion factors are based on the "Methodology for Calculating and Reporting Greenhouse Gas Emissions from Other Industrial Enterprises" and electricity consumption is converted with reference to the "Methodology for Calculating and Reporting Greenhouse Gas Emissions from Enterprises for Power Generation Facilities (Revised Version 2022)" by the Ministry of Ecology and Environment of the People's Republic of China.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Smart meter renovations

In 2022, Jinke Services accelerated the development of information technology to strengthen energy consumption control. On the hardware side, Jinke Services implemented smart electricity meter renovations in multiple projects under management. On the software side, the company developed an online energy management system, which enabled online and digital integration of energy consumption management.



Jinke Services Online Energy Management System

Jinke Services implements standardized management and disposes of all wastes generated in its operation in compliance with the applicable laws and regulations, practicing the concept of green environmental protection. In accordance with the relevant policies of the Company, Jinke Services actively carries out the campaign of classification and central storage of trash, uses different methods to dispose of different kinds of wastes, and recycles waste resources to increase the utilization rate of resources.



Jinke Services Waste Management

In addition, Jinke Services advocates the creation of green communities for homeowners, actively carrying out publicity campaigns for waste separation, using diversified waste separation models according to the actual circumstances of different communities, attracting residents to participate in waste separation, and using proprietary technology to increase the efficiency of waste separation. The impact of our business operation on the environment and natural resources (including land resources usage and biodiversity) is relatively low.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Jinke Services' theme park activity "Let's Love the Earth Together"

On Clean Up the World Weekend of 2022, Jinke Service organized the "Let's Love the Earth Together" theme park activity, allowing parents and children to learn waste classification knowledge through a variety of fun games. Through a hands-on approach, Jinke Services not only created a warm family atmosphere and brought neighbors closer together, but also effectively spread environmental protection knowledge such as waste separation to create a green, harmonious and happy home.



Photos from Jinke Services' theme park activity "Let's Love the Earth Together"

Case: Jinke Services creates a waste-free community

In 2022, Jinke Services Chongqing Branch carried out waste separation in its residential communities to create a "waste-free" community by helping residents practice the concept of green living. Centering on intelligent waste classification and community-led waste classification, Jinke Services Chongqing Branch encouraged residents to participate in waste classification to build a "waste-free" community by earning and redeeming points for gifts. At the same time, each community established a waste classification ledger to carefully manage data collection and the entire process of waste classification to ensure its smooth implementation.



Waste separation at Jinke Services

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5.3 Green Offices

Jinke Services practices the concept of green offices, improving the management system, optimizing internal resource control measures, enhancing employees' awareness of green offices, and constructing low-carbon, environmentally-friendly office atmospheres. We have in place internal management measures such as the "Administrative Daily Affairs Management Measures" and "85 Measures for Energy Saving and Consumption Reduction in the Office," to control energy saving and reduction in our daily work. At the same time, the company keenly promotes green environmental protection measures such as long banner publicity displays, friendly reminders, energy consumption public displays, resource recycling, etc., to incorporate the green concept into the lives of employees, advocating for the whole staff to promote green corporate development.

Jinke Services Green Office Management Measures

Green Offices

- Quotas for office supplies
- Returning old office supplies for new ones
- Shared "treasure boxes" for office supplies (staplers, scissors, glue, etc.)
- Recycling and reusing items such as paper clips, tacs, document folders, taking regular inventory of warehouse supplies
- Providing no meeting supplies for internal meetings
- Green paper usage: encouraging paperless working, double-sided printing of important documents, black and white printing, setting up a "recycled paper box" to collect reusable paper, bring your own paper for printing

Water conservation

- Using drinking fountains to eliminate wasting drinking water
- Using water in moderation and turn off the faucet
- Saving water by not keeping water running when washing hands or cleaning items

Low-carbon travel

- Replacing business trips with video meetings
- Carpooling with colleagues on self-driven business trips
- Walking more

We also set up special working groups to promote office energy saving and consumption reduction, and arranged monthly inspections and created monthly inspection bulletins to promote the correction of wasteful behavior, imposing appropriate punishment for seriously wasteful staff.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Jinke Services carries out energy-saving and consumption reduction activities for “Implementing Conservation and Working Frugally”

In the third quarter of 2022, Jinke Services organized a nationwide energy-saving and consumption reduction campaign called “Implementing Conservation and Working Frugally”; advocating for employees to save water, electricity, and paper through distributing posters, posting friendly reminders, daily inspections, and holding online meetings.



Energy saving and consumption reduction posters

Case: Jinke Services takes quarterly inventory of unused supplies, organizes warehouses to achieve resource recycling

In 2022, Jinke Services took quarterly inventory of unused supplies to improve resource utilization. Jinke Services Chongqing Branch actively organized usable computer parts and paper in the supply warehouse and reorganized and reutilized the idle and discarded computer parts. A total of 20 computer towers and parts were reassembled and transferred for secondary use. This initiative saved computer acquisition costs by RMB50,000 while recycling idle resources.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Table 2021-2022 Amount of waste generated by Jinke Services

Indicator	Unit	2022	2021
Used toner cartridges	kg	565.94	534.75
Used ink cartridges	kg	61.82	52.36
Waste light bulbs	kg	1,210.17	1,367.88
Waste batteries	kg	198.46	179.71
Waste electronic products	kg	898.38	834.93
Total amount of hazardous waste discharge	kg	2,934.77	2,969.63
Density of hazardous waste discharge	kg/million square meters	11.53	12.48
Greening waste	kg	26,506,616.00	31,484,923.00
Kitchen waste	kg	880,200.00	994,116.36
Total amount of harmless waste discharge	kg	27,386,816.00	32,479,039.36
Density of harmless waste discharge	kg/million square meters	107,610.28	136,523.91

Table 2021-2022 Jinke Services emissions of exhaust pollutants

Pollutant type	Unit	2022	2021
Total amount of sulfur oxides emission	kg	0.36	0.43
Total amount of nitrogen oxides emission	kg	193.46	225.78
Total amount of particulate matter emission	kg	18.54	21.63

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5.4 Addressing Climate Change

With the increasing frequency of extreme weather conditions such as rainstorms and snowstorms brought about by climate change, corporations have reached a consensus to take active measures to respond to climate change for long-term sustainable development. Jinke Services pays close attention to climate change-related information in our ESG management, establishing a management system to mitigate climate risk, reducing the impact of climate change on our business and improving the company's ability to withstand the impact of climate change.

Jinke Services regularly evaluates the climate risks and impacts to its business operations, and identifies climate change events that may significantly impact the company through four dimensions: policy and legal, technical, reputational and physical risks; of which, physical risks include but are not limited to the adverse impact of extreme weather such as hurricanes, rainstorms, hailstorms, etc. on facilities and equipment, employee commutes, resulting in the company's business not being carried out normally, causing breaches of contract, reparations and other legal liabilities.

For example, in response to continuous high temperatures, Jinke implemented in the first instance the emergency response plan, where the staff comprehensively checked for flammable items in the community under management, inspecting facilities and equipment, eliminating safety hazards in time, and carrying out fire drills on a regular basis to ensure the safety of the community during the high temperature season.

In addition, under the opportunities presented by the national implementation of the dual-carbon "carbon peaking and carbon neutrality" goals, the company actively practices the green concept and continuously adjusts our operations to reduce the potential negative impacts of our operations on the environment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. PASS ON THE LOVE AND FULFILLING SOCIAL RESPONSIBILITY

While developing rapidly, Jinke Services always takes practical actions to show its corporate responsibility and to practice social responsibility. Facing emergencies, Jinke Services stands steadfast at our posts and responds calmly, guarding homes with professional and efficient services. Additionally, through public welfare, volunteer and other activities, we join hands with our employees to contribute to the harmonious development of society.

6.1 Responding to Emergencies

In the face of repeated emergencies such as the Covid-19 epidemic and wildfires, Jinke Services did not back away from hardships and dangers; going to the front lines at the first instance, demonstrating our corporate values. As the Covid-19 pandemic spread globally, Jinke Services took active countermeasures, responded quickly to various situations and overcame difficulties together with homeowners; when wildfires raged, Jinke Services responded to national calls and formed volunteer teams to fight the fires together.

Case: Jinke Services fights the epidemic for the city until the end

In 2022, normalized epidemic prevention and control across the country was ongoing. As the fight against the epidemic was announced, communities under Jinke Services' management strengthened daily epidemic prevention and control: on the one hand, strengthening access control to entry and exit, strictly implementing the prevention and control requirements of "wearing masks, taking body temperatures, showing a green health code and scanning for entry," building a strong community epidemic prevention wall; on the other hand, deploying additional manpower to dynamically collect local garbage to ensure environmental cleanliness, and carrying out multiple daily all-encompassing disinfection of public areas; scientifically customizing the disinfection program for key areas to decrease the risk of the virus spreading inside enclosed communities.

While strictly establishing safety barriers, Jinke Services is more concerned with guaranteeing the quality of at-home life for homeowners during the epidemic. According to the needs of homeowners, Jinke Services provided various shopping services for free; for special-needs groups, we established a special-needs group support repository and a group chat for medical support in the community, we implemented door-to-door specialist services; for students who attend online classes at home, the housekeepers helped print study materials to help students study efficiently.



Jinke Services' epidemic prevention team

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Jinke Services fights high temperatures, extinguishing wildfires

In 2022, when high temperatures and wildfires hit Chongqing, Jinke Services actively engaged in the “battle” against high temperatures and wildfires; demonstrating responsibility through action. On August 21, a fire broke out in the mountainous forests of Jieshi Town, Banan District. At this time of emergency, Jinke Services called on 29 employees to form a temporary volunteer team to collect supplies and carry them to the mountain under high temperatures of over 40 degrees. At the same time, Jinke Services also organized a second group of volunteers to carry drinking water, milk, instant noodles, patchouli water and other supplies to the mountain to ensure supplies for frontline rescuers. In the end, Jinke Services volunteers stayed at the scene for 4 days before finally winning the difficult fight against the wildfire.

Due to continuous high temperatures and drought, wildfires occurred one after another in other areas of Chongqing. Jinke Services always actively participated in frontline logistics work such as transporting supplies and patrolling the mountains to clean up remaining fires, and also assisted in sending the elderly who were evacuated due to the emergency fires back to safe areas.



Volunteer Services Against Wildfires

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6.2 Public Welfare Activities

Jinke Services abides by the Charity Law of the People's Republic of China and other related regulations, actively participating in social welfare activities to pass on the love and give back to society. In 2022, we fulfilled our corporate social responsibilities and demonstrated our corporate values through practical actions such as donating school supplies for rural children, participating in public welfare tree plantings, visiting senior homes and helping farmers.

Case: Jinke Services holds the “Growing up with our country” event to care for poor children left behind by working parents

In 2022, Jinke Services organized a team of loving volunteers to go to the town of Yanwo in Hechuan District, Chongqing, to gift school supplies worth more than RMB10,000 to rural children to encourage them to study hard, exercise well and to grow up healthy and happy.



Group photo of caring for children left-behind by working parents

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Jinke Services participates in public benefit event for tree planting

In 2022, 20 Party members and Jinke Services employee representatives visited the public welfare tree planting base in Zhengzhou City to participate in tree planting activities. A total of approximately 30 cypress seedlings were planted, beautifying the urban environment and fully demonstrating the positive role of Party leadership and conveying the environmental protection spirit of “everyone participating in planting and protecting greenery, building and sharing a green home.”



Group photo of public welfare tree planting

Case: Jinke Services visits the nursing home

Jinke Services regularly organizes Party members and employee representatives to visit nursing homes to promote traditional values of respecting, loving and helping the elderly. In 2022, Jinke Services organized 13 Party members and employee representatives to visit the nursing home in Liuji Town, Zhengzhou city, and sent more than 40 items of daily necessities such as health massagers to more than 10 elderly people living in the home; the group helped to take the blood pressure of the elderly and asked them about their diet, living and health conditions at the home.



Group photo of visiting the nursing home

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case: Phoenix town activities to help farmers

In 2022, Jinke Services formed a 14-member agricultural assistance team including employees and caring homeowners to go to Fenghuang (Phoenix) Town, Shapingba District, Chongqing to carry out the “Jinke Services Fenghuang (Phoenix) Town Farming Support Volunteer Activity.” The team visited local farmers and listened to them; helped with the problem of slow sales for farmers by purchasing local agricultural products in large quantities to ensure the people’s livelihood. In addition, Jinke Services also built a Red Rock Post Station Party Exhibition Hall in Phoenix Town to spread Red culture, promote the spirit of the Party, and to assist in rural revitalization under Party leadership and guidance.



Phoenix Town’s agricultural assistance activities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6.3 Volunteer Activities

Jinke Services advocates homeowners to practice joint social responsibility; through a variety of volunteer activities in the community, creating companionship for homeowners, building a friendly and mutually helpful neighborhood, and promoting the harmonious development of the community. The company carries out targeted volunteer activities to meet the diversified needs of different groups, striving to bring warmth and care to more homeowners.

Case: Jinke Services carries out volunteer activities in large communities

In 2022, Jinke Services carried out various volunteer activities for communities under management nationwide. The company opened a “pet welfare class” to provide homeowners with free physical exams, vaccinations, deworming medication and other services for pets while spreading pet care knowledge; homeowners also reached a “civilized pet ownership” agreement to jointly build a “harmonious people-pet” community.

For the elderly homeowner group, Jinke Services carried out a series of annual activities such as elderly care programs and birthday parties for the elderly, providing monthly free services such as knife sharpening, haircutting and free clinics, giving greater companionship and care to the elderly.



Group photo of Jinke Services group birthday celebrations

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 163 to 272, comprise:

- the consolidated statement of financial position as at 31 December 2022;
- 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 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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

Independence

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

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 23 “Trade and bill and other receivables and prepayments” to the consolidated financial statements.</p> <p>As at 31 December 2022, the gross amount of trade receivables of the Group amounted to approximately RMB2,513,957,000, which represented approximately 30% 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 RMB1,029,509,000 as at 31 December 2022.</p> <p>The Group applied the HKFRS 9 simplified approach to measure lifetime ECL allowance for trade receivables.</p> <p>For trade receivables with remarkably different credit risk characteristics and occurrence of credit impairment, management evaluated the distribution of expected cash flows under multiple scenarios based on experience of historical credit loss, business model, current situations and forecasts of future conditions of contract counterparties under different scenarios, and made corresponding provision for ECL according to expected credit loss rate and the related probability weight under different scenarios. ECL was recognized on an individual basis and the provisions for bad debts and impairment were made on an individual basis.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ol style="list-style-type: none">1) 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;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) 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

For trade receivables without occurrence of credit impairment, 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.

The major management judgements and assumptions adopted in the measurement of expected credit loss mainly include:

- (1) selecting appropriate models to measure ECL and grouping businesses with similar credit risk characteristics into one separate portfolios;
- (2) establishing criteria for significant increase of credit risk and occurrence of default credit impairment;
- (3) selecting appropriate economic indices, economic scenarios and the weights used in forward-looking parameters, as well as establishing future cash flow forecasts for separate assessments of specific trade receivables.

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 and subjectivity in relation to the ECL assessment. Management's measurement of expected credit loss based on separate assessment involved significant managerial judgements and assumptions, and management's measurement of expected credit losses based on groups involved both complex models and significant managerial judgements and assumptions.

How our audit addressed the Key Audit Matters

- 4) Assessed the reasonableness of methods and assumptions used and judgments made by management by (a) assessing the appropriateness of the expected credit loss provisioning methodology, (b) inquiring management regarding the credit worthiness of customers, (c) analyzing historical payment pattern of customers, (d) checking the accuracy, on a sample basis, of the key data inputs such as the aging schedule of trade receivables, (e) testing the accuracy of the calculations of expected credit loss rates based on the historical loss and forward-looking information, (f) evaluated the rationality of management's assumptions of expected cash flow distribution based on business model, and ECL rate and related probability weight under different scenarios and (g) evaluating the reasonableness of the forward-looking adjustments made by management;
- 5) Evaluated the results of management's sensitivity analysis using reasonably possible changes of the relevant key parameters;
- 6) 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
<p>Impairment assessment of other receivables</p> <p>Refer to Note 4(a) “Critical accounting estimates and judgments” and Note 23 “Trade and bill and other receivables and prepayments” to the consolidated financial statements.</p> <p>As at 31 December 2022, the gross amount of other receivables (also including loans to a related party and finance lease receivables) of the Group amounted to approximately RMB3,470,367,000, which represented approximately 42% 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 RMB1,197,174,000 as at 31 December 2022.</p> <p>The Group applied the 3-stage model approach to measure ECL allowance for other receivables.</p> <p>For other receivables with remarkably different credit risk characteristics and occurrence of credit impairment, management evaluated the distribution of expected cash flows under multiple scenarios based on experience of historical credit loss, business model, current situations and forecasts of future conditions of contract counterparties under different scenarios, and made corresponding provision for ECL according to expected credit loss rate and the related probability weight under different scenarios. ECL was recognized on an individual basis and the provisions for bad debts and impairment were made on an individual basis.</p> <p>For other receivables without occurrence of credit impairment, management estimated the ECL rates of other receivables collectively by grouping the other 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) 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;2) 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.3) Assessed the reasonableness of methods and assumptions used and judgments made by management by (a) assessing the appropriateness of the expected credit loss provisioning methodology, (b) inquiring management regarding the credit worthiness of customers, (c) analyzing historical payment pattern of customers, (d) checking the accuracy, on a sample basis, of the key data inputs, (e) testing the accuracy of the calculations of expected credit loss rates based on the historical loss and forward-looking information, (f) evaluated the rationality of management’s assumptions of expected cash flow distribution based on business model, and ECL rate and related probability weight under different scenarios and (g) evaluating the reasonableness of the forward-looking adjustments made by management;

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>The major management judgements and assumptions adopted in the measurement of expected credit loss mainly include:</p>	<p>4) Evaluated the results of management's sensitivity analysis using reasonably possible changes of the relevant key parameters;</p>
<p>(1) selecting appropriate models to measure ECL and grouping businesses with similar credit risk characteristics into one separate portfolios;</p>	<p>5) Checked the mathematical accuracy of the ECL calculation for the loss allowance on other receivables.</p>
<p>(2) establishing criteria for significant increase of credit risk and occurrence of default credit impairment;</p>	<p>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.</p>
<p>(3) selecting appropriate economic indices, economic scenarios and the weights used in forward-looking parameters, as well as establishing future cash flow forecasts for separate assessments of specific other receivables.</p>	

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 and subjectivity in relation to the ECL assessment. Management's measurement of expected credit loss based on separate assessment involved significant managerial judgements and assumptions, and management's measurement of expected credit losses based on groups involved both complex models and significant managerial judgements and assumptions.

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.

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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, 30 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
Revenue	6	5,005,059	5,968,448
Cost of sales	8	(4,061,857)	(4,122,014)
Gross profit		943,202	1,846,434
Selling and marketing expenses	8	(4,639)	(3,073)
Administrative expenses	8	(557,881)	(481,288)
Net impairment losses on financial assets	3.1.3	(2,152,408)	(68,728)
Other income	7	44,147	25,223
Other losses – net	10	(307,250)	(26,957)
Operating (loss)/profit		(2,034,829)	1,291,611
Finance income		41,888	26,732
Finance cost		(10,217)	(1,591)
Finance income – net	11	31,671	25,141
Share of net profits of associates and joint ventures accounted for using the equity method	15	1,765	4,101
(Loss)/profit before income tax		(2,001,393)	1,320,853
Income tax credit/(expense)	12	161,458	(244,023)
(Loss)/profit and total comprehensive income for the year		(1,839,935)	1,076,830
(Loss)/profit and total comprehensive income attributable to:			
– Owners of the Company		(1,818,545)	1,057,182
– Non-controlling interests		(21,390)	19,648
		(1,839,935)	1,076,830
(Losses)/earnings per share (expressed in RMB per share)			
– Basic and diluted (losses)/earnings per share	13	(2.80)	1.62

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 2022

	Note	As at 31 December	
		2022 RMB'000	2021 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	16	163,866	90,219
Right-of-use assets	16	138,595	192,625
Investment properties	17	42,182	–
Goodwill	18	357,139	410,041
Other intangible assets	18	191,297	130,752
Investments in associates and joint ventures	15	180,106	47,159
Other receivables	23	635,220	–
Prepayments for acquisition of entity interests	23	–	92,774
Financial assets at fair value through profit or loss	26	51,000	–
Deferred income tax assets	32	247,192	19,936
		<u>2,006,597</u>	<u>983,506</u>
Current assets			
Inventories	20	29,955	22,866
Other assets	21	19,658	53,320
Trade and bill and other receivables and prepayments	23	3,221,391	4,210,273
Restricted cash	25	9,374	2,083
Cash and cash equivalents	24(a)	3,069,784	4,922,276
Term deposits	24(b)	–	245,169
		<u>6,350,162</u>	<u>9,455,987</u>
Total assets		<u><u>8,356,759</u></u>	<u><u>10,439,493</u></u>
Equity			
Equity attributable to owners of the Company			
Share capital	27	652,848	652,848
Other reserves	28	5,713,435	5,800,761
(Accumulated losses)/retained earnings	28	(1,039,500)	1,203,396
		<u>5,326,783</u>	<u>7,657,005</u>
Non-controlling interests		<u>73,582</u>	<u>72,971</u>
Total equity		<u><u>5,400,365</u></u>	<u><u>7,729,976</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	As at 31 December	
		2022 RMB'000	2021 RMB'000
Liabilities			
Non-current liabilities			
Lease liabilities	31	119,855	176,281
Financial instruments issued to investors	30	43,126	–
Deferred income tax liabilities	32	29,413	16,968
		<u>192,394</u>	<u>193,249</u>
Current liabilities			
Trade and bill and other payables	29	1,952,364	1,725,480
Lease liabilities	31	24,788	23,993
Contract liabilities	6(a)	740,199	586,192
Current income tax liabilities		46,649	180,603
		<u>2,764,000</u>	<u>2,516,268</u>
Total liabilities		<u>2,956,394</u>	<u>2,709,517</u>
Total equity and liabilities		<u>8,356,759</u>	<u>10,439,493</u>

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

The financial statements on pages 163 to 272 were approved by the Board of Directors on 30 March 2023 and were signed on its behalf.

Mr. Xia Shaofei
Chairman & Executive Director

Mr. Yan Lingyang
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Attributable to owners of the Company						
	Note	Share capital	Other reserves	Retained earnings/ (accumulated losses)	Total	Non-controlling interests	Total equity
		RMB'000 (Note 27)	RMB'000 (Note 28)	RMB'000	RMB'000	RMB'000	RMB'000
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		-	-	-	-	11,039	11,039
Acquisition of additional interests in a subsidiary		-	20	-	20	(1,970)	(1,950)
Dividend declared to shareholders of the Company		-	-	(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		-	(13,281)	-	(13,281)	-	(13,281)
Business combination under common control		-	(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		652,848	5,800,761	1,203,396	7,657,005	72,971	7,729,976
Balance at 1 January 2022		652,848	5,800,761	1,203,396	7,657,005	72,971	7,729,976
Comprehensive income							
Loss for the year		-	-	(1,818,545)	(1,818,545)	(21,390)	(1,839,935)
Transactions with owners of the Company							
Capital contribution from non-controlling interests		-	-	-	-	14,390	14,390
Acquisition of subsidiaries	35	-	-	-	-	22,477	22,477
Acquisition of additional interests in a subsidiary		-	(451)	-	(451)	(7,700)	(8,151)
Dividend declared to shareholders of the Company	33	-	-	(424,351)	(424,351)	-	(424,351)
Dividend declared to non-controlling interests		-	-	-	-	(6,279)	(6,279)
Purchase of shares in connection with share award scheme	28(b)	-	(86,875)	-	(86,875)	-	(86,875)
Deregistration of subsidiaries		-	-	-	-	(918)	(918)
Other transactions with non-controlling interests		-	-	-	-	31	31
Balance at 31 December 2022		652,848	5,713,435	(1,039,500)	5,326,783	73,582	5,400,365

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 2022

		Year ended 31 December	
	Note	2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Cash generated from operations	34	557,698	576,183
Interest received		41,643	22,762
Income tax paid		(206,005)	(153,661)
Net cash generated from operating activities		393,336	445,284
Cash flows from investing activities			
Purchases of property, plant and equipment		(82,721)	(54,079)
Purchase of investment properties		(135,043)	–
Purchase of intangible assets		(11,530)	(11,235)
Proceeds from disposal of property, plant and equipment and intangible assets		328	1,688
Proceeds from disposal of other assets		14,052	6,826
Acquisition of financial assets at fair value through profit or loss	26	(51,000)	(10,000)
Investment income from financial assets at fair value through profit or loss	10	379	–
Proceeds from disposal of financial assets at fair value through profit or loss		–	24,892
Cash received from settlement of derivative financial instruments	10	–	49,795
Decrease/(increase) in term deposits		245,169	(245,169)
Interest received		2,890	1,289
Decrease/(increase) in performance guarantee deposits for acquisition of equity interests		79,000	(600,000)
Loans to a related party	23(c)	(1,500,000)	–
Capital injection to the associate and joint ventures	15	(136,761)	(38,437)
Dividends received from investment accounted for using the equity method	15	303	–
Deregistration of a joint venture	15	–	229
Acquisition of subsidiaries (net of cash and cash equivalent acquired)	35	(136,284)	(331,631)
Proceeds from partial disposal of equity interests in an associate		2,574	–
Prepayments for acquisition of equity interests	23	–	(92,774)
Settlement of outstanding considerations payable for business combinations in the prior year		(46,680)	–
Net cash used in investing activities		(1,755,324)	(1,298,606)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
Cash flows from financing activities			
Repayments of borrowings	34(b)	(2,407)	–
Dividends paid to shareholders		(425,384)	(326,716)
Principal elements and interest elements of lease payments	34(b)	(25,906)	(8,838)
Dividends paid to non-controlling interests		(6,524)	(6,187)
Listing expenses paid		(682)	(6,950)
Acquisition of additional interests in subsidiaries		(5,835)	–
Transaction with non-controlling interests		–	(2,097)
Capital contribution from non-controlling interests		14,390	14,324
Purchase of shares for share award scheme	28(b)	(86,875)	(13,281)
Payment of acquisition of the entity under common control		–	(240,500)
Settlement of outstanding considerations payable for business combinations under common control in the prior year		(20,500)	–
Financial instruments issued to investors	30	41,341	–
Increase in performance guarantee deposits for acquisition of the entity under common control		–	(400,000)
Net cash used in financing activities		(518,382)	(990,245)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of year		4,922,276	6,856,275
Exchange gains/(losses) on cash and cash equivalents		27,878	(90,432)
Cash and cash equivalents at end of year		3,069,784	4,922,276

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.

On 27 September 2022, the Company and Thematic Bridge Investment Pte. Ltd. (the “Offeror”) jointly announced that the Offeror would make a voluntary conditional general cash offer to acquire all of the shares of the Company (the “Offer”). The Offeror is an investment holding company incorporated in Singapore which is controlled by funds managed by subsidiaries of Boyu Group, LLC (“Boyu”) in their capacity as the general partner of such funds.

Before the completion of the Offer, Boyu was the second largest shareholder of Jinke Services, Boyu and its subsidiaries (the “Boyu Group”) owned 22.69% of the total issued share capital of the Company at that moment. The Company’s largest shareholder and original parent company was 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. Jinke Property owned 30.34% of the total issued share capital of the Company.

On 22 November 2022, the Offeror and the Company jointly announced the results of the Offer. Approximately 7.15% of the issued share capital of the Company were purchased by the Offeror on-market, and approximately 4.79% of the issued share capital of the Company had received valid acceptances by the Offeror, hence Boyu Group became the largest shareholder of the Company with shareholding ratio of 34.63%. Both Boyu and Jinke Property have significant influence over Jinke Services as a result of the Offer.

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 30 March 2023.

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 2022 and there is no material impact on the Group’s consolidated financial statement:

HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
HKFRS 16 (Amendments)	COVID-19-related Rent Concessions
HKFRS 3 (Amendments)	Reference to the Conceptual Framework
Annual improvements to HKFRS standards 2018-2020	Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination

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 2022 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 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 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
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 January 2024
HKFRS 16 (Amendment)	Lease Liability in a Sale and Leaseback	1 January 2024
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 2.10.

(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 Investment properties

Investment properties, principally nursery properties freehold or held under leases, are held for rental yields or for capital appreciation or both and are not occupied by the Group. The Group measured its investment properties at cost, including related transaction costs and where applicable borrowing costs. Depreciation is calculated using the straight-line method to allocate their cost over their useful life or lease term varying from 30 to 35 years.

2.9 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)*

2.9 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 35). 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)*

2.10 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.

2.11 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)*

2.11 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)*

2.11 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 23 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.

2.12 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)*

2.13 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.

2.14 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”.

2.15 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 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.

2.17 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 23 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.

2.18 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.

2.19 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 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.

2.21 Financial instruments issued to investors

Financial instruments issued to investors represented issuance of ordinary shares with certain preferential rights to certain investors of Chongqing Tianzhihuiqi Technology Co., Ltd. (“Tianqi Technology”), a subsidiary of Jinke Services. According to the agreement, the ordinary shares will become redeemable by the holder under certain events which are out of the Group’s control.

As the Group does not have the unconditional right to avoid delivering cash or another financial assets to settle contractual obligation, the Group recognized a financial liability which recognized initially at the present value of the redemption amount. The financial liabilities are subsequently measured at amortized cost. Interests from the financial instruments are charged in “Finance cost.” Subsequently, if the Group revises its estimates of payments, the Group will adjust the carrying amount of the financial liability to reflect the present value of revised estimated future cash outflows at the financial instrument’s original effective interest rate, and the adjustments will be recognized as “Finance cost” (Note 30). The redemption liabilities are classified as current liabilities unless the preferential rights can only be exercised after 12 months after the end of each reporting period.

2.22 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.22 Current and deferred income tax *(Continued)*

(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.

2.23 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 Employee benefits *(Continued)*

(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.

2.24 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.24 Provisions *(Continued)*

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.

2.25 Revenue recognition

Revenues are recognized when or as the control of the goods or services is transferred to the customer. Depending on 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)*

2.25 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 maintenance 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)*

2.25 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. Payment is due in full at the time when the services are rendered or the goods are provided. Room rental revenue is recognized on a daily basis when rooms are occupied. Food and beverage revenue and other goods and services revenue are recognized when they have been delivered or rendered to the guests as the respective performance obligations are satisfied.

(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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.25 Revenue recognition *(Continued)*

(d) Smart living technology solutions (Continued)

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.

2.26 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.

2.27 Leases

(a) The Group is a lessee

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.27 Leases *(Continued)*

(a) The Group is a lessee (Continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.27 Leases *(Continued)*

(a) The Group is a lessee (Continued)

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.

(b) The Group is a lessor

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. For a finance lease, the lessor recognises a receivable at an amount equal to the net investment in the lease which is the present value of the aggregate of lease payments receivable by the lessor and any unguaranteed residual value. If a contract is classified as an operating lease, the lessor continues to present the underlying assets.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the terms of the relevant lease. Initial direct costs with more than a significant amount are capitalized when incurred and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred.

The lease receivable under lease arrangements are recognised as "Other receivable" in the consolidated statements of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.27 Leases *(Continued)*

(c) The Group as a sublease lessor

Sub-lease is a transaction for which an underlying asset is re-leased by a lessee (“sublease lessor”) to a third party, and the lease (“head lease”) between the head lessor and lessee remains in effect. In classifying a sublease, a sublease lessor shall classify the sublease as a finance lease or an operating lease as follows:

If the head lease is a short-term lease that the entity, as a lessee, has accounted for the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis, the sublease shall be classified as an operating lease.

Otherwise, the sublease shall be classified by referenced to the right-of-use asset arising from the head lease as finance lease or operating lease.

2.28 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.

2.29 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.29 Earnings per share *(Continued)*

(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.

2.30 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 2022, non-RMB assets are cash and cash equivalents of RMB15,379,000 and RMB6,966,000 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	
	2022 RMB'000	2021 RMB'000
– Restricted cash HK\$	–	113
– Term deposits HK\$	–	245,169
– Cash and cash equivalents HK\$	15,379	805,236
US\$	6,966	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	
	2022 RMB'000	2021 RMB'000
Net foreign exchange gains/(losses) included in other losses – net	28,348	(77,522)

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	
	2022 RMB'000	2021 RMB'000
5% increase in RMB against HK\$	(631)	(42,546)
5% decrease in RMB against HK\$	631	42,546
5% increase in RMB against US\$	(286)	(260)
5% decrease in RMB against US\$	286	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 cash and cash equivalents, term deposits, restricted cash, financial assets at fair value through profit or loss and trade and bill and other receivables. The carrying amounts of cash and cash equivalents, term deposits, restricted cash, financial assets at fair value through profit or loss and trade and bill and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets.

(a) Cash at bank, payment platforms and on hand, term deposits and restricted cash

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

(b) Financial assets at fair value through profit or loss

The Group is also exposed to credit risk in relation to a debt investment that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of the investment.

(c) Trade 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.

For trade receivables that do not share same risk characteristics with others, management assesses their expected credit losses on an individual basis. For trade receivables that share same risk characteristics with others, management calculates the expected credit loss using the roll rate model. The model first groups the customers based on their different risk characteristics, and then recalculates their respective historical credit loss information. The model further incorporates economic policies, macroeconomic conditions, industry risks and forward-looking adjustments to reflect management's forecasts of macroeconomic factors in different scenarios, as this affects the customers' ability to settle the receivables. 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.3 Credit risk *(Continued)*

(d) Bill receivables

The Group uses the ECL model to determine the expected loss provision for bill receivables.

(e) Other receivables

Other receivables have been assessed for impairment on a collective basis based on different credit risk characteristics. Other receivables (also including loans to a related party and finance lease receivables) are categorised as follows for assessment purpose:

Group 1 Other receivables due from related parties

Group 2 Other receivables due from third parties

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:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.3 Credit risk *(Continued)*

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)

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 2022, trade receivables amounting to RMB550,861,000 from Jinke Property and its subsidiaries in Group 1 was assessed on an individual basis as Jinke Property faced liquidity constraints. Trade receivables amounting to RMB55,628,000 from third parties arising from resident properties in Group 2 was assessed on an individual basis as these receivables due from low-quality projects that the Group had withdrawn during the year ended 31 December 2022 which leads to the low recoverability of related receivables. Trade receivables amounting to RMB392,069,000 from certain customers in Group 3 were assessed on an individual basis since respective companies was insolvent and in operating difficulty, got involved in several litigations. The remaining trade receivables are assessed on a collective basis.

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 there has been a significant increase in credit risk on above mentioned trade receivables and evaluated the distribution of expected cash flows under multiple scenarios based on historical credit loss experience, operating model, current situations and forecasts of future conditions of contract counterparties under different situations, made corresponding provision for ECL according to ECL rate and the related probability weight under different scenarios, and prepared sensitivity analysis using reasonably possible changes of the relevant key parameters. The Group recognised loss allowance provision of RMB445,646,000, RMB30,767,000 and RMB347,197,000 for these trade receivables respectively.

Expect for that, trade receivables are subject to provision for loss allowance on the collective basis.

As at 31 December 2022, the loss allowance provision for the trade receivables was determined as follows. The ECL below also incorporated forward looking information.

	Life time excepted credit loss rate	Gross carrying amount <i>RMB'000</i>	Lifetime expected credit loss <i>RMB'000</i>	Net carrying Amount <i>RMB'000</i>
Provision on individual basis				
At 31 December 2022				
Group 1	80.90%	550,861	(445,646)	105,215
Group 2	55.31%	55,628	(30,767)	24,861
Group 3	88.56%	392,069	(347,197)	44,872
		<u>998,558</u>	<u>(823,610)</u>	<u>174,948</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	Over 1 year	Total
Provision on collective basis			
At 31 December 2022			
Group 2			
Gross carrying amount (RMB' 000)	703,298	361,031	1,064,329
Expected loss rate	6.74%	24.04%	
Loss allowance provision (RMB' 000)	<u>(47,404)</u>	<u>(86,775)</u>	<u>(134,179)</u>
Group 3			
Gross carrying amount (RMB' 000)	337,523	113,547	451,070
Expected loss rate	9.28%	35.56%	
Loss allowance provision (RMB' 000)	<u>(31,338)</u>	<u>(40,382)</u>	<u>(71,720)</u>

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	Over 1 year	Total
Provision on collective basis			
At 31 December 2021			
Group 1			
Gross carrying amount (RMB' 000)	281,735	1,009	282,744
Expected loss rate	1.69%	1.68%	
Loss allowance provision (RMB' 000)	<u>(4,770)</u>	<u>(17)</u>	<u>(4,787)</u>
Group 2			
Gross carrying amount (RMB' 000)	771,314	58,387	829,701
Expected loss rate	1.07%	29.27%	
Loss allowance provision (RMB' 000)	<u>(8,232)</u>	<u>(17,090)</u>	<u>(25,322)</u>
Group 3			
Gross carrying amount (RMB' 000)	838,086	131,679	969,765
Expected loss rate	3.18%	16.24%	
Loss allowance provision (RMB' 000)	<u>(26,692)</u>	<u>(21,382)</u>	<u>(48,074)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.3 Credit risk *(Continued)*

As at 31 December 2022, bill receivables mainly from Jinke Property amounting to RMB17,032,000 were non-performing, and the Group had individually assessed that the ECL rate was 100% as the counter parties were experiencing significant financial difficulties.

As at 31 December 2022 and 2021, the loss allowance was determined as follows for bill receivables:

	As at December 31	
	2022	2021
Bill receivables due from:		
Stage 1		
Gross carrying amount (RMB' 000)	–	8,577
Expected loss rate	–	–
Loss allowance provision (RMB' 000)	–	–
Stage 3		
Gross carrying amount (RMB' 000)	17,032	–
Expected loss rate	100.00%	–
Loss allowance provision (RMB' 000)	(17,032)	–

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 2022, other receivables from Jinke Property and its subsidiaries amounting to RMB2,393,338,000 were non-performing as Jinke Property faced liquidity constraints. Other receivables from certain third parties amounting to RMB751,493,000 were non-performing since respective companies were insolvent and in operating difficulty, got involved in several litigations.

The Group had individually assessed ECL of above other receivables by evaluating the distribution of expected cash flows under multiple scenarios based on historical credit loss experience, operating model, current situations and forecasts of future conditions of contract counter parties under different situations, and preparing sensitivity analysis using reasonably possible changes of the relevant key parameters. The Group recognised loss allowance provision of RMB701,101,000 and RMB483,025,000 for these other receivables respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.3 Credit risk *(Continued)*

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 2022 and 2021, the loss allowance was determined as follows for other receivables:

	As at December 31	
	2022	2021
Other receivables due from:		
Group 1 – Stage 1		
Gross carrying amount (RMB' 000)	96,124	1,327,562
Expected loss rate	1.84%	0.95%
Loss allowance provision (RMB' 000)	<u>(1,765)</u>	<u>(12,570)</u>
Group 1 – Stage 3		
Gross carrying amount (RMB' 000)	2,393,338	–
Expected loss rate	29.54%	–
Loss allowance provision (RMB' 000)	<u>(707,101)</u>	<u>–</u>
Group 2 – Stage 1		
Gross carrying amount (RMB' 000)	229,412	338,058
Expected loss rate	2.30%	1.46%
Loss allowance provision (RMB' 000)	<u>(5,283)</u>	<u>(4,940)</u>
Group 2 – Stage 3		
Gross carrying amount (RMB' 000)	751,493	935
Expected loss rate	64.28%	100.00%
Loss allowance provision (RMB' 000)	<u>(483,025)</u>	<u>(935)</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 loss allowance provision for trade and bill 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>	Bill receivables <i>RMB'000</i>	Total <i>RMB'000</i>
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	(430)	(3)	–	(433)
At 31 December 2021	<u>78,183</u>	<u>18,445</u>	<u>–</u>	<u>96,628</u>
At 1 January 2022	78,183	18,445	–	96,628
Impact of acquisition of subsidiaries	2,439	881	–	3,320
Provision for loss allowance recognized in profit or loss	957,524	1,177,852	17,032	2,152,408
Receivables written off during the year as uncollectible	(8,637)	(4)	–	(8,641)
At 31 December 2022	<u>1,029,509</u>	<u>1,197,174</u>	<u>17,032</u>	<u>2,243,715</u>

As at 31 December 2022 and 2021, the gross carrying amount of trade and bill and other receivables was RMB6,001,356,000 and RMB3,759,987,000 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 2022					
Financial liabilities					
Trade and bill and other payables (excluding accrued payroll and other taxes payables)	1,716,064	-	-	-	1,716,064
Lease liabilities (including interest payments)	26,039	27,455	60,479	73,250	187,223
Financial instruments issued to investors	-	-	53,278	-	53,278
	<u>1,742,103</u>	<u>27,455</u>	<u>113,757</u>	<u>73,250</u>	<u>1,956,565</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 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)	27,688	28,447	79,558	130,824	266,517
	<u>1,578,566</u>	<u>28,447</u>	<u>79,558</u>	<u>130,824</u>	<u>1,817,395</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital management

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

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

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

As at 31 December 2022 and 2021, asset-liability ratio of the Group is as follows:

	As at 31 December	
	2022	2021
Asset – liability ratio	<u>35%</u>	<u>26%</u>

3.3 Fair value estimation

3.3.1 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

3.3.1 Fair value hierarchy (Continued)

The following table presents the Group's financial assets measured and recognized at fair value at 31 December 2022 and 31 December 2021 on a recurring basis:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
	Level 3	Level 3
Financial assets at fair value through profit or loss	51,000	–

3.3.2 Fair value measurements using significant unobservable inputs (level 3)

As at 31 December 2022, the Group's financial instruments measured at fair value through profit or loss categorized within level 3 were fund with limited life, which mainly represents investments in unlisted companies. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

The Group did not measure any financial assets at fair value on a non-recurring basis as at 31 December 2022.

The following table presents the changes in level 3 instruments for the year ended 31 December 2022.

	Financial assets at fair value through profit or loss Fund with limited life RMB'000
Opening balance	–
Addition	51,000
Gains for the period recognized in profit or loss (i)	–
Closing balance	51,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

3.3.2 Fair value measurements using significant unobservable inputs (level 3) *(Continued)*

- (i) The investment consideration was determined with reference to the fair value of those unlisted entities. The change of the fair value during the period from investment date to 31 December 2022 was considered insignificant. Thus, the fair value of these equity investments approximated the investment cost as at 31 December 2022.
- (ii) Valuation techniques used to determine fair values

Level 3 financial instruments comprise investment in unlisted companies. The fair value of the investment is determined using the latest round financing, i.e. the prior transaction price or the third-party pricing information.

There were no other changes in valuation techniques during the year.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

(b) Current and deferred income tax *(Continued)*

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 18.

(d) Estimation of useful life of customer relationship identified in business combination

Customer relationship identified in the business combination on respective acquisition date (Note 35) is recognized as intangible assets (Note 18). 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.

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 2022 and 2021, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION *(Continued)*

During the years ended 31 December 2022 and 2021, 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 2022, all of the assets were located in the PRC except for cash and cash equivalents of HK\$15,460,000 (equivalent to RMB13,810,000) and US\$1,000,000 (equivalent to RMB6,965,000) 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 2022 and 2021 is as follows:

	Year ended 31 December	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Recognized over time		
– Space property management services	4,088,782	3,809,295
– Community value-added services	160,842	995,419
– Local catering services	30,191	33,347
– Smart living technology solutions	52,782	99,528
	<u>4,332,597</u>	<u>4,937,589</u>
Recognized at a point in time		
– Space property management services	12,376	90,900
– Community value-added services	172,009	499,314
– Local catering services	457,740	440,645
– Smart living technology solutions	30,337	–
	<u>672,462</u>	<u>1,030,859</u>
	<u><u>5,005,059</u></u>	<u><u>5,968,448</u></u>

For the years ended 31 December 2022 and 2021, revenue from the Jinke Property Group contributed 10% and 17% 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	
	2022 RMB'000	2021 RMB'000
Space property management services	710,555	571,398
Community value-added services	10,217	9,130
Local catering services	12,987	890
Smart living technology solutions	6,440	4,774
	<u>740,199</u>	<u>586,192</u>

The Company has recognized the following revenue-related contract liabilities:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Space property management services	608,743	493,669
Community value-added services	216	1,086
	<u>608,959</u>	<u>494,755</u>

(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 business expansion.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE (Continued)

(a) Contract liabilities (Continued)

(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	
	2022 RMB'000	2021 RMB'000
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year		
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

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year		
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)

(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 2022, there were no significant incremental costs to obtain a contract (31 December 2021: same).

7 OTHER INCOME

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Government grants (Note (a))	19,859	11,233
VAT deductible (Note (b))	18,462	13,990
Interest income from loans to a related party (Note 36(b))	5,609	—
Others	217	—
	<u>44,147</u>	<u>25,223</u>

(a) Government grants mainly represent financial subsidies granted by local government. There are no unfulfilled conditions or other contingencies attached to these grants.

(b) VAT deductible mainly included additional deduction of input value-added tax applicable to certain subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 EXPENSES BY NATURE

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Employee benefit expenses (Note 9)	2,038,331	1,541,748
Greening and cleaning expenses	774,059	637,168
Security charges	478,236	381,123
Maintenance costs	233,225	163,937
Utilities	214,850	151,889
Cost of goods sold	209,478	757,733
Consumable, food and beverage	113,394	38,511
Depreciation and amortization charges	67,872	23,509
Office expenses	64,432	48,449
Raw materials	37,942	79,454
Travelling and entertainment expenses	34,912	33,898
Construction costs	34,538	26,298
Community activities expenses	30,029	25,180
Advertising expenses	24,171	25,448
Taxes and other levies	20,564	24,101
Sub-contract expenses for property agency services	10,483	135,797
Bank charges	18,000	13,709
Short-term lease expenses	14,319	17,264
Audit services		
– Audit services	5,189	3,585
– Non-audit services	5,134	170
Cost of tourism services (Note (a))	2,639	324,215
Others	192,580	153,189
	<hr/>	<hr/>
Total cost of sales, selling and marketing expenses and administrative expenses	<u>4,624,377</u>	<u>4,606,375</u>

- (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	
	2022 RMB'000	2021 RMB'000
Wages, salaries and bonuses	1,646,138	1,239,474
Social insurance expenses and housing benefits (Note (a))	328,936	250,357
Other employee benefits (Note (b))	63,257	51,917
	<u>2,038,331</u>	<u>1,541,748</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 2022 and 2021 are analysed as follows:

	Number of individuals	
	Year ended 31 December	
	2022	2021
Directors and supervisors	3	4
Non-directors and supervisors, the highest paid individuals	2	1
	<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 38. Details of the emoluments of the above non-directors and supervisors, the highest paid individuals for the years ended 31 December 2022 and 2021 are as follows:

	Year ended 31 December	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Wages and salaries	3,191	577
Discretionary bonuses	919	518
Contribution to pension scheme	69	20
Housing allowances	52	15
Other social insurances	51	14
	<u>4,282</u>	<u>1,144</u>

The emoluments fell within the following bands:

Emolument bands (in HK dollar)	Number of individuals Year ended 31 December	
	2022	2021
Nil – HK\$1,000,000	–	–
HK\$1,000,001 – HK\$1,500,000	–	1
HK\$1,500,001 – HK\$2,000,000	–	–
HK\$2,000,000 – HK\$2,500,000	2	–
	<u>2</u>	<u>1</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 OTHER LOSSES – NET

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Net foreign exchange gains/(losses)	28,348	(77,522)
Impairment of goodwill (Note 18)	(288,130)	–
Impairment of other assets (Note 21)	(5,840)	–
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	–	2,011
Losses on partial disposal of equity interests in an associate	(2,702)	–
Losses on disposal of property, plant and equipment and intangible assets	(4,691)	(537)
Gains on early termination of lease contracts	8,790	–
Losses on disposal of other assets	(16,772)	(456)
Losses on derecognition of investment properties	(9,447)	–
Investment income from financial assets at fair value through profit or loss	379	–
Others	(17,185)	(640)
	<u>(307,250)</u>	<u>(26,957)</u>

11 FINANCE INCOME – NET

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Finance income		
Interest income from bank deposits	<u>41,888</u>	<u>26,732</u>
Finance costs		
Interest expense of lease liabilities (Note 31)	(8,395)	(1,591)
Others	<u>(1,822)</u>	<u>–</u>
	<u>(10,217)</u>	<u>(1,591)</u>
Finance income – net	<u>31,671</u>	<u>25,141</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 INCOME TAX (CREDIT)/EXPENSE

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Current income tax		
– PRC corporate income tax	67,841	258,627
Deferred income tax (Note 32)		
– PRC corporate income tax	(229,299)	(14,604)
	<u>(161,458)</u>	<u>244,023</u>

The income tax expense for the year can be reconciled to the (loss)/profit before income tax per the consolidated statement of comprehensive income as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
(Loss)/profit before income tax	<u>(2,001,393)</u>	<u>1,320,853</u>
Tax charge at effective rate applicable to (losses)/profits in the respective group entities	(387,137)	243,994
Tax effects of:		
– Expenses not deductible for tax purposes	45,146	1,226
– Tax effect of super deduction	(2,110)	(927)
– Effect of income not subject to income tax	(4,415)	–
– Tax losses and deductible temporary differences for which no deferred tax asset was recognized	203,659	–
– The impact of change in tax rate applicable to subsidiaries	(301)	(270)
– Adjustments on income tax for prior year which affect current profit or loss (Note(a))	(16,300)	–
Total income tax (credit)/expense	<u>(161,458)</u>	<u>244,023</u>

- (a) Certain subsidiaries of the Group located in western region are eligible to enjoy the preference income tax rate of 15%, which was not confirmed by tax bureau until May 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 INCOME TAX (CREDIT)/EXPENSE (Continued)

Hong Kong profits tax

No Hong Kong profits tax was applicable to the Group for the year ended 31 December 2022. There was a subsidiary incorporated in Hong Kong. No Hong Kong profits 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 2022 (2021: 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 2022, 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 25% of their taxable income.

13 (LOSSES)/EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares during the years ended 31 December 2022 and 2021.

The Company did not have any potential ordinary shares outstanding during the years ended 31 December 2022 and 2021. Diluted earnings per share is equal to basic earnings per share.

	Year ended 31 December	
	2022	2021
(Loss)/profit attributable to owners of the Company (RMB '000)	(1,818,545)	1,057,182
Weighted average number of ordinary shares (in thousands)	650,148	652,837
Basic and diluted (losses)/earnings per share for (loss)/profit attributable to the owners of the Company during the year (expressed in RMB per share)	(2.80)	1.62

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 2022 and 2021:

Company name	Place and date of incorporation/ establishment 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
			2022	2021	2022	2021		
Directly owned:								
Chongqing Kangcheng Air Ticket Agent Co., Ltd.* 重慶康程航空票務代理有限公司	The PRC, 21 January 2013, limited liability company	RMB500,000/ RMB500,000	100%	100%	-	-	Tickets agency in Chongqing	
Chongqing Kangcheng International Travel Service Co., Ltd.* 重慶康程國際旅行社有限公司	The PRC, 22 August 2014, limited liability company	RMB510,000,000/ RMB350,000,000	100%	99.47%	-	0.53%	Travel services in Chongqing	(i)
Chongqing Jinbosi Education Technology Co., Ltd.* 重慶金博思教育科技有限公司	The PRC, 25 September 2017, limited liability company	RMB20,000,000/ RMB16,000,000	60%	60%	40%	40%	Education services in Chongqing	
Chongqing Jinxiaoxinyue Catering Management Co., Ltd.* 重慶金曉心悅餐飲管理有限公司	The PRC, 14 March 2019, limited liability company	RMB300,000,000/ RMB148,690,000	100%	100%	-	-	Catering service in Chongqing	
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 Tianzhihuqi Technology Co., Ltd.* 重慶天智慧啟科技有限公司	The PRC, 23 October 2016, limited liability company	RMB18,181,818/ RMB10,000,000	55%	100%	45%	-	Technology services in Chongqing	(ii)
Chongqing Tengjie Trading Co., Ltd.* 重慶騰界商貿有限公司	The PRC, 25 March 2016, limited liability company	RMB30,000,000/ RMB30,000,000	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	
Jinyifang (Chongqing) Enterprise Management Co., Ltd.* 金易房(重慶)企業管理有限公司	The PRC, 1 September 2020, limited liability company	RMB5,000,000/ Nil	100%	100%	-	-	Real estate agency 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	
Sichuan Tongyong Property Services Co., Ltd.* 四川通用物業管理有限責任公司	The PRC, 29 January 1997, limited liability company	RMB3,000,000/ RMB3,000,000	100%	100%	-	-	Property management in Chengdu	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 SUBSIDIARIES (Continued)

Company name	Place and date of incorporation/ establishment and kind of legal entity	Registered/ issued and paid-in capital	Ownership interest				Principal activities and place of operation	Note
			Ownership interest held by the Group		Ownership interest held by non-controlling interests			
			2022	2021	2022	2021		
Directly owned (Continued):								
Chongqing Jinlai Smart Life Service Co., Ltd.* 重慶金來智慧生活服務有限公司	The PRC, 24 November 2021, limited liability company	RMB5,000,000/ Nil	90%	90%	10%	10%	Property management in Chongqing	
Henan Jinke Smart City Service Co., Ltd.* 河南金科智慧城市服務有限公司	The PRC, 20 December 2021, limited liability company	RMB50,000,000/ Nil	100%	100%	–	–	Property management in Zhengzhou	
Indirectly owned:								
Shanghai Jinfangli Network Technology Co., Ltd.* 上海金房裡網路科技有限公司	The PRC, 3 February 2021, limited liability company	RMB3,000,000/ Nil	51%	51%	49%	49%	Real estate agency in Shanghai	
Chongqing Tianhuibao Enterprise Management Consulting Co., Ltd.* 重慶天匯實企業管理諮詢有限公司	The PRC, 4 February 2021, limited liability company	RMB2,000,000/ Nil	55%	100%	45%	–	Technology services in Chongqing	(ii)
Guizhou Jinxinji Agricultural Science and Technology Co., Ltd.* 貴州省金信吉農業科技有限責任公司	The PRC, 5 August 2021, limited liability company	RMB30,000,000/ RMB2,000,000	51%	51%	49%	49%	Agricultural products trading services in Guiyang	

* 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 30 June 2022 and 10 October 2022, the Company completed its acquisition of 0.29% and 0.24% of the additional equity interests respectively in Chongqing Kangcheng International Travel Service Co., Ltd.

(ii) In January 2022, Tianqi Technology entered into agreements with employee investors and institutional investors and issued financial instruments of Tianqi Technology with preference rights, pursuant to which the investors would subscribed for 45% of the equity interest of Tianqi Technology at a total consideration of RMB73,882,000, of which RMB41,341,000 has been paid by way of cash injected in Tianqi Technology during the year ended 31 December 2022 (Note 30). Chongqing Tianhuibao Enterprise management Consulting Co., Ltd. ("Tianhuibao") is one of the subsidiaries of Tianqi Technology, hence the Company's ownership interest of Tianhuibao also decreased from 100% to 55%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Opening carrying amount	47,159	4,850
Additions (i)	136,761	38,437
Share of net profits	1,765	4,101
Dividends received	(303)	–
Partial disposal of equity interests in an associate	(5,276)	–
Deregistration of a joint venture	–	(229)
Closing carrying amount	<u>180,106</u>	<u>47,159</u>

- (i) The additions in 2022 mainly represent the Group's acquisition of 44.44% equity interests of an associate, Chongqing Jinke Jiefu Education Technology Co., Ltd., from a subsidiary of Jinke Property, which engages in nursery operation.

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	Subtotal RMB'000	Right-of-use assets (Note 31) RMB'000	Total RMB'000
Year ended 31 December 2021									
Opening net book amount	–	23,668	1,524	589	6,769	1,229	33,779	49,235	83,014
Additions	8,705	9,104	3,763	295	11,123	33,082	66,072	154,109	220,181
Acquisition of subsidiaries	566	3,198	427	44	157	–	4,392	–	4,392
Transfer to leasehold improvements	–	–	–	–	11,407	(11,407)	–	–	–
Disposals	–	(574)	(251)	(13)	(270)	–	(1,108)	(1,116)	(2,224)
Depreciation charge	(175)	(7,722)	(696)	(233)	(4,090)	–	(12,916)	(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>90,219</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	140,216	208,382	348,598
Accumulated depreciation	(329)	(34,578)	(2,694)	(1,706)	(10,690)	–	(49,997)	(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>90,219</u>	<u>192,625</u>	<u>282,844</u>
Year ended 31 December 2022									
Opening net book amount	9,096	27,674	4,767	682	25,096	22,904	90,219	192,625	282,844
Additions	47,969	13,668	1,839	271	17,635	10,688	92,070	56,785	148,855
Acquisition of subsidiaries (Note 35)	–	4,867	122	267	6,616	–	11,872	1,063	12,935
Transfer to leasehold improvements	–	–	–	–	26,753	(26,753)	–	–	–
Disposals	–	(697)	(371)	(20)	(891)	(5,510)	(7,489)	(84,670)	(92,159)
Depreciation charge	(991)	(8,934)	(1,523)	(286)	(11,072)	–	(22,806)	(27,208)	(50,014)
Closing net book amount	<u>56,074</u>	<u>36,578</u>	<u>4,834</u>	<u>914</u>	<u>64,137</u>	<u>1,329</u>	<u>163,866</u>	<u>138,595</u>	<u>302,461</u>
As at 31 December 2022									
Cost	57,394	85,472	8,675	2,873	86,961	1,329	242,704	174,832	417,536
Accumulated depreciation	(1,320)	(48,894)	(3,841)	(1,959)	(22,824)	–	(78,838)	(36,237)	(115,075)
Net book amount	<u>56,074</u>	<u>36,578</u>	<u>4,834</u>	<u>914</u>	<u>64,137</u>	<u>1,329</u>	<u>163,866</u>	<u>138,595</u>	<u>302,461</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	
	2022 RMB'000	2021 RMB'000
Cost of sales	34,906	9,646
Selling and marketing expenses	16	9
Administrative expenses	10,416	5,632
Subtotal	45,338	15,287
Construction in progress	4,676	7,232
Total	50,014	22,519

(a) No property, plant and equipment is restricted or pledged as security for liabilities as at 31 December 2022 and 2021.

17 INVESTMENT PROPERTIES

	Land and buildings RMB'000	Right-of-use assets RMB'000	Total RMB'000
Year ended 31 December 2022			
Opening net book amount	-	-	-
Additions	20,699	114,344	135,043
Depreciation charge	(20)	(87)	(107)
Derecognition (i)	(12,840)	(79,914)	(92,754)
Closing net book amount	7,839	34,343	42,182

For the year ended 31 December 2022, the additions of investment properties, principally nursery properties freehold or held under leases, are held for rental yields or for capital appreciation or both and are not occupied by the Group.

As at 31 December 2022, the fair values of investment properties approximate their net book amounts.

(i) During the year ended 31 December 2022, the Group entered into agreements to lease certain investment properties to an associate under finance leases. As such, investment properties were derecognized as finance lease receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 INTANGIBLE ASSETS

	Goodwill <i>RMB'000</i>	Customer relationship <i>RMB'000</i>	Software and others <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2021				
Opening net book amount	–	–	9,988	9,988
Additions	–	–	11,235	11,235
Acquisition of subsidiaries	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
Year ended 31 December 2022				
Opening net book amount	410,041	113,118	17,634	540,793
Additions	–	–	12,878	12,878
Acquisition of subsidiaries (Note 35)	235,228	69,429	666	305,323
Disposals	–	–	(1)	(1)
Amortization	–	(16,511)	(5,916)	(22,427)
Impairment (Note (c)(d))	(288,130)	–	–	(288,130)
Closing net book amount	357,139	166,036	25,261	548,436
As at 31 December 2022				
Cost	645,269	187,159	41,853	874,281
Accumulated amortization	–	(21,123)	(16,592)	(37,715)
Accumulated impairment	(288,130)	–	–	(288,130)
Net book amount	357,139	166,036	25,261	548,436

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 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	
	2022 RMB'000	2021 RMB'000
Cost of sales	16,742	4,788
Selling and marketing expenses	18	19
Administrative expenses	5,667	3,415
	<u>22,427</u>	<u>8,222</u>

- (a) During the year ended 31 December 2022, the Group acquired several property management companies and a catering company (Note 35). Total identifiable net assets of these entities acquired as at their respective acquisition dates were amounted RMB113,886,000, including identified customer relationship of RMB69,429,000 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 2022. 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%-14.5%	10 years

- (c) As at 31 December 2022, goodwill of RMB645,269,000 (31 December 2021: RMB410,041,000) has been allocated to each group of cash-generating units for impairments testing. Goodwill of RMB169,149,000 and RMB143,406,000 (31 December 2021: RMB169,149,000 and Nil) were allocated to the property management business operated by Sichuan Tongyong Property Services Co., Ltd. ("Tongyong Services") and the catering business operated by Chongqing Yunhan Catering Culture Co., Ltd. and its subsidiaries ("Yunhan Catering"), respectively.

Management performed an impairment assessment on the goodwill as at 31 December 2022. The recoverable amount of the property management business and catering 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

18 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	Yunhan Catering	Other subsidiaries
2022			
Compound annual growth rate of revenue during the projection period (%)	<u>1.6%</u>	<u>6.6%</u>	<u>1.6%</u>
Earnings before interest, tax, depreciation and amortisation (“EBITDA”) margin during the projection period (%)	<u>36.6%</u>	<u>12.2% – 13.0%</u>	<u>16.1% – 23.1%</u>
Long term growth rate (%)	<u>2.0%</u>	<u>2.0%</u>	<u>2.0%</u>
Pre-tax discount rate (%)	<u>18.6%</u>	<u>17.7%</u>	<u>18.5%</u>

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 INTANGIBLE ASSETS (Continued)

The recoverable amount of this CGU would equal its carrying amount if the key assumptions were to change as follows:

	2022	
	From	To
Compound annual growth rate of revenue during the projection period (%)	1.6%-6.6%	4.5%-28.5%
Earnings before interest, tax, depreciation and amortisation ("EBITDA") margin during the projection period (%)	12.2%-36.6%	12.3%-36.5%
Long term growth rate (%)	2.0%	1.3%-16.3%
Pre-tax discount rate (%)	<u>17.7%-18.6%</u>	<u>5.4%-18.7%</u>

- (d) The impairment charge of RMB288,130,000 recognised during the year of which RMB117,316,000 related to the CGU of Tongyong Services, RMB88,567,000 to the CGU of Chongqing Sanxin Property Services Co., Ltd. and its subsidiaries, RMB51,977,000 to the CGU of Chongqing Jinke Meilishan Property Services Co., Ltd., RMB19,710,000 to the CGU of Baotou Smart Property Services Co., Ltd. and RMB10,560,000 to the CGU of Sichuan Ruide Property Services Co., Ltd. ("Ruide Services") according to their respective value-in-use calculation.

19 FINANCIAL GUARANTEES

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Guarantees for sale and leaseback financing loan of a related party (Note(a))	<u>-</u>	<u>25,000</u>

- (a) Amounts represent guarantees provided to a subsidiary of Jinke Property Group to obtain sale and leaseback financing loan. Pursuant to the terms of the guarantees, the loan was unconditionally and irrevocably guaranteed. 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. During the year ended 31 December 2022, the financial guarantee contracts terminated and guarantees provided for sale and leaseback financing loan of a related party was released.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 INVENTORIES

	As at 31 December	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Merchandise goods	14,868	13,996
Consumables	11,961	6,792
Raw materials	3,126	2,078
	<u>29,955</u>	<u>22,866</u>

21 OTHER ASSETS

The Group and the Company

	As at 31 December	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Parking lots	25,498	53,320
Less: allowance for impairment	(5,840)	–
	<u>19,658</u>	<u>53,320</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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Financial assets at amortized cost		
Trade and bill and other receivables (excluding prepayments and input VAT to be deducted) (Note 23)	3,757,641	3,663,359
Cash and cash equivalents (Note 24(a))	3,069,784	4,922,276
Restricted cash (Note 25)	9,374	2,083
Term deposits	–	245,169
	<u>6,836,799</u>	<u>8,832,887</u>
Financial liabilities at amortized cost		
Trade and bill and other payables (excluding accrued payroll and other taxes payables) (Note 29)	1,716,064	1,550,878
Financial instruments issued to investors (Note 30)	43,126	–
Lease liabilities (Note 31)	144,643	200,274
	<u>1,903,833</u>	<u>1,751,152</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 TRADE AND BILL AND OTHER RECEIVABLES AND PREPAYMENTS

The Group

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Trade receivables (Note (a))		
– Related parties (Note 36(d))	597,442	360,720
– Third parties	1,916,515	1,721,490
	<u>2,513,957</u>	<u>2,082,210</u>
Less: allowance for impairment of trade receivables	(1,029,509)	(78,183)
	<u>1,484,448</u>	<u>2,004,027</u>
Bill receivables		
– Related parties (Note 36(d))	16,532	7,877
– Third parties	500	700
	<u>17,032</u>	<u>8,577</u>
Less: allowance for impairment of bill receivables	(17,032)	–
	<u>–</u>	<u>8,577</u>
Loans to a related party (Note (c))		
– Related parties (Note 36(d))	1,505,609	–
	<u>1,505,609</u>	<u>–</u>
Less: allowance for impairment of loans to a related party	(118,943)	–
	<u>1,386,666</u>	<u>–</u>
Other receivables		
– Related parties (Note 36(d))	904,360	1,327,562
– Third parties	977,091	341,638
	<u>1,881,451</u>	<u>1,669,200</u>
Less: allowance for impairment of other receivables	(1,078,231)	(18,445)
	<u>803,220</u>	<u>1,650,755</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 TRADE AND BILL AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

The Group *(Continued)*

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Prepayments		
– Related parties (Note 36(d))	7,692	–
– Third parties	59,361	626,166
	<u>67,053</u>	<u>626,166</u>
Finance lease receivables (Note (b))		
– Related parties (Note 36(d))	79,493	–
– Third parties	3,814	–
	<u>83,307</u>	<u>–</u>
Input VAT to be deducted	31,917	13,522
	<u>3,856,611</u>	<u>4,303,047</u>
Less: non-current portion of other receivables		
– Loans to a related party	(601,538)	–
– Finance lease receivables (Note (b))	(81,203)	–
Addition: allowance for non-current portion of other receivables	47,521	–
	<u>(635,220)</u>	<u>–</u>
Less: non-current portion of prepayments	–	(92,774)
Current portion of trade and bill and other receivables and prepayments	<u>3,221,391</u>	<u>4,210,273</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 TRADE AND BILL AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

The Company

	As at 31 December	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables (Note (a))		
– Subsidiaries	10,605	246,143
– Related parties	285,335	216,236
– Third parties	1,211,308	886,879
	<u>1,507,248</u>	<u>1,349,258</u>
Less: allowance for impairment of trade receivables	(497,023)	(29,548)
	<u>1,010,225</u>	<u>1,319,710</u>
Bill receivables		
– Related parties	–	78
Loans to a related party (Note (c))		
– Related parties (Note 36(d))	1,505,609	–
Less: allowance for impairment of loans to a related party	(118,943)	–
	<u>1,386,666</u>	<u>–</u>
Other receivables		
– Subsidiaries	975,082	2,322,734
– Related parties	425,031	909,301
– Third parties	655,945	224,228
	<u>2,056,058</u>	<u>3,456,263</u>
Less: allowance for impairment of other receivables	(609,592)	(8,707)
	<u>1,446,466</u>	<u>3,447,556</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 TRADE AND BILL AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

The Company *(Continued)*

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Prepayments		
– Subsidiaries	35,525	11,349
– Third parties	29,638	43,061
	<u>65,163</u>	<u>54,410</u>
Finance lease receivables (Note (b))		
– Related parties (Note 36(d))	79,493	–
– Third parties	3,814	–
	<u>83,307</u>	<u>–</u>
Input VAT to be deducted	13,565	5,012
Dividend receivables	3,483	2,255
	<u>4,008,875</u>	<u>4,829,021</u>
Less: non-current portion of other receivables		
– Loans to a related party	(601,538)	–
– Finance lease receivables	(81,203)	–
Addition: allowance for non-current portion of other receivables	47,521	–
	<u>(635,220)</u>	<u>–</u>
Less: non-current portion of prepayments	–	(24,774)
Current portion of trade and bill and other receivables and prepayments	<u>3,373,655</u>	<u>4,804,247</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 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.

- (b) As at 31 December 2022, certain leased properties were classified as finance leases as the terms of lease transfer substantially all the risks and rewards incidental to lessees. Amounts due from lessees under finance lease are recognized as finance lease receivables which included in the non-current other receivables. (2021: nil).

A maturity analysis of finance lease receivables of the Group and Company is shown in the table during the years ended 31 December 2022 and 2021:

	As at 31 December	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Minimum lease receivable due:		
– Within one year	6,153	–
– More than one year but not exceeding two years	6,109	–
– More than two years but not exceeding five years	15,911	–
– Later than five years	137,140	–
	<hr/>	<hr/>
	165,313	–
Less: Future finance income	(82,006)	–
	<hr/>	<hr/>
Present value of finance lease receivables	<u>83,307</u>	<u>–</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 TRADE AND BILL AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

(c)	As at 31 December	
	2022 RMB'000	2021 RMB'000
Loans to a related party		
Beginning of the year	–	–
Loans Advanced	1,500,000	–
Loans repayment received	–	–
Interest charged	5,609	–
Interest received	–	–
Loss allowance	(118,943)	–
	<u>1,386,666</u>	<u>–</u>

Loans to a related party represented the loan in the principal amount of RMB1,500 million advanced by the Company to Jinke Property (the “Loan”). Pursuant to the loan agreement, the Loan bearing with fixed interest rate 8.6% per annum was secured by certain properties and equity interests owned by Jinke Property Group as collaterals. The fair value of the collaterals as at 31 December 2022 was RMB2,282,029,000, which has been valued by an independent professional valuer.

In March 2023, Jinke Property was default in repaying the Loan (Note 39). Management assessed the allowance of the Loan by considering macroeconomic variables, scenarios weightings, the fair value and liquidity discount of the collaterals and other factors. Management considered the allowance of the Loan provided at 31 December 2022 is appropriate, and it may affect the allowance of the Loan if the macroeconomic variables, scenarios weightings especially the fair value and liquidity discount of the collaterals change.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 TRADE AND BILL AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

- (d) As at 31 December 2022 and 2021, the ageing analysis of the trade receivables based on invoice date were as follows:

The Group

	As at 31 December	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Up to 1 year	1,564,824	1,891,135
Over 1 year	949,133	191,075
	<u>2,513,957</u>	<u>2,082,210</u>

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9. As at 31 December 2022 and 2021, a provision of RMB1,029,509,000 and RMB78,183,000 was made against the gross amounts of trade receivables (Note 3.1.3).

The Company

	As at 31 December	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Up to 1 year	977,841	1,291,701
Over 1 year	529,407	57,557
	<u>1,507,248</u>	<u>1,349,258</u>

The Company applies the simplified approach to provide for ECL prescribed by HKFRS 9. As at 31 December 2022 and 2021, a provision of RMB497,023,000 and RMB29,548,000 was made against the gross amounts of trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 CASH AND CASH EQUIVALENTS AND TERM DEPOSITS

(a) Cash and cash equivalents

The Group

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Cash at bank, payment platforms and on hand (Note(i))		
– Denominated in RMB	3,047,439	4,110,610
– Denominated in HK\$	15,379	805,236
– Denominated in US\$	6,966	6,430
	<u>3,069,784</u>	<u>4,922,276</u>

The Company

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Cash at bank, payment platforms and on hand (Note(i))		
– Denominated in RMB	2,746,901	2,535,940
– Denominated in HK\$	15,380	805,236
– Denominated in US\$	–	54
	<u>2,762,281</u>	<u>3,341,230</u>

- (i) 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.

(b) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 RESTRICTED CASH

As at 31 December 2022 and 2021, restricted cash mainly represents the Group's cash deposits in the bank as performance security for property management services and local catering services according to the requirement of certain clients.

26 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

	As at 31 December 2022 <i>RMB'000</i> Level 3	As at 31 December 2021 <i>RMB'000</i> Level 3
Fund with limited life (Note 3.3)	51,000	–

27 SHARE CAPITAL

The Group and the Company

	Number of ordinary shares	Share capital <i>RMB'000</i>
Issued and fully paid		
As at 31 December 2022 and 2021	652,848,100	652,848

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/ (accumulated losses) <i>RMB'000</i>	Total reserves <i>RMB'000</i>
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	-	(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
Balance at 1 January 2022	(13,281)	5,679,480	134,562	5,800,761	1,203,396	7,004,157
Loss for the year	-	-	-	-	(1,818,545)	(1,818,545)
Acquisition of additional interests in a subsidiary	-	(451)	-	(451)	-	(451)
Dividend declared to shareholders of the Company (Note 33)	-	-	-	-	(424,351)	(424,351)
Purchase of shares in connection with share award scheme (Note (b))	(86,875)	-	-	(86,875)	-	(86,875)
Balance at 31 December 2022	(100,156)	5,679,029	134,562	5,713,435	(1,039,500)	4,673,935

- (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. On 30 December 2022, major terms of the Share Award Scheme were 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 RESERVES (Continued)

As of 31 December 2022, the trustee has purchased 5,692,683 shares of the Company which unit price at HK\$13.70 to HK\$41.90, totalling HK\$117,634,000 (equivalent to approximately RMB100,156,000), 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	
	2022	2021
	RMB'000	RMB'000
Trade payables (Note (a))		
– Related parties (Note 36(d))	6,719	4,052
– Third parties	803,792	582,889
	<u>810,511</u>	<u>586,941</u>
Bill payables		
– Third parties	28,255	23,219
Other payables		
– Related parties (Note 36(d))	35,463	249,409
– Third parties	841,835	691,064
	<u>877,298</u>	<u>940,473</u>
Accrued payroll	179,502	92,482
Other taxes payables	56,798	82,120
Dividend payables	–	245
	<u>236,300</u>	<u>174,847</u>
	<u>1,952,364</u>	<u>1,725,480</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 TRADE AND BILL AND OTHER PAYABLES (Continued)

The Company

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Trade payables (Note (a))		
– Subsidiaries	66,241	17,361
– Related parties	6,087	3,286
– Third parties	397,565	312,857
	<u>469,893</u>	<u>333,504</u>
Bill payables		
– Third parties	26,829	22,429
Other payables		
– Subsidiaries	795,802	1,018,253
– Related parties	20,559	17,997
– Third parties	552,691	553,493
	<u>1,369,052</u>	<u>1,589,743</u>
Accrued payroll	122,525	65,684
Other taxes payables	40,283	58,970
	<u>162,808</u>	<u>124,654</u>
	<u><u>2,028,582</u></u>	<u><u>2,070,330</u></u>

As at 31 December 2022 and 2021, 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 2022 and 2021, the ageing analysis of the trade payables based on invoice date are as follows:

The Group

	As at 31 December	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Up to 1 year	766,457	582,279
Over 1 year	44,054	4,662
	<u>810,511</u>	<u>586,941</u>

The Company

	As at 31 December	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Up to 1 year	452,449	331,943
Over 1 year	17,444	1,561
	<u>469,893</u>	<u>333,504</u>

30 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

	As at 31 December 2022 <i>RMB'000</i>	As at 31 December 2021 <i>RMB'000</i>
Financial liabilities at amortized cost		
Financial instruments issued to investors	<u>43,126</u>	<u>—</u>

In January 2022, Tianqi Technology entered into agreements with employee investors and institutional investors and issued financial instruments of Tianqi Technology with preference rights (“Tianqi Technology Financial Instruments”).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS *(Continued)*

The primary preference rights of Tianqi Technology Financial Instruments are as follows:

Redemption Rights

If Tianqi Technology fails to complete an initial public offering before 31 December 2027, any investor of Tianqi Technology Financial Instruments may require Tianqi Technology to redeem any or all of the then outstanding equity interests held by such investor at the redemption price which represent the purchase price, plus an interest at an annual rate of 5% calculating from the issuance date to the payment date, less any retained profits collected by such investor.

Liquidation Preferences

In the event of any (i) liquidation; (ii) dissolution; (iii) winding up or termination of business of Tianqi Technology, (iv) any merge and acquisition, reorganization, equity transferring or other transaction of Tianqi Technology, with any person or any corporate, in which leads Jinke Services to loss control of Tianqi Technology immediately after such transaction, whether voluntary or involuntary; (v) a sale, lease, transfer, or other disposition, in a single transaction or series of transactions, of all or substantially all of the assets of the Tianqi Technology (including sale licence to any third party), whether voluntary or involuntary, distributions to shareholders of Tianqi Technology shall be made in the following manner (after satisfaction of all creditors' claims and claims that may be preferred by law):

If the assets and funds available for distribution is sufficient, each institutional investor and employee investor of Tianqi Technology Financial Instruments shall be entitled to receive the amount equal to 100% of the applicable purchase price of such Tianqi Technology Financial Instruments, plus the corresponding share of retained profits of Tianqi Technology, prior and in preference to any distribution of any of the assets or surplus funds of Tianqi Technology to Jinke Services, the holders of ordinary equity interests.

If the assets and funds available for distribution shall be insufficient to permit the payment to such investors of the full preferred preference amount, the liquidation preference amount will be distributed rateably to the institutional investors of Tianqi Technology Financial Instruments in accordance with their relative shareholding.

After distributing or paying in full the liquidation preference amount to all of the institutional investors of Tianqi Technology Financial Instruments, the remaining assets of Tianqi Technology available for distribution, if any, shall be distributed all of the employee investors, based on their relative shareholding on a pro-rata basis. Finally, residual assets and funds will be distributed to Jinke Services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS *(Continued)*

Liquidation Preferences *(Continued)*

The effective interest rate of the liability component is 4.32%. The movements of the liability component of Tianqi Technology Financial Instruments are set out as below:

	From issuance date to 31 December 2022 <i>RMB'000</i>
Carrying amount at the issuance date	41,341
Accrued interest	1,785
	<hr/>
Carrying amount at 31 December 2022	<u>43,126</u>

31 LEASES

(a) Amounts recognized in the statements of financial position

The Group

	As at 31 December	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Right-of-use assets (Note 16)		
– Properties	<u>138,595</u>	<u>192,625</u>
Lease liabilities		
– Current	24,788	23,993
– Non-current	<u>119,855</u>	<u>176,281</u>
	<u>144,643</u>	<u>200,274</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 LEASES (Continued)

(a) Amounts recognized in the statements of financial position (Continued)

The Company

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Right-of-use assets		
– Properties	6,482	7,112
Lease liabilities		
– Current	3,692	3,265
– Non-current	2,975	3,835
	6,667	7,100

(b) Amounts recognized in the consolidated statement of comprehensive income and consolidated statement of financial position

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Depreciation charge (Note 16)		
– Properties (included in cost of sales, selling and marketing expenses and administrative expenses)	22,532	2,371
– Properties (included in construction in progress)	4,676	7,232
Interest expense (included in finance cost) (Note 11)	8,395	1,591
Interest expense (included in construction in progress)	2,416	4,761
Expenses relating to short-term leases (included in cost of sales, selling and marketing expenses and administrative expenses) (Note 8)	14,319	17,264
Total cash outflows for leases	40,225	26,102

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 LEASES (Continued)

(c) A maturity analysis of lease liabilities is shown in the table below:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Leases are payable:		
Within 1 year	26,039	27,688
1 to 2 years	27,455	28,447
2 to 5 years	60,479	79,558
More than 5 years	73,250	130,824
	<hr/>	<hr/>
Minimum lease payments	187,223	266,517
Future finance charge	(42,580)	(66,243)
	<hr/>	<hr/>
Total lease liabilities	<u>144,643</u>	<u>200,274</u>
The present value of lease liabilities is as follows:		
Within 1 year	24,788	23,993
1 to 2 years	24,675	24,317
2 to 5 years	48,418	62,624
More than 5 years	46,762	89,340
	<hr/>	<hr/>
Total lease liabilities	<u>144,643</u>	<u>200,274</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 DEFERRED INCOME TAX

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	248,962	23,857
– Deferred income tax assets to be recovered within 12 months	2,274	497
– Set-off of deferred income tax liabilities pursuant to set-off provisions	(4,044)	(4,418)
	<u>247,192</u>	<u>19,936</u>
Deferred income tax liabilities:		
– Deferred income tax liabilities to be settled after more than 12 months	(1,073)	(18,396)
– Deferred income tax liabilities to be settled within 12 months	(32,384)	(2,990)
– Set-off of deferred income tax liabilities pursuant to set-off provisions	4,044	4,418
	<u>(29,413)</u>	<u>(16,968)</u>
	<u><u>217,779</u></u>	<u><u>2,968</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 DEFERRED INCOME TAX (Continued)

	Allowance on doubtful debts RMB'000	Impairment of other assets RMB'000	Tax losses RMB'000	Leases RMB'000	Excess of carrying amount of property, plant and equipment over the tax bases RMB'000	Recognition upon business combination RMB'000	Total RMB'000
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	1,186	-	-	-	-	(17,661)	(16,475)
As at 31 December 2021	<u>18,875</u>	<u>-</u>	<u>5,479</u>	<u>-</u>	<u>(4,418)</u>	<u>(16,968)</u>	<u>2,968</u>
As at 1 January 2022	18,875	-	5,479	-	(4,418)	(16,968)	2,968
Credited to profit or loss	204,371	902	19,818	1,131	343	2,734	229,299
Acquisition of subsidiaries (Note 35)	660	-	-	-	-	(15,179)	(14,519)
Deregistration of subsidiaries	-	-	-	-	31	-	31
As at 31 December 2022	<u>223,906</u>	<u>902</u>	<u>25,297</u>	<u>1,131</u>	<u>(4,044)</u>	<u>(29,413)</u>	<u>217,779</u>

- (a) The Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB12,950,000 (2021: nil) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses shall expire in five years from year of occurrence under current tax legislation. Tax losses of approximately RMB308,000, RMB1,835,000, RMB1,133,000, RMB7,515,000 and RMB47,333,000 will expire in 2023, 2024, 2025, 2026 and 2027 respectively.

33 DIVIDENDS

A final dividend of RMB0.65 per share for the year ended 31 December 2021, totalling RMB424,351,265 had been proposed by the Board of the Company and was paid in 2022. No dividend has been proposed by the Company for the year ended 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
(Loss)/profit before income tax	(2,001,393)	1,320,853
Adjustments for:		
– Depreciation of property, plant and equipment and right-of-use assets (Note 16)	45,338	15,287
– Depreciation of investment properties (Note 17)	107	–
– Amortization of intangible assets (Note 18)	22,427	8,222
– Impairment of goodwill (Note 18)	288,130	–
– Impairment of other assets (Note 21)	5,840	–
– Net foreign exchange (gains)/losses	(26,845)	90,760
– Net impairment losses on financial assets (Note 3.1.3)	2,152,408	68,728
– Losses on disposal of property, plant and equipment and intangible assets (Note 10)	4,691	537
– Losses on disposal of other assets (Note 10)	16,772	456
– Gains on early termination of lease contracts (Note 10)	(8,790)	–
– Rent concessions due to 2019 Novel Coronavirus (the “COVID-19”)	(5,167)	–
– Losses on derecognition of investment properties (Note 10)	9,447	–
– Finance income – net (Note 11)	(31,671)	(25,141)
– Interest income from loans to a related party (Note 7)	(5,609)	–
– Investment income from financial assets at fair value through profit or loss (Note 10)	(379)	–
– Losses on partial disposal of equity interests in an associate (Note 10)	2,702	–
– Share of net profits of associates and joint ventures accounted for using the equity method (Note 15)	(1,765)	(4,101)
– Other transactions with non-controlling interests	(887)	–
– 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>465,356</u>	<u>1,423,403</u>
Changes in working capital:		
– Inventories	(5,718)	(6,441)
– Trade and bill and other receivables and prepayments	(162,295)	(1,622,573)
– Contract liabilities	140,120	153,588
– Trade and bill and other payables	127,526	629,925
– Restricted cash	(7,291)	(1,719)
	<u>(7,668)</u>	<u>(1,027,220)</u>
Cash generated from operations	<u>557,698</u>	<u>576,183</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 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 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
	<u>–</u>	<u>–</u>	<u>332,778</u>	<u>332,778</u>
As at 31 December 2021	<u>–</u>	<u>200,274</u>	<u>245</u>	<u>200,519</u>
As at 1 January 2022	–	200,274	245	200,519
Cash flows				
– Inflow from financing activities	–	–	–	–
– Outflow from financing activities	(2,407)	(25,906)	(431,908)	(460,221)
Non-cash changes				
– Acquisition – leases	–	56,785	–	56,785
– Acquisition of subsidiaries (Note 35)	2,400	1,052	–	3,452
– Rent concessions due to COVID-19	–	(5,167)	–	(5,167)
– Disposal – leases	–	(93,206)	–	(93,206)
– Finance expense recognized	7	8,395	–	8,402
– Finance expense (included in construction in progress)	–	2,416	–	2,416
– Accrued dividends payable	–	–	431,663	431,663
	<u>–</u>	<u>–</u>	<u>431,663</u>	<u>431,663</u>
As at 31 December 2022	<u>–</u>	<u>144,643</u>	<u>–</u>	<u>144,643</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 BUSINESS COMBINATIONS

During the year ended 31 December 2022, the Group completed several acquisitions of equity interests in certain property management companies and a catering company at an aggregate purchase consideration of RMB326,637,000. Goodwill of RMB235,228,000 and total identifiable net assets of RMB91,409,000 were recognized. The directors of the Company consider that the acquisition of Yunhan Catering and Ruide 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 Yunhan Catering and Ruide Services on the acquisition date were disclosed individually.

Details of the purchase considerations, the net assets acquired are as follows:

	Yunhan Catering <i>RMB'000</i>	Ruide Services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Purchase Consideration				
– Cash paid	75,690	116,434	6,237	198,361
– Acquisition prepayments	68,000	–	24,774	92,774
– Consideration payable	25,000	6,566	3,936	35,502
Total purchase consideration	168,690	123,000	34,947	326,637
Recognized amounts of identifiable assets acquired and liabilities assumed				
Cash and cash equivalents (Note (i))	47,390	3,900	10,787	62,077
Property, plant and equipment (Note 16)	10,016	71	1,785	11,872
Right of use assets (Note 16)	1,063	–	–	1,063
Other intangibles (excluding customer relationship) (Note 18)	–	211	455	666
Customer relationship (included in other intangible assets) (Note 18)	44,100	21,790	3,539	69,429
Deferred income tax assets (Note 32)	2	–	658	660
Trade and other receivables and prepayments	36,178	49,847	46,058	132,083
Inventories	1,102	9	260	1,371
Borrowings	–	(2,400)	–	(2,400)
Trade and other payables	(80,107)	(5,144)	(43,356)	(128,607)
Lease liabilities	(1,052)	–	–	(1,052)
Contract liabilities	(1,565)	(7,033)	(5,289)	(13,887)
Current income tax liabilities	(1,744)	–	(2,466)	(4,210)
Deferred income tax liabilities (Note 32)	(11,025)	(3,269)	(885)	(15,179)
Total identifiable net assets	44,358	57,982	11,546	113,886
Less: non-controlling interests	(19,074)	–	(3,403)	(22,477)
Identifiable net assets attributable to the Company	25,284	57,982	8,143	91,409
Goodwill (Note 18)	143,406	65,018	26,804	235,228

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 BUSINESS COMBINATIONS *(Continued)*

- (i) Net cash outflow arising from the acquisitions during the year ended 31 December 2022:

	Yunhan Catering <i>RMB'000</i>	Ruide Services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Cash consideration paid	75,690	116,434	6,237	198,361
Cash and cash equivalents acquired on the acquisition date	<u>(47,390)</u>	<u>(3,900)</u>	<u>(10,787)</u>	<u>(62,077)</u>
Net cash outflow on acquisitions	<u>28,300</u>	<u>112,534</u>	<u>(4,550)</u>	<u>136,284</u>

- (ii) Revenue and profit contribution

The acquired businesses contributed revenue of RMB133,313,000 and net profit of RMB2,299,000 to the Group for the period from their respective acquisition dates to 31 December 2022.

If the acquisitions had occurred on 1 January 2022, the consolidated statement of comprehensive income for the year ended 31 December 2022 would show pro-forma revenue of RMB5,141,823,000 and net loss of RMB1,837,480,000, respectively.

No contingent liability has been recognized for the business combination during the year ended 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship
Jinke Property Group	Has significant influence over Jinke Services (i)
Chongqing Jinjiahe Property Development Co., Ltd.* 重慶金佳禾房地產開發有限公司	Joint venture 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 venture of Jinke Property
Chongqing Pinjinyue Property Development Co., Ltd.* 重慶品錦悅房地產開發有限公司	Joint venture of Jinke Property
Chongqing Xidao Property Development Co., Ltd.* 重慶西道房地產開發有限公司	Joint venture of Jinke Property
Henan Jinshangbaishi Enterprises Co., Ltd.* 河南金上百世置業有限公司	Joint venture of Jinke Property
Henan Zhongjian Jinlun Enterprises Co., Ltd.* 河南中建錦倫置業有限公司	Joint venture of Jinke Property
Henan Zhongshu Enterprises Co., Ltd.* 河南中書置業有限公司	Joint venture of Jinke Property
Chongqing Xilianjin Property Development Co., Ltd.* 重慶西聯錦房地產開發有限公司	Joint venture of Jinke Property
Xuchang Jinyao Property Co., Ltd.* 許昌金耀房地產有限公司	Joint venture of Jinke Property
Shijiazhuang Jinke Property Development Co., Ltd.* 石家莊金科房地產開發有限公司	Joint venture 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 venture of Jinke Property
Changzhou Jinke Property Development Co., Ltd.* 常州金科房地產開發有限公司	Joint venture of Jinke Property
Fujian Hilton Holiday Hotel Co., Ltd.* 福建希爾頓假日大酒店有限公司	Joint venture 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 venture of Jinke Property
Dalian Hongkun Enterprises Co., Ltd.* 大連弘坤實業有限公司	Joint venture 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 venture of Jinke Property
Chongqing Meike Property Development Co., Ltd.* 重慶美科房地產開發有限公司	Joint venture of Jinke Property

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
Chongqing Bijiyai Property Development Co., Ltd.* 重慶市碧嘉逸房地產開發有限公司	Joint venture of Jinke Property
Changzhou Baijun Property Development Co., Ltd.* 常州百俊房地產開發有限公司	Joint venture of Jinke Property
Nanjing Yuhong Property Development Co., Ltd.* 南京裕鴻房地產開發有限公司	Joint venture of Jinke Property
Chengdu Leading Property Development Co., Ltd.* 成都領跑房地產開發有限公司	Joint venture 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 venture of Jinke Property
Chongqing Jinjianglian Property Development Co., Ltd.* 重慶金江聯房地產開發有限公司	Joint venture of Jinke Property
Chongqing Meichengjin Property Development Co., Ltd.* 重慶美城金房地產開發有限公司	Joint venture of Jinke Property
Yiwu Lianxiang Enterprises Co., Ltd.* 義烏市聯祥置業有限公司	Joint venture of Jinke Property
Shanghai Longjun Property Development Co., Ltd.* 上海瓏竣房地產開發有限公司	Joint venture of Jinke Property
Guangxi Tangpeng Investment Co., Ltd.* 廣西唐鵬投資有限公司	Joint venture 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 venture of Jinke Property
Dalian Runyu Property Development Co., Ltd.* 大連潤譽房地產開發有限公司	Joint venture of Jinke Property
Zhengzhou Xinyinke Enterprises Co., Ltd.* 鄭州新銀科置業有限公司	Joint venture of Jinke Property
Dalian Fengmao Enterprises Co., Ltd.* 大連豐茂置業有限公司	Joint venture of Jinke Property
Qingdao Hengmei Enterprises Co., Ltd.* 青島恒美置業有限公司	Joint venture of Jinke Property
Chongqing Wisler Construction Co., Ltd.* 重慶威士勒建設有限公司	Joint venture of Jinke Property
Shangrao Kesong Enterprises Co., Ltd.* 上饒市科頌置業有限公司	Joint venture 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 venture of Jinke Property

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
Qingdao Shimao Boxi Real Estate Co., Ltd.* 青島世茂博璽置業有限公司	Joint venture 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 venture of Jinke Property
Guilin Yingsheng Real Estate Development Co., Ltd.* 桂林盈盛房地產開發有限公司	Joint venture of Jinke Property
Guigang Yuegui Real Estate Development Co., Ltd.* 貴港悅桂房地產開發有限公司	Joint venture 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 venture of Jinke Property
Jiujiang Huadi Jinda Real Estate Co., Ltd.* 九江華地金達房地產有限公司	Joint venture 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 venture of Jinke Property
Taicang Zhuorun Real Estate Development Co., Ltd.* 太倉卓潤房地產開發有限公司	Joint venture of Jinke Property
Beijing Jinke Jinbi Real Estate Co., Ltd.* 北京金科金碧置業有限公司	Joint venture of Jinke Property
Changsha Jingke Real Estate Co., Ltd.* 長沙景科置業有限公司	Joint venture 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 venture of Jinke Property
Xinmi Shouli Real Estate Co., Ltd.* 新密首利置業有限公司	Joint venture of Jinke Property
Huainan Jinjun Real Estate Development Co., Ltd.* 淮南金駿房地產開發有限公司	Joint venture of Jinke Property
Shenyang Junhan Real Estate Development Co., Ltd.* 瀋陽駿瀚房地產開發有限公司	Joint venture 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 venture of Jinke Property
Zhuzhou Jingke Real Estate Co., Ltd.* 株洲景科置業有限公司	Joint venture of Jinke Property
Suqian Tongjinhong Real Estate Co., Ltd.* 宿遷市通金弘置業有限公司	Joint venture of Jinke Property
Sishui Jinmengquan Real Estate Development Co., Ltd.* 泗水金孟泉房地產開發有限公司	Joint venture of Jinke Property

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Name and relationship with related parties *(Continued)*

Name	Relationship
Guizhou Longli Tianchen Real Estate Development Co., Ltd.* 貴州龍裡天宸房地產開發有限公司	Joint venture 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 venture 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 venture of Jinke Property
Wuhan Yejin Real Estate Development Co., Ltd.* 武漢業錦房地產開發有限公司	Joint venture 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 venture 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 venture of Jinke Property
Tianjin Junye Gongchuang Real Estate Co., Ltd.* 天津駿業共創置業有限公司	Joint venture of Jinke Property
Wuhan Yeshuo Real Estate Development Co., Ltd.* 武漢業碩房地產開發有限公司	Joint venture of Jinke Property
Guangxi Huixian Real Estate Co., Ltd.* 廣西匯賢置業有限公司	Joint venture of Jinke Property
Chongqing Lanbo Bay Real Estate Co., Ltd.* 重慶藍波灣置業有限公司	Joint venture 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 venture 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 venture of Jinke Property
Nanning Qingzhou Real Estate Development Co., Ltd.* 南寧晴洲房地產開發有限公司	Joint venture of Jinke Property
Changsha Jinchao Real Estate Co., Ltd.* 長沙金朝置業有限公司	Joint venture of Jinke Property
Dalian Jinkun Real Estate Development Co., Ltd.* 大連金坤房地產開發有限公司	Joint venture of Jinke Property
Zhengzhou Qianshang Real Estate Co., Ltd.* 鄭州千上置業有限公司	Joint venture of Jinke Property
Xinxiang Jinke Jingchao Industry Development Co., Ltd.* 新鄉金科景朝產業發展有限公司	Joint venture of Jinke Property

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
Chongqing Yingtai Boyuan Real Estate Co., Ltd.* 重慶盈泰博遠置業有限公司	Joint venture of Jinke Property
Chongqing Jitai Real Estate Development Co., Ltd.* 重慶基泰房地產開發有限公司	Joint venture of Jinke Property
Zhumadian City Bisheng Real Estate Co., Ltd.* 駐馬店市碧盛置業有限公司	Joint venture of Jinke Property
Chongqing Bangtai Rongfeng Real Estate Development Co., Ltd.* 重慶邦泰蓉峰房地產開發有限公司	Joint venture of Jinke Property
Chongqing Jinjunrui Real Estate Development Co., Ltd.* 重慶金俊瑞房地產開發有限公司	Joint venture of Jinke Property
Dalian Jinhongji Real Estate Development Co., Ltd.* 大連金泓基房地產開發有限公司	Joint venture of Jinke Property
Chengdu Jinkang Intelligent Operation Management Co., Ltd.* 成都金康智慧園區運營管理有限公司	Joint venture of Jinke Property
Yunnan Jiaxun Property Development Co., Ltd.* 雲南嘉遜房地產開發有限公司	Associate of Jinke Property
Gongyi Bixin Enterprises Co., Ltd.* 鞏義市碧欣置業有限公司	Associate of Jinke Property
Anqing Jinshixiang Property Development Co., Ltd.* 安慶金世祥房地產開發有限公司	Associate of Jinke Property
Linquan County Jiarun Property Development Co., Ltd.* 臨泉縣嘉潤房地產開發有限公司	Associate of Jinke Property
Lanxi Zhonglianglong Enterprises Co., Ltd.* 蘭溪中梁龍置業有限公司	Associate of Jinke Property
Changzhou Meike Property Development Co., Ltd.* 常州市美科房地產發展有限公司	Associate of Jinke Property
Jian Jinchun Property Development Co., Ltd.* 吉安金晨房地產開發有限公司	Associate of Jinke Property
Suzhou Xincheng Jinyue Property Development Co., Ltd.* 宿州新城金悅房地產開發有限公司	Associate of Jinke Property
Yunnan Jinke Xinhaihui Enterprises Co., Ltd.* 雲南金科鑫海匯置業有限公司	Associate of Jinke Property
Changde Dingye Property Development Co., Ltd.* 常德市鼎業房地產開發有限公司	Associate of Jinke Property

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
Hengyang Dingheng Property Development Co., Ltd.* 衡陽市鼎衡房地產開發有限公司	Associate of Jinke Property
Shangrao Yuesheng Property Development Co., Ltd.* 上饒市悅盛房地產開發有限公司	Associate 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	Associate of Jinke Property
Shenyang Junyu Property Development Co., Ltd.* 瀋陽駿宇房地產開發有限公司	Associate of Jinke Property
Chongqing Jinyonghe Property Development Co., Ltd.* 重慶金永禾房地產開發有限公司	Associate of Jinke Property
Nanyang Zhongliang Chengtong Enterprises Co., Ltd.* 南陽中梁城通置業有限公司	Associate of Jinke Property
Wenzhou Kaiyi Enterprises Co., Ltd.* 溫州市凱壹置業有限公司	Associate of Jinke Property
Yueqing Liangpin Enterprises Co., Ltd.* 樂清市梁品置業有限公司	Associate of Jinke Property
Chongqing Taijun Property Development Co., Ltd.* 重慶泰駿房地產開發有限公司	Associate of Jinke Property
Hubei Jiaotou Hailujing Suizhou Enterprises Co., Ltd.* 湖北交投海陸景隨州置業開發有限公司	Associate of Jinke Property
Chongqing Meichen Property Development Co., Ltd.* 重慶美宸房地產開發有限公司	Associate of Jinke Property
Chengdu Shengbu Real Estate Development Co., Ltd.* 成都市盛部房地產開發有限公司	Associate 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	Associate of Jinke Property
Chongqing Keshijin Real Estate Co., Ltd.* 重慶科世金置業有限公司	Associate of Jinke Property
Chengdu Chenpan Real Estate Co., Ltd.* 成都辰攀置業有限公司	Associate of Jinke Property
Suzhou Zhengnuo Real Estate Development Co., Ltd.* 蘇州正諾房地產開發有限公司	Associate of Jinke Property
Suzhou Pingtai Real Estate Co., Ltd.* 蘇州平泰置業有限公司	Associate of Jinke Property
Suzhou Xiaojun Real Estate Development Co., Ltd.* 蘇州驍竣房地產開發有限公司	Associate of Jinke Property
Suzhou Zhuojun Real Estate Development Co., Ltd.* 蘇州卓竣房地產開發有限公司	Associate of Jinke Property

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
Hai'an Baijun Real Estate Development Co., Ltd.* 海安市百俊房地產開發有限公司	Associate 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	Associate of Jinke Property
Yunnan Jinjia Real Estate Development Co., Ltd.* 雲南金嘉房地產開發有限公司	Associate of Jinke Property
Yuxi Zhangtai Real Estate Development Co., Ltd.* 玉溪彰泰房地產開發有限公司	Associate of Jinke Property
Xinyang Jinshao Real Estate Co., Ltd.* 信陽金紹置業有限公司	Associate of Jinke Property
Hangzhou Dexin Chaoyang Real Estate Co., Ltd.* 杭州德信朝陽置業有限公司	Associate 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	Associate of Jinke Property
Handan Liangrui Real Estate Development Co., Ltd.* 邯鄲梁瑞房地產開發有限公司	Associate of Jinke Property
Wuhan Fanxiu Real Estate Development Co., Ltd.* 武漢市藩秀房地產開發有限公司	Associate of Jinke Property
Xiaogan Chenhui Real Estate Development Co., Ltd.* 孝感宸輝房地產開發有限公司	Associate of Jinke Property
Nanjing Jinjun Real Estate Development Co., Ltd.* 南京金俊房地產開發有限公司	Associate of Jinke Property
Chongqing Jinyuyang Real Estate Development Co., Ltd.* 重慶金宇洋房地產開發有限公司	Associate of Jinke Property
Guizhou Changsa Real Estate Development Co., Ltd.* 貴州昌薩房地產開發有限公司	Associate of Jinke Property
Taicang Xingyu Real Estate Co., Ltd.* 太倉興裕置業有限公司	Associate of Jinke Property
Shenyang Liangming Real Estate Development Co., Ltd.* 瀋陽梁銘房地產開發有限公司	Associate of Jinke Property
Guangzhou Jingyu Real Estate Development Co., Ltd.* 廣州景譽房地產開發有限公司	Associate of Jinke Property
Suqian Liangyue Real Estate Co., Ltd.* 宿遷梁悅置業有限公司	Associate of Jinke Property
Wenzhou Jingrong Real Estate Co., Ltd.* 溫州景容置業有限公司	Associate of Jinke Property

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
Yixing Baijun Real Estate Development Co., Ltd.* 宜興百俊房地產開發有限公司	Associate of Jinke Property
Chongqing Weicheng Real Estate Co., Ltd.* 重慶韋成置業有限公司	Associate of Jinke Property
Pizhou Yihua Real Estate Development Co., Ltd.* 邳州益華房地產開發有限公司	Associate of Jinke Property
Guangxi Yuanshan Investment Co., Ltd.* 廣西元善投資有限公司	Associate of Jinke Property
Taizhou Shimao New Milestone Real Estate Co., Ltd.* 台州世茂新里程置業有限公司	Associate of Jinke Property
Wuxi Fuyang Real Estate Development Co., Ltd.* 無錫福陽房地產開發有限公司	Associate of Jinke Property
Zhangjiagang Dongjun Real Estate Development Co., Ltd.* 張家港東峻房地產開發有限公司	Associate 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	Associate 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	Associate of Jinke Property
Chongqing Jinchen Jinyu Real Estate Development Co., Ltd.* 重慶金宸錦宇房地產開發有限公司	Associate of Jinke Property
Chongqing Shuchen Real Estate Development Co., Ltd.* 重慶蜀宸房地產開發有限公司	Associate of Jinke Property
Chongqing Supin Real Estate Development Co., Ltd.* 重慶肅品房地產開發有限公司	Associate of Jinke Property
Changzhou Jinchen Real Estate Development Co., Ltd.* 常州金宸房地產開發有限公司	Associate of Jinke Property
Chongqing Jinghuanjin Real Estate Co., Ltd.* 重慶景煥金置業有限公司	Associate 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	Associate of Jinke Property
Shangqiu Xinhang Real Estate Co., Ltd.* 商丘新航置業有限公司	Associate of Jinke Property
Guangxi Tangfeng Investment Co., Ltd.* 廣西唐峰投資有限公司	Associate of Jinke Property

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
Changzhou Tianchen Real Estate Development Co., Ltd* 常州天宸房地產開發有限公司	Associate of Jinke Property
Xiangyang Jinlun Real Estate Development Co., Ltd* 襄陽金綸房地產開發有限公司	Associate of Jinke Property
Suining Chuanda Real Estate Development Co., Ltd* 遂甯川達房地產開發有限公司	Associate of Jinke Property
Kunming Lianghui Real Estate Co. Ltd.* 昆明梁輝置業有限公司	Associate of Jinke Property
Nanyang Jinyahengdu Real Estate Co., Ltd.* 南陽金耀恒都置業有限公司	Associate of Jinke Property
Guangxi Miaotai Real Estate Investment Co., Ltd.* 廣西淼泰房地產投資有限公司	Associate of Jinke Property
Jiaxing Jinya Real Estate Development Co., Ltd.* 嘉興金雅房地產開發有限公司	Associate of Jinke Property
Tianjin Languang Hejun Cultural Tourism Entertainment Development Co., Ltd.* 天津藍光和駿小站文旅娛樂發展有限公司	Associate of Jinke Property
Hubei Jiaotou Hailu JingYandi Real Estate Development Co., Ltd.* 湖北交投海陸景炎帝置業開發有限公司	Associate of Jinke Property
Xinzheng Hongze Real Estate Development Co., Ltd.* 新鄭市鴻澤房地產開發有限公司	Associate of Jinke Property
Chongqing Jinyuehui Real Estate Development Co., Ltd.* 重慶金悅匯房地產開發有限責任公司	Associate of Jinke Property
Ya'an Shengyu Real Estate Development Co., Ltd.* 雅安聖域房地產開發有限公司	Associate of Jinke Property
Wenzhou Glory Property Co., Ltd.* 溫州榮耀置業有限公司	Associate of Jinke Property
Handan Rongkai Real Estate Development Co., Ltd.* 邯鄲榮凱房地產開發有限公司	Associate of Jinke Property
Yunnan Jinhongya Real Estate Development Co., Ltd.* 雲南金宏雅房地產開發有限公司	Associate of Jinke Property
Guangxi Yuanjia Investment Co., Ltd.* 廣西元嘉投資有限公司	Associate of Jinke Property
Liuzhou Tongxin Real Estate Development Co., Ltd.* 柳州同鑫房地產開發有限公司	Associate of Jinke Property
Anhui Kejian Property Service Co., Ltd.* 安徽科建物業服務有限公司	Joint venture of Jinke Services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
Neijiang Jinchen Wisdom Property Service Co., Ltd.* 內江市金宸智慧物業服務有限公司	Associate 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	Associate of Jinke Services
Renhuai Chengke Property Service Co., Ltd.* 仁懷市城科物業服務有限公司	Associate 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	Associate of Jinke Services
Chongqing Tianhuitong Technology Co., Ltd.* 重慶天匯通科技有限公司	Associate of Jinke Services
Nanjing Meihao Aijia Household Products Co., Ltd.* 南京美好艾佳家居用品有限公司	Associate of Jinke Services
Hunan Baize Property Management Co., Ltd.* 湖南白澤物業管理有限公司	Associate of Jinke Services
Chongqing Jinke Jiefu Education Technology Co., Ltd.* 重慶市金科傑夫教育科技有限公司	Associate of Jinke Services
Jiangxi Jinke Haimian City Smart Service Co., Ltd.* 江西金科海綿城市智慧服務有限公司	Associate of Jinke Services
Ningxia High-speed Rail Jinke City Service Co., Ltd.* 寧夏高鐵金科城市服務有限責任公司	Associate of Jinke Services
Chongqing Qiaoyunchang Commercial Management Co., Ltd.* (“Qiaoyunchang”) 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 (i)
Chongqing Oufei Trade Co., Ltd.* 重慶市甌飛商貿有限公司	Company controlled by the shareholder of Jinke Property

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Provision of services		
– Jinke Property Group (i)	507,488	1,029,465
– Joint ventures of Jinke Property (i)	49,031	75,330
– Associates of Jinke Property (i)	47,480	68,752
– Joint ventures and associates of Jinke Services	9,201	1,254
	<u>613,200</u>	<u>1,174,801</u>
Acquisition of properties and right-of-use assets		
– Jinke Property Group (i)	<u>183,011</u>	–
Acquisition of an associate		
– Jinke Property Group (i)	<u>130,822</u>	–
Purchase of goods and services		
– Joint ventures and associates of Jinke Services	13,885	10,261
– Jinke Property Group (i)	1,487	4,145
– Joint ventures of Jinke Property (i)	257	30
	<u>15,629</u>	<u>14,436</u>
Rental expenses		
– Jinke Property Group (i)	360	8
– Joint ventures and associates of Jinke Services	–	3
	<u>360</u>	<u>11</u>
Payment of lease liabilities		
– Jinke Property Group (i)	<u>7,018</u>	–
Interests income from loans to a related party		
– Jinke Property Group (i)	<u>5,609</u>	–

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

36 RELATED PARTY TRANSACTIONS *(Continued)*

(c) Key management compensation

Compensations for key management other than those for directors and supervisors as disclosed in note 38 is set out below.

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Salaries and other short-term employee benefits	3,294	–
Discretionary Bonuses	919	–
Contribution to pension scheme	69	–
	<u>4,282</u>	<u>–</u>

(d) Balances with related parties

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Trade receivables		
– Jinke Property Group (i)	550,861	282,744
– Joint ventures of Jinke Property (i)	44,075	42,694
– Associates of Jinke Property (i)	–	35,069
– Joint ventures and associates of Jinke Services	2,506	213
	<u>597,442</u>	<u>360,720</u>
Bill receivables		
– Jinke Property Group (i)	<u>16,532</u>	<u>7,877</u>
Loans to a related party		
– Jinke Property Group (i)	<u>1,505,609</u>	<u>–</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 RELATED PARTY TRANSACTIONS (Continued)

(d) Balances with related parties (Continued)

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Other receivables		
– Jinke Property Group (i) (ii)	887,730	826,458
– Joint ventures of Jinke Property (i)	16,024	218
– Associates of Jinke Property (i)	–	342
– Joint ventures and associates of Jinke Services	606	544
– 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 (i) (iii)	–	500,000
	<u>904,360</u>	<u>1,327,562</u>
Finance lease receivables		
– Joint ventures and associates of Jinke Services	<u>79,493</u>	–
Prepayments		
– Jinke Property Group (i)	<u>7,692</u>	–
Trade payables		
– Jinke Property Group (i)	1,030	2,086
– Joint ventures and associates of Jinke Services	5,428	1,856
– Joint ventures of Jinke Services (i)	261	–
– Associates of Jinke Property (i)	–	110
	<u>6,719</u>	<u>4,052</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 RELATED PARTY TRANSACTIONS *(Continued)*

(d) Balances with related parties *(Continued)*

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Other payables		
– Jinke Property Group (i)	34,098	49,214
– Joint ventures and associates of Jinke Services	1,100	1
– Joint ventures of Jinke Property (i)	265	194
– Company controlled by the shareholder of Jinke Property	–	200,000
	<u>35,463</u>	<u>249,409</u>
Contract liabilities		
– Jinke Property Group (i)	4,281	3,349
– Joint ventures of Jinke Property (i)	877	898
– Associates of Jinke Property (i)	–	196
– Joint ventures and associates of Jinke Services	50	3,223
	<u>5,208</u>	<u>7,666</u>

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 RELATED PARTY TRANSACTIONS *(Continued)*

(e) Financial guarantees

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Guarantees		
– Jinke Property Group (Note 19)	–	25,000

- (i) As a result of the Offer, Jinke Property is no longer parent company of Jinke Services, but has significant influence over Jinke Services, hence joint ventures of Jinke Property are still related parties of Jinke Services while Qiaoyunchang and associates of Jinke Property are no longer related parties of Jinke Services after the completion of the Offer.
- (ii) 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.
- (iii) The balance represented the refundable deposits for proposed acquisition of equity interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

		As at 31 December	
	Note	2022 RMB'000	2021 RMB'000
Assets			
Non-current assets			
Property, plant and equipment		81,352	34,453
Right-of-use assets		6,482	7,112
Investment properties	17	42,182	–
Intangible assets		21,229	14,783
Investment in subsidiaries		1,661,337	1,709,404
Investment in associates and joint ventures		151,335	23,342
Other receivables	23	635,220	–
Prepayments for acquisition of entity interests	23	–	24,774
Financial assets at fair value through profit or loss	26	51,000	–
Deferred income tax assets		205,640	2,087
		<u>2,855,777</u>	<u>1,815,955</u>
Current assets			
Inventories		5,106	5,018
Other assets	21	19,658	53,320
Trade and bill and other receivables and prepayments	23	3,373,655	4,804,247
Restricted cash		2,821	231
Cash and cash equivalents	24(a)	2,762,281	3,341,230
Term deposits	24(b)	–	245,169
		<u>6,163,521</u>	<u>8,449,215</u>
Total assets		<u><u>9,019,298</u></u>	<u><u>10,265,170</u></u>
Equity			
Equity attributable to owners of the Company			
Share capital	27	652,848	652,848
Other reserves		5,983,743	6,070,618
(Accumulated losses)/retained earnings		(278,841)	881,446
Total equity		<u><u>6,357,750</u></u>	<u><u>7,604,912</u></u>
Liabilities			
Non-current liabilities			
Lease liabilities	31	2,975	3,835
Current liabilities			
Trade and bill and other payables	29	2,028,582	2,070,330
Lease liabilities	31	3,692	3,265
Contract liabilities	6(a)	608,959	494,755
Current income tax liabilities		17,340	88,073
		<u>2,658,573</u>	<u>2,656,423</u>
Total liabilities		<u>2,661,548</u>	<u>2,660,258</u>
Total equity and liabilities		<u><u>9,019,298</u></u>	<u><u>10,265,170</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 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/ (accumulated losses) <i>RMB'000</i>	Total reserves <i>RMB'000</i>
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	(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
Balance at 1 January 2022	(13,281)	5,949,337	134,562	6,070,618	881,446	6,952,064
Loss for the year	–	–	–	–	(735,936)	(735,936)
Dividend declared to shareholders of the Company (Note 33)	–	–	–	–	(424,351)	(424,351)
Purchase of shares in connection with share award scheme (Note 28(b))	(86,875)	–	–	(86,875)	–	(86,875)
Balance at 31 December 2022	(100,156)	5,949,337	134,562	5,983,743	(278,841)	5,704,902

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 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 2022 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	1,633	1,360	26	35	25	3,259
Mr. Luo Chuansong (i)	105	925	1,055	26	35	25	2,171
Mr. Xu Guofu	180	1,056	500	26	35	25	1,822
Non-executive Directors							
Mr. Luo Licheng	180	-	-	-	-	-	180
Mr. Liang Zhongtai	180	-	-	-	-	-	180
Ms. Fu Ting (Note (ii))	105	-	-	-	-	-	105
Independent non-executive directors							
Mr. Cao Guohua	240	-	-	-	-	-	240
Mr. Chan Chi Fung	240	-	-	-	-	-	240
Ms. Yuan Lin	240	-	-	-	-	-	240
Supervisors							
Mr. Yuyong	120	658	650	26	35	25	1,514
Mr. Hanchong	120	-	-	-	-	-	120
Ms. Ren Wenjuan	120	193	125	15	24	15	492
	<u>2,010</u>	<u>4,465</u>	<u>3,690</u>	<u>119</u>	<u>164</u>	<u>115</u>	<u>10,563</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 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 2021 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	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	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>

- (i) The executive director, Mr. Luo Chuansong resigned on 27 June 2022, and remained his position of executive general manager in the Company.
- (ii) The non-executive director, Ms. Fu Ting resigned on 27 June 2022.
- (iii) Ms. Lin Ke and Mr. Wu Xiaoli were appointed as non-executive directors on 18 August 2022. Ms. Lin Ke and Mr. Wu Xiaoli have respectively made arrangements with the Company under which they have waived or agreed to waive their emoluments and they did not receive any emoluments from the Group for the year ended 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 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 2022 by defined benefit pension plans operated by the Group and there were no director's termination benefits subsisted during the year ended 31 December 2022 (2021: 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 2022 (2021: 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 2022 (2021: 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 2022 (2021: nil).

39 EVENT AFTER THE BALANCE SHEET DATE

In July 2022, Jinke Services entered into a loan agreement with Jinke Property to provide loan in the principal amount of RMB1,500 million. Pursuant to the agreement, Jinke Property should repay 20% of the principal amount of the Loan on 20 January 2023 with a two-month grace period for each repayment date. After 20 March 2023, Jinke Property was default in repaying 20% of the principal of the Loan, amounting to RMB300 million. As of the date of this report, the Company has not received any repayment from Jinke Property, hence the full amount of the Loan was default.

FIVE-YEAR FINANCIAL SUMMARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December				
	2022 (RMB'000)	2021 (RMB'000)	2020 (RMB'000) (Restated)	2019 (RMB'000)	2018 (RMB'000)
Revenue	5,005,059	5,968,448	3,371,878	2,327,657	1,523,886
Cost of sales	<u>(4,061,857)</u>	<u>(4,122,014)</u>	<u>(2,362,589)</u>	<u>(1,691,979)</u>	<u>(1,133,053)</u>
Gross profit	943,202	1,846,434	1,009,289	635,678	390,833
Selling and marketing expenses	(4,639)	(3,073)	(1,672)	(3,021)	(3,618)
Administrative expenses	(557,881)	(481,288)	(251,600)	(233,390)	(185,815)
Net impairment losses on financial assets	(2,152,408)	(68,728)	(8,209)	(4,018)	(1,007)
Other income	44,147	25,223	47,908	52,146	3,330
Other (losses)/gains – net	<u>(307,250)</u>	<u>(26,957)</u>	<u>(37,269)</u>	<u>1,788</u>	<u>(597)</u>
Operating profit	(2,034,829)	1,291,611	758,447	449,183	203,126
Finance income	41,888	26,732	85,394	160,731	156,188
Finance cost	<u>(10,217)</u>	<u>(1,591)</u>	<u>(76,988)</u>	<u>(159,962)</u>	<u>(161,658)</u>
Finance income/(cost) – net	<u>31,671</u>	<u>25,141</u>	<u>8,406</u>	<u>769</u>	<u>(5,470)</u>
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method	1,765	4,101	(845)	160	–
(Loss)/profit before income tax	(2,001,393)	1,320,853	766,008	450,112	197,656
Income tax credit/(expense)	<u>161,458</u>	<u>(244,023)</u>	<u>(133,791)</u>	<u>(75,728)</u>	<u>(33,730)</u>
(Loss)/profit and total comprehensive income for the year	<u>(1,839,935)</u>	<u>1,076,830</u>	<u>632,217</u>	<u>374,384</u>	<u>163,926</u>
(Loss)/profit and total comprehensive income attributable to:					
– Owner of the Company	(1,818,545)	1,057,182	616,616	366,452	161,776
– Non-controlling interests	<u>(21,390)</u>	<u>19,648</u>	<u>15,601</u>	<u>7,932</u>	<u>2,150</u>
	<u>(1,839,935)</u>	<u>1,076,830</u>	<u>632,217</u>	<u>374,384</u>	<u>163,926</u>
(Losses)/earnings per share (expressed in RMB per share)					
– Basic and diluted (losses)/earnings per share	<u>(2.80)</u>	<u>1.62</u>	<u>1.24</u>	<u>0.80</u>	<u>0.36</u>

FIVE-YEAR FINANCIAL SUMMARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December				
	2022 (RMB'000)	2021 (RMB'000)	2020 (RMB'000) (Restated)	2019 (RMB'000)	2018 (RMB'000)
Assets					
Non-current assets	2,006,597	983,506	109,416	1,191,346	1,874,993
Current assets	<u>6,350,162</u>	<u>9,455,987</u>	<u>8,515,147</u>	<u>2,902,547</u>	<u>2,250,525</u>
Total assets	<u>8,356,759</u>	<u>10,439,493</u>	<u>8,624,563</u>	<u>4,093,893</u>	<u>4,125,518</u>
Equity					
Equity attributable to owners of the Company	5,326,783	7,657,005	7,198,336	482,700	315,450
Non-controlling interests	<u>73,582</u>	<u>72,971</u>	<u>38,311</u>	<u>22,295</u>	<u>10,477</u>
Total equity	<u>5,400,365</u>	<u>7,729,976</u>	<u>7,236,647</u>	<u>504,995</u>	<u>325,927</u>
Liabilities					
Non-current liabilities	192,394	193,249	46,082	1,148,468	1,833,980
Current liabilities	<u>2,764,000</u>	<u>2,516,268</u>	<u>1,341,834</u>	<u>2,440,430</u>	<u>1,965,611</u>
Total liabilities	<u>2,956,394</u>	<u>2,709,517</u>	<u>1,387,916</u>	<u>3,588,898</u>	<u>3,799,591</u>
Total equity and liabilities	<u>8,356,759</u>	<u>10,439,493</u>	<u>8,624,563</u>	<u>4,093,893</u>	<u>4,125,518</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 2022 to be convened and held on Thursday, 8 June 2023
“Articles of Association” or “Articles”	the articles of association of the Company
“Audit Committee”	the audit committee of the Board
“Award”	an award of H Shares to a Selected Participant determined by the Board
“Awarded Share(s)”	in respect of a Selected Participant, such number of Scheme Shares as determined by the Board and awarded to each of the Selected Participant(s) for the purpose of the Award
“Board”	the board of Directors
“Board Committees”	the Audit Committee, ESG Committee, Nomination Committee and Remuneration Committee, collectively
“Board Diversity Policy”	the board diversity policy of the Company
“CG Code”	Part 2 of Appendix 14 to the Listing Rules
“China” or “PRC”	the People’s Republic of China
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company” or “Jinke Services”	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
“Delegatee”	the management committee, person(s) or board committee(s) to which the Board has delegated its authority to administer the H Share Award Scheme

GLOSSARY AND DEFINITION

“Director(s)”	the director(s) of the Company
“Directors’ Remuneration Policy”	the Directors’ remuneration policy of the Company
“Documents”	collectively, the Prospectus and the announcements of the Company dated 10 December 2020 and 10 September 2021
“Eligible Participant”	any individual, being a director, manager, core business technicians or employee of the Group as the Board considers appropriate and shall not include the independent non-executive Directors of the Company
“ESG”	environmental, social and governance
“ESG Committee”	the environmental, social and governance committee of the Board
“Grant Letter”	letter issued by the Company to each Selected Participant in such form as the Board or the Delegatee may from time to time determine, specifying the Grant Date, the manner of acceptance of the Award, the value of the Award, the number of Awarded Shares, the vesting criteria and conditions, and the vesting date and such other details, terms and conditions as they may consider necessary and in compliance with the H Share Award Scheme
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“H Share Award Scheme”	the H Share award scheme adopted by the Company on 30 December 2022
“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
“H Share Registrar”	Tricor Investor Services Limited
“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)

GLOSSARY AND DEFINITION

“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)
“Jinke Property Group”	Jinke Property and its subsidiaries
“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
“Nomination Policy”	the nomination policy of the Company
“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
“Remuneration Committee”	the remuneration committee of the Board
“Returned Shares”	H Shares that the Selected Participants have no entitlement pursuant to H Share Award Scheme, such Awarded Shares which are not vested and/or forfeited in accordance with the terms of the H Share Award Scheme, or such other H Shares being deemed to be Returned Shares in accordance with the terms of the H Share Award Scheme
“RMB” or “Renminbi”	the lawful currency of the People’s Republic of China
“Scheme Shares”	the H Shares purchased by the Trustee that have not been allocated by the Trustee as Awarded Shares, and the Returned Shares
“Selected Participant(s)”	Eligible Participants selected by the Board and Delegatee to participate in the H Share Award Scheme
“SFC”	the Securities and Futures Commission of Hong Kong

GLOSSARY AND DEFINITION

“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
“Trust”	the trust constituted by the Trust Deed to service H Share Award Scheme
“Trust Deed”	the trust deed to be entered into between the Company and the Trustee (as may be restated, supplemented and amended from time to time) for H Share Award Scheme
“Trustee”	being the trustee or trustees for the time being of the trusts declared in the Trust Deed
“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 2022
“%”	percent

* *for identification purpose only*

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