

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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2023

INTERIM REPORT

中 期 報 告



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Mr. Xia Shaofei (*Chairman*)(*re-elected on 8 June 2023*)

Non-Executive Directors

Mr. Xu Guofu (*re-designated from an executive Director to a non-executive Director on 13 February 2023 and re-elected on 8 June 2023*)

Mr. Liang Zhongtai (*re-elected on 8 June 2023*)

Mr. Wu Xiaoli (*re-elected on 8 June 2023*)

Ms. Lin Ke (*re-elected on 8 June 2023*)

Mr. Wei Yi (*appointed on 8 June 2023*)

Mr. Luo Licheng (*retired on 8 June 2023*)

Independent Non-Executive Directors

Ms. Yuan Lin (*re-elected on 8 June 2023*)

Ms. Xiao Huilin (*appointed on 8 June 2023*)

Mr. Cao Guohua (*retired on 8 June 2023*)

Mr. Chan Chi Fung Leo (*retired on 8 June 2023*)

Mr. Wong Yik Chung John (*appointed on 8 June 2023 and resigned on 27 June 2023*)

SUPERVISORS

Mr. Yu Yong (*re-elected on 8 June 2023*)

Mr. Luo Ruifeng (*appointed on 8 June 2023*)

Ms. Ren Wenjuan (*re-elected on 30 March 2023*)

Mr. Han Chong (*retired on 8 June 2023*)

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*)
(*resigned on 8 June 2023*)

Mr. Xu Guofu (*resigned on 10 February 2023*)

AUDIT COMMITTEE

Mr. Liang Zhongtai

Mr. Wu Xiaoli

Ms. Yuan Lin

Ms. Xiao Huilin

REMUNERATION COMMITTEE

Ms. Yuan Lin (*Chairlady*)

Mr. Xu Guofu

Mr. Wu Xiaoli

Ms. Xiao Huilin

NOMINATION COMMITTEE

Mr. Xia Shaofei (*Chairman*)

Mr. Wu Xiaoli

Ms. Yuan Lin

Ms. Xiao Huilin

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Xu Guofu (*Chairman*)

Mr. Xia Shaofei

Ms. Yuan Lin

Ms. Xiao Huilin

HEADQUARTERS IN THE PRC

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

CORPORATE INFORMATION

REGISTERED OFFICE IN THE PRC

Jinke Huayuan
Wuhuang Road
Wulidian Street
Jiangbei District
Chongqing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

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 Bank, Chongqing Branch,
Jinke Shierfang Sub-branch

INVESTOR RELATIONS

Investor Relations Department
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COMPANY'S WEBSITE

www.jinkeservice.com

STOCK CODE

09666

AWARDS AND HONORS



2023 China IFM Service Excellent Companies



2023 China Leading Property Management Companies in terms of Characteristic Service – City Services



2023 China TOP 100 Leading Property Management Companies in terms of Service Quality



2023 China TOP 100 Leading Property Management Companies in terms of Satisfaction



2023 China TOP 10 Among TOP 100 Property Management Companies in terms of Service Scale



2023 China TOP 10 Among TOP 100 Property Management Companies in terms of Comprehensive Strength

AWARDS AND HONORS



2023 China TOP 10 Listed Property Management Companies in terms of Growth Potential



2023 China TOP 10 Listed Property Management Companies in terms of Scale



2023 China TOP 10 Listed Property Management Companies in terms of Market Expansion Ability



2023 China TOP 10 Listed Property Management Companies in terms of Comprehensive Strength



2023 China Leading Companies in Property Technology Empowering



2023 China Outstanding Hospital Property Management Companies

CHAIRMAN'S STATEMENT

At present, China's economy has continued to recover and is overall picking up for the better. However, it must also be noted that the international and domestic environment is complex and severe with high development pressure. Favorable policies for the real estate industry continue to be introduced and implemented, but the domestic real estate industry shows a general bottoming trend, and the fundamentals of the industry are still facing certain pressures. Affected by the fluctuations in the macroeconomic environment and the development of the real estate industry, the number of newly delivered projects has decreased significantly, market competition has become more intense, and the difficulty of collecting payments has further increased. However, Jinke Services has always adhered to fulfilling corporate responsibilities, stuck to customer satisfaction as the orientation, firmly upheld the development strategy of "service + technology, service + ecology", so as to march forward towards a new stage of coordinated development of quality, efficiency and scale.

We adhere to customer satisfaction as the core and constantly polish every detail of our service products. We provide star service to our property owners through the Better Homes Plan (美好家園計劃). In terms of community operation and cultural construction, we pioneer neighborhood culture across the country and have become a leader and label in the industry through 15-year efforts in building a community ecology and creating a beautiful community for property owners. Our property owner satisfaction and neighborhood relationships continue to improve, and customer loyalty remains at the forefront of the industry.

We always adhere to customer orientation and insist on providing high-quality services to high-quality customers. We always focus on high-quality customers, actively follow up on high-quality projects in core advantage regions, and adhere to a high-quality development strategy of focusing on direct expansion and supplementing by mergers and acquisitions, making continuous progress in our direct expansion capabilities. We continue to empower customers with professional and efficient comprehensive services, make full use of corporate resources to build an IFM service ecosystem, and have won honorary titles including China's IFM Excellent Service Enterprise and gained recognition from a group of high-quality customers.

We highly focus on and deploy comprehensive catering logistics services. We have currently established a differentiated product matrix covering high-end catering services and large-scale mid-to – high-end group caterings. With the extensive customer resources obtained from group caterings, we can promote the development of property services and comprehensive facility management, and enhance synergies between catering services, property services and comprehensive facility management services.

We are committed to building a leading local catering services platform for consumers. We continue to promote the rapid implementation of hotel + catering, hotel + tourism and hotel + platforms to achieve customer attraction through hotels and accelerate the acquisition of high-quality projects. Meanwhile, we have actively explored large-scale operation of catering brand through creating the Yu Qian Dou Dou (渝錢斗斗) hot pot brand. We have also joined the China Chain Store & Franchise Association and the China Hospitality Association, and won the title of quality hot pot and the first rating on various platforms.

In the future, we will adhere to the principle of "enhancing service quality to customers, expanding service coverage and focusing on products" (客戶向上, 服務下沉, 聚焦產品), focusing on the two core businesses of residential services and corporate services, strengthening resource coordination and business coordination in each sector, and accelerating the construction of product ecology including asset management, hotel and catering, facility maintenance and energy management, so as to constantly enhance the technological empowerment effect of smart platforms and smart interconnection.

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 comprehensive service product matrix covering residential buildings, mid-to-high end commercial office buildings, industrial parks, schools, hospitals, public construction, and urban services. Through its four growth curves “SCLT”: (i) space property management services (Space); (ii) local catering services (Catering); (iii) community value-added services (Life); and (iv) smart living technology solutions (Technology), we are committed to providing one-stop, all-time high quality services to various 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) and “Top 10 among the Top 100 China Property Management Companies in terms of Service Scale” (中國物業服務百強企業服務規模 Top10) for eight consecutive years, and the Group’s market share in the Western China Region has ranked the first for seven consecutive years. In 2023, due to its industry-leading overall strength, the Group was awarded the “Top 5 Listed China Property Management Companies in terms of Overall Strength” (中國物業服務上市公司綜合實力 Top5) and the “Top 5 Listed China Property Management Companies in terms of Growth Potential” (中國物業服務上市公司成長潛力 Top5) by the CIA. With high-quality service capabilities, we were awarded the “Top 100 China Leading Property Management Companies in China in terms of Customer Satisfaction Rate” (中國物業服務百強滿意度領先企業) and “Top 100 China Leading Property Management Companies in terms of Service Quality” (中國物業服務百強服務質量領先企業). Relying on our multi-format and comprehensive market-oriented third-party business expansion capabilities, we were awarded the “Top 3 Listed Property Management Companies in China in terms of Market Expansion Capabilities” (中國物業服務上市公司市場外拓能力 Top3) by CIA and Excellent Service Enterprise by Integrated Facility Management (“IFM”). We insisted on our urban density strategy and were awarded the “Top 10 Property Service Companies in terms of Comprehensive Strength among Property Service Enterprises” (物業服務企業綜合實力 Top10) in Chongqing, Wuxi, Chengdu and Zhengzhou by CIA.

Since 2023, due to the continued downturn in the global economy, intensifying geopolitical risks, and the restructuring of industrial and supply chains, China’s economic recovery failed to reach the expected level, and the economy faced triple pressures of “shrinking demand, supply shock and weakening expectations.” In the first half of 2023, the sales of new properties, development investment and new properties construction area in China’s real estate market continued to decline. The supply and demand relationship in the real estate market has undergone major changes, and real estate developers are facing a serious liquidity crisis. Although real estate policies continue to be optimized, market confidence still needs to be rebuilt. Impacted by the real estate market, the property service industry has gradually returned to rationality. The industry has shifted from high-speed growth to high-quality development and has entered a new stage of development that improves quality and efficiency. The Group has, on the one hand, remained steadfast in the unshakable foundation of “Service + Ecosystem, Service + Technology”; on the other hand, we have accelerated upgrading and transformation and resolutely implemented the business strategy of “revenue shall generate profit and profit shall contain cash flow.” We have firmly implemented the Group’s market-oriented and independent development model, and constantly improved our service capabilities, market expansion capabilities and internal driving forces. We will adhere to the path of high-quality, sustainable, differentiated and healthy development. We firmly believe that facing the great changes in the industry is not only a crisis but also an opportunity, and we are confident that we will make great efforts to become a world-class high-quality third party comprehensive service provider.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK AND FUTURE PLANS

As constant change abounds around the macro environment and the external market is constantly evolving, the growth rate of the industry has slowed down significantly. Meanwhile, considering the continuous decline of both the volume of new projects completed in the real estate industry and the sales area of new properties, property companies gradually no longer rely on the projects from affiliated real estate companies but as supplements, indicating that the era of emphasizing high-quality, market-oriented and independent development arrived.

The Group will further leverage on its strengths to implement the development strategy of “Service + Ecosystem, 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 business strategy 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 independent, market-oriented, high-quality and steady growth, we will concentrate superior resources, strengthen ecological resource coordination, build an IFM logistics service system through a refined operation system, so as to build absolutely leading service capability, market expansion capability and brand strength in the property service industry. Service capability is the cornerstone of our business, and quality is the guarantee for the formation of service capability. In terms of basic property management services, we will continue to adhere to the long-term customer satisfaction and customer demand-oriented approach, and consolidate high-quality service capabilities to help customers achieve the preservation and appreciation of assets. We will strengthen the refined operation management system driven by digital intelligence, aim at reducing costs and increasing efficiency, strengthen project intelligent operation management and control, and continue to improve management efficiency and per capita efficiency. We will concentrate superior resources, aim at the vast existing market, strengthen the construction of market expansion channels, implement the “grid-based street community” expansion strategy, and insist on quality and effective scale growth. Meanwhile, in terms of non-residential businesses, we will continue to improve our multi-business professional service capabilities, expand our service depth, and provide customers with a one-stop integrated facility management (IFM) solution of “Property Services + Catering Services + Smart Technology” to help customers achieve management effectiveness and maximize efficiency. We will continue to focus on advantageous areas, deeply cultivate core cities in the Southwest China and along the Yangtze River, as well as promote development, reduce costs and improve quality and efficiency with management density, with a view to further consolidating our leading position in core markets. We will continue to iterate the full life cycle operation system of our projects, establish differentiated brand operation management and control, enhance brand perception, and continue to improve brand image and property owner stickiness by targeting different customer groups, business models and customer needs.

MANAGEMENT DISCUSSION AND ANALYSIS

We will focus on the new blue ocean of local catering services, continue to improve the comprehensive ability of catering services and rely on organic growth and acquisitions in parallel to quickly shape the second growth line. We will make local catering services as the second growth line of our strategic development, focus on 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 “high-end catering, general group catering, hotel catering services.” We will continue to improve the quality of catering service products, extend customized catering services, and create distinctive products. In particular, we will emphasize the coordinated development of group catering plus property services for enterprises and public institutions, create an ecological circle centered on group catering + non-residential property services, and provide one-stop comprehensive logistics services for enterprise and public institution customers. In addition, we will continue to explore opportunities for mergers and acquisitions of high-quality group catering companies and focus on targets with high resource synergy to achieve strategic acceleration in the group catering services segment. In the hotel management segment, relying on nearly 20 years of operating experience in high-star hotels and a professional management team, we will continue to steadily improve the service quality of our star brands, and create an industry-leading third party hotel management platform based on “Hotel + Catering, Hotel + Tourism” development model. In terms of catering supply chain business, we will continue to integrate local high-quality supply chain systems, and rely on digital intelligence technology to enhance refined management and control capabilities, reduce costs and increase efficiency and improve profitability.

We will give full play to the advantages of community resources, focus more on targeted business, improve the service capabilities of subdivided segments, and create new paths for value-added services through product iteration. We have been committed to building a community value-added service ecosystem. Relying on our large property owner base and community location resources, we will continue to improve the competitiveness of our service products around multiple scenarios including “food, accommodation, transportation, education, travel and shopping” for customers. We will focus on a business model with high profits and sound cash flow, and provide customers with differentiated and convenient community services and products. We will build integrated asset management capabilities, strengthen the business collaboration of residential rental and sales and home improvement services, establish commercial and industrial operation capabilities, improve the ability to revitalize existing assets, accelerate the pace of destocking of the Company’s heavy book assets and improve cash flow. We will continue to implement the internal partner mechanism of business units, cultivate the sense of ownership and shareholder thinking of key employees, and combine the market environment and the actual situation of business development to encourage internal entrepreneurship and continue to incubate new service formats.

MANAGEMENT DISCUSSION AND ANALYSIS

We will focus on application research and development, enhance technology empowerment, and cooperate with IFM comprehensive facility management to reduce costs, improve efficiency and seek development. We will continue to promote the reform of manpower mechanization and mechanical intelligence, and accelerate the transformation and upgrading of intelligent equipment. Equipment including cloud parking, smart LED lights, smart doors, and smart meters will cover all qualified projects, and continue to empower property projects under management to reduce costs and increase efficiency. We will cooperate with the construction of IFM's logistics service system to expand opportunities for facility and equipment maintenance, energy management, and help customers improve quality and efficiency. We will further assist the intelligent management and control capabilities of catering supply chain services, and reduce raw materials loss and other related costs to improve the profitability of catering services. In addition, we will seize the opportunity of national digital intelligence transformation, take advantage of industry-leading digital intelligence capabilities and community scene advantages, and participate in the construction of digital intelligence cities, digital intelligence governance platforms, digital intelligence parks and digital intelligence 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 空間平台)) 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 create core technical barriers and expand external third party customers.

We will enhance refined management, improve the employee incentive mechanism, optimize the internal control system, and enhance the Company's healthy and sustainable development capabilities. We will continue to promote the construction of an integrated business and financial system, and continue to upgrade and iterate internal refined management and control systems including the human resources system, main operation system, and Jinke Butler system to improve management effectiveness and efficiency. We will also further improve the establishment of talent systems and employee incentive mechanisms, continue to promote the implementation of the employee share award scheme, realize the benefit sharing of shareholders, the Company and employees, and stimulate the employee's sense of ownership. We will employ a professional team to sort out and improve the internal control system, improve corporate governance capabilities, and continue to promote the healthy and sustainable development of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

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

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

	As at or for the six months ended 30 June			
	2023		2022	
	(RMB'000)	%	(RMB'000)	%
Space property management services	2,029,877	82.4	2,025,975	79.0
– Property management services	1,944,682	95.8	1,754,532	86.6
– Value-added services to non-property owners	85,195	4.2	271,443	13.4
Local catering services	242,134	9.8	219,081	8.5
Community value-added services	159,997	6.5	285,338	11.1
Smart living technology solutions	32,833	1.3	34,877	1.4
Total	2,464,841	100.0	2,565,271	100.0

For the six months ended 30 June 2023, the total revenue of the Group amounted to approximately RMB2,464.8 million, representing a slight decrease of approximately 3.9% compared to the same period in 2022. The details of change of revenue by business lines are set out as below:

- (i) Revenue from space property management services increased steadily by approximately 0.2% to approximately RMB2,029.9 million for the Period from approximately RMB2,026.0 million in the same period in 2022. Among which, (a) revenue from property management services increased by approximately 10.8% from approximately RMB1,754.5 million for the same period in 2022 to approximately RMB1,944.7 million, which was primarily driven by the expansion of the management scale of the Group's property management services and the increase in the number of projects under management. The increased GFA under management for the Period was approximately 24.9 million sq.m., and the total GFA under management increased by approximately 5.7% from approximately 251.2 million sq.m. as at 30 June 2022 to approximately 265.5 million sq.m. as at 30 June 2023; (b) revenue from value-added services to non-property owners decreased by approximately 68.6% from approximately RMB271.4 million for the same period in 2022 to approximately RMB85.2 million, which was primarily due to the severe liquidity crisis of the real estate industry. The Group took the initiative to significantly reduce the number of projects for which it provided sales assistance services to real estate developers including Jinke Property Group during the Period, 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 local catering services increased by approximately 10.5% to approximately RMB242.1 million for the Period from approximately RMB219.1 million in the same period of 2022, which was mainly due to (a) the Group has vigorously developed catering services, and rapidly cultivated the business capacity to capture market share through the model of organic growth and mergers and acquisitions. The revenue from catering services for the Period increased significantly by approximately 287.8% to approximately RMB159.4 million compared with approximately RMB41.1 million in the same period in 2022; (b) with the gradual recovery of consumption, the hotel management services of the Group continued to improve. During the Period, the revenue realized amounted to approximately RMB75.5 million, representing an increase of approximately 16.0% compared with approximately RMB65.1 million in the same period in 2022; (c) considering business sustainability and risk management capacity, we proactively reduced the catering supply chain service business with very low profit margin and unsatisfied cash flow, resulting in a decrease in the revenue from catering supply chain business to approximately RMB7.3 million;
- (iii) Revenue from community value-added services for the Period decreased by approximately 43.9% to approximately RMB160.0 million from approximately RMB285.3 million in the same period of 2022, which was mainly due to (a) the Group targeted community value-added services, focused on businesses with high growth potential, high repayment rate and guaranteed cash flow, reduced businesses that increased revenue but did not increase profits, and changed certain businesses from self-operated models to platform models, resulting in a decline in revenue; (b) affected by the domestic economic recovery that is not as expected, enterprises were less willing to place advertisements, resulting in the decline in the Group's community advertising business; (c) affected by the overall downturn in the real estate industry, the newly delivered area and new sales area continued to decline, resulting in a continuous decline in the Group's decoration business and asset operation business;
- (iv) Revenue from smart living technology solutions decreased slightly by approximately 5.9% to approximately RMB32.8 million for the Period from approximately RMB34.9 million in the same period of 2022, of which revenue from non-related parties accounted for approximately 56.4%, mainly due to that the Group took the initiative to reduce the relevant business provided to Jinke Property Group and gradually relied on the external third party business for independent development.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

High-quality growth in revenue generated from property management services

We provide comprehensive services for urban multi-dimensional spaces with ubiquitous five-star care. As one of the earliest market-oriented and independent property management service companies in the industry, we continuously improve our business management ideas and service concepts, thus accumulating industry-leading owner satisfaction and good market reputation. Nowadays, we have formed a comprehensive service product matrix covering residential buildings, mid-to-high end commercial office buildings, industrial parks, schools, hospitals, public construction and urban services, and have expanded our business to a large number of third party residential and non-residential properties.

As at 30 June 2023, the Group has completed a national strategic layout in 29 provinces and 182 cities in the PRC. We managed a total of 798 residential projects and 364 non-residential projects, and the number of property owners managed increased continuously. As at 30 June 2023, the total GFA under management of the Group was approximately 265.5 million sq.m., of which approximately 56.9% was attributable by Independent Third Parties, which demonstrated the Group's market-oriented and independent development capabilities. The GFA under management in the core area of the Southwestern China Region reached approximately 136.9 million sq.m., accounting for approximately 51.6% of the total GFA under management and representing a steady increase of approximately 1.9 percentage points from the same period in 2022. As at 30 June 2023, the total contracted GFA was approximately 362.2 million sq.m., of which approximately 64.1% was attributable by Independent Third Parties.

Since 2023, the sales and delivery area of new properties have continued to decline due to factors such as a slower than expected economic recovery and various difficulties in the real estate industry. The property management service industry is facing problems such as intensified market competition, a slowdown in the newly added GFA under management, a decline in the rate of collection rates, and difficulty in collecting property fees for vacant properties. In 2023, the Group firmly adhered to the path of high-quality development, strictly controlled the new projects which are expected to generate poor cash flows and mitigated the impact of market price competition, and achieved good results in market-oriented expansion. In the first half of 2023, the newly added GFA under management was approximately 24.9 million sq.m., representing an increase of approximately 16.6% as compared to that of the same period in 2022. The newly added residential GFA under management was approximately 16.3 million sq.m., representing an increase of approximately 48.2% as compared to that of the same period in 2022, of which approximately 73.0% was attributable by Independent Third Parties. In response to the new changes in the industry, the Group has targeted the existing market and launched the "Residential Development Plan." With the improvement of community quality as the entry point, and relying on industry-leading brand and service capabilities, the Group actively obtained 18 existing high-quality residential projects since 2023, forming a market-oriented and independent development pattern with properties developed by Independent Third Parties as the main focus and properties developed by Jinke Property Group as supplements.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition, in 2023, the Group resolutely implemented the business idea of “revenue shall generate profit and profit shall contain cash flow” and continued to exit projects with low quality and efficiency, low collection rates and negative contribution, which we believe is the pain that a property service company needs to go through for high-quality development. In the first half of the year, the Group exited the projects with GFA under management of approximately 13.9 million sq.m., including resettlement property projects due to changes in contractual relationships and the projects that cannot be guaranteed for payment collection, so as to effectively prevent projects with persistently negative profits or only profits without cash inflows, and prevent various operational and management risks (such as the ongoing operational risks of customers). As at 30 June 2023, the GFA under management of properties developed by Independent Third Parties decreased by approximately 4.3 million sq.m. as compared to the same period in 2022, but the total revenue from the properties developed by Independent Third Parties increased by approximately RMB116.7 million as compared to the same period in 2022, which has significantly improved the quality and efficiency of the projects developed by Independent Third Parties and effectively fulfilled the Group’s long-term development philosophy of high quality and sustainability.

In terms of mergers and acquisitions, we believe that the valuation of industry mergers and acquisitions has gradually returned to rationality, the Group has sufficient cash on hand, but still cautious about mergers and acquisitions of property service projects. We will focus on independent third party boutique property targets in the core areas of our management, and conduct more detailed due diligence on the potential risks of the target companies and consider the impact of goodwill and integration costs arising from acquisitions on the Group in the longer term. In the first half of 2023, after thorough research and judgment, we completed the cost-effective merger and acquisition of Chengdu Shuchuan Property Service Co., Ltd. (成都市蜀川物業服務有限公司) in the core area of the Southwestern China Region, which effectively enhanced the management density in the core region.

Benefiting from the continuous enhancement of the Group’s service capacity in the entire matrix of comprehensive logistics services of IFM, catering services and smart living technology solutions, and the synergies between the businesses continued to emerge. The Group’s non-residential business developed steadily in 2023, with a total of approximately 8.6 million sq.m. of newly added GFA under management of non-residential projects during the Period. We continued to work hard on collaborative projects with schools, hospitals and other catering service resources, acquiring projects such as Chongqing University of Posts and Telecommunications (重慶郵電大學) and Xingguo People’s Hospital (興國人民醫院). We continued to deepen the cooperation model with urban platform companies, with 13 new total-to-total cooperation projects. During the Period, we newly acquired more than 6 projects developed by third party with annual saturation revenue of RMB10 million, and a number of projects have won joint bids for property management services and group catering services, which has gradually built up the third party business expansion advantages of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2023, the average unit property management fee of the Group steadily increased to RMB2.21 per sq.m./month (31 December 2022: RMB2.20 per sq.m./month). The average unit property management fee for third party projects was RMB2.01 per sq.m./month (31 December 2022: RMB1.93 per sq.m./month).

The table below indicates the changes for our contracted GFA and GFA under management for the six months ended 30 June 2023 and 2022 respectively:

	For the six months ended 30 June			
	2023		2022	
	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	359,822	254,538	359,800	237,859
New engagements ⁽¹⁾	18,456	24,888	22,939	21,340
– Properties developed by Jinke Property Group and its joint ventures and associates	455	6,714	229	4,565
– Properties developed by Independent Third Parties	9,987	11,269	22,489	16,554
– Properties took over upon mergers & acquisitions ⁽²⁾	8,014	6,905	221	221
– Residential properties	9,734	16,325	8,278	11,013
– Non-residential properties	8,722	8,563	14,661	10,327
Terminations ⁽³⁾	(16,081)	(13,938)	(9,275)	(7,972)
	<u>362,197</u>	<u>265,488</u>	<u>373,464</u>	<u>251,227</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 Chengdu Shuchuan Property Service Co., Ltd. (成都市蜀川物業服務有限公司) and Shijiazhuang New Oriental Property Services Co., Ltd. (石家莊新東方物業服務有限公司).
- (3) Such terminations include (a) non-renewal of certain property management service contracts upon expiration due to reallocation of our resources to more profitable projects in order to optimize our portfolio of property management projects; (b) voluntary exit of property management service contracts, which are generally characterized by low operational quality, low fee collection rates, and low real estate depreciation rates; and (c) passive termination of property management service contracts, which are due to the impact of the macro-economy, where some property developers or asset holders either chose to stop paying for the relevant service fees due to the breakdown of their financial chains, or chose to terminate the professional property services and replace them with self-management, or were caught up in the public opinion of the slow delivery of the phased projects which were in a state of dilapidation, which had a far-reaching negative impact on the development of the Group's subsequent services.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the Group's revenue derived from properties developed by Independent Third Parties accounted for approximately 48.8% of our total revenue from property management services, which showed a steady increase year-on-year, representing an increase of approximately 2.5 percentage points as compared to the same period in 2022. Such increase was mainly attributable to the following reasons: in response to the changes in the industry, (i) the Group's continued independent and market-oriented development, with a professional market development team and industry-leading brand power, and its gradual development in the non-residential and residential stock markets; (ii) the synergistic development of property services, catering services and technology services, which effectively broadened and expanded channel resources, resulting in a steady growth in the scale of management of properties developed by Independent Third Parties; and (iii) a decrease in the area of new delivered properties by affiliated real estate companies. Meanwhile, the Group's high-quality sustainable development has achieved initial results. After gradually withdrawing from properties developed by Independent Third Parties with negative contribution, although the GFA under management of properties developed by Independent Third Parties for the Period decreased by approximately 4.3 million sq.m. as compared to the same period in 2022, the revenue contribution of properties developed by Independent Third Parties for the Period increased by approximately 17.7% as compared to the same period in 2022, and the efficiency of properties developed by Independent Third Parties continued to improve.

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

	As at or for the six months ended 30 June			
	2023		2022	
	GFA under management (sq.m.'000)	Revenue (RMB'000)	GFA under management (sq.m.'000)	Revenue (RMB'000)
Properties developed by Jinke Property Group ⁽¹⁾	97,725	853,335	91,075	835,564
Properties developed by Jinke Property Group's joint ventures and associates ⁽²⁾	16,597	142,091	13,959	107,297
Properties developed by Independent Third Parties ⁽³⁾	110,174	774,778	114,490	658,041
Properties took over upon mergers & acquisitions ⁽⁴⁾	40,992	174,478	31,703	153,630
Total	265,488	1,944,682	251,227	1,754,532

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) Refer to properties developed by the Jinke Property Group through its wholly-owned subsidiaries or properties jointly developed by the Jinke Property Group and other property developers (excluding properties developed by the Jinke Property Group's joint ventures and associates) in which the Jinke Property Group held a controlling interest.
- (2) Refer to properties developed by the Jinke Property Group's joint venture and associates, in which the Jinke Property Group did not hold a controlling interest.
- (3) Refer to properties solely developed by third party property developers independent from the 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.

During the Period, a majority of the Group's revenue from property management services was derived from residential properties, which accounted for approximately 78.6% of the Group's total revenue from property management services. Residential properties, with their better stability and risk resistance, are the ballast for our sustainable development. Considering the changes in the industry, we have continued to strengthen our ability to expand in the non-residential sector. Although the GFA under management of the non-residential sector decreased slightly as at 30 June 2023, its revenue increased by approximately 18.0% over the same period in 2022 to approximately RMB415.4 million, which was attributable to: (i) our insistence on high-quality development, with our non-residential projects focusing on higher-value projects such as mid-to-high-end commercial office buildings, industrial parks, schools and hospitals; and (ii) the strengthening of our total-to-total strategic collaboration during the Period, which relied on the synergies of our group catering and technology businesses to command a certain degree of brand premium rate.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	As at or for the six months ended 30 June			
	2023		2022	
	GFA under management (sq.m.'000)	Revenue (RMB'000)	GFA under management (sq.m.'000)	Revenue (RMB'000)
Residential properties	217,447	1,529,253	202,639	1,402,571
Non-residential properties				
– Commercial properties and office buildings	3,397	44,002	2,681	36,598
– Public institutions, enterprises and other properties	14,457	214,378	14,321	180,500
– Industrial parks	9,725	87,146	10,786	74,225
– Urban services	20,462	69,903	20,800	60,638
Subtotal	48,041	415,429	48,588	351,961
Total	265,488	1,944,682	251,227	1,754,532

To facilitate management, we divided 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 total GFA under management as at the dates and revenue from property management services for the Period indicated by geographic regions:

	As at or for the six months ended 30 June			
	2023		2022	
	GFA under management (sq.m.'000)	Revenue (RMB'000)	GFA under management (sq.m.'000)	Revenue (RMB'000)
Southwestern China Region ⁽¹⁾	136,906	1,071,676	124,793	1,004,413
Eastern and Southern China Region ⁽²⁾	60,872	416,493	59,561	370,207
Central China Region ⁽³⁾	44,123	278,343	51,502	258,989
Other regions ⁽⁴⁾	23,587	178,170	15,371	120,923
Total	265,488	1,944,682	251,227	1,754,532

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Revenue from value-added services to non-property owners

We provide value-added services to major property owners primarily in the form of (i) sales assistance services; (ii) pre-delivery services; and (iii) consultancy and other services. The Group continued to proactively reduce the number of projects for which it provided sales assistance services to real estate enterprises in liquidity crisis in the first half of 2023, mainly due to the impact of the macro situation of the real estate industry, whereby real estate developers were in liquidity crisis and the number of new projects for sale continued to decline, and to focus more on businesses with guaranteed cash flow and return or those that must be taken over to ensure the delivery of the properties. During the Period, revenue of approximately RMB85.2 million was realized, representing a year-on-year decrease of approximately 68.6% as compared to approximately RMB271.4 million for the same period in 2022.

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

	For the six months ended 30 June			
	2023		2022	
	(RMB'000)	%	(RMB'000)	%
Sales assistance services	51,159	60.0	205,107	75.6
Pre-delivery services	24,192	28.4	62,326	23.0
Consultancy and other services	9,844	11.6	4,010	1.4
Total	85,195	100.0	271,443	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from local catering services

The Group provides local catering services to property owners and clients, primarily in the form of (i) catering services; (ii) 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 RMB242.1 million in the first half of 2023, representing an increase of approximately 10.5% over the same period in 2022.

During the Period, the Group's revenue from catering services amounted to approximately RMB159.4 million, representing a significant increase of approximately 287.7% as compared to the same period in 2022. Since 2023, the Group regards catering services as its core business for future growth, and has established a differentiated multi-brand matrix covering "high-end catering services, comprehensive group catering services and hotel catering services," and iterated the strong synergistic effect with the basic property services. The catering services have already possessed strong competitiveness and the ability to expand in the market. And through the precise merger and acquisition of professional group catering service companies, such as Chongqing Yunhan (重慶韻涵) and Shanghai Hotspot Catering Service Co., Ltd.* (上海荷特寶配餐服務有限公司), we have established synergies with non-residential property services business and tapped into the trillion-level group catering market. During the Period, the Group won the joint bidding of basic property services and group catering services for a number of projects, and the synergy between the two business segments in the market expansion of non-residential projects was remarkable, which helped us to rapidly build the IFM logistics service system and establish the premium rate of Jinke's service brand. In addition, the Group continued to develop community catering with Jinke's service characteristics, and its hotpot brand "Yu Qian Dou Dou"(渝錢斗斗) won the first place in five lists include the taste, service, popularity, environment and praise lists of hotpot category in Chongqing region of Dianping.

During the Period, revenue from hotel management services amounted to approximately RMB75.5 million, representing a steady increase of approximately 15.9% over the same period in 2022. Benefiting from the Group's nearly 20 years of experience in the operation and management of high-star hotels and its professional team, the Group owns boutique hotel brands such as "Jinke Grand Hotel"(金科大酒店), "Shengjia"(聖嘉) and "Ruijing"(瑞晶). During the Period, three new mid-range hotels were opened in the core area of Chongqing, and the quality of its operations was steadily improved through business restructuring, model innovation and cost control, with room occupancy rates rising as tourism continued to recover.

In addition, based on our fast-growing catering service customer base and food ingredient procurement volume, we have continued to integrate and optimize our food ingredient supply chain system, giving full play to our advantages in large-scale procurement and overlaying technological means to enhance the freshness of food ingredients and reduce the rate of wastage, and to provide food ingredient supply chain services for internal and external customers for the projects. In the first half of 2023, the major external customers of food ingredient supply chain services were affected by the performance risk and the risk of repayment, which led us to take the initiative to reduce the external business of catering supply chain services, which had lower profit margins and longer repayment cycles.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June

	2023		2022	
	(RMB'000)	%	(RMB'000)	%
Catering services	159,408	65.8	41,114	18.8
Hotel management services	75,472	31.2	65,118	29.7
Catering supply chain services	7,254	3.0	112,849	51.5
Total	<u>242,134</u>	<u>100.0</u>	<u>219,081</u>	<u>100.0</u>

Revenue from community value-added services

The Group provides community value-added services to property owners, residents and major property owners, primarily in the form of (i) home-living services, mainly consisted of community group purchase, household cleaning services, home delivery services and travel services; (ii) community management services, which are mainly consisted of management of public resources (leasing of public spaces, for instance), community media services and parent-child education; (iii) home-decoration services, which are consisted of one-stop services including interior furnishing, decoration, sales of home furnishings, renovation of older properties, move-in furnishing services and other services; and (iv) asset operation services, which primarily include rental, sale and marketing service for new homes, second-hand homes and parking spaces, and commercial operation services.

Under the influence of factors such as weaker-than-expected recovery of the domestic economy, weaker market confidence and contraction in consumer demand, the overall business volume of community value-added services was on a downward trend. The Group reshaped its community value-added services business line by contracting businesses with lower cash flow and business development potential, and focusing on sustainable businesses with high repayment rate and high value-added. During the Period, the real estate industry faced a liquidity crisis, with both new home sales and the area of new homes completed experiencing a relatively significant decline, as a result of which the Group's home-decoration services and asset operation services decreased year-on-year. Due to the economic downturn, the demand for community advertising by many enterprises, including real estate developers, was shrunk, resulting in a decline in revenue from the park operation services. We incorporated travel business into the home-living services. However, due to the impact of competition from online platform enterprises and the less-than-expected recovery in demand, the demand of home-living services such as community group purchases decreased, and at the same time, we proactively contracted our travel business with a long advance cycle, which resulted in a decrease in revenue from home-living services. Based on the new changes in the industry, we have continued to adjust part of our business from self-operated mode to platform mode, and utilized our resource advantages to reduce the negative contributing businesses that increase revenue but not profit. During the Period, revenue from community value-added services amounted to approximately RMB160.0 million.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	For the six months ended 30 June			
	2023		2022	
	(RMB'000)	%	(RMB'000)	%
Home-living services	10,933	6.8	22,492	7.9
Community management services	115,323	72.1	132,120	46.3
Home-decoration services	7,089	4.4	13,077	4.6
Asset operation services	26,652	16.7	117,649	41.2
Total	159,997	100.0	285,338	100.0

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 clients like enterprises and public institutions, and property developers to achieve the purpose of technology empowerment as well as quality and efficiency improvement. Our 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 sales assistance services to property developers with intelligent and digital on-site technical services during the housing sales stage, such as implementing the Home-Life 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 public affairs, digital and intelligent communities and intelligent cultural tourism through development, customization, installation, and operation and maintenance of IBMS (intelligent building management system), thus contributing to national digital transformation.

In the first half of 2023, we continued to push forward the reform of “mechanization of manpower and intelligence of machinery,” and through a series of digital and intellectual upgrades such as cloud monitoring, cloud parking, we empowered our property management to reduce costs and increase efficiency, continued to enhance the fineness of management, and assisted in the operation of our projects with high quality and efficiency. Leveraging on our own scenario advantages, we have continued to promote the Cloud City 100 project (雲城100項目) through our three core competencies of Internet of Things, spatial operating system, and urban spatial and temporal engine. During the Period, the Group’s technology company was recognized by Chongqing Municipal Housing and Construction Commission as being responsible for the construction and promotion of the enterprise side and owner side of the Chongqing Municipal Intelligent Property Platform, and we will leverage on this opportunity to capture the golden opportunity of the digital transformation of the property services.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2023, due to the downward pressure on the economy and the liquidity crisis in the real estate sector, the Group continued to phase out its business of smart sales assistance services, smart solutions and software development to some real estate developers and enterprise and public institution customers who had difficulties in making repayments. During the Period, the revenue from the Group's smart living technology solutions decreased slightly by approximately 5.9% to approximately RMB32.8 million from approximately RMB34.9 million in the same period of 2022, but the proportion of revenue from non-Jinke Property Group businesses was approximately 56.4%. The percentage of revenue from third party business increased by 40.2 percentage points as compared to the same period in 2022 and the volume of third party business continued to increase.

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) maintenance costs; (vi) consumables, food and beverages; (vii) depreciation and amortization expenses; (viii) office expenses; (ix) travelling and entertainment expenses; (x) cost of goods sold; (xi) raw materials; (xii) consultation fees and (xiii) other costs.

The cost of sales of the Group increased by approximately 0.8% from approximately RMB1,886.7 million for the six months ended 30 June 2022 to approximately RMB1,901.3 million for the six months ended 30 June 2023, which was in line with the increase in the GFA under management and the number of projects under management of the Group's property management services.

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 periods indicated:

	For the six months ended 30 June			
	2023		2022	
	Gross profit (RMB'000)	Gross profit margin %	Gross profit (RMB'000)	Gross profit margin %
Space property management services	421,052	20.7	441,479	21.8
– Property management services	406,551	20.9	388,458	22.1
– Value-added services to non-property owners	14,501	17.0	53,021	19.5
Local catering services	43,573	18.0	34,088	15.6
Community value-added services	92,352	57.7	196,305	68.8
Smart living technology solutions	6,535	19.9	6,736	19.3
Total	563,512	22.9	678,608	26.5

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit of the Group decreased by approximately 17.0% from approximately RMB678.6 million for the six months ended 30 June 2022 to approximately RMB563.5 million for the six months ended 30 June 2023. Gross profit margin of the Group decreased by 3.6 percentage points to approximately 22.9% for the six months ended 30 June 2023 from approximately 26.5% for the same period in 2022.

During the Period, gross profit from space property management services decreased slightly by approximately 4.6% to approximately RMB421.0 million from approximately RMB441.5 million for the same period in 2022, and gross profit margin decreased by 1.1 percentage points to approximately 20.7% from approximately 21.8% for the same period in 2022, among which: (i) gross profit from property management services increased by approximately 4.6% from approximately RMB388.5 million to approximately RMB406.6 million for the same period in 2022, and gross profit margin decreased by 1.2 percentage points to approximately 20.9% from approximately 22.1% for the same period in 2022. Such decreases were primarily attributable to (a) a relatively substantial price reduction adjustment made by the Group on vacant property management fees, vacant parking space management fees and others, taking into account the macro economic factors and the current state of the real estate industry; (b) the increase in one-off expenses incurred by the Group as a result of the Group's proactive withdrawal from certain negative contribution projects in adherence to the business philosophy of "revenue shall generate profit and profit shall contain cash flow"; (c) the amortization expenses of intangible assets arising from mergers and acquisitions consolidated in the historical period; (ii) the gross profit of value-added services to non-property owners significantly decreased from approximately RMB53.0 million for the the same period in 2022 to approximately RMB14.5 million for the Period, and gross profit margin decreased from approximately 19.5% for the same period in 2022 to approximately 17.0% for the Period. Such decreases were primarily due to that the Group adhered to the path of high-quality development and took the initiative to significantly reduce the number of projects in relation to provision of sales assistance services to real estate developers in liquidity crisis during the Period, resulting in a significant decrease in revenue. At the same time, in line with the national policy of "guaranteeing the delivery of buildings and stabilizing people's livelihood" (保交樓、穩民生), the Group still provided the necessary pre-delivery services for these projects guaranteeing the delivery of buildings, which had a lower gross profit margin.

Gross profit from local catering services increased by approximately 27.9% to approximately RMB43.6 million for the Period from approximately RMB34.1 million for the corresponding period in 2022, and gross profit margin increased by 2.4 percentage points to approximately 18.0% for the Period from approximately 15.6% for the corresponding period in 2022, which was mainly attributable to (i) significant increase in the revenue from catering services, which had a more stable gross profit margin; and (ii) the suspension of part of the catering supply chain services business, which had a lower gross profit margin and a long payment collection cycle in view of risk control and high-quality development.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit of community value-added services decreased from approximately RMB196.3 million for the six months ended 30 June 2022 to approximately RMB92.4 million for the Period, and the gross profit margin decreased from approximately 68.8% for the same period in 2022 to approximately 57.7% for the six months ended 30 June 2023. Demand for community value-added services and gross margins of this business generally declined, with asset operation services (such as housing, parking space rental and sales business) declining significantly, which was mainly due to the impact of a weaker-than-expected economic recovery and the liquidity crisis of real estate developers.

Gross profit of smart living technology solutions was approximately RMB6.5 million for the six months ended 30 June 2023, basically the same to that of the same period in last year, with gross profit margin slightly increased by 0.6 percentage points to approximately 19.9% for the six months ended 30 June 2023. It was primarily due to that (i) the Group controlled the scale of smart living technology solutions provided to Jinke Property Group during the Period; and (ii) the Group continued to expand its business for Independent Third Parties with a certain degree of market competitiveness, and the gross profit margin increased slightly.

OTHER INCOME

Other income of the Group increased by approximately 122.3% from approximately RMB35.6 million for the six months ended 30 June 2022 to approximately RMB78.9 million for the six months ended 30 June 2023, which was primarily due to that (i) the catering services under the local catering services segment vigorously developed the operation and management business of college canteens during the Period, enjoying the support of national tax incentives; and (ii) 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 (LOSSES)/GAINS – NET

The Group's other net (losses)/gains primarily consist of (i) foreign exchange gains; (ii) loss on disposal of investment properties; and (iii) loss on disposal of other assets. The Group recorded other net loss in the amount of approximately RMB3.1 million for the six months ended 30 June 2023 as compared to the other net gains of approximately RMB4.6 million for the six months ended 30 June 2022, which was mainly due to the decrease in foreign exchange gains of the Group during the Period.

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; (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 approximately 9.6% from approximately RMB230.1 million for the six months ended 30 June 2022 to approximately RMB252.2 million for the six months ended 30 June 2023, which were primarily because (i) the number of senior employees of the Group continued to increase; and (ii) related intermediary agency fees incurred by the Group increased due to the need for due diligence in mergers and acquisitions.

MANAGEMENT DISCUSSION AND ANALYSIS

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 28.7% from approximately RMB548.4 million as at 31 December 2022 to approximately RMB705.7 million as at 30 June 2023, mainly due to (i) increase of approximately RMB171.1 million in customer relationship and goodwill arising from the Group's actively pursuing business expansion and completion of several business mergers and acquisitions during the Period and historical periods; on the other hand, (ii) the amortization of approximately RMB11.4 million in customer relationship and goodwill arising from acquisitions during the Period and historical periods.

TRADE AND BILL RECEIVABLES

Carrying balance of trade and bill receivables of the Group increased by approximately 15.3% from approximately RMB2,531.0 million as at 31 December 2022 to approximately RMB2,919.0 million as at 30 June 2023, and provision for impairment of trade and bill receivables increased by 11.0% from approximately RMB1,046.5 million as at 31 December 2022 to approximately RMB1,162.0 million as at 30 June 2023. Trade receivables mainly arise from the space property management services, (i) in terms of aging structure, approximately 55.1% of the receivables were generated within one year, which was mainly due to the constant increase in the GFA and the number of projects under management of the Group's basic property management services, which was in line with the law of business development; and (ii) in terms of customer classification, over approximately 50% of the trade and bill receivables were from major property owners. Due to the weaker-than-expected recovery in the economy and continued downturn in the real estate market, the cash flows of enterprise and public institution 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, including offsetting receivables by assets for real estate developers facing liquidity crises to minimize losses.

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 slightly decreased by approximately 0.4% from approximately RMB3,537.4 million as at 31 December 2022 to approximately RMB3,524.8 million as at 30 June 2023, and provision for impairment of prepayments and other receivables slightly increased by approximately 3.0% from approximately RMB1,197.2 million as at 31 December 2022 to approximately RMB1,233.2 million as at 30 June 2023. 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) the Group controlled the overall size of its other receivables, with a small increase in the diversified business (e.g. deposits paid for catering services); but (iii) as at 31 December 2022, the Group made reasonable impairment provision on the carrying value of other receivables after considering the combined effects of some unfavourable factors such as a severe liquidity crisis facing by China's real estate industry 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, including in the form of legal action or offsetting receivables by assets, to control risks and minimize losses.

MANAGEMENT DISCUSSION AND ANALYSIS

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 are not part of the Group's core business. Other assets of the Group decreased from approximately RMB19.7 million as at 31 December 2022 to approximately RMB18.5 million as at 30 June 2023, which was primarily due to the sales of parking lot.

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 decreased by approximately 6.3% from approximately RMB838.8 million as at 31 December 2022 to approximately RMB785.8 million as at 30 June 2023, mainly because the Group scales down in the payment cycle of trade payables from the third party in order to obtain lower service prices from suppliers.

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 increased by approximately 11.5% from approximately RMB877.3 million as at 31 December 2022 to approximately RMB978.1 million as at 30 June 2023, 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 decreased by 10.8% from approximately RMB740.2 million as at 31 December 2022 to approximately RMB660.2 million as at 30 June 2023, mainly due to the provision of property management services to private property owners who have prepaid for their properties.

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 30 June 2023, the Group had cash and cash equivalents of approximately RMB2,851.5 million (31 December 2022: approximately RMB3,069.8 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Cash Flows

For the six months ended 30 June 2023, the Group's net cash outflow from operating activities was approximately RMB68.6 million, representing a significant decrease as compared to approximately RMB307.2 million for the same period in 2022, which was mainly attributable to (i) the Group's insisting on profit with positive cash flow, with a strong focus on collection of receivables from all businesses; and (ii) the withdrawal from projects with negative cash flow and low collection rate to maintain healthy operations.

For the six months ended 30 June 2023, the Group's net cash outflow from investing activities was approximately RMB89.6 million, representing a continuous decrease as compared to a net cash outflow from the Group's investing activities of approximately RMB235.3 million for the same period in 2022, mainly due to payment made by the Group for equity acquisitions in the Period and the previous years.

For the six months ended 30 June 2023, the net cash outflow from the Group's financing activities was approximately RMB60.3 million, representing a continuous decrease as compared to a net cash outflow from the Group's financing activities of approximately RMB471.0 million for the same period in 2022. Such change was mainly due to (i) the decreased payment of final dividend to shareholders; and (ii) the increase in expenses for the Group's share repurchase and share incentive scheme.

INDEBTEDNESS

Borrowings

As at 30 June 2023, the Group had nil borrowings (31 December 2022: Nil).

GEARING RATIO

As the Group had nil borrowings as at 30 June 2023, 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 30 June 2023 (31 December 2022: Nil).

PLEDGE OF ASSETS

As at 30 June 2023, the Group did not have any pledged assets (31 December 2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE RISKS

The Group's operations are primarily denominated in RMB, which is the functional currency of the Group companies. Foreign currency transaction included mainly receipts of proceeds from the Listing on the Main Board of the Stock Exchange and payment of professional fees, which are denominated in Hong Kong dollars, and a subsidiary which is mainly denominated in United States dollars. As at 30 June 2023, the cash and cash equivalents of approximately RMB66.4 million and RMB6.3 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 changes in exchange rate and control the financial impact of exchange rate changes on the Group.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any material contingent liabilities (31 December 2022: Nil).

COMMITMENTS

As at 30 June 2023, the Group did not have any capital commitments (31 December 2022: Nil).

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

For the six months ended 30 June 2023, 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 of 30 June 2023, the Group utilized approximately HK\$4,333.6 million of the proceeds raised, which were allocated in accordance with the use of proceeds set out in the Prospectus, the announcement on the change of use of proceeds from the Global Offering dated 10 September 2021, the announcement on the further change in use of proceeds from the Global Offering dated 18 April 2023 (the "Announcement"). The remaining unutilized net proceeds of approximately HK\$2,327.4 million will be allocated in accordance with the purposes and proportions set out in the Announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth details of the revised use and allocation of net proceeds as at 30 June 2023:

	Planned use of net proceeds disclosed in the Announcement		Unutilised net proceeds as at 1 January 2023	Actual use of net proceeds during the six months ended 30 June 2023	Unutilised net proceeds as at 30 June 2023	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%	1,624.7	2,456.2	1,540.4	
(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	2,032.0	30.5%	793.1	823.3	1,208.7	On or before December 2025
(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	997.7	15.0%	–	666.0	331.7	On or before December 2025
(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	966.9	14.5%	831.6	966.9	–	–

MANAGEMENT DISCUSSION AND ANALYSIS

	Planned use of net proceeds disclosed in the Announcement		Unutilised net proceeds as at 1 January 2023	Actual use of net proceeds during the six months ended 30 June 2023	Unutilised net proceeds as at 30 June 2023	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>	
(b) Upgrading the systems of the Group for digitization and smart management	170.8	2.6%	621.3	76.0	94.8	
(i) Developing and upgrading hardware and software	70.8	1.1%	421.5	70.8	–	–
(ii) Developing and improving the Group's intelligent management systems	100.0	1.5%	199.8	5.2	94.8	On or before December 2024
(c) Further developing the value-added services of the Group	1,199.0	18.0%	477.4	901.2	297.8	
(i) Strategically developing the Group's upstream and downstream services	1,196.9	17.97%	179.7	899.1	297.8	On or before December 2024
(ii) Upgrading hardware and developing smart community	2.1	0.03%	297.7	2.1	–	–
(d) General business operations and working capital	666.1	10%	10.4	655.8	10.3	On or before December 2024
(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	433.2	6.5%	3.2	242.3	190.9	On or before December 2024
(f) Renovating and improving the housing of the old residential communities under the management of the Group or for which the Group is newly contracted to provide property management service	195.3	2.9%	–	2.0	193.2	On or before December 2024
Total	6,660.9	100%	2,737.1	4,333.6	2,327.4	

MANAGEMENT DISCUSSION AND ANALYSIS

Save as disclosed in the Announcement, as at 30 June 2023, the Directors are not aware of any material change in the planned use of the net proceeds. The unutilised net proceeds and the timeline of intended utilization will be applied in the manners disclosed by the Company.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the section headed “Use of Net Proceeds from the Listing” in this interim report, the Group has no other future plans for material investments and capital assets as at 30 June 2023.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2023, the Group had approximately 12,661 employees (30 June 2022: 12,688 employees). During the Period, the staff cost recognised as expenses by the Group amounted to approximately RMB894.3 million (30 June 2022: approximately RMB938.5 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 including salary, bonus and various allowances. In general, the Group determines employees’ 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, unemployment insurance, work-related injury insurance, and maternity insurance) and housing provident fund for the benefit of its PRC employees. In order to retain talents for achieving the Group’s strategic and operational goals, the Company has adopted the H Share Award Scheme on 30 December 2022, 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.

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

SUBSEQUENT EVENTS

On 27 July 2023, the Company has reached a consensus with the original shareholders of Shanghai Hotspot Catering Service Co., Ltd.* (上海荷特寶配餐服務有限公司) (“Shanghai Hotspot”) to execute the investment arrangement (the “Investment Arrangement”) to obtain a maximum of approximately 66.85% equity interest in Shanghai Hotspot at an aggregated consideration of approximately RMB243.7 million.

Details of the Investment Arrangement have been disclosed in the announcement of the Company dated 27 July 2023.

Save as disclosed in this interim report, no material events were undertaken by the Group subsequent to 30 June 2023 and up to the date of this interim report.

CORPORATE GOVERNANCE

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and applied the Corporate Governance Code as its own code on corporate governance. The Board reviewed the Company's corporate governance practices and is satisfied that the Company has complied with all applicable code provisions as set out in the Corporate Governance Code during the Period. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the Corporate Governance Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as the code of conduct for dealings in the securities by the Directors and Supervisors. Having made specific enquiries to all Directors and Supervisors, all the Directors and Supervisors have confirmed that they have complied with the Model Code during the Period.

AUDIT COMMITTEE

The Board established the Audit Committee with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.jinkeservice.com>).

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 perform other duties and responsibilities as may be assigned by the Board. The Audit Committee consists of four members, namely Mr. Liang Zhongtai (梁忠太), Mr. Wu Xiaoli (吳曉力), Ms. Yuan Lin (袁林) and Ms. Xiao Huilin (肖慧琳).

As disclosed in the announcement of the Company dated 27 June 2023, Mr. Wong Yik Chung John ("Mr. Wong") has tendered his resignation as an independent non-executive Director, the chairman of the Audit Committee, a member of the Remuneration Committee, a member of the Nomination Committee and a member of the environmental, social and governance committee of the Company effective from 27 June 2023 due to the mutual intention of the Company and Mr. Wong for Mr. Wong to provide consultancy services to the Company in his own capacity. Following the resignation of Mr. Wong, the Company fails to meet the requirement of (i) Rule 3.10 of the Listing Rules that the Board must include at least three independent non-executive directors and at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise; (ii) Rule 3.10A of the Listing Rules that the Company must appoint independent non-executive directors representing at least one-third of the Board; (iii) Rule 3.21 of the Listing Rules that the majority of the Audit Committee members must be independent non-executive directors (at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2)) and the Audit Committee must be chaired by an independent non-executive director; and (iv) Rules 3.25 and 3.27A of the Listing Rules that the each of the Remuneration Committee and the Nomination Committee must comprise a majority of independent non-executive directors. The Company is in the process of identifying suitable candidate to fill the vacancy of the independent non-executive Director to meet the above requirements as soon as practicable and within three months from the date of resignation of Mr. Wong as required under the Listing Rules. Further announcement(s) will be made by the Company as and when appropriate.

CORPORATE GOVERNANCE

REVIEW OF INTERIM REPORT

The Audit Committee has discussed with the management and the external auditor of the Company and has reviewed the unaudited condensed consolidated interim results of the Group and the interim report of the Company for the six months ended 30 June 2023. The Audit Committee and the Company's management have also reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to risk management, internal control and financial reporting. The Audit Committee has agreed with the management of the Company on the unaudited interim results of the Group and the interim report of the Company for the six months ended 30 June 2023. The interim results of the Group for the six months ended 30 June 2023 have not been audited but have been reviewed by PricewaterhouseCoopers, the external auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

OTHER INFORMATION

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30 June 2023, the interests and short positions of the Directors, Supervisors and the chief executive 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 recorded in the register required to be 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 are set out below:

INTERESTS AND SHORT POSITION OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Interest in the Company

Name	Nature of Interest	Interest in Shares ⁽¹⁾	Percentage holding (approx.)
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.

Save as disclosed above, as at 30 June 2023, none of the Directors, Supervisors and chief executive 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 recorded in the register required to be 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.

OTHER INFORMATION

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

As at 30 June 2023, the following persons, other than a Director, Supervisor or chief executive of the Company, had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of interest	Class of Shares	Shares or underlying Shares held in the relevant class of Shares		Percentage of the total issued share capital of the Company
			Number ⁽¹⁾	Percentage (<i>approx.</i>)	(<i>approx.</i>)
Boyuu 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)	65.12	65.12
Mr. Tong Xiaomeng(童小幟) ⁽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)	65.12	65.12
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)	65.12	65.12
Boyuu 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)	64.43	64.43
Boyuu 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)	64.43	64.43

OTHER INFORMATION

Name of Shareholder	Nature of interest	Class of Shares	Shares or underlying Shares held in the relevant class of Shares		Percentage of the total issued share capital of the Company
			Number ⁽¹⁾	Percentage <i>(approx.)</i>	<i>(approx.)</i>
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)	64.43	64.43
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)	64.43	64.43
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)	64.43	64.43
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)	64.43	64.43
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)	64.43	64.43
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)	52.47	52.47

OTHER INFORMATION

Name of Shareholder	Nature of interest	Class of Shares	Shares or underlying Shares held in the relevant class of Shares		Percentage of the total issued share capital of the Company (approx.)
			Number ⁽¹⁾	Percentage (approx.)	
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)	52.47	52.47
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)	11.97	11.97
Thematic Bridge Investment Pte. Ltd.	Beneficial owner	H Shares	77,942,271 (L)	11.97	11.97
Jinke Property ⁽⁴⁾	Beneficial owner/A concert party to an agreement to buy shares described in s.317(1)(a)/Interest in a controlled corporation	H Shares	341,701,375 (L)	52.47	52.47
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)) ("Tianjin Hengye")	Beneficial owner	H Shares	50,516,464 (L)	7.76	7.76
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)	7.76	7.76
Zhang Yuan (張原) ⁽⁵⁾	Interest in a controlled corporation	H Shares	50,516,464 (L)	7.76	7.76
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	41,209,700 (L)	6.33	6.33
Liang Hong (梁宏) ⁽⁶⁾	Other	H Shares	45,892,500 (L)	7.05	7.05

OTHER INFORMATION

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..
- (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. Shenzhen Jinke Industrial Investment Fund Management Co., Ltd., a wholly-owned subsidiary of Jinke Property, holds 97,000 Shares.
- (5) The general partner of Tianjin Hengye is Chongqing Jinhong, which is wholly owned by Zhang Yuan. By virtue of the SFO, Chongqing Jinhong and Zhang Yuan are deemed to be interested in the Shares held by Tianjin Hengye.
- (6) According to the public information available, 41,209,700 Shares and 4,682,800 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(有限合伙)) ("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 had 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.

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OF THE COMPANY

Mr. Xu Guofu, has ceased to serve as deputy general manager, chief financial officer, joint company secretary and secretary of the Board with effect from 10 February 2023 and has been re-designated from an executive Director to a non-executive Director with effect from 13 February 2023. Mr. Xu Guofu has served as vice president in Chongqing Jinke Investment Holding (Group) Co., Ltd. (重慶市金科投資控股(集團)有限責任公司) since February 2023, which is the controlling shareholder of Jinke Property.

Ms. Yuan Lin, an independent non-executive Director, has ceased to serve as independent director of Chongqing Yukaifa Co., Ltd.(重慶渝開發股份有限公司), a real estate company listed on the Shenzhen Stock Exchange (stock code:000514), since June 2023.

As at the date of this interim report, save as disclosed in this interim report, there were no changes in information of the Directors, Supervisors or chief executive of the Company that were required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2023, the Company repurchased a total of 2,682,200 H Shares on the Stock Exchange at a total consideration of RMB26,766,000, of which 1,556,800 shares were cancelled. The share repurchase is aimed to enhance the returns to the Shareholders and reflect the Company's confidence in its business prospects, which is beneficial to all Shareholders. As at 30 June 2023, the total number of issued shares of the Company was 651,291,300 shares. The details of the H Shares repurchased during the Period were as follows.

Month of repurchases	Number of H Shares repurchased	Highest price per H Shares (HK\$)	Lowest price per H Shares (HK\$)	Aggregate consideration (HK\$)
June 2023	2,682,200	11.52	10.06	26,766,000
Total	<u>2,682,200</u>	<u> </u>	<u> </u>	<u>26,766,000</u>

Note: The Company also repurchased a total of 4,382,800 H Shares on the Stock Exchange in July 2023 at a total consideration of RMB80,545,630. As at the date of this interim report, a total of 7,065,000 H Shares repurchased by the Company during the period from June to July 2023 have been fully cancelled and the total number of issued shares of the Company is 645,783,100 shares. For details, please refer to the next day disclosure returns of the Company dated 30 June 2023 and 8 August 2023.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the Period (for the six months ended 30 June 2022: nil).

Xia Shaofei
Chairman and Executive Director

Chongqing, the PRC, 28 August 2023

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 42 to 96, which comprises the interim condensed consolidated statement of financial position of Jinke Smart Services Group Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2023 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting."

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 28 August 2023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	6	2,464,841	2,565,271
Cost of sales	7	<u>(1,901,329)</u>	<u>(1,886,663)</u>
Gross profit		563,512	678,608
Selling and marketing expenses	7	(1,242)	(2,312)
Administrative expenses	7	(252,217)	(230,119)
Net impairment losses on financial assets		(146,659)	(74,398)
Other income	9	78,936	35,552
Other (losses)/gains-net	10	<u>(3,086)</u>	<u>4,596</u>
Operating profit		239,244	411,927
Finance income	11	23,002	18,811
Finance costs	11	<u>(5,295)</u>	<u>(6,734)</u>
Finance income-net	11	17,707	12,077
Share of net profits of associates and joint ventures accounted for using the equity method	14	9,301	405
Profit before income tax		266,252	424,409
Income tax expenses	12	<u>(50,168)</u>	<u>(52,099)</u>
Profit and total comprehensive income for the period		<u>216,084</u>	<u>372,310</u>
Profit and total comprehensive income attributable to:			
– Owners of the Company		189,479	357,233
– Non-controlling interests		<u>26,605</u>	<u>15,077</u>
		<u>216,084</u>	<u>372,310</u>
Earnings per share (expressed in RMB per share)			
– Basic earnings per share	13	0.29	0.55
– Diluted earnings per share	13	<u>0.29</u>	<u>0.55</u>

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	15	169,143	163,866
Right-of-use assets	15, 17	194,922	138,595
Investment properties	16	27,282	42,182
Goodwill	18	438,942	357,139
Other intangible assets	18	266,723	191,297
Investments in associates and joint ventures	14	191,858	180,106
Other receivables	22	81,311	81,203
Loan receivables	21	–	554,017
Prepayments	22	2,540	–
Financial assets at fair value through profit or loss (“FVPL”)	25	51,000	51,000
Deferred income tax assets		271,589	247,192
		<u>1,695,310</u>	<u>2,006,597</u>
Current assets			
Inventories	19	38,516	29,955
Other assets	20	18,450	19,658
Loan receivables	21	1,412,862	832,649
Trade and bill and other receivables and prepayments	22	2,575,236	2,388,742
Financial assets at fair value through profit or loss	25	3,000	–
Restricted cash	23	13,158	9,374
Cash and cash equivalents	24	2,851,471	3,069,784
		<u>6,912,693</u>	<u>6,350,162</u>
Total assets		<u><u>8,608,003</u></u>	<u><u>8,356,759</u></u>
Equity			
Equity attributable to owners of the Company			
Share capital	26	651,291	652,848
Other reserves	27	5,673,491	5,713,435
Accumulated losses	27	(850,021)	(1,039,500)
		<u>5,474,761</u>	<u>5,326,783</u>
Non-controlling interests		<u>96,510</u>	<u>73,582</u>
Total equity		<u><u>5,571,271</u></u>	<u><u>5,400,365</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Liabilities			
Non-current liabilities			
Lease liabilities	17	171,413	119,855
Financial instruments issued to investors	31	44,057	43,126
Deferred income tax liabilities		43,152	29,413
		<u>258,622</u>	<u>192,394</u>
Current liabilities			
Financial liabilities at fair value through profit or loss	25	50,684	–
Trade and bill and other payables	29	1,978,265	1,952,364
Lease liabilities	17	29,704	24,788
Contract liabilities	30	660,151	740,199
Current income tax liabilities		59,306	46,649
		<u>2,778,110</u>	<u>2,764,000</u>
Total liabilities		<u>3,036,732</u>	<u>2,956,394</u>
Total equity and liabilities		<u>8,608,003</u>	<u>8,356,759</u>

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

The condensed consolidated interim financial information on pages 42 to 96 were approved by the Board of Directors on 28 August 2023 and were signed on its behalf.

Mr. Xia Shaofei
Chairman & Executive Director

Mr. Yan Lingyang
Chief Financial Officer

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Note	Share capital RMB'000 (Note 26)	Other reserves RMB'000 (Note 27)	Retained earnings/ (accumulated losses) RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2022 (Audited)		652,848	5,800,761	1,203,396	7,657,005	72,971	7,729,976
Comprehensive income							
Profit for the period		–	–	357,233	357,233	15,077	372,310
Transactions with owners of the Company							
Contribution from non-controlling shareholders of subsidiaries		–	–	–	–	5,023	5,023
Acquisition of subsidiaries		–	–	–	–	22,477	22,477
Acquisition of additional interests in subsidiaries		–	(867)	–	(867)	(4,985)	(5,852)
Dividends declared to shareholders of the Company	32	–	–	(424,351)	(424,351)	–	(424,351)
Dividends declared to non-controlling interests		–	–	–	–	(2,407)	(2,407)
Purchase of shares in connection with share award scheme		–	(75,353)	–	(75,353)	–	(75,353)
Deregistration of a subsidiary		–	–	–	–	(613)	(613)
Other transaction with non-controlling interest		–	–	–	–	30	30
Balance at 30 June 2022 (Unaudited)		652,848	5,724,541	1,136,278	7,513,667	107,573	7,621,240
Balance at 1 January 2023 (Audited)		652,848	5,713,435	(1,039,500)	5,326,783	73,582	5,400,365
Comprehensive income							
Profit for the period		–	–	189,479	189,479	26,605	216,084
Transactions with owners of the Company							
Cancellation of shares		(1,557)	(14,206)	–	(15,763)	–	(15,763)
Contribution from non-controlling shareholders of subsidiaries		–	–	–	–	1,186	1,186
Acquisition of additional interests in subsidiaries		–	38	–	38	(1,488)	(1,450)
Share option scheme – value of employee services		–	1,614	–	1,614	–	1,614
Dividends declared to non-controlling interests		–	–	–	–	(3,775)	(3,775)
Repurchase of shares of the Company		–	(11,003)	–	(11,003)	–	(11,003)
Purchase of shares in connection with share award scheme		–	(16,387)	–	(16,387)	–	(16,387)
Disposals of subsidiaries	34	–	–	–	–	400	400
Balance at 30 June 2023 (Unaudited)		651,291	5,673,491	(850,021)	5,474,761	96,510	5,571,271

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash used in operations		(24,482)	(157,474)
Interest received		23,002	18,566
Income tax paid		(67,149)	(168,329)
Net cash used in operating activities		(68,629)	(307,237)
Cash flows from investing activities			
Purchases of property, plant and equipment	15	(20,037)	(62,416)
Purchase of other intangible assets	18	(1,120)	(3,627)
Proceeds from disposal of property, plant and equipment and other intangible assets		2,672	595
Proceeds from disposal of other assets		1,130	13,660
Proceeds from disposal of an investment property		11,500	–
Acquisition of financial assets at FVPL		(3,000)	(51,000)
Capital injection to associates and joint ventures	14	(4,187)	(6,039)
Dividends received from investment accounted for using the equity method	14	1,000	–
Decrease in term deposits		–	245,169
Interest received		–	2,890
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	33	(45,732)	(132,517)
Disposal of subsidiaries (net of cash and cash equivalents disposed)	34	(4,606)	–
Proceeds from partial disposal of equity interests in an associate		–	2,574
Prepayments for acquisition of properties		(2,540)	(199,947)
Settlement of outstanding considerations payable for business combinations in prior years		(28,127)	(44,600)
Deregistration of a joint venture		736	–
Rental income from finance lease		2,699	–
Net cash used in investing activities		(89,612)	(235,258)
Cash flows from financing activities			
Dividends paid to shareholders		–	(398,494)
Dividends paid to non-controlling interests		(3,775)	(2,652)
Principal elements and interest elements of lease payments		(13,988)	(11,600)
Acquisition of additional interests in subsidiaries		(1,450)	(5,852)
Capital contribution from non-controlling interests		1,186	5,023
Repayments of borrowings and interests paid		–	(2,407)
Listing expenses paid		–	(536)
Purchase of shares for share award scheme		(16,365)	(75,353)
Purchase of shares for cancellation		(25,899)	–
Settlement of outstanding considerations payable for business combinations under common control in the prior year		–	(20,500)
Proceeds from issuance of financial instruments issued to investors		–	41,341
Net cash used in financing activities		(60,291)	(471,030)
Net decrease in cash and cash equivalents		(218,532)	(1,013,525)
Cash and cash equivalents at beginning of period		3,069,784	4,922,276
Exchange gains on cash and cash equivalents		219	27,486
Cash and cash equivalents at end of period		2,851,471	3,936,237

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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, local catering services, community value-added 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 condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the board of directors (the “Board”) on 28 August 2023.

The condensed consolidated interim financial information has been reviewed, not audited.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34 “Interim Financial Reporting.”

The condensed consolidated interim financial information does not include all the notes of the type normally included in annual financial statements. Accordingly, this information is to be read in conjunction with the annual report for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), and any public announcement made by the Company during the interim reporting period.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings, the adoption of new and amended HKFRSs effective for the financial period beginning on 1 January 2023 and Note 3(c) below.

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the financial period beginning on 1 January 2023:

HKFRS 17	Insurance Contract
HKAS 1 and HKFRS Practice Statement 2 (Amendment)	Disclosure of Accounting Policies
HKAS 8 (Amendment)	Definition of Accounting Estimates
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has changed its accounting policies following the adoption of the HKAS 12 (Amendments). From the effective date on 1 January 2023, the Group recognised deferred income tax assets and deferred income tax liabilities for the temporary differences arising on leases that gave rise to equal amounts of taxable and deductible temporary differences on initial recognition date.

Except for HKAS 12 (Amendments), the other standards and the new accounting policies disclosed did not have any significant impact on the Group’s accounting policies and did not require retrospective adjustments.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ACCOUNTING POLICIES (Continued)

- (b) New standards and amendments not yet effective for the financial period beginning on 1 January 2024 and not early adopted by the Group.

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

		Effective for annual periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current liabilities with covenants	1 January 2024
HKFRS 16 (Amendments)	Lease liability in sale and leaseback	1 January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new 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.

- (c) Share-based payments

The Company operates a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as in exchange for equity instruments ("equity-settled transactions").

The total amount to be expensed is measured by reference to the fair value of the share at the date at which they are granted.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ACCOUNTING POLICIES *(Continued)*

(c) Share-based payments *(Continued)*

The total expense of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not considered when determining the fair value of awards at grant date, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

The grant by the Company of its shares to the employees of the subsidiaries of the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the fair value at grant date, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity in the parent entity accounts.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker (“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 six months ended 30 June 2023 and 2022, the Group is principally engaged in the provision of space property management services, local catering services, community value-added services and smart living technology solutions in the PRC.

The Group acquired two entities during the period (Note 33). The newly acquired subsidiaries were principally engaged in the provision of space property management services and community value-added services. Since then, management reviews the operating results of the business of the new acquired subsidiaries together with the original business to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there are several operating segments, which are used to make strategic decisions.

During the six months ended 30 June 2023 and 2022, all the segments are domiciled in the PRC and all the revenue are derived in the PRC, and the segments are principally engaged in the provision of similar services to similar customers. All operating segments of the Group were aggregated into a single operating segment.

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

As at 30 June 2023, cash and cash equivalents of Hong Kong dollars (“HK\$”)70,167,000 (equivalent to RMB64,693,000) and United States dollars (“US\$”)868,000 (equivalent to RMB6,271,000) were temporarily deposited in the Group’s bank accounts in Hong Kong. Except for this, all of the Group’s assets are situated in the Mainland of PRC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 REVENUE

Revenue mainly comprises proceeds from space property management services, local catering services, community value-added services and smart living technology solutions. An analysis of the Group's revenue by category for the six months ended 30 June 2023 and 2022 was as follows:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Recognized over time		
– Space property management services	2,029,877	2,013,850
– Local catering services	9,204	13,103
– Community value-added services	119,686	195,949
– Smart living technology solutions	27,590	21,469
	<u>2,186,357</u>	<u>2,244,371</u>
Recognized at a point in time		
– Space property management services	–	12,125
– Local catering services	232,930	205,978
– Community value-added services	40,311	89,389
– Smart living technology solutions	5,243	13,408
	<u>278,484</u>	<u>320,900</u>
	<u><u>2,464,841</u></u>	<u><u>2,565,271</u></u>

For the six months ended 30 June 2023 and 2022, revenue from the Jinke Property Group contributed 3% and 13% 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 EXPENSES BY NATURE

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Employee benefit expenses (Note 8)	894,309	938,476
Greening and cleaning expenses	413,819	349,757
Security charges	249,749	230,394
Utilities	132,621	85,280
Maintenance costs	118,703	113,906
Consumable, food and beverage	80,075	41,306
Depreciation and amortization charges	40,174	31,807
Office expenses	22,974	19,473
Travelling and entertainment expenses	19,336	15,233
Cost of goods sold	16,690	119,165
Raw materials	10,356	17,764
Consultancy fee	9,806	10,938
Taxes and other levies	9,380	11,863
Community activities expenses	9,028	11,262
Bank and other payment platforms charges	8,702	8,047
Short-term lease expenses	7,449	9,201
Audit services		
– Audit services	2,172	1,887
– Non-audit services	1,845	1,511
Advertising expenses	2,951	18,280
Sub-contract expenses for property agency services	2,631	7,034
Construction costs	1,748	2,943
Cost of tourism services	1,241	2,123
Others	99,029	71,444
	<hr/>	<hr/>
Total cost of sales, selling and marketing expenses and administrative expenses	2,154,788	2,119,094

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 EMPLOYEE BENEFIT EXPENSES

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Wages, salaries and bonuses	712,648	753,036
Share-based payments	1,614	–
Social insurance expenses and housing benefits (Note (a))	150,464	159,944
Other employee benefits (Note (b))	29,583	25,496
	<u>894,309</u>	<u>938,476</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.

9 OTHER INCOME

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest income from loans to related parties (Note 35(b))	59,627	–
Interest income from the refundable deposits paid to related parties (Note 35(b))	–	20,755
Government grants (Note(a))	11,857	7,632
Value-added tax ("VAT") deductible (Note(b))	5,099	7,165
Interest income on finance lease	1,816	–
Others	537	–
	<u>78,936</u>	<u>35,552</u>

(a) The 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 OTHER (LOSSES)/GAINS – NET

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Net foreign exchange gains	1,787	26,620
Losses on disposal of an investment property	(3,321)	–
Losses on disposal of other assets	(94)	(16,666)
Losses on partial disposal of equity interests in an associate	–	(2,702)
Gains on disposal of subsidiaries (Note 34)	2,067	–
Losses on disposal of property, plant and equipment and other intangible assets	(145)	(168)
Gains on early termination of lease contracts	2,236	–
Others	(5,616)	(2,488)
	<u>(3,086)</u>	<u>4,596</u>

11 FINANCE INCOME – NET

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Finance income		
Interest income from bank deposits	<u>23,002</u>	<u>18,811</u>
Finance costs		
Interest expense of lease liabilities	(4,352)	(5,835)
Others	(943)	(899)
	<u>(5,295)</u>	<u>(6,734)</u>
Finance income – net	<u>17,707</u>	<u>12,077</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 INCOME TAX EXPENSES

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current income tax		
– PRC corporate income tax	76,554	77,996
Deferred income tax		
– PRC corporate income tax	(26,386)	(25,897)
	50,168	52,099

The income tax expense for the period can be reconciled to the profit before income tax per the consolidated statement of comprehensive income as follows:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Profit before income tax	266,252	424,409
Tax charge at effective rate applicable to profits in the respective group entities	30,569	68,404
Tax effects of:		
– Expenses not deductible for tax purposes	3,332	1,111
– Tax effect of super deduction	(558)	(219)
– Effect of income not subject to income tax	(641)	–
– The impact of change in tax rate applicable to subsidiaries	5,036	(897)
– Adjustments on income tax for prior year which affect current profit or loss	–	(16,300)
– Tax effect of tax losses not recognised as deferred tax assets	12,430	–
Total income tax expenses	50,168	52,099

The effective income tax rate was 18.8% for the six months ended 30 June 2023 (six months ended 30 June 2022: 12.3%).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 INCOME TAX EXPENSES *(Continued)*

Hong Kong profits tax

No Hong Kong profits tax was applicable to the Group for the period ended 30 June 2023. There was a subsidiary incorporated in Hong Kong. No Hong Kong profit tax was provided for this Hong Kong subsidiary as there was no estimated taxable profits that was subject to Hong Kong profits tax during the period ended 30 June 2023 (six months ended 30 June 2022: same).

PRC corporate income tax

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

The general corporate income tax rate in the PRC is 25%. The Company and most 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 period ended 30 June 2023, 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 25% of their taxable income.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 EARNINGS PER SHARE

- (a) The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares during the six months ended 30 June 2023 and 2022.

The share award scheme (Note 28) granted and remained unexercised are not included in the calculation of diluted earnings per share because performance conditions has not been met at the end of the reporting period. Diluted earnings per share is equal to basic earnings per share.

Basic earnings per share

	Six months ended 30 June	
	2023 <i>(Unaudited)</i>	2022 <i>(Unaudited)</i>
Profit attributable to owners of the Company (RMB' 000)	189,479	357,233
Weighted average number of ordinary shares (in thousands)	645,919	651,878
Basic earnings per share for profit attributable to the owners of the Company during the period (expressed in RMB per share)	0.29	0.55

14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	Six months ended 30 June	
	2023 <i>RMB'000</i> <i>(Unaudited)</i>	2022 <i>RMB'000</i> <i>(Unaudited)</i>
Opening carrying amount	180,106	47,159
Additions	4,187	6,039
Share of net profits	9,301	405
Dividends received	(1,000)	–
Deregistration of an associate	(736)	–
Partial disposal of equity interests in an associate	–	(5,276)
Closing carrying amount	191,858	48,327

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Property, plant and equipment						Subtotal RMB'000	Right-of-use assets (Note 17) RMB'000	Total RMB'000
	Buildings RMB'000	Equipment and machinery RMB'000	Vehicles RMB'000	Furniture RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000			
As at 1 January 2022 (Audited)									
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	9,096	27,674	4,767	682	25,096	22,904	90,219	192,625	282,844
Six months ended 30 June 2022 (Unaudited)									
Opening net book amount	9,096	27,674	4,767	682	25,096	22,904	90,219	192,625	282,844
Additions	47,969	4,512	948	156	6,318	6,003	65,906	55,387	121,293
Acquisition of subsidiaries	-	4,794	105	265	6,616	-	11,780	1,063	12,843
Disposals	-	(275)	(185)	(3)	(72)	-	(535)	(4,580)	(5,115)
Depreciation charge	(127)	(4,037)	(636)	(140)	(3,799)	-	(8,739)	(15,607)	(24,346)
Closing net book amount	56,938	32,668	4,999	960	34,159	28,907	158,631	228,888	387,519
As at 30 June 2022 (Unaudited)									
Cost	57,394	77,537	7,966	2,771	50,575	28,907	225,150	258,166	483,316
Accumulated depreciation	(456)	(44,869)	(2,967)	(1,811)	(16,416)	-	(66,519)	(29,278)	(95,797)
Net book amount	56,938	32,668	4,999	960	34,159	28,907	158,631	228,888	387,519

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

	Property, plant and equipment							Right-of-use assets (Note 17)	Total
	Buildings	Equipment and machinery	Vehicles	Furniture	Leasehold improvements	Construction in progress	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023 (Audited)									
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	56,074	36,578	4,834	914	64,137	1,329	163,866	138,595	302,461
Six months ended 30 June 2023 (Unaudited)									
Opening net book amount	56,074	36,578	4,834	914	64,137	1,329	163,866	138,595	302,461
Additions	-	9,492	898	88	9,090	1,831	21,399	94,836	116,235
Acquisition of subsidiaries (Note 33)	-	533	345	37	-	-	915	-	915
Transfer to leasehold improvements	-	-	-	-	522	(522)	-	-	-
Disposal of subsidiaries	-	(19)	-	(14)	(423)	-	(456)	-	(456)
Disposals	-	(608)	(10)	(5)	(2,183)	-	(2,806)	(26,294)	(29,100)
Depreciation charge	(1,231)	(5,013)	(673)	(133)	(6,725)	-	(13,775)	(12,215)	(25,990)
Closing net book amount	54,843	40,963	5,394	887	64,418	2,638	169,143	194,922	364,065
As at 30 June 2023 (Unaudited)									
Cost	57,394	92,548	10,016	3,040	92,566	2,638	258,202	237,572	495,774
Accumulated depreciation	(2,551)	(51,585)	(4,622)	(2,153)	(28,148)	-	(89,059)	(42,650)	(131,709)
Net book amount	54,843	40,963	5,394	887	64,418	2,638	169,143	194,922	364,065

No property, plant and equipment is restricted or pledged as security for liabilities as at 30 June 2023 (31 December 2022: nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 INVESTMENT PROPERTIES

	Land and buildings <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2023 (Audited)			
Cost	7,859	34,430	42,289
Accumulated depreciation	(20)	(87)	(107)
Net book amount	<u>7,839</u>	<u>34,343</u>	<u>42,182</u>
Six months ended 30 June 2023 (Unaudited)			
Opening net book amount	7,839	34,343	42,182
Depreciation charge	(121)	(449)	(570)
Disposals	–	(14,330)	(14,330)
Closing net book amount	<u>7,718</u>	<u>19,564</u>	<u>27,282</u>
As at 30 June 2023 (Unaudited)			
Cost	7,859	19,914	27,773
Accumulated depreciation	(141)	(350)	(491)
Net book amount	<u>7,718</u>	<u>19,564</u>	<u>27,282</u>

For the period ended 30 June 2023, the 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 30 June 2023, the fair values of investment properties approximate their net book amounts.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 LEASES

Amounts recognized in the statement of financial position

	As at 30 June 2023 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2022 <i>RMB'000</i> <i>(Audited)</i>
Right-of-use assets		
Properties (Note 15)	<u>194,922</u>	<u>138,595</u>
Lease liabilities		
Current	29,704	24,788
Non-current	<u>171,413</u>	<u>119,855</u>
	<u>201,117</u>	<u>144,643</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 INTANGIBLE ASSETS

	Goodwill (Note 33) RMB'000	Customer relationship RMB'000	Software and others RMB'000	Total RMB'000
As at 1 January 2022 (Audited)				
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
Six months ended 30 June 2022 (Unaudited)				
Opening net book amount	410,041	113,118	17,634	540,793
Additions	–	–	3,627	3,627
Acquisition of subsidiaries	221,417	69,429	666	291,512
Amortization	–	(7,153)	(2,590)	(9,743)
Closing net book amount	631,458	175,394	19,337	826,189
As at 30 June 2022 (Unaudited)				
Cost	631,458	187,159	32,649	851,266
Accumulated amortization charge	–	(11,765)	(13,312)	(25,077)
Net book amount	631,458	175,394	19,337	826,189
As at 1 January 2023 (Audited)				
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
Six months ended 30 June 2023 (Unaudited)				
Opening net book amount	357,139	166,036	25,261	548,436
Additions	–	–	1,120	1,120
Acquisition of subsidiaries (Note 33)	81,803	89,300	77	171,180
Disposal of subsidiaries	–	–	(84)	(84)
Disposals	–	–	(11)	(11)
Amortization	–	(11,396)	(3,580)	(14,976)
Closing net book amount	438,942	243,940	22,783	705,665
As at 30 June 2023 (Unaudited)				
Cost	727,072	276,459	42,938	1,046,469
Accumulated amortization charge	–	(32,519)	(20,155)	(52,674)
Accumulated impairment	(288,130)	–	–	(288,130)
Net book amount	438,942	243,940	22,783	705,665

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 INTANGIBLE ASSETS *(Continued)*

- (a) No intangible asset is restricted or pledged as security for liabilities as at 30 June 2023 (31 December 2022: nil).
- (b) During the period, the Group acquired 100% equity interests in Chengdu Shuchuan Property Services Co., Ltd. (“Shuchuan Services”) and 100% equity interests in Shijiazhuang New Oriental Property Services Co., Ltd. (“New Oriental Services”). The total identifiable net assets of these entities acquired as at their respective acquisition date amounted to RMB77,469,000, including identified customer relationship of RMB89,300,000 recognized by the Group. Customer relationships acquired in a business combination are 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. Amortisation is calculated using the straight-line method over the expected life of 10 years for the customer relationships.

The excess of the consideration transferred and the amount of the non-controlling interests in the acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill.

As the result of management assessment, no impairment provision on goodwill was recognized as at 30 June 2023 (31 December 2022: RMB288,130,000).

19 INVENTORIES

	As at 30 June 2023 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2022 <i>RMB'000</i> <i>(Audited)</i>
Merchandise goods	20,624	14,868
Consumables	13,490	11,961
Raw materials	4,402	3,126
	<u>38,516</u>	<u>29,955</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 OTHER ASSETS

	As at 30 June 2023 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2022 <i>RMB'000</i> <i>(Audited)</i>
Parking lots	24,290	25,498
Less: allowance for impairment	<u>(5,840)</u>	<u>(5,840)</u>
	<u><u>18,450</u></u>	<u><u>19,658</u></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 CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 LOAN RECEIVABLES

	As at 30 June 2023 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2022 <i>RMB'000</i> <i>(Audited)</i>
Loans to a related party		
– Related parties (Note 35(d))	<u>1,565,236</u>	<u>1,505,609</u>
Less: allowance for impairment of loan receivables	<u>(152,374)</u>	<u>(118,943)</u>
	<u>1,412,862</u>	<u>1,386,666</u>
Loans to a related party		
Beginning of the period	1,386,666	–
Loans advanced	–	1,500,000
Interest charged	59,627	5,609
Loss allowance charged	<u>(33,431)</u>	<u>(118,943)</u>
	<u>1,412,862</u>	<u>1,386,666</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. 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 30 June 2023 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 TRADE AND BILL AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables (Note (a))		
– Related parties (Note 35(d))	639,022	597,442
– Third parties	2,264,039	1,916,515
	<u>2,903,061</u>	<u>2,513,957</u>
Less: allowance for impairment of trade receivables	(1,148,988)	(1,029,509)
	<u>1,754,073</u>	<u>1,484,448</u>
Bill receivables		
– Related parties (Note 35(d))	15,450	16,532
– Third parties	500	500
	<u>15,950</u>	<u>17,032</u>
Less: allowance for impairment of bill receivables	(12,999)	(17,032)
	<u>2,951</u>	<u>–</u>
Other receivables		
– Related parties (Note 35(d))	870,308	904,360
– Third parties	945,770	977,091
	<u>1,816,078</u>	<u>1,881,451</u>
Less: allowance for impairment of other receivables	(1,080,875)	(1,078,231)
	<u>735,203</u>	<u>803,220</u>
Prepayments		
– Related parties (Note 35(d))	8,995	7,692
– Third parties	51,120	59,361
	<u>60,115</u>	<u>67,053</u>
Finance lease receivables (Note (b))		
– Related parties (Note 35(d))	80,276	79,493
– Third parties	3,088	3,814
	<u>83,364</u>	<u>83,307</u>
Input VAT to be deducted	<u>23,381</u>	<u>31,917</u>
Total	<u>2,659,087</u>	<u>2,469,945</u>
Less: non-current portion of other receivables		
– Finance lease receivables (Note (b))	(81,311)	(81,203)
– Prepayments for acquisition of equity interests	(2,540)	–
	<u>(83,851)</u>	<u>(81,203)</u>
Current portion of trade and bill and other receivables and prepayments	<u>2,575,236</u>	<u>2,388,742</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

- (a) Trade receivables mainly arise from space property management services income.

Space property management services income are received in accordance with the terms of the relevant services agreements. Service income from space property management service is due for payment by the residents upon the issuance of demand note and property developers upon the issuance of document of settlement.

- (b) Included in the other receivables balance are the finance lease receivables with aggregate carrying amount of approximately RMB83,364,000 (31 December 2022: RMB83,307,000). Certain leased properties were classified as finance leases as the terms of the lease transfer substantially all the risks and rewards incidental to lessees. Amounts due from lessees under finance leases are recognised as finance lease receivables which included in the non-current and current other receivables amounting to approximately RMB81,311,000 and RMB2,053,000 (31 December 2022: RMB81,203,000 and RMB2,104,000), respectively.

As at 30 June 2023 and 31 December 2022 the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 30 June 2023 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2022 <i>RMB'000</i> <i>(Audited)</i>
Up to 1 year	1,598,233	1,564,824
Over 1 year	1,304,828	949,133
	<u>2,903,061</u>	<u>2,513,957</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2023, a provision of RMB1,148,988,000 was made against the gross amounts of trade receivables (31 December 2022: RMB1,029,509,000).

23 RESTRICTED CASH

As at 30 June 2023, restricted cash mainly represents the Company's cash deposits in the bank as performance security for property management services according to the requirement of certain clients.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

24 CASH AND CASH EQUIVALENTS

	As at 30 June 2023 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2022 <i>RMB'000</i> <i>(Audited)</i>
Cash at bank, payment platforms and on hand (Note(a))		
– Denominated in RMB	2,778,761	3,047,439
– Denominated in HK\$	66,439	15,379
– Denominated in US\$	6,271	6,966
	<u>2,851,471</u>	<u>3,069,784</u>

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

25 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

25 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Fair value hierarchy *(Continued)*

	As at 30 June 2023 <i>RMB'000</i> <i>(Unaudited)</i> Level 3	As at 31 December 2022 <i>RMB'000</i> <i>(Audited)</i> Level 3
Recurring fair value measurements		
Financial assets		
Financial assets at FVPL		
Fund with limited life (i)	51,000	51,000
Wealth management products	3,000	–
	<u>54,000</u>	<u>51,000</u>
Financial liabilities		
Contingent consideration payable (ii)	<u>50,684</u>	<u>–</u>

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).

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

The Group did not measure any financial assets at fair value on a non-recurring basis as at 30 June 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

25 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Fair value hierarchy (Continued)

- (i) Fund with limited life 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.

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 30 June 2023 was considered insignificant. Thus, the fair value of these equity investments approximated the investment cost as at 30 June 2023.

- (ii) Pursuant to the acquisition agreements, the acquired entity Shuchuan Services owns a number of property management projects which are contracted but undelivered. The contingent consideration arrangement requires the Group to pay the former owner of Shuchuan Services the consideration of contracted but undelivered projects depending on the performance of these projects when those projects are actual delivered.

A third-party appraiser has been engaged to evaluate the fair value of the contingent consideration on the acquisition date and contingent consideration is recognised as financial liabilities at FVPL in the consolidated balance sheet.

- (b) The Group's financial assets and liabilities at fair values included fund with limited life, wealth management products, unlisted equity securities, and financial liabilities for contingent consideration payable, fair value of which are estimated based on unobservable inputs (level 3). The following table presents the changes in level 3 instruments for six months ended 30 June 2023 and 30 June 2022.

	Financial assets at FVPL		Financial liabilities for
	Fund with	Wealth	contingent
	limited life	management	consideration
	products	payable	
	RMB'000	RMB'000	RMB'000
Opening balance as at 1 January 2023	51,000	–	–
Addition	–	3,000	(50,684)
Closing balance as at 30 June 2023	51,000	3,000	(50,684)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

25 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

- (c) The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value at 30 June 2023 RMB'000	Unobservable input	Range (probability- weighted average)	Relationship of unobservable inputs to fair value
Contingent consideration payable	50,684	discount rate	3.65%	An increase/decrease in discount rate by 1% results in a decrease/increase in fair value by RMB678,000/698,000

26 SHARE CAPITAL

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

	Number of ordinary shares	Share capital RMB'000
Issued and fully paid		
As at 1 January 2023	652,848,100	652,848
Cancellation of shares (Note 27(b))	<u>(1,556,800)</u>	<u>(1,557)</u>
As at 30 June 2023	<u>651,291,300</u>	<u>651,291</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

27 RESERVES

	Treasury shares	Shares held for share award scheme	Capital reserves	Employee share-based compensation reserves	Statutory reserves	Total other reserves	Retained earnings/(accumulated losses)	Total reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2022 (Audited)	-	(13,281)	5,679,480	-	134,562	5,800,761	1,203,396	7,004,157
Profit for the period	-	-	-	-	-	-	357,233	357,233
Acquisition of additional interests in subsidiaries	-	-	(867)	-	-	(867)	-	(867)
Dividends declared to owners of the Company (Note 32)	-	-	-	-	-	-	(424,351)	(424,351)
Purchase of shares in connection with share award scheme	-	(75,353)	-	-	-	(75,353)	-	(75,353)
Balance at 30 June 2022 (Unaudited)	-	(88,634)	5,678,613	-	134,562	5,724,541	1,136,278	6,860,819
Balance at 1 January 2023 (Audited)	-	(100,156)	5,679,029	-	134,562	5,713,435	(1,039,500)	4,673,935
Profit for the period	-	-	-	-	-	-	189,479	189,479
Cancellation of shares (Note(b))	15,763	-	(14,206)	-	-	1,557	-	1,557
Acquisition of additional interests in subsidiaries	-	-	38	-	-	38	-	38
Repurchase of shares of the Company (Note(b))	(26,766)	-	-	-	-	(26,766)	-	(26,766)
Share option scheme – value of employee services	-	-	-	1,614	-	1,614	-	1,614
Purchase of shares in connection with share award scheme (Note(a))	-	(16,387)	-	-	-	(16,387)	-	(16,387)
Balance at 30 June 2023 (Unaudited)	(11,003)	(116,543)	5,664,861	1,614	134,562	5,673,491	(850,021)	4,823,470

- (a) 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.

As of 30 June 2023, the trustee has purchased 7,097,325 shares of the Company which unit price at HK\$11.87 to HK\$33.43, totalling HK\$135,967,000 (equivalent to approximately RMB116,543,000). On 8 June 2023, 4,290,000 shares have been granted to eligible participants and will be vested until certain performance conditions are satisfied.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

27 RESERVES (Continued)

- (b) During the period ended 30 June 2023, the Company repurchased a total of 2,682,200 shares, of which 1,556,800 shares were cancelled. The total consideration for repurchasing these shares was RMB26,766,000, which has been deducted from equity attributable to the owners of the Company. The shares were acquired at prices ranging from HK\$10.06 to HK\$11.52.

28 SHARE-BASED PAYMENTS

On 30 December 2022, the Board of the Company approved a scheme under which shares would be purchased on the Stock Exchange by the Company and grant to employees for no cash consideration. In June 2023, the Company granted an aggregate of 4,290,000 shares to employees. Pursuant to the terms of the share award scheme, the shares granted are subject to certain service and performance conditions.

The shares granted to the grantees will be vested based on the following rates on the first HKEX trading date twelve months after the date of grant to eligible participants, taking into consideration that the vesting conditions above are satisfied in the relevant financial year: (i) 30% of the total number of the shares will be vested in the financial year in which the share are granted (the "Grant Year"); (ii) 30% of the total number of the shares will be vested in the financial year immediately following the Grant Year; and (iii) 40% of the total number of the shares will be vested in the second financial year after the Grant Year. If the vesting conditions above have not been fulfilled during the relevant financial year, the corresponding share granted will lapse.

Movement in the number of shares granted to directors and employees are as follows:

	Average price per share	Number of shares
As at 1 January 2023		–
Granted	HK\$11.6	<u>4,290,000</u>
As at 30 June 2023		<u><u>4,290,000</u></u>

The total expense of equity-settled transactions is recognised in administrative expense (Note 8), together with a corresponding increase in equity (Note 27).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

29 TRADE AND BILL AND OTHER PAYABLES

	As at 30 June 2023 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2022 <i>RMB'000</i> <i>(Audited)</i>
Trade payables (Note (b))		
– Related parties (Note 35(d))	10,682	6,719
– Third parties	749,320	803,792
	<u>760,002</u>	<u>810,511</u>
Bill payables		
– Third parties	25,786	28,255
Other payables		
– Related parties (Note 35(d))	92,001	35,463
– Third parties	886,077	841,835
	<u>978,078</u>	<u>877,298</u>
Accrued payroll	151,787	179,502
Other taxes payables	62,612	56,798
	<u>214,399</u>	<u>236,300</u>
	<u><u>1,978,265</u></u>	<u><u>1,952,364</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

29 TRADE AND BILL AND OTHER PAYABLES *(Continued)*

- (a) As at 30 June 2023 and 31 December 2022, the carrying amounts of trade and bill and other payables approximated their fair values.
- (b) As at 30 June 2023 and 31 December 2022, the ageing analysis of the trade payables based on invoice date were as follows:

	As at 30 June 2023 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2022 <i>RMB'000</i> <i>(Audited)</i>
Up to 1 year	692,575	766,457
Over 1 year	67,427	44,054
	<u>760,002</u>	<u>810,511</u>

30 CONTRACT LIABILITIES

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

	As at 30 June 2023 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2022 <i>RMB'000</i> <i>(Audited)</i>
Space property management services	634,233	710,555
Local catering services	11,961	12,987
Community value-added services	6,769	10,217
Smart living technology solutions	7,188	6,440
	<u>660,151</u>	<u>740,199</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

31 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

	As at 30 June 2023 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2022 <i>RMB'000</i> <i>(Audited)</i>
Financial liabilities at amortized cost		
Financial instruments issued to investors	<u>44,057</u>	<u>43,126</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”).

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

31 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS *(Continued)*

Liquidation Preferences *(Continued)*

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.

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 30 June 2023 <i>RMB'000</i>
Carrying amount at of 1 January 2023	43,126
Accrued interest	<u>931</u>
Carrying amount at 30 June 2023	<u><u>44,057</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

32 DIVIDENDS

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Dividends declared	-	424,351

Pursuant to the approval at the annual general meeting of shareholders of the Company on 8 June 2023, no dividend has been proposed by the Company for the year ended 31 December 2022.

The Board resolved not to declare any interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: nil).

33 BUSINESS COMBINATIONS

During the period, the Group acquired 51% equity interests in Shuchuan Services and entered a forward contract under which the Group is required to purchase the 49% non-controlling interest in January 2024. Based on the facts and circumstances of the transaction, the Group considers that the risks and rewards of ownership has transferred to the Group, so a non-controlling interest is not recognised. The Group should reflect an economic interest of 100% in Shuchuan Services.

The Group acquired 100% equity interests in Shuchuan Services and 100% equity interests in New Oriental Services at an aggregated consideration of RMB159,272,000. The total identifiable net assets of these entities acquired as at their respective acquisition date amounted to RMB77,469,000.

Goodwill of RMB81,803,000 primarily arose from the expected future development of these companies' business, improvement on market coverage, enrichment of the service portfolio, integration of value-added services, and improvement on management efficiency, etc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

33 BUSINESS COMBINATIONS *(Continued)*

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

	Total <i>RMB'000</i>
Purchase Consideration	
– Cash paid	64,438
– Consideration payable	44,150
– Contingent consideration (Note 25(a)(ii))	<u>50,684</u>
Total purchase consideration	<u>159,272</u>
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	18,706
Property, plant and equipment (Note 15)	915
Other intangibles (excluding customer relationship) (Note 18)	77
Customer relationship (Note 18)	89,300
Trade and other receivables and prepayments	44,596
Inventories	355
Trade and other payables	(34,607)
Contract liabilities	(22,917)
Current income tax liabilities	(3,231)
Deferred income tax liabilities	<u>(15,725)</u>
Total identifiable net assets	77,469
Less: non-controlling interests	–
Identifiable net assets attributable to the Company	<u>77,469</u>
 Goodwill (Note 18)	 <u><u>81,803</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

33 BUSINESS COMBINATIONS (Continued)

- (i) Net cash outflow arising from the acquisitions during the period ended 30 June 2023:

	<i>RMB'000</i>
Cash considerations paid in the period	64,438
Cash and cash equivalents acquired on the acquisition date	<u>(18,706)</u>
Net cash outflow on acquisitions	<u><u>45,732</u></u>

- (ii) Revenue and profit contribution

The acquired businesses contributed revenue of RMB28,333,000 and net profit of RMB3,990,000 to the Group for the period from their respective acquisition dates to 30 June 2023.

If the acquisitions had occurred on 1 January 2023, the consolidated statements of comprehensive income for the period ended 30 June 2023 would show pro-forma revenue of RMB2,494,872,000 and net profit of RMB214,460,000.

34 DISPOSAL OF SUBSIDIARIES

During the period ended 30 June 2023, the Group disposed of interests in several subsidiaries to third parties. Details of the disposals are as follows:

	<i>Total RMB'000</i>
Disposal considerations	
Cash received	621
Outstanding and included in other receivables	<u>1,233</u>
Total disposal considerations	<u>1,854</u>
Total net liabilities of subsidiaries disposed of	613
Less: non-controlling interests disposed of	<u>(400)</u>
	213
Gains on disposals	<u>2,067</u>
Cash proceeds from disposals, net of cash disposed of	
Cash considerations received	621
Less: cash and cash equivalents in the subsidiaries disposed of	<u>(5,227)</u>
Net cash outflow on disposals	<u><u>(4,606)</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
Chongqing Meike Property Development Co., Ltd.* 重慶美科房地產開發有限公司	Joint venture of Jinke Property
Chongqing Bijiyi Property Development Co., Ltd.* 重慶市碧嘉逸房地產開發有限公司	Joint 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
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.* 重慶威斯勒建設有限公司	Joint venture of Jinke Property

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
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
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
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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
Sishui Jinmengquan Real Estate Development Co., Ltd.* 泗水金孟泉房地產開發有限公司	Joint venture of Jinke Property
Guizhou Longli Tianchen Real Estate Development Co., Ltd.* 貴州龍裡天宸房地產開發有限公司	Joint 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
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
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
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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
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
Zhengzhou Qianshang Real Estate Co., Ltd.* 鄭州千上置業有限公司	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 Jitai Real Estate Development Co., Ltd.* 重慶基泰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
Changsha Jinchao Real Estate Co., Ltd.* 長沙金朝置業有限公司	Joint venture of Jinke Property
Xinxiang Jinke Jingchao Industrial Development Co., Ltd.* 新鄉金科景朝產業發展有限公司	Joint venture of Jinke Property
Chongqing Yingtai Boyuan Real Estate Co., Ltd.* 重慶盈泰博遠置業有限公司	Joint venture of Jinke Property
Chengdu Jinkang Smart 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
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
Jian Jincheng 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
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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
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
Wenzhou Kaiyi Enterprises Co., Ltd.* 溫州市凱壹置業有限公司	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
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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
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
Chongqing Weicheng Real Estate Co., Ltd.* 重慶韋成置業有限公司	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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
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
Guangxi Tangfeng Investment Co., Ltd.* 廣西唐峰投資有限公司	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 Jinyao Hengdu Real Estate Co., Ltd.* 南陽金耀恒都置業有限公司	Associate of Jinke Property
Hubei Jiaotou HaiLujing Yandi 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
Wenzhou Glory Real Estate Co., Ltd.* 溫州榮耀置業有限公司	Associate of Jinke Property

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
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
Guangxi Miaotai Real Estate Investment Co., Ltd.* 廣西淼泰房地產投資有限公司	Associate of Jinke Property
Gongyi Bixin Real Estate Co., Ltd.* 鞏義市碧欣置業有限公司	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
Nanyang Zhongliang Chengtong Real Estate Co., Ltd.* 南陽中梁城通置業有限公司	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
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
Nanning Yutongjin Real Estate Development Co., Ltd.* 南寧市玉桶金房地產開發有限責任公司	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
Handan Rongkai Real Estate Development Co., Ltd.* 邯鄲榮凱房地產開發有限公司	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
Hunan Baize Property Management Co., Ltd.* 湖南白澤物業管理有限公司	Joint venture of Jinke Services
Wuhan Wenfu Jinju Smart Services Management Co., Ltd.* 武漢文服金聚智慧服務管理有限公司	Joint venture of Jinke Services
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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship
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
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
Tianjin Jinhenghao Enterprise Management Partnership (Limited Partnership) 天津金恒好企業管理合夥企業(有限合夥)	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 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
Guangyuan Jinke Property Services Co., Ltd.* 廣元金科物業服務有限公司	Associate of Jinke Services
Neijiang Road Intelligence Property Service Co., Ltd.* 內江路科智慧物業服務有限公司	Associate of Jinke Services
Neijiang Xinchuang Intelligent Property Services Co., Ltd.* 內江新創智慧物業服務有限公司	Associate of Jinke Services
Wuhan Zhuoxi Hotel Management Co., Ltd.* 武漢卓璽酒店管理有限公司	Associate of Jinke Services
Jinan Jinke Xicheng real estate development Co., Ltd.* 濟南金科西城房地產開發有限公司	Associate of Jinke Services

* 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Provision of services		
– Jinke Property Group (i)	71,934	341,317
– Joint ventures of Jinke Property (i)	12,549	24,690
– Associate of Jinke Property (i)	–	29,999
– Joint ventures and associates of Jinke Services	2,173	5,305
	<u>86,656</u>	<u>401,311</u>
Acquisition of properties		
– Jinke Property Group (i)	–	47,969
Purchase of goods and services		
– Jinke Property Group (i)	237	1,241
– Joint ventures of Jinke Property (i)	14	–
– Joint ventures and associates of Jinke Services	7,585	6,446
	<u>7,836</u>	<u>7,687</u>
Rental expenses		
– Jinke Property Group (i)	–	127
Interest income from the refundable deposits paid to related parties (Note 9)		
– Jinke Property Group	–	20,755
Interest income from loans to a related party		
– Jinke Property Group (i)	59,627	–
Payment of lease liabilities		
– Jinke Property Group (i)	3,891	2,070

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Transactions with related parties *(Continued)*

- (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 associates of Jinke Property are no longer related parties of Jinke Services after the completion of the Offer.

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.

(c) Key management compensation

Compensations for key management other than those for directors and supervisors is set out below.

	Six months ended 30 June	
	2023 <i>RMB'000</i> <i>(Unaudited)</i>	2022 <i>RMB'000</i> <i>(Unaudited)</i>
Salaries and other short-term employee benefits	2,389	–
Share-based payments	243	–
Discretionary Bonuses	–	–
Contribution to pension scheme	53	–
	2,685	–

There is no compensation for key management other than directors during the six months ended 30 June 2022.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS (Continued)

(d) Balances with related parties

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables		
– Jinke Property Group (i)	590,210	550,861
– Joint ventures of Jinke Property (i)	44,996	44,075
– Joint ventures and associates of Jinke Services	3,816	2,506
	<u>639,022</u>	<u>597,442</u>
Bill receivables		
– Jinke Property Group (i)	<u>15,450</u>	<u>16,532</u>
Loans to a related party		
– Jinke Property Group (i)	<u>1,565,236</u>	<u>1,505,609</u>
Other receivables		
– Jinke Property Group (i) (ii)	853,724	887,730
– Joint ventures of Jinke Property (i)	16,482	16,024
– Joint ventures and associates of Jinke Services	102	606
	<u>870,308</u>	<u>904,360</u>
Finance lease receivables		
– Joint ventures and associates of Jinke Services	<u>80,276</u>	<u>79,493</u>
Prepayments		
– Jinke Property Group (i)	<u>8,995</u>	<u>7,692</u>
Trade payables		
– Jinke Property Group	2,782	1,030
– Joint ventures of Jinke Property (i)	–	261
– Joint ventures and associates of Jinke Services	7,900	5,428
	<u>10,682</u>	<u>6,719</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS (Continued)

(d) Balances with related parties (Continued)

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Other payables		
– Jinke Property Group (i)	91,622	34,098
– Joint ventures of Jinke Property (i)	299	265
– Joint ventures and associates of Jinke Services	80	1,100
	<u>92,001</u>	<u>35,463</u>
Contract liabilities		
– Jinke Property Group (i)	4,813	4,281
– Joint ventures of Jinke Property (i)	862	877
– Joint ventures and associates of Jinke Services	110	50
	<u>5,785</u>	<u>5,208</u>

- (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 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.

Above trade receivables and trade payables 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 and refundable deposits for equity acquisition, are non-trade in nature.

Other payables due to related parties are unsecured, interest-free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

36 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 27 July 2023, the Company has reached a consensus with the original shareholders to execute the investment arrangement to obtain a maximum of 66.85% equity interest of Shanghai Hotspot Catering Service Co., Ltd. at an aggregated consideration of approximately RMB243,700,000.

GLOSSARY AND DEFINITION

In this interim report, unless the context otherwise requires, the following words and expressions have the following meanings.

“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China
“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
“Corporate Governance Code”	the Corporate Governance Code contained in Part 2 of the Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Group” or “we”	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
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates (within the meaning of the Listing Rules)
“Jinke Property”	Jinke Property Group Co., Ltd.* (金科地產集團股份有限公司), a joint stock company with limited liability established in the PRC on 29 March 1994, listed on the Shenzhen Stock Exchange (stock code: 000656.SZ)

GLOSSARY AND DEFINITION

“Jinke Property Group”	Jinke Property and its subsidiaries
“Listing”	the listing of the H Shares on the main board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Nomination Committee”	the nomination committee of the Board
“Over-allotment Option”	the option granted by the Company to allot and issue up to 19,936,700 additional H Shares in connection with the global offering of the Company as disclosed in the Prospectus
“Period”	the six months ended 30 June 2023
“Prospectus”	the prospectus of the Company dated 5 November 2020
“Remuneration Committee”	the remuneration committee of the Board
“RMB”	Renminbi, the lawful currency of the PRC
“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)
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“US\$”	United States dollars, the lawful currency in the United States of America
“%”	per cent

* For identification purpose only

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