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Jinke 金科服务

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Jinke Smart Services Group Co., Ltd.

金科智慧服務集團股份有限公司

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

(Stock Code: 9666)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2021 RESULTS HIGHLIGHTS

- In 2021, total revenue of the Group increased to RMB5,968.4 million, representing an increase of approximately 77.0% from RMB3,371.9 million for the corresponding period in 2020. In 2021, revenue generated from space property management services, community value-added services, local catering services and smart living technology solutions contributed approximately 65.4%, 25.0%, 7.9% and 1.7% to the total revenue, respectively.
- Revenue generated from space property management services of the Group increased to RMB3,900.2 million, representing an increase of approximately 35.1% from RMB2,885.9 million for the corresponding period in 2020. In particular, revenue generated from property management services increased to RMB2,866.6 million, representing an increase of approximately 41.6% from RMB2,024.0 million for the corresponding period in 2020. The GFA under management increased by approximately 52.3% to 237.9 million sq.m. as at 31 December 2021 from 156.2 million sq.m. as at 31 December 2020, of which 57.7% belongs to properties developed by Independent Third Parties. As at 31 December 2021, the Group's contracted GFA reached approximately 359.8 million sq.m., 62.9% of which belongs to properties developed by Independent Third Parties.
- Gross profit of the Group increased to RMB1,846.4 million, representing an increase of approximately 82.9% from RMB1,009.3 million for the corresponding period in 2020. Gross profit margin increased by 1 percentage point to 30.9% from 29.9% in 2020.
- The Group's profit for the year amounted to RMB1,076.8 million, representing an increase of approximately 70.3% from RMB632.2 million for the corresponding period in 2020. Benefiting from the favorable income tax policies for "Development of Western Region" and for high-tech enterprises, the Group's effective income tax rate for the Year was 18.5%.
- In 2021, profit attributable to owners of the Company increased to RMB1,057.2 million, representing an increase of approximately 71.5% from RMB616.6 million for the corresponding period in 2020.
- As at 31 December 2021, the Group had cash and cash equivalents and term deposits of approximately RMB5,167.4 million.
- The Board recommended the cash dividend for the full year 2021-2025 of not less than 40% of profit attributable to owners of the Company for the year, and the payment of a final dividend of RMB0.65 per share for the year ended 31 December 2021 (2020: RMB0.50 per share).

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Jinke Smart Services Group Co., Ltd. (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (the “**Group**” or “**we**”) for the year ended 31 December 2021 (the “**Year**”), together with comparative figures for the year ended 31 December 2020, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

		Year ended 31 December	
	Note	2021	2020
		RMB'000	RMB'000
			(Restated)
Revenue	4	5,968,448	3,371,878
Cost of sales	5	(4,122,014)	(2,362,589)
Gross profit		1,846,434	1,009,289
Selling and marketing expenses	5	(3,073)	(1,672)
Administrative expenses	5	(481,288)	(251,600)
Net impairment losses on financial assets		(68,728)	(8,209)
Other income	6	25,223	47,908
Other losses – net	7	(26,957)	(37,269)
Operating profit		1,291,611	758,447
Finance income		26,732	85,394
Finance cost		(1,591)	(76,988)
Finance income – net		25,141	8,406
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method		4,101	(845)
Profit before income tax		1,320,853	766,008
Income tax expenses	8	(244,023)	(133,791)
Profit and total comprehensive income for the year		1,076,830	632,217
Profit and total comprehensive income attributable to:			
– Owners of the Company		1,057,182	616,616
– Non-controlling interests		19,648	15,601
		1,076,830	632,217
Earnings per share (expressed in RMB per share)			
– Basic and diluted earnings per share	9	1.62	1.24

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	<i>Note</i>	As at 31 December 2021 RMB'000	2020 RMB'000 (Restated)
Assets			
Non-current assets			
Property, plant and equipment		90,219	33,779
Right-of-use assets		192,625	49,235
Goodwill	<i>13</i>	410,041	—
Other intangible assets	<i>13</i>	130,752	9,988
Investments in associates and joint ventures		47,159	4,850
Prepayments for acquisition of equity interests		92,774	6,049
Deferred income tax assets		19,936	5,515
		983,506	109,416
Current assets			
Inventories		22,866	16,273
Other assets		53,320	60,602
Trade and bill and other receivables and prepayments	<i>10</i>	4,210,273	1,581,633
Restricted cash		2,083	364
Term deposits		245,169	—
Cash and cash equivalents	<i>11</i>	4,922,276	6,856,275
		9,455,987	8,515,147
Total assets		10,439,493	8,624,563
Equity			
Equity attributable to owners of the Company			
Share capital		652,848	652,848
Other reserves		5,800,761	5,995,270
Retained earnings		1,203,396	550,218
		7,657,005	7,198,336
Non-controlling interests		72,971	38,311
Total equity		7,729,976	7,236,647

		As at 31 December	
	Note	2021	2020
		RMB'000	RMB'000
			(Restated)
Liabilities			
Non-current liabilities			
Lease liabilities		176,281	45,406
Deferred income tax liabilities		16,968	676
		<u>193,249</u>	<u>46,082</u>
Current liabilities			
Trade and bill and other payables	12	1,725,480	879,215
Lease liabilities		23,993	3,245
Contract liabilities	4(a)	586,192	386,897
Current income tax liabilities		180,603	72,477
		<u>2,516,268</u>	<u>1,341,834</u>
Total liabilities		<u>2,709,517</u>	<u>1,387,916</u>
Total equity and liabilities		<u><u>10,439,493</u></u>	<u><u>8,624,563</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1 GENERAL INFORMATION

Jinke Smart Services 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 are primarily engaged in the provision of space property management services, community value-added services, local catering services and smart living technology solutions in the PRC.

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied for the preparation of the consolidated financial statements are set out in the note. These policies have been consistently applied to all consolidated financial statements, unless otherwise stated. The consolidated financial statements are applied to the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

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

(b) Historical cost convention

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

(c) New and amended standards adopted by the Group

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

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

(d) New standards and interpretations not yet adopted by the Group

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

2.1.1 Changes in accounting policy and disclosures

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

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.

3 SEGMENT INFORMATION

Managements have determined operating segments based on the reports reviewed by the chief operating decision makers (the “CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

During the years ended 31 December 2021 and 2020, the Group is principally engaged in the provision of space property management services, community value-added services, local catering services and smart living technology solutions in the PRC.

During the years ended 31 December 2021 and 2020, all the segments are domiciled in the PRC and all the revenue are derived in the PRC, and the segments are principally engaged in the provision of similar services to similar customers. All operating segments of the Group were aggregated into a single operating segment.

As at 31 December 2021, all assets are located in the Mainland of PRC, except for cash and cash equivalents of HK\$842,358,000 (equivalent to RMB688,712,000) and US\$1,008,000 (equivalent to RMB6,430,000) located in Hong Kong.

4 REVENUE

Revenue mainly comprises of proceeds from space property management services, community value-added services, local catering services and smart living technology solutions. An analysis of the Group's revenue by category for the years ended 31 December 2021 and 2020 is as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Recognized over time		
– Space property management services	3,809,295	2,730,201
– Community value-added services	995,419	188,817
– Local catering services	33,347	12,934
– Smart living technology solutions	99,528	47,728
	4,937,589	2,979,680
Recognized at a point in time		
– Space property management services	90,900	155,686
– Community value-added services	499,314	35,613
– Local catering services	440,645	200,899
	1,030,859	392,198
	5,968,448	3,371,878

For the years ended 31 December 2021 and 2020, revenue from the Jinke Property Group contributed to 17% and 20% of the Group's revenue, respectively. Other than the Jinke Property Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

(a) **Contract liabilities**

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

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Space property management services	571,398	378,481
Community value-added services	9,130	7,025
Local catering services	890	581
Smart living technology solutions	4,774	810
	586,192	386,897

(i) **Significant changes in contract liabilities**

Contract liabilities mainly arise from the advance payments made by customers while the underlying services are yet to be provided. The increase in contract liabilities was mainly due to the business expansion.

(ii) **Revenue recognized in relation to contract liabilities**

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

The Group

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year		
Space property management services	378,481	283,367
Community value-added services	7,025	7,638
Local catering services	581	47
Smart living technology solutions	810	197
	386,897	291,249

(iii) **Unsatisfied performance obligations**

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

For community value-added services, local catering services and smart living technology solutions, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

(b) **Assets recognized from incremental costs to obtain a contract**

For the year ended 31 December 2021, there were no significant incremental costs to obtain a contract (31 December 2020: Nil).

5 EXPENSES BY NATURE

	Year ended 31 December	
	2021	2020.
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Employee benefit expenses	1,532,655	1,103,984
Cost of goods sold	757,733	375,277
Greening and cleaning expenses	637,168	417,483
Security charges	381,123	255,225
Cost of tourism services (<i>Note (a)</i>)	324,215	4,372
Maintenance costs	163,937	131,393
Utilities	151,889	85,290
Sub-contract expenses for property agency services	135,797	—
Raw materials	117,965	37,475
Office expenses	48,449	34,753
Travelling and entertainment expenses	33,898	22,362
Construction costs	26,298	4,818
Community activities expenses	25,180	14,052
Taxes and other levies	24,101	14,259
Depreciation and amortization charges	23,509	14,668
Research expenses	17,978	9,203
Short-term lease expenses	17,264	8,452
Bank charges	13,709	10,102
Audit services		
– Annual audit and interim review services	3,585	1,975
– Non-audit services	170	—
Others	169,752	70,718
	<hr/>	<hr/>
Total cost of sales, selling and marketing expenses and administrative expenses	4,606,375	2,615,861
	<hr/>	<hr/>

- (a) Cost of tourism services represents the cost of the tourism products, mainly including hotel fee and cost of the tickets sold to customers.

6 OTHER INCOME

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Value-added tax ("VAT") deductible (<i>Note (a)</i>)	13,990	8,692
Government grants (<i>Note (b)</i>)	11,233	23,935
Interest income from loans to related parties	—	15,281
	25,223	47,908

- (a) VAT deductible mainly included additional deduction of input VAT applicable to certain subsidiaries.
- (b) The government grants mainly represent financial subsidies granted by local government. There are no unfulfilled conditions or other contingencies attached to these grants.

7 OTHER LOSSES-NET

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Net foreign exchange losses	(77,522)	(40,303)
Gains on settlement of financial assets at fair value through profit or loss	49,795	—
Gains on wealth management products	392	—
Gains from bargain purchase	2,011	—
Losses on disposal of subsidiaries	—	(2,457)
Losses on disposal of property, plant and equipment and intangible assets	(537)	(157)
(Losses)/gains on disposal of other assets	(456)	904
Written-off of payables	—	2,701
Others	(640)	2,043
	(26,957)	(37,269)

8 INCOME TAX EXPENSES

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Current income tax		
– PRC corporate income tax	258,627	131,503
Deferred income tax		
– PRC corporate income tax	(14,604)	2,288
	<u>244,023</u>	<u>133,791</u>

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

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Profit before income tax	1,320,853	766,008
Tax charge at effective rate applicable to profits in the entities of the Group	243,994	134,062
Tax effects of:		
– Expenses not deductible for tax purposes	1,226	610
– Tax effect of super deduction	(927)	(1,082)
– The impact of change in tax rate applicable to subsidiaries	(270)	201
Total income tax expenses	<u>244,023</u>	<u>133,791</u>

The effective income tax rate was 18.5% and 17.5% for the years ended 31 December 2021 and 2020 respectively.

Hong Kong profits tax

No Hong Kong profits tax was applicable to the Group for the year ended 31 December 2021. There was a subsidiary incorporated in Hong Kong. No Hong Kong profit tax was provided for this Hong Kong subsidiary as there was no estimated taxable profits that was subject to Hong Kong profits tax during the year ended 31 December 2021 (2020: nil).

PRC Corporate Income Tax

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

The general corporate income tax rate in PRC is 25%. The Company and some of subsidiaries of the Group in the PRC are located in western cities, and they are subject to a preferential income tax rate of 15% for certain years.

Certain operations of the Group in the PRC were qualified as “Small Low-Profit Enterprise” and taxed at reduced tax rate of 20% from 1 January 2008. During the year ended 31 December 2021, the “Small Low-Profit Enterprise” whose taxable income less than RMB3 million can enjoy the preferential income tax treatment with the income tax rate of 20% and is eligible to have their tax calculated based on 12.5% or 50% of their taxable income.

9 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares during the years ended 31 December 2021 and 2020.

The Company did not have any potential ordinary shares outstanding during the years ended 31 December 2021 and 2020. Diluted earnings per share is equal to basic earnings per share.

	Year ended 31 December	
	2021	2020
		(Restated)
Profit attributable to owners of the Company (<i>RMB '000</i>)	1,057,182	616,616
Weighted average number of ordinary shares (<i>in thousands</i>)	652,837	497,011
Basic and diluted earnings per share for profit attributable to the owners of the Company during the year (<i>expressed in RMB per share</i>)	1.62	1.24

10 TRADE AND BILL AND OTHER RECEIVABLES AND PREPAYMENTS

The Group

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Trade receivables <i>(Note(a))</i>		
– Related parties	360,720	295,224
– Third parties	1,721,490	773,001
	<u>2,082,210</u>	<u>1,068,225</u>
Less: allowance for impairment of trade receivables	<u>(78,183)</u>	<u>(11,691)</u>
	<u>2,004,027</u>	<u>1,056,534</u>
Bill receivables		
– Related parties	7,877	–
– Third parties	700	1,084
	<u>8,577</u>	<u>1,084</u>
Other receivables		
– Related parties	1,327,562	10,989
– Third parties	341,638	430,186
	<u>1,669,200</u>	<u>441,175</u>
Less: allowance for impairment of other receivables	<u>(18,445)</u>	<u>(1,803)</u>
	<u>1,650,755</u>	<u>439,372</u>
Prepayments		
– Third parties	626,166	87,532
Input VAT to be deducted	13,522	3,160
	<u>4,303,047</u>	<u>1,587,682</u>
Less: non-current portion of prepayments	<u>(92,774)</u>	<u>(6,049)</u>
Current portion of trade and bill and other receivables and prepayments	<u>4,210,273</u>	<u>1,581,633</u>

- (a) As at 31 December 2021 and 2020, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Up to 1 year	1,891,135	1,018,156
1 to 2 years	167,552	43,553
2 to 3 years	19,497	4,040
3 to 4 years	1,970	2,395
4 to 5 years	2,027	52
Over 5 years	29	29
	2,082,210	1,068,225

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9. As at 31 December 2021 and 2020, provisions of RMB78,183,000 and RMB11,691,000 was made against the gross amounts of trade receivables respectively.

11 CASH AND CASH EQUIVALENTS

The Group

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Cash at bank, payment platforms and on hand <i>(Note(a))</i>		
– Denominated in RMB	4,110,610	1,217,866
– Denominated in HK\$	805,236	5,638,409
– Denominated in US\$	6,430	–
	4,922,276	6,856,275

- (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.

12 TRADE AND BILL PAYABLES

The Group

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Trade payables (<i>Note (a)</i>)		
– Related parties	4,052	493
– Third parties	582,889	271,959
	<u>586,941</u>	<u>272,452</u>
Bill payables		
– Third parties	23,219	7,936
	<u>610,160</u>	<u>280,388</u>

- (a) As at 31 December 2021 and 2020, the ageing analysis of the trade payables based on invoice date were as follows:

The Group

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Up to 1 year	582,279	268,933
1 to 2 years	2,997	2,766
2 to 3 years	1,082	165
Over 3 years	583	588
	<u>586,941</u>	<u>272,452</u>

13 INTANGIBLE ASSETS

	Goodwill <i>RMB '000</i>	Customer relationship <i>RMB '000</i>	Software and others <i>RMB '000</i>	Total <i>RMB '000</i>
Year ended 31 December 2020 (Restated)				
Opening net book amount	–	–	5,017	5,017
Additions	–	–	7,402	7,402
Amortization	–	–	(2,431)	(2,431)
Closing net book amount	–	–	9,988	9,988
As at 31 December 2020 (Restated)				
Cost	–	–	16,758	16,758
Accumulated amortization	–	–	(6,770)	(6,770)
Net book amount	–	–	9,988	9,988
Year ended 31 December 2021				
Opening net book amount	–	–	9,988	9,988
Additions	–	–	11,235	11,235
Acquisition of subsidiaries	410,041	117,730	22	527,793
Disposals	–	–	(1)	(1)
Amortization	–	(4,612)	(3,610)	(8,222)
Closing net book amount	410,041	113,118	17,634	540,793
As at 31 December 2021				
Cost	410,041	117,730	28,084	555,855
Accumulated amortization	–	(4,612)	(10,450)	(15,062)
Net book amount	410,041	113,118	17,634	540,793

Amortization of intangible assets has been charged to the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Cost of sales	4,788	546
Selling and marketing expenses	19	19
Administrative expenses	3,415	1,866
	<u>8,222</u>	<u>2,431</u>

14 DIVIDENDS

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Dividends declared including annual final dividend of RMB0.65 (2020: RMB0.50) per ordinary share (<i>Note(a)</i>)	<u>424,351</u>	<u>326,424</u>

- (a) A final dividend of RMB0.65 per share for the year ended 31 December 2021, totalling RMB424,351,265 have been proposed by the Board of the Company and are subject to the approval of the annual general meeting to be held on 9 June 2022. These dividend will be distributed out of the Company's retained earnings. The consolidated financial statements for the current period have not reflected the proposed dividend payable.

A final dividend of RMB0.50 per share for the year ended 31 December 2020, totalling RMB326,424,050 were declared by shareholders at the annual general meeting held on 25 May 2021. These dividend have been distributed out of the Company's retained earnings and paid in cash.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

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

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

FINANCIAL REVIEW

Revenue

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

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

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

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

- (i) Revenue from space property management services increased by approximately 35.1% from RMB2,885.9 million for the year ended 31 December 2020 to RMB3,900.2 million for the year ended 31 December 2021. Among which, (a) revenue from property management services increased by approximately 41.6% from RMB2,024.0 million for the same period 2020 to RMB2,866.6 million, which was primarily driven by the Group's business expansion. The GFA under management increased by approximately 52.3% from 156.2 million sq.m. as at 31 December 2020 to 237.9 million sq.m. as at 31 December 2021; (b) revenue from value-added services to non-property owners increased by approximately 19.9% from RMB861.9 million for the same period in 2020 to RMB1,033.6 million, which was primarily due to the slight increase of number of sales assistance services projects provided to property developers and the increase in demand for high quality services, as affected by national macro policies;
- (ii) Revenue from community value-added services increased by approximately 566.1% from RMB224.4 million for the year ended 31 December 2020 to RMB1,494.7 million for the year ended 31 December 2021, which was primarily driven by (a) the continual rise in the penetration rate and repeat purchase rate of the community value-added services, and the effective community ecosystem building; (b) the continuous improvement in professional capabilities in and the continuous expansion of portfolios of the community value-added services; (c) the addition of new businesses such as new housing marketing services and self-operated community media business;
- (iii) Revenue from local catering services increased by approximately 121.7% from RMB213.8 million for the year ended 31 December 2020 to RMB474.0 million for the year ended 31 December 2021, which was primarily driven by (a) the substantial increase in comprehensive income resulting from the Group's vigorous development of its catering business and the related supply chain operations; (b) fast-growing professional services capacity and segment revenue arising from internal incubation and external acquisitions of specialised catering companies;
- (iv) Revenue from smart living technology solutions increased by approximately 108.6% from RMB47.7 million for the year ended 31 December 2020 to RMB99.5 million for the year ended 31 December 2021, which was primarily driven by (a) the increase in digital and intelligent solutions that the Group developed for Independent Third Parties; and (b) the wider implementation of the Group' digital and intelligent solutions such as the Home-Life system (生命家系統) in smart on-site services.

Revenue from space property management services

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

Revenue from property management services

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

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

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

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

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

Notes :

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

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

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

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

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

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

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

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.

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

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

Notes :

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

Revenue from value-added services to non-property owners

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

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

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

Revenue from community value-added services

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

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

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

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

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

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

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

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

Revenue from local catering services

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

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

	For the year ended December 31			
	2021		2020	
	(RMB'000)	%	(RMB'000)	%
			(Restated)	
Catering services	50,039	10.6	596	0.3
Catering supply chain services	390,606	82.4	200,303	93.7
Hotel management services	33,347	7.0	12,934	6.0
Total	473,992	100.0	213,833	100.0

Revenue from smart living technology solutions

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

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

Outlook and future plans

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

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

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

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

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

Cost of sales

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

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

Gross Profit and Gross Profit Margin

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

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

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

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

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

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

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

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

Other Income

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

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

Other Net Losses

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

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

Administrative Expenses

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

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

Income Tax Expenses

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

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

Intangible Assets

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

Trade and Bill Receivables

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

Trade and bill receivables of the Group increased by approximately 90.3% from RMB1,057.6 million as at 31 December 2020 to RMB2,012.6 million as at 31 December 2021, trade receivables mainly arise from the space property management services. Among which, the amount of related party trade and bill receivables was approximately RMB368.6 million, an increase of 13% compared to the same period last year; the remaining RMB1,644.0 million were trade and bill receivables from third parties, (i) in terms of ageing structure, over 90% of the receivables were generated within one year, which was mainly due to the significant increase in the area and the number of projects under management of the Group's property management services during the Year; (ii) in terms of customer classification, over 50% of the trade receivables were from major property owners, due to the impact of national macro policies, market conditions in the industry and COVID-19 pandemic during the Year, the Group served government customers, third party property developer customers and other major property owner customers with higher trade receivables turnover days, resulting in larger balances at the end of the year.

Other Assets

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

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

Prepayments and Other Receivables

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

Prepayments and other receivables of the Group increased by approximately 331.6% from RMB526.9 million as at 31 December 2020 to RMB2,274.3 million as at 31 December 2021, mainly due to (i) an increase in refundable equity deposits paid for potential business mergers, such as the acquisition of large scale national merchant management companies; (ii) an increase in prepayments to suppliers resulting from the rapid development of community value-added services; and (iii) an increase in service deposits paid to suppliers for community value-added services and local catering services to gain supply chain advantages.

Trade and Bill Payables

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

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

Other Payables

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

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

Contract Liabilities

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

Liquidity and Capital Resources

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

Cash Position

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

Cash Flows

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

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

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

Indebtedness

Borrowings

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

Gearing Ratio

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

Pledge of Assets

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

Foreign Exchange Risks

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

Contingent Liabilities

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

Commitments

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

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

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

Use of Net Proceeds from the Listing

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

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

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

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

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

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

	Planned use of net proceeds as disclosed by the Company and the net proceeds after taking into account the full exercise of Over-allotment Option		Unutilised net proceeds as at 1 January 2021	Actual use of net proceeds during the year ended 31 December 2021	Unutilised net proceeds as at 31 December 2021	Expected timeline of the intended use of proceeds
	HK\$'million	approximately %	HK\$'million	HK\$'million	HK\$'million	
(a) Pursuing selective strategic investment and acquisition opportunities and further developing strategic partnerships to expand the Group's business scale and the depth and breadth of the Group's geographic coverage, by way of investment (direct investment, acquisition, or capital increase of affiliated companies), acquisition of or entering into joint venture arrangement with property management companies or companies engaged in the business of value-added services, and joint investment with business partners in relevant industry funds	3,996.6	60%	3,996.6	1,737.9	2,258.6	On or before 30 September 2023
(i) Investing in or acquiring property management companies which manage quality residential properties which meet the Group's selection criteria, and/or with the necessary experiences and qualifications, and/or which manage non-residential properties which meet the Group's selection criteria such as public facilities, educational institutions and/or hospitals	1,532.0	23%	1,532.0	531.6	1,000.4	
(ii) Investing in or acquiring suitable targets with business that are complementary to the Group's existing services and can help the Group further integrate its upstream and downstream resources, such as catering services, and a reputable brand name	666.1	10%	666.1	619.9	46.1	
(iii) Retaining the net proceeds in Hong Kong for the investment in and acquisition of suitable targets with the business scope described in subcategories (i) and (ii) above, and according to the structure of the transaction and acquisition target (such as red chip structure), possibly for direct payment in Hong Kong of such investment and mergers and acquisitions, so that the Company can explore and expand business sources and channels in multiple directions	1,798.5	27%	1,798.5	586.4	1,212.0	

	Planned use of net proceeds as disclosed by the Company and the net proceeds after taking into account the full exercise of Over-allotment Option		Unutilised net proceeds as at 1 January 2021	Actual use of net proceeds during the year ended 31 December 2021	Unutilised net proceeds as at 31 December 2021	Expected timeline of the intended use of proceeds
	HK\$'million	approximately %	HK\$'million	HK\$'million	HK\$'million	
(b) Upgrading the systems of the Group for digitization and smart management	666.1	10%	666.1	19.3	646.8	On or before 30 September 2023
(i) Developing and upgrading hardware and software	466.3	7%	466.3	19.3	447.0	
(ii) Developing and improving the Group's intelligent management systems	199.8	3%	199.8	–	199.8	
(c) Further developing the value-added services of the Group	1,199.0	18%	1,199.0	801.2	397.8	On or before 30 September 2023
(i) Strategically developing the Group's upstream and downstream services	899.2	13.5%	899.2	799.2	100.0	
(ii) Upgrading hardware and developing smart community	299.7	4.5%	299.7	1.9	297.8	
(d) General business operations and working capital	666.1	10%	666.1	652.4	13.7	On or before 30 September 2023
(e) Retaining the net proceeds in Hong Kong and mainland China for the funding of the repurchase of Shares and/ or the establishment of incentive programs, such as employee share ownership plan and share award plan, as permitted by the laws of the place where the Company is registered and where the Company's shares are listed	133.2	2%	133.2	20.0	113.2	On or before 30 September 2023
Total	6,660.9	100%	6,660.9	3,230.8	3,430.2	

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

Future Plans for Material Investments or Capital Assets

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

Employee and Remuneration Policy

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

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

SIGNIFICANT EVENTS AFTER THE YEAR

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and applied the corporate governance code (the “**Corporate Governance Code**”) contained in Appendix 14 to Listing Rules as its own code on corporate governance.

The roles of the chairman and the chief executive officer of the Company have not been separated as required by the then applicable code provision A.2.1 of the Corporate Governance Code. The roles of the chairman and chief executive officer (under the title of president) of the Company are both performed by Mr. Xia Shaofei, an executive Director. The Board believes that vesting the roles of both chairman and president in the same individual enables the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Xia Shaofei's extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group that Mr. Xia Shaofei continues to act as the chairman and president of the Company following the Listing Date, and that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors, non-executive directors and independent non-executive Directors. Meanwhile, since the Listing Date, Mr. Xia Shaofei has been committed to seeking for a suitable replacement and has resigned as president of the Company with effect from 29 March 2022 and the Board will select a new replacement for president position. Please refer to the announcement of the Company dated 29 March 2022 in relation to his resignation as a president of the Company.

The Company aims to achieve high standards of corporate governance which are crucial to its development and would safeguard the interests of its Shareholders. To accomplish this, save as the deviation from the then applicable code provision A.2.1 of the Corporate Governance Code as disclosed above, and, to the best knowledge of the Directors, the Company had complied with all other applicable code provisions under the Corporate Governance Code during the period ended 31 December 2021. Further information about the corporate governance practices of the Company will be set out in the annual report of the Company for the year ended 31 December 2021.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct for dealings in the securities by the Directors and Supervisors of the Company. 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 Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

ANNUAL GENERAL MEETING

The 2021 AGM is proposed to be convened and held on Thursday, 9 June 2022. A notice convening the 2021 AGM will be published and despatched in the manner as required by the Listing Rules in due course.

DIVIDEND POLICY AND FINAL DIVIDEND

The Board proposes a cash dividend for the full year of 2021-2025 of not less than 40% of the profit attributable to the Shareholders for the relevant year. The specific payment and amount of each annual dividend, if any, will depend on the Group’s results of operations, cash flows, financial position, statutory and regulatory restrictions on the Group’s dividend payments, future prospects and other factors that the Group considers relevant. The declaration, payment and amount of dividends will be subject to the discretion of the Board. The proposed dividend is also subject to the absolute discretion of the Board and any declaration of final dividend for the relevant year will be subject to the approval of the Shareholders. The Board will review the dividend policy on an annual basis.

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

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the Shareholders' eligibility to attend, speak and vote at the 2021 AGM and the Shareholders' entitlement to the proposed Final Dividend, the register of members of the Company will be closed as appropriate as set out below:

For determining the Shareholders' entitlement to attend, speak and vote at the 2021 AGM

For the purpose of determining the Shareholders' eligibility to attend and vote at the 2021 AGM, the register of members of the Company will be closed from Monday, 6 June 2022 to Thursday, 9 June 2022 (both days inclusive), during which period no transfer of the Shares will be registered. In order to qualify for attending and voting at the 2021 AGM, all transfer of share documents accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Thursday, 2 June 2022.

For determining the entitlement to the proposed final dividend

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

AUDIT COMMITTEE

The Board established an 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 three members, namely Mr. Chan Chi Fung Leo (陳志峰), Mr. Liang Zhongtai (梁忠太) and Mr. Cao Guohua (曹國華). The chairman of the Audit Committee is Mr. Chan Chi Fung Leo, who is an independent non-executive Director of our Company and has been a member of Hong Kong Institute of Certified Public Accountants since October 2005.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee has discussed with the management and the external auditor of the Company and has reviewed the annual results of the Group for the year ended 31 December 2021 together with the accounting standards and practices adopted by the Group. The Audit Committee has agreed with the management of the Company on the annual results of the Group for the year ended 31 December 2021.

SCOPE OF WORK OF MESSRS. PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statements of comprehensive income, consolidated statements of financial position, and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

PUBLICATION OF ANNUAL RESULTS

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk as well as the website of the Company at <http://www.jinkeservice.com>. The Company's 2021 annual report will be dispatched to the Shareholders and published on the aforementioned websites in due course.

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

Hong Kong, 29 March 2022

As at the date of this announcement, the Board comprises Mr. Xia Shaofei, Mr. Luo Chuansong and Mr. Xu Guofu as executive Directors, Mr. Luo Licheng, Mr. Liang Zhongtai and Ms. Fu Ting as non-executive Directors, and Mr. Cao Guohua, Ms. Yuan Lin and Mr. Chan Chi Fung Leo as independent non-executive Directors.

GLOSSARY AND DEFINITION

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

“2021 AGM”	the annual general meeting of the Company for 2021 to be convened and held on Thursday, 9 June 2022
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China
“Collection Rate for Private Property Owners”	calculated by dividing the property management fees received during the Year (including any such fees received in respect of previous periods and any prepaid fees received in respect of future periods) by the total amount of the corresponding property management fees receivable for the Year
“Company”	Jinke Smart Services Group Co., Ltd.* (金科智慧服務集團股份有限公司), a limited liability company established in the PRC on 18 July 2000 and converted into a joint stock company with limited liability on 28 May 2020, the H Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 9666)
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules, and unless the context requires otherwise, refers to Jinke Property
“Director(s)”	the director(s) of the Company
“Final Dividend”	the final dividend of RMB0.65 per Share (before tax) as proposed by the Board for the year ended 31 December 2021
“GFA”	gross floor area
“Group”	the Company and its subsidiaries

“H Shares”	the overseas listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange
“H Share Registrar”	Tricor Investor Services Limited
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	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)
“Integrated Collection Rate”	calculated by dividing the property management fees the Group received during the Year by the total property management fees accrued and payable to the Group during the Year
“Jinke Property”	Jinke Property Group Co., Ltd.* (金科地產集團股份有限公司), a joint stock company with limited liability established in the PRC on 29 March 1994, listed on the Shenzhen Stock Exchange (stock code: 000656.SZ) and being the Controlling Shareholder
“Jinke Property Group”	Jinke Property and its subsidiaries, which exclude the Group
“Listing”	the listing of the H Shares on the Main Board of the Stock Exchange
“Listing Date”	17 November 2020, the date on which dealings in the H Shares on the Main Board first commence
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Over-allotment Option”	the option granted by the Company to allot and issue up to 19,936,700 additional H Shares in connection with the global offering of the Company as disclosed in the Prospectus
“Prospectus”	the prospectus of the Company dated 5 November 2020

“RMB”	Renminbi, the lawful currency of the PRC
“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
“Year”	the year ended 31 December 2021
“%”	per cent