

JINMAO 金茂服务

以恒心 致恒长

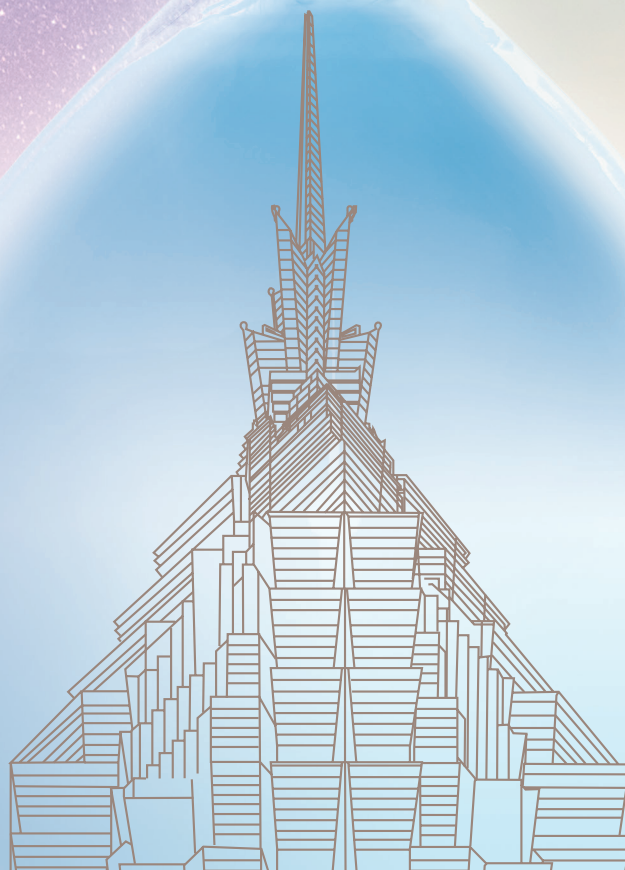
Think Far Grow Further

金茂物業服務發展股份有限公司
Jinmao Property Services Co., Limited

(Incorporated in Hong Kong with limited liability)
(在香港註冊成立之有限公司)

Stock Code 股份代號：00816

2022 中期報告
INTERIM REPORT





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CORPORATE OVERVIEW

We are a fast-growing upscale property management and city operation service provider in China. According to China Index Academy, we are an industry-leading company in terms of multiple indicators in the three dimensions of scope of service, service standards and service fees. In 2022, we were ranked the 15th among the “Top 100 Property Management Companies in China” (“中國物業服務百強企業”) by overall strength, and were recognized as a “Leading Enterprise in High-end Property Service in China” (“中國高端物業服務領先企業”) and a “Leading Enterprise in Smart City Services in China” (“中國智慧城市服務領先企業”). We were ranked first in the “Leading Enterprise in Terms of Growth Rate of Listed Property Management Enterprise in 2022” (“2022物業上市公司領先企業發展速度”), according to CRIC Research.



Our history can be traced back to 1993 when we were established as a subsidiary of Sinochem Group Co. Ltd (“**Sinochem Group**”) to provide property management services in Beijing, the PRC for properties developed by the predecessor of China Jinmao Holdings Group Limited (“**China Jinmao**”) and its subsidiaries (“**Jinmao Group**”). China Jinmao, our controlling shareholder, is a leading comprehensive property developer in China, and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”, stock code: 00817). Over the years, we provide a full spectrum of property management services to a broad range of properties, and we have established a nationwide business in China, with a strong focus on high-end properties in core cities. As of 30 June 2022, our total contracted gross floor area (the “**GFA**”) reached approximately 69.6 million sq.m., covering 56 cities across 22 provinces, municipalities and autonomous regions in China, and we managed 238 properties in China with a total GFA

under management of approximately 45.5 million sq.m., including 142 residential communities and 96 non-residential properties.

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



CORPORATE INFORMATION

Legal Name of the Company

Jinmao Property Services Co., Limited

Stock Code

00816

Date of Listing

10 March 2022

Principal Place of Business In the PRC

6F, YouAn International Tower
Unit 2, Xitieying Middle Ave
Fengtai
Beijing
the PRC

Registered Office

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

Executive Directors

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

Non-executive Directors

Mr. Jiang Nan (*Chairman*)
Ms. He Yamin
Ms. Qiao Xiaojie

Independent Non-executive Directors

Dr. Chen Jieping
Dr. Han Jian
Mr. Sincere Wong

Audit Committee

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

Remuneration and Nomination Committee

Dr. Han Jian (*Chairman*)
Dr. Chen Jieping
Ms. He Yamin

Strategy and ESG Committee (previously known as the Strategy and Investment Committee)

Mr. Jiang Nan (*Chairman*)
Mr. Xie Wei
Ms. Zhou Liye
Mr. Sincere Wong

Company Secretary

Ms. Ho Wing Tsz Wendy

Authorized Representatives

Ms. Zhou Liye
Ms. Ho Wing Tsz Wendy

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Shops 1712-1716, 17/F
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FINANCIAL HIGHLIGHTS

Consolidated Results

	For the six months ended		
	30 June		
	2022	2021	Changes
RMB'000	RMB'000		
Revenue	1,096,888	685,766	60.0%
Gross profit	356,036	224,614	58.5%
			-0.3
Gross profit margin (%)	32.5%	32.8%	percentage point
Profit for the period	170,525	87,944	93.9%
			2.7
Net profit margin (%)	15.5%	12.8%	percentage points
Profit attributable to owners of the parent	169,153	87,258	93.9%
Basic and diluted earnings per share (RMB)	0.20	0.11	81.8%

Consolidated Financial Position

	30 June	31 December	Changes
	2022	2021	
	RMB'000	RMB'000	
Total assets	2,605,667	1,359,052	91.7%
Total equity	1,160,995	203,981	469.2%
Equity attributable to owners of the parent	1,147,989	195,397	487.5%
Cash resources ¹	1,045,356	554,897	88.4%
Current ratio (times)	1.55	1.11	39.6%

Note:

- Including the restricted cash.

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board of directors (the “**Board**”) of Jinmao Property Services Co., Limited (“**Jinmao Services**” or the “**Company**”), I hereby present the business review and future business prospects of the Company and its subsidiaries (collectively the “**Group**”, “**our Group**” or “**we**”) for the first half of 2022.

Review of the first half of 2022

In the first half of 2022, the national and local governments introduced a series of policies to encourage property enterprises to develop diversified living services and promote the integration of property services into the governance of grassroots of the society. In May, the Ministry of Housing and Urban-Rural Development and the State Post Bureau jointly issued a notice to incorporate property enterprises into the local pandemic prevention and control system in order to help solve the practical difficulties encountered by property enterprises in pandemic prevention. At the same time, the competition in the property industry was increasingly fierce. Property enterprises sought rapid growth in scale and performance through measures such as increasing efforts in external expansion, expanding service scenarios and enriching service types, while improving operation and management level by upgrading professional, refined and intelligent service capabilities. Adhering to the “customer-centric” principle and continuously improving the level of operation and management based on customer needs, the Group achieved rapid improvement in service capabilities, development capabilities, digital capabilities and organizational capabilities in the first half of 2022.

The Group continued to pay attention to and improve customer service experience by adhering to the customer-centric principle. In the first half of 2022, Jinmao Services implemented normalized quality control covering all business units, strengthened project management requirements, and ensured the stability of service quality. In terms of customer experience, Jinmao Services officially launched the original customer voice collection plan in order to timely discover and make up for the shortcomings of customer service quality, thus improving customer service experience.

The Group continued to enhance its development capabilities by focusing on its strategic positioning. In the first half of 2022, Jinmao Services strengthened its market-oriented expansion capability, improved its investment system and actively expanded its projects, completing its first acquisition. In the meantime, the Group continued to improve the community value-added service team, optimized service products, and continuously enriched the value-added service ecosystem, achieving rapid growth of the community value-added service business.

The Group vigorously promoted digital construction and improved the level of operation and management. In the first half of 2022, Jinmao Services built systems such as the project management platform, the operation cockpit and the investment and expansion auxiliary platform to empower the daily management and scale expansion of projects. We completed the construction of a number of online systems such as property leasing and sales, decoration, etc., effectively improving operational efficiency through online use and visualization of data.

The Group strengthened the organizational construction and stimulated organizational efficiency. In the first half of 2022, Jinmao Services optimized its organizational structure, and further strengthened its capabilities in digitalization, service sharing and solution formulation, so as to meet the needs of scale expansion and deep city development, establish a flat organization, improve management efficiency, stimulate organizational vitality, and mobilize the motivation of employees. At the same time, Jinmao Services actively made efforts in cultural construction and talent training, with a view to improving the penetration of corporate culture and establishing an exemplary model for employees.

Looking forward

Under the guidance of policies, the management scale of the property industry will continue to grow, the scope of services will continue to expand, and the quality of services will continue to improve. Adhering to the concept of “Think Far, Grow Further”, the Group upholds the customer-centric principle, which is guided by high-quality development, supported by technological application, and guaranteed by the construction of organizational capabilities. As we continuously consolidate the foundation for corporate development and improve our core competitiveness, we will create value for the society, customers, shareholders and employees in a continuous manner.

JINMAO PROPERTY SERVICES CO., LIMITED

Chairman of the Board and Non-executive Director

Jiang Nan

CHIEF EXECUTIVE'S STATEMENT

Dear shareholders,

I am pleased to present the Group's interim results for the six months ended 30 June 2022 and the outlook for the second half of the year to our shareholders.

2022 interim results

With the vision of "achieving future human habitats and city dreams", our Group adheres to the development strategy of "High, Comprehensive, Innovative and Fast" and long-termism for the promotion of long-term value growth. During the reporting period, while maintaining a high and stable level of customer satisfaction, we achieved rapid development in scale and performance.

For the six months ended 30 June 2022, the Group achieved revenue of approximately RMB1,096.9 million, representing a year-on-year increase of 60.0%, and gross profit of approximately RMB356.0 million, representing a year-on-year increase of 58.5%. Profit for the period amounted to approximately RMB170.5 million in the first half of the year, representing a year-on-year increase of 93.9%. Net profit margin was 15.5%, representing an increase of 2.7 percentage points over the same period of last year. In the first half of the year, profit attributable to owners of the parent increased to approximately RMB169.2 million from approximately RMB87.3 million in the same period of 2021, representing a year-on-year increase of 93.9%. Basic earnings per share amounted to RMB0.20, representing a year-on-year increase of 81.8%.

As at 30 June 2022, the Group's GFA under management and contracted GFA were 45.5 million sq.m. and 69.6 million sq.m., respectively, representing an increase of 128.6% and 57.8%, respectively, as compared to 30 June 2021, covering 56 cities in 22 provinces, municipalities and autonomous regions in China. As of 30 June 2022, the GFA under management from third parties reached 17.89 million sq.m., and the proportion of GFA under management from third parties increased from 34.1% as at the end of 2021 to 39.3%.

In terms of customer satisfaction, we focused on user experience and service quality, and continued to innovate service models. In the first half of 2022, by strengthening the implementation of project management requirements and optimizing quality control measures, we achieved an overall score of 91 points in internal customer satisfaction which remained stable at a high level.

In terms of market expansion, we continued to improve our market-oriented external expansion capabilities and strengthened the layout in advantageous regions. During the period, we achieved contracted sales exceeding RMB230 million for market expansion and completed conversion of a total area exceeding 1.60 million sq.m., both representing significant year-on-year increases. As for mergers and acquisitions, we completed the merger and acquisition of Beijing Capital Property Services Limited ("**Beijing Capital Services**") and obtained a GFA under management of 2.80 million sq.m., of which the GFA under management of outlets business and residential properties accounted for 63.2% and 30.0%, respectively, with a total contracted GFA of 7.11 million sq.m., effectively supporting the rapid development of the Company.

In terms of value-added services, we continued to carry out service research and development and upgrading based on customer needs, and empowered value-added services through digital means to improve service efficiency and user experience. In the first half of 2022, the revenue and gross profit of our community value-added services increased significantly as compared to the same period of last year, with an increase of approximately 221.3% in revenue and an increase of approximately 184.5% in gross profit.

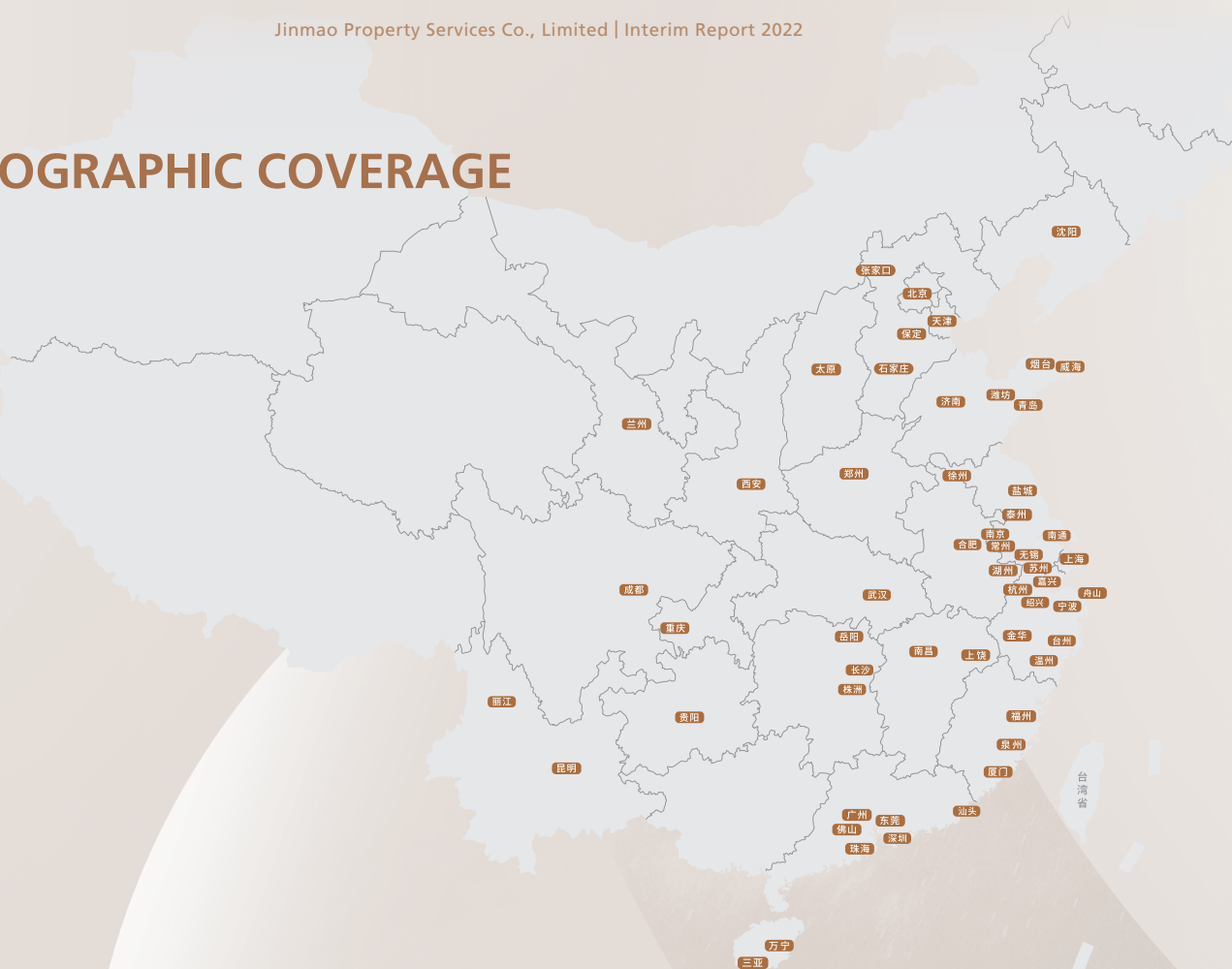
In terms of organizational capacity building, we continued to promote the special work of "lean management", improved the level of operation and management, strengthened the construction of talent echelon, completed the establishment of the employee development center, and carried out five types of talent training programs including strategy, operation, service, integration, and collaboration in a rhythmic and targeted manner with relevance. As for corporate culture, the Group promoted positive energy among employees and the implementation of corporate culture through constant highlighting of employees' "shining points".

Outlook for the second half of 2022

Looking forward to the second half of the year, against the backdrop of stricter government regulatory environment and rising requirements, the development of the industry will become more standardized, and the attention to quality services will continue to increase. The Group will adhere to its original aspiration of property services, continue to focus on high-tier cities and increase the density of city projects. While focusing on the high-end property service market, we will continuously improve our featured high-end service system and pay attention to the life of property owners in all aspects based on customer needs. In addition, we will actively carry out management innovation to fully stimulate employees' motivation at work. With the application of new technologies such as "digital twins" as the core, we will provide smart solutions for communities, office buildings and city operation.

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

GEOGRAPHIC COVERAGE



The map above illustrates the geographic coverage of the contracted properties and the properties under our management as of 30 June 2022, and the cities in China where our contracted properties and properties under management are located:

Eastern region			Northern region	
Shanghai	Changzhou	Zhoushan	Xiamen	Beijing
Hangzhou	Suzhou	Nanjing	Hefei	Tianjin
Ningbo	Nantong	Wuxi	Nanchang	Shijiazhuang
Wenzhou	Taizhou	Xuzhou	Yantai	Baoding
Shaoxing	Jinan	Shangrao	Yancheng	Zhangjiakou
Jiaxing	Qingdao	Quanzhou	Weihai	Taiyuan
Jinhua	Weifang	Huzhou		
Taizhou	Fuzhou			
Central region	Southern region	Southwestern region	Northwestern region	Northeastern region
Changsha	Guangzhou	Chengdu	Xi'an	Shenyang
Zhuzhou	Shenzhen	Chongqing	Lanzhou	
Yueyang	Zhuhai	Kunming		
Wuhan	Shantou	Lijiang		
Zhengzhou	Foshan	Guiyang		
	Dongguan			
	Sanya			
	Wanning			



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MANAGEMENT DISCUSSION AND ANALYSIS

A discussion and analysis of the Group for the six months ended 30 June 2022 is set out below:

BUSINESS REVIEW

Business overview

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

Property management services

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



Value-added services to non-property owners

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

Community value-added services

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

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



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

For the six months ended 30 June 2022, we charged property management fees for property management services substantially on a lump sum basis, with a small portion charged on a commission basis.



Property management services

We insist on rapid development to achieve rapid growth of contracted GFA and GFA under management. As of 30 June 2022, our contracted GFA was approximately 69.6 million sq.m., and GFA under management was approximately 45.5 million sq.m., representing an increase of approximately 57.8% and approximately 128.6%, respectively, as compared to 30 June 2021. Our undelivered GFA, as the main source of the GFA under management, was approximately 24.1 million sq.m., laying a solid foundation for the stable growth of the Group.

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



The table below sets forth the breakdown of our GFA under management on the dates indicated and revenue from property management services by property type for the six months ended 30 June 2022 and 2021:

	As at 30 June or for the six months ended 30 June					
	2022			2021		
	GFA under management '000 sq.m.	Revenue RMB'000	%	GFA under management '000 sq.m.	Revenue RMB'000	%
Residential properties	29,418	330,639	61.2	16,655	212,443	57.3
Non-residential properties	16,065	210,028	38.8	3,222	158,315	42.7
Total	45,483	540,667	100.0	19,877	370,758	100.0

We explore new projects based on our existing projects, and continue to tap into the potential scale of independent markets. While receiving strong support from China Jinmao and Sinochem Holdings Corporation Ltd. (the ultimate controlling shareholder of China Jinmao, "**Sinochem Holdings**"), we are also actively working towards the open market in diversified ways. We will take the projects we have already obtained as the starting point and continue to penetrate into the local regions, so as to achieve the expansion of the scale of GFA under management and the density increase in the local cities.

At the same time, we will continue to explore potential opportunities for investment, mergers and acquisitions and actively track the high-quality targets. On 17 June 2022, we acquired 100% equity interest in Beijing Capital Services at a consideration of RMB450 million, thereby obtaining 53 contracts and locked-in projects including residential properties, outlet commercial complexes and urban core complexes, which further consolidated the competitive advantages of Jinmao Services in the field of upscale property services and effectively supplemented the Company's business scale and management capabilities. For details, please see "Corporate Governance and Other Information – Significant Events during the Period".

We have also gained our market share by expanding resources to independent markets. For the six months ended 30 June 2022, a total of approximately 5.47 million sq.m. was added to our GFA under management, representing an increase of approximately 820.9% as compared to the same period of last year.

The table below sets forth the breakdown of our GFA under management on the dates indicated and revenue from property management services by the source of the projects for the six months ended 30 June 2022 and 2021:

	As at 30 June or for the six months ended 30 June							
	2022				2021			
	GFA under management	%	Revenue	%	GFA under management	%	Revenue	%
	'000 sq.m.		RMB'000		'000 sq.m.		RMB'000	
– Properties developed by Jinmao Group as well as Sinochem Holding and its subsidiaries (and their respective joint ventures and associates)	27,597	60.7	478,170	88.4	17,462	87.9	342,942	92.5
– Properties developed by independent third parties	17,886	39.3	62,497	11.6	2,415	12.1	27,816	7.5
Total	45,483	100.0	540,667	100.0	19,877	100.0	370,758	100.0

As a pioneer in city operation service sector in China, we have rapidly scale up and further diversify our city operation property portfolio and service offerings. Leveraging our solid property management and customer service capabilities, we step beyond traditional property management services to provide specialized, standardized and digital city operation solutions for customers from all walks of life. Our well-rounded capabilities and deep-rooted connection with Jinmao Group have enabled us to continuously capitalize on Jinmao Group's strong project pipeline in the city operation sector. As of 30 June 2022, we had entered into preliminary property management contracts for 22 city operation projects of Jinmao Group, representing a diverse portfolio of office building complexes, new towns, cultural towns and smart cities in Shanghai, Changsha, Lijiang, Qingdao, Nanjing, Sanya, Wenzhou, Tianjin, Wuxi, Ningbo etc., among which 17 projects were in operation.

City operation has high entry barriers in terms of technology and experience due to the scope and complexity of services involved. As the upscale property management arm of Jinmao Group, and benefiting from our extensive experience in multi-format and premium-grade city operation services, we believe we are well positioned to capitalize on future market opportunities from independent third parties in the city operation service sector by expanding our management scale and diversifying our city operation portfolio and service offerings. We typically seek to enter into strategic cooperation agreements with government authorities and state-owned enterprises, optimize the allocation of social resources, and have built a multi-dimensional management mechanism for city operation services. As of 30 June 2022, we have established cooperative relations with Jiaying, Zhoushan, Nanjing and Wenzhou governments to provide city operation services for areas of approximately 81.3 sq.km.

Our projects cover 56 cities across 22 provinces, municipalities and autonomous regions in China as of 30 June 2022, with a strong focus on high-end properties in core cities, and the share of GFA under management in the first-tier, new first-tier and second-tier cities reached 96.8%. We have significant advantages in Eastern region and Northern region and established a nationwide business in China. GFA under management of Eastern region, Northern region, Central region, Southern region, Southwestern region, Northwestern region and Northeastern region accounted for 64.9%, 10.9%, 10.4%, 5.8%, 6.8%, 1.0% and 0.2% of our total GFA under management as at 30 June 2022.

The table below sets forth a breakdown of our GFA under management by geographic location on the dates indicated and revenue generated from property management services for the six months ended 30 June 2022 and 2021 respectively:

	As at 30 June or for the six months ended 30 June					
	2022			2021		
	GFA under management '000 sq.m.	Revenue RMB'000	%	GFA under management '000 sq.m.	Revenue RMB'000	%
Eastern region ⁽¹⁾	29,512	271,029	50.2	9,722	168,188	45.3
Northern region ⁽²⁾	4,971	143,483	26.5	3,128	112,598	30.4
Central region ⁽³⁾	4,750	69,456	12.8	3,130	47,394	12.8
Southern region ⁽⁴⁾	2,629	19,661	3.6	1,986	17,760	4.8
Southwestern region ⁽⁵⁾	3,074	30,486	5.6	1,652	20,250	5.5
Northwestern region ⁽⁶⁾	449	6,321	1.2	259	4,568	1.2
Northeastern region ⁽⁷⁾	98	231	0.1	–	–	–
Total	45,483	540,667	100.0	19,877	370,758	100.0

Notes:

- (1) "Eastern region" refers to Shanghai, Zhejiang province, Jiangsu province, Jiangxi province, Shandong province, Fujian province and Anhui province;
- (2) "Northern region" refers to Beijing, Tianjin, Shanxi province, Hebei province and the central area of Inner Mongolia (Hohhot, Baotou and Ulanqab);
- (3) "Central region" refers to Hubei province, Hunan province and Henan province;
- (4) "Southern region" refers to Guangxi Zhuang autonomous region, Guangdong province and Hainan province;
- (5) "Southwestern region" refers to Chongqing, Sichuan province, Yunnan province, Guizhou province and Tibet;
- (6) "Northwestern region" refers to Gansu province, Ningxia Hui autonomous region, Shaanxi province, Xinjiang Uygur autonomous region and the western area of Inner Mongolia autonomous region (Alxa League, Bayannur, Wuhai and Ordos);
- (7) "Northeastern region" refers to Liaoning province, Jilin province, Heilongjiang province and the eastern area of Inner Mongolia autonomous region (Hulunbeier, Tongliao, Chifeng, Hinggan League and Xilingol League).

According to the city classification by China Business Network in 2022, the table below sets out the GFA under management in different city-tiers where our projects are mainly located as at 30 June 2022:

	GFA under management	
	'000 sq.m.	%
First-tier cities ¹	8,310	18.3
New first-tier cities ²	27,578	60.6
Second-tier cities ³	8,126	17.9
Other cities	1,469	3.2
Total	45,483	100.0

Notes:

- 1 First-tier cities include Shanghai, Beijing, Guangzhou and Shenzhen.
- 2 New first-tier cities include Chengdu, Chongqing, Hangzhou, Xi'an, Wuhan, Suzhou, Zhengzhou, Nanjing, Tianjin, Changsha, Dongguan, Ningbo, Foshan, Hefei and Qingdao.
- 3 Second-tier cities include Kunming, Shenyang, Jinan, Wuxi, Xiamen, Fuzhou, Wenzhou, Jinhua, Harbin, Dalian, Guiyang, Nanning, Quanzhou, Shijiangzhuang, Changchun, Nanchang, Huizhou, Changzhou, Jiaxing, Xuzhou, Nantong, Taiyuan, Baoding, Zhuhai, Zhongshan, Lanzhou, Linyi, Weifang, Yantai and Shaoxing.

We seek growth with both quality and efficiency, and maintain a high charging rates. While we are growing rapidly, we keep following the overall high-quality development standards by continuously optimizing our projects under management. For the six months ended 30 June 2022, our overall average property management fees were approximately RMB4.45/sq.m./month.

In the first half of 2022, the Group has focused on the high-quality services based on the needs of owners, and continued to improve the loyalty and satisfaction of owners. In 2021, according to FG Consulting, an independent researcher focusing on real estate customer relationship, our overall customer satisfaction rate was 89%. In the first half of 2022, the overall customer satisfaction rate was 91%, which was higher than the industry average. At the same time, the Group adhered to the management concept of price matching quality, and raised the prices for some projects during the year to improve the sustainable development capabilities of existing projects. In terms of third-party expansion, the Group has made active efforts to enter first-tier, new first-tier and second-tier key cities with bright development prospects to develop diverse projects.

The revenue from the property management business of the Group is mainly collected under lump sum basis. For the six months ended 30 June 2022, revenue collected under lump sum basis accounted for approximately 99.5% (for the six months ended 30 June 2021: 98.5%) of the revenue from the property management business. The Group adopts the lump sum basis for a majority of its projects to help improve service quality and operational efficiency.

Value-added services to non-property owners

In the first half of 2022, Jinmao Services has standardized its service model from the dimensions of organization team, service process and product standards to continuously improve its service level. Our revenue from value-added services to non-property owners for the six months ended 30 June 2022 was approximately RMB310.4 million, an increase of approximately 30.1% as compared to the same period of last year, accounting for approximately 28.3% of the Group's total revenue.

	For the six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
Sales assistance services	116,605	37.6	114,672	48.1
Consultancy and other value-added services to non-property owners	193,770	62.4	123,819	51.9
Total	310,375	100.0	238,491	100.0

Community value-added services

In the first half of 2022, Jinmao Services continued to improve the community value-added service team, continuously optimized service products and established a standardized service system. As a result, the revenue from core business continued to increase. Our revenue from community value-added services for the six months ended 30 June 2022 was approximately RMB245.8 million, an increase of approximately 221.3% as compared to the same period of last year, accounting for approximately 22.4% of the Group's total revenue, which increased by approximately 11.2 percentage points as compared to the same period of last year.

	For the six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
Community space operation services ¹	85,709	34.9	47,746	62.4
Community living services	65,090	26.5	11,558	15.1
Platform services for interior decoration	48,156	19.6	1,914	2.5
Real estate brokerage services	46,891	19.0	15,299	20.0
Total	245,846	100.0	76,517	100.0

Note:

1 Includes gross rental income from investment properties operating leases.

FUTURE OUTLOOK

In the second half of 2022, the Company will take the initiative with firm confidence to further enhance lean management, improve quality and efficiency, and promote the high-quality growth of the Company.

First of all, we will adhere to our customer-centric approach, continue to upgrade our customer experience management system and improve our systematic ability to provide quality services, so as to sustain our leading position in the industry in terms of service level and customer satisfaction. Secondly, we will continue to focus on the market expansion in the core cities, select high-quality targets for acquisitions, and leverage our advantages in urban services, strategic alliances and high-end property management to quickly improve our management scale. Thirdly, we will continue to strengthen the development of value-added services,

further tap into the demand for community value-added services and value-added services to non-property owners, continue to optimize our revenue structure, and enhance our profitability. Fourthly, we will further implement the cost control objectives, carry out the “Cui Jin Streamline Campaign” (a company-wide special action aimed at promoting the upgrading of cost control measures through in-depth external and internal benchmarking) to streamline the cost control measures and standards, and help the Company reduce costs and increase efficiency. Fifthly, we plan to carry forward the special project of “lean management”, implement multiple mechanisms (involving integration of business and finance, integration of investment and operation, innovation of management model involving large-scale projects, improvement of human efficiency, optimization of procurement procedures, and upgrading of city operation services, etc.), and continue to promote digital construction, service empowerment and management efficiency.

FINANCIAL REVIEW

Revenue

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

The following table sets out the breakdown of our total revenue by business lines for the six months ended 30 June 2022 and 2021 respectively:

	For the six months ended 30 June				
	2022		2021		Changes
	RMB'000	%	RMB'000	%	%
Property management services	540,667	49.3	370,758	54.0	45.8
Value-added services to non-property owners	310,375	28.3	238,491	34.8	30.1
Community value-added services ⁽¹⁾	245,846	22.4	76,517	11.2	221.3
Total	1,096,888	100.0	685,766	100.0	60.0

Note:

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

Revenue from property management services increased by approximately 45.8% to approximately RMB540.7 million for the six months ended 30 June 2022 from approximately RMB370.8 million for the six months ended 30 June 2021. This increase was mainly attributable to an increase in our GFA under management, which increased to approximately 45.5 million sq.m. as of 30 June 2022 from approximately 19.9 million sq.m. as of 30 June 2021, as a result of our business expansion.

Revenue from value-added services to non-property owners increased by approximately 30.1% to approximately RMB310.4 million for the six months ended 30 June 2022 from approximately RMB238.5 million for the six months ended 30 June 2021. The increase was primarily due to the increase in revenue from the preliminary planning and design services and post-delivery services as we have expanded our service offerings.

Revenue from community value-added services increased by approximately 221.3% to approximately RMB245.8 million for the six months ended 30 June 2022 from approximately RMB76.5 million for the six months ended 30 June 2021. This increase was primarily due to (i) an increase in the number of properties under our management as a result of our expansion of business scale, which increased from 115 as of 30 June 2021 to 238 as of 30 June 2022; and (ii) increased revenue from community space operation services and community living services, as a result of the increased GFA under our management, which increased from approximately 19.9 million sq.m. as of 30 June 2021 to approximately 45.5 million sq.m. as of 30 June 2022.

Cost of sales

Cost of sales increased by approximately 60.6% to approximately RMB740.9 million for the six months ended 30 June 2022 from approximately RMB461.2 million for the six months ended 30 June 2021. Such increase was in line with our growth in revenue for the period and was primarily due to the increase in the number of properties under our management.

Gross profit and gross profit margin

Gross profit increased by approximately 58.5% to approximately RMB356.0 million for the six months ended 30 June 2022 from approximately RMB224.6 million for the six months ended 30 June 2021 and this is in line with increase of our Group's total revenue during the period. For the six months ended 30 June 2022, the gross profit margin was approximately 32.5%, which was similar as compared to approximately 32.8% for the six months ended 30 June 2021.

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

	For the six months ended 30 June			
	2022		2021	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Property management services	92,782	17.2	65,138	17.6
Value-added services to non-property owners	148,367	47.8	119,095	49.9
Community value-added services ⁽¹⁾	114,887	46.7	40,381	52.8
	356,036	32.5	224,614	32.8

Note:

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

Gross profit margin for property management services and value added-services to non-property owners was approximately 17.2% and 47.8%, respectively, for the six months ended 30 June 2022, which were basically the same as compared to approximately 17.6% and 49.9% for the six months ended 30 June 2021.

Gross profit margin for community value-added services decreased to approximately 46.7% for the six months ended 30 June 2022 from approximately 52.8% for the six months ended 30 June 2021, primarily due to the significant expansion in scale of community value-added services during the period, which resulted in the increase in staffing and resources expenditures.

Other income and gains

Other income and gains include (i) bank interest income; (ii) loan interest income; (iii) tax incentives on value-added tax; (iv) government grants; and (v) others such as late fees charged to customers who failed to make timely payments. Our other income and gains decreased by approximately RMB27.3 million or 75.4% from approximately RMB36.2 million for the six months ended 30 June 2021 to approximately RMB8.9 million for the six months ended 30 June 2022. Such decrease was mainly due to the decreased loan interest income as a subsidiary of China Jinmao repaid a loan extended by us using the proceeds from the asset-based securities ("ABS") arrangement entered into by us in 2018.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 265.3% to approximately RMB17.9 million for the six months ended 30 June 2022 from approximately RMB4.9 million for the six months ended 30 June 2021. The increase was mainly due to: (i) the vigorous development of external business and the continuous increase in the number of properties developed by third parties under management during the period, and the significant increase in the scale of the market development department which resulted in a significant increase in relevant labour costs; and (ii) the significant increase in the revenue from community value-added services during the period, resulting in an increase in promotion expenses for property owners.

Administrative expenses

Administrative expenses increased by approximately 19.9% to approximately RMB116.9 million for the six months ended 30 June 2022 from approximately RMB97.5 million for the six months ended 30 June 2021. This increase was mainly attributable to an increase in staff costs primarily as a result of our business expansion.

Finance costs

Finance costs decreased by approximately 98.1% to approximately RMB0.6 million for the six months ended 30 June 2022 from approximately RMB31.7 million for the six months ended 30 June 2021. This decrease was primarily due to the decreased interest on the ABS arrangement entered into by us in 2018 as we have repaid the principal in 2021.

Income tax expenses

Income tax expenses increased by approximately 47.7% to approximately RMB51.7 million for the six months ended 30 June 2022 from approximately RMB35.0 million for the six months ended 30 June 2021. This increase was primarily attributable to an increase in pre-tax profit to approximately RMB222.3 million for the six months ended 30 June 2022 from approximately RMB122.9 million for the six months ended 30 June 2021.

Profit for the period

As a result of the foregoing, our profit for the period increased by approximately 94.0% to approximately RMB170.5 million for the six months ended 30 June 2022 from approximately RMB87.9 million for the six months ended 30 June 2021 and net profit margin increased to approximately 15.5% for the six months ended 30 June 2022 from approximately 12.8% for the six months ended 30 June 2021.

Property, plant and equipment

Property, plant and equipment mainly consists of electronic equipment, leasehold improvements, and furniture and office equipment. Property, plant and equipment decreased from approximately RMB54.7 million as of 31 December 2021 to approximately RMB52.4 million as of 30 June 2022, primarily due to the depreciation during the period.

Investment properties

Our investment properties consist of car park spaces owned by our wholly-owned subsidiary Nanjing Ninggao International Property Consultancy Co., Ltd. Our investment properties decreased from approximately RMB9.4 million as of 31 December 2021 to approximately RMB8.9 million as of 30 June 2022 mainly due to the decreased fair value of the car park spaces as the remaining term of the lease agreement was shortened over a period of time.

Right-of-use assets

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by us. Assets arising from a lease are initially measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The right-of-use asset is depreciated over the shorter of the estimated asset's useful life and the lease term on a straight-line basis. Our right-of-use assets decreased from approximately RMB32.5 million as of 31 December 2021 to approximately RMB32.3 million as of 30 June 2022, mainly due to the depreciation of the right-of-use assets during the period.

Intangible assets

Our intangible assets mainly comprise the property management contracts of the acquirees and the software, information technology infrastructure and other smart management systems for properties under our management. Our intangible assets increased from approximately RMB6.4 million as of 31 December 2021 to approximately RMB92.6 million as of 30 June 2022 mainly due to the property management contracts generated from the acquisition completed during the reporting period.

Inventories

Our inventories mainly comprise consumables, spare parts and general merchandise. Our inventories amounted to approximately RMB4.5 million and RMB4.5 million as of 30 June 2022 and 31 December 2021, respectively.

Trade receivables

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

Our trade receivables from related parties are primarily related to value-added services to non-property owners, the balances of which increased from approximately RMB281.1 million as of 31 December 2021 to approximately RMB370.6 million as of 30 June 2022 along with the increase in revenue from our value-added services to non-property owners. Our trade receivables from third parties are primarily related to property management fees and the balances of which increased from approximately RMB139.2 million as of 31 December 2021 to approximately RMB308.5 million as of 30 June 2022. This was mainly attributable to an increase in our property management revenue as we expanded our business with an increase in our GFA under management during the six months ended 30 June 2022.

Prepayments, other receivables and other assets

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

We had current portion of prepayments, other receivables and other assets of approximately RMB267.3 million and approximately RMB436.1 million as of 31 December 2021 and 30 June 2022, respectively. Such increase was primarily attributable to the expansion in scale of carpark sales agency services, which resulted in the increase in the payment of performance guarantees.

Trade payables

Trade payables primarily represent our obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. The increase in trade payables from approximately RMB170.9 million as of 31 December 2021 to approximately RMB327.4 million as of 30 June 2022 was primarily due to the expansion of our business, reflecting an increase in the procurement of security and cleaning services and facilities and equipment maintenance services. Trade payables to related parties were in relation to procurement of information technology services, dining services and other goods and services from related parties.

Other payables and accruals

Other payables and accruals represent (i) amounts due to related parties; (ii) receipts on behalf of residents and tenants; (iii) deposits and temporary receipts primarily in relation to bidding and renovation; (iv) payroll and welfare payables; (v) other tax payables, and (vi) other payables relating to stored value cards that employees use in cafeterias. Our other payables and accruals amounted to approximately RMB660.4 million and RMB629.8 million as at 30 June 2022 and 31 December 2021, respectively.

Contingent liabilities

As at 30 June 2022, we did not have any outstanding guarantees or other material contingent liabilities.

Pledge of assets

As at 30 June 2022, none of the assets of our Group was pledged.

Foreign currency risk

The Group's principal activities are conducted in the PRC. Except for certain net proceeds raised from the listing in March 2022, which are denominated in Hong Kong dollars, the Group is not exposed to any significant risk directly related to foreign exchange fluctuations. Taking into account the potential RMB exchange rate fluctuations, we will continue to monitor our foreign exchange exposure and take prudent measures to reduce our foreign exchange risk. For the six months ended 30 June 2022, the Group did not use any financial instruments for hedging purposes.

Capital commitment and capital expenditure

As at 30 June 2022, the Group did not have any capital commitment.

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

Liquidity and capital resources, current assets and current ratio

In order to manage the Group's cash, maintain strong and healthy liquidity and ensure that the Group is well positioned to take advantage of future growth opportunities, the Group has adopted comprehensive treasury policies and internal control measures to review and monitor its financial resources and has maintained stable financial condition and sufficient liquidity throughout. As at 30 June 2022, the Group did not have any outstanding borrowings (31 December 2021: nil) or banking facilities (31 December 2021: nil).

As at 30 June 2022, the Group's cash and cash equivalents amounted to approximately RMB1,043.8 million (31 December 2021: RMB553.6 million). The increase was mainly attributable to the proceeds from Global Offering (as defined below) and an increase in net cash flows from operating activities. The Group's net cash flows from operating activities increased to approximately RMB116.9 million for the six months ended 30 June 2022 from approximately RMB15.8 million for the six months ended 30 June 2021. The management believes that the Group has sufficient financial resources and future revenue to support the current working capital requirement and future expansion of the Group.

As at 30 June 2022, the Group's current assets amounted to approximately RMB2,162.7 million, representing an increase of approximately 73.2% as compared with approximately RMB1,248.7 million as at 31 December 2021. Current ratio as at 30 June 2022 was approximately 1.55 times, representing an increase as compared with 1.11 times as at 31 December 2021.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Main Board of the Stock Exchange on 10 March 2022 (the “**Listing**”) by way of global offering of ordinary shares of the Company, including a public offering in Hong Kong of 10,142,000 shares and an international offering of 91,269,500 shares, in each case at a price of HK\$8.14 per share (collectively the “**Global Offering**”). On 1 April 2022, the international underwriters of the Global Offering partially exercised the over-allotment option, as a result of which an aggregate of 2,777,500 shares were issued and allotted by the Company at HK\$8.14 per share. After deducting the underwriting fees and relevant expenses, net proceeds from the Global Offering (including the number of shares issued and allotted pursuant to the partial exercise of over-allotment options) amounted to approximately HK\$781.9 million. Such proceeds have been and will continue to be applied in the manner consistent with that in the prospectus of the Company dated 25 February 2022 (the “**Prospectus**”):

Usage	% of total net proceeds	Planned allocation of net proceeds <i>HK\$ million (approximately)</i>	Utilized net proceeds up to the date of this report <i>HK\$ million (approximately)</i>	Unutilized net proceeds up to the date of this report <i>HK\$ million (approximately)</i>	Expected timeline for full utilization of the balance
(A) Pursue selective strategic investment and acquisition opportunities with companies engaged in property management, city operation services and/or community operations and to expand our business scale and solidify our leading industry position, including:					
(i) Acquire, invest in or cooperate with other property management companies and professional service providers in the upstream and downstream of city operation services which are suitable for and complementary to our business operations and strategies; and	50%	391.0	391.0 ¹	–	Fully utilized ²
(ii) Acquire or invest in companies which provide community products and services complementary to those of ours.	5%	39.1	–	39.1	By the end of 2024
(B) Upgrade our systems for smart management services and for the development of our smart communities and smart city solutions, aiming to offer a higher-quality living experience with more convenience for our property owners and residents and further enhance cost efficiency for our property management and city operation services.	22%	172.0	–	172.0	By the end of 2024
(C) Develop our community value-added services in an effort to diversify our service offering and enhance profitability.	13%	101.6	–	101.6	By the end of 2024
(D) Working capital and general corporate purpose.	10%	78.2	–	78.2	By the end of 2024

The net proceeds are currently held in bank deposits and will continue to be applied in the manner consistent with the proposed allocations in the Prospectus. For further information, please refer to the section headed “Future Plans and Use of Proceeds” in the Prospectus.

Note 1: Equivalent to RMB315 million.

Note 2: The amount was fully utilized for the acquisition of 100% equity interests in Beijing Capital Services during the period as detailed in the section headed “Corporate Governance and Other Information – Significant Events during the Period”.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group had 2,674 full-time employees (as at 30 June 2021: 2,231 full-time employees). For the six months ended 30 June 2022, the total staff costs were approximately RMB0.3 billion (for the six months ended 30 June 2021: approximately RMB0.2 billion).

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

The Group attaches great importance to recruiting and cultivating outstanding talents, and has established a multi-dimensional and all-round talent development system applicable to employees at different positions and at different development stages, providing employees with continuous training programmes and career development opportunities to cultivate a team of excellent employees at different levels. In the first half of 2022, through the combination of online and offline methods, various special trainings were implemented by category to meet the needs of different learning scenarios, covering grassroots employees to management personnel, providing immediate and effective support for the Company's business development.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has adopted and complied with the principles and code provisions as set out in the Corporate Governance Code (the "**Corporate Governance Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") since the date of Listing and during the six months ended 30 June 2022.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Director of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding Directors' dealings in the securities of the Company. The Company has made specific enquiry to all Directors and all Directors have confirmed that they have complied with the Model Code since the date of Listing and during the six months ended 30 June 2022.

The Company has also established written guidelines for securities transactions by employees who are likely to be in possession of inside information of the Company on terms no less exacting than the Model Code. No incident of non-compliance with such guidelines by relevant employees has been noted by the Company since the date of Listing and during the six months ended 30 June 2022.

AUDIT COMMITTEE

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

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

The Audit Committee has reviewed, together with the participation of the management, the interim report of the Group for the six months ended 30 June 2022.

REMUNERATION AND NOMINATION COMMITTEE

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

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

STRATEGY AND ESG COMMITTEE

The Strategy and Investment Committee was changed to the Strategy and Environmental, Social and Governance Committee (the "**Strategy and ESG Committee**") by a resolution of the Board on 2 June 2022. The Strategy and ESG Committee currently consists of one non-executive

Director, Mr. Jiang Nan (chairman of the Strategy and ESG Committee), one independent non-executive Director, Mr. Sincere Wong and two executive Directors, Mr. Xie Wei and Ms. Zhou Liye. The primary duties of the Strategy and ESG Committee include: (i) formulating the Group's development strategies, formulating and regularly reviewing the Company's ESG vision, objectives, strategies and policies; (ii) considering investment projects involving the establishment, acquisition and disposal of property management companies and upstream and downstream businesses with substantial businesses; (iii) considering asset-heavy investment projects of value-added business; (iv) considering the matters in relation to the capital expenditure on technology systems regarding intelligent management, and matters with a single expenditure amounting to or exceeding RMB10 million; (v) studying major strategic cooperation projects; (vi) monitoring the Company's ESG risk management, material issues, target progress, and communication with stakeholders; (vii) reviewing the Company's annual ESG report for the Board's consideration, approval and disclosure; and (viii) performing other duties and responsibilities as assigned by the Board.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company is of the view that effective risk management and internal control system are integral and indispensable to the Group's achievement of long-term business growth and sustainable development. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. The Board acknowledges its responsibility for reviewing the effectiveness of the Group's risk management and internal control systems. The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

Risk Management Structure of the Company

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

Risk Management and Audit Department

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

The functional departments of the Company and its subsidiaries (at the implementation level) are responsible for the identification, evaluation, report analysis and handling integrated risk management. They are responsible for facilitating and implementing specific risk management measures as well as monitoring various risks of the business.

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

Internal Control

The Company has formulated a complete internal management system. Various departments of the headquarters are responsible for modifying and updating the system. The Company has created the risk assessment criteria applicable to the Company, including qualitative and quantitative considerations in aspects of strategy, finance, personnel etc., and formulated risk maps including risk identification, risk analysis, risk assessment, risk control measures and risk precautionary measures. The Company continued to monitor and manage risks to improve the efficiency and standardization of risk management.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save for the Global Offering of the Company (including the partial exercise of the over-allotment option) as described in the Prospectus of the Company dated 25 February 2022 and the announcement of the Company dated 3 April 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

DISCLOSURE OF INFORMATION OF DIRECTORS

In accordance with the disclosure requirements under Rule 13.51B(1) of the Listing Rules, during the six months ended 30 June 2022 and up to the date of this report, the information of the Directors of the Company is updated as follows:

- Dr. Han Jian, an independent non-executive Director of the Company, has been appointed as an independent director of Changzhou Xingyu Automotive Lighting Systems Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601799) since 15 April 2022.

REVIEW OF INTERIM FINANCIAL INFORMATION

The interim results for the six months ended 30 June 2022 have not been audited but have been reviewed by Ernst & Young in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2022.

SIGNIFICANT EVENTS DURING THE PERIOD

On 17 June 2022, Sinochem Jinmao Property Management (Beijing) Co., Ltd. ("**Jinmao PM**"), a wholly-owned subsidiary of the Company, won the bid for the 100% equity interest in Beijing Capital Services through the listing-for-sale process organized by China Beijing Equity Exchange Co., Ltd at a consideration of RMB450,000,000 (the "**Acquisition**"). On the same day, Jinmao PM (as purchaser) and Beijing Capital Land Co., Ltd. ("**Beijing Capital Land**") (as seller) entered into the equity transfer agreement in relation to the Acquisition. Upon completion of the Acquisition, Beijing Capital Services has become an indirect wholly-owned subsidiary of the Company.

Beijing Capital Services is principally engaged in the provision of property management and related services in the PRC. The projects under management and the projects to be managed by Beijing Capital Services under existing contracts are mainly upscale residential and commercial projects, which is in line with the Group's strategic positioning of managing upscale projects, and the geographical distribution of these projects is highly integrated with the projects under management of the Group, which is conducive to regional intensive management, achieving economies of scale and creating synergies. Beijing Capital Land is a large integrated real estate developer with sizeable land reserves. The various commercial properties and office buildings under management and to be managed by Beijing Capital Services under existing contracts will facilitate the Group to enhance its brand and expertise in the area of property services for commercial projects. In addition, through the Acquisition, the Group will be able to increase its cooperation with Beijing Capital Land to further expand the Group's business scale and property management portfolio. The Directors consider that the Acquisition is in line with the business development strategy of the Group and is conducted on normal commercial terms, and the terms of the equity transfer agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole. Part of the consideration for the Acquisition in the amount of RMB315 million was paid in cash by using such part of the net proceeds from the Global Offering that was allocated for the acquisition of property management company, and the remaining part was paid by the Group with its own funds. For details of the Acquisition, please refer to the announcement of the Company dated 17 June 2022.

Save as disclosed in this report, there were no other significant investments held, material acquisitions or disposals of associates and joint ventures by the Company and the Company did not have other plans authorized by the Board for material investments or additions of capital assets during the six months ended 30 June 2022 and up to the date of this report.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there were no other significant events that might affect the Group after 30 June 2022 and up to the date of this report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES

As at 30 June 2022, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

Interests in our Company

Name of Director/chief executive of our Company	Capacity/Nature of interest	Number of shares held	Approximate % shareholding interest in our Company
Jiang Nan	Beneficial owner	54,380(L)	0.006%

Interests in our associated corporations

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

Notes:

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

- This refers to underlying shares covered by share options granted pursuant to the share option scheme of China Jinmao, such options being unlisted physically settled equity derivatives.
- This represents the percentage of the aggregate long positions in the shares and underlying shares to the total number of issued shares of China Jinmao as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register which were required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, none of the Directors or their spouses or children under the age of 18 had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right for the six months ended 30 June 2022.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, so far as is known to the Directors, the following persons, not being a Director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein:

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

Notes:

- (1) The Letter "L" denotes the entity's long position in the shares.
- (2) Sinochem Holdings held the entire equity interests in Sinochem Group, which in turn held the entire equity interests in Sinochem Corporation. Sinochem Corporation held the entire equity interests in Sinochem Hong Kong, which in turn held an approximately 35.3% interest in China Jinmao as of 30 June 2022. For the purpose of the SFO, Sinochem Holdings, Sinochem Group, Sinochem Corporation and Sinochem Hong Kong are all deemed to be interested in the shares of the Company beneficially owned by China Jinmao, and Sinochem Holdings, Sinochem Group and Sinochem Corporation are all deemed to be interested in the shares of the Company beneficially owned by Sinochem Hong Kong.

Save as disclosed above, as at 30 June 2022, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no person (not being a Director or chief executive of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

INDEPENDENT REVIEW REPORT



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To the board of directors of Jinmao Property Services Co., Limited

(Incorporated in Hong Kong with limited liabilities)

Introduction

We have reviewed the interim financial information set out on pages 32 to 56, which comprises the condensed consolidated statement of financial position of Jinmao Property Services Co., Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2022 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
19 August 2022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

		2022	2021
		(Unaudited)	(Unaudited)
	Notes	RMB'000	RMB'000
REVENUE	5	1,096,888	685,766
Cost of sales		(740,852)	(461,152)
Gross profit		356,036	224,614
Other income and gains	5	8,915	36,210
Selling and distribution expenses		(17,930)	(4,939)
Administrative expenses		(116,937)	(97,486)
Other expenses		(7,264)	(3,775)
Finance costs		(565)	(31,711)
PROFIT BEFORE TAX	6	222,255	122,913
Income tax expense	7	(51,730)	(34,969)
PROFIT FOR THE PERIOD		170,525	87,944
Attributable to:			
Owners of the parent		169,153	87,258
Non-controlling interests		1,372	686
		170,525	87,944
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9	0.20	0.11

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	170,525	87,944
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the Company	11,237	16
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	11,237	16
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	181,762	87,960
Attributable to:		
Owners of the parent	180,390	87,274
Non-controlling interests	1,372	686
	181,762	87,960

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

		30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	10	52,359	54,704
Investment properties		8,943	9,379
Right-of-use assets		32,294	32,473
Goodwill	14	249,122	–
Intangible assets		92,591	6,392
Deferred tax assets		4,845	4,708
Other receivables and other assets		2,839	2,693
Total non-current assets		442,993	110,349
CURRENT ASSETS			
Inventories		4,517	4,523
Trade receivables	11	673,002	414,477
Prepayments, other receivables and other assets		436,122	267,293
Prepaid tax		3,677	7,513
Restricted cash		1,602	1,278
Cash and cash equivalents		1,043,754	553,619
Total current assets		2,162,674	1,248,703
CURRENT LIABILITIES			
Trade payables	12	327,387	170,944
Other payables and accruals		660,424	629,830
Contract liabilities		368,869	313,937
Lease liabilities		10,765	8,972
Tax payable		30,338	4,359
Total current liabilities		1,397,783	1,128,042

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2022

		30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
	Notes		
NET CURRENT ASSETS		764,891	120,661
TOTAL ASSETS LESS CURRENT LIABILITIES		1,207,884	231,010
NON-CURRENT LIABILITIES			
Lease liabilities		23,110	25,342
Deferred tax liabilities		23,779	1,687
Total non-current liabilities		46,889	27,029
Net assets		1,160,995	203,981
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	13	839,529	66,947
Reserves		308,460	128,450
		1,147,989	195,397
Non-controlling interests		13,006	8,584
Total equity		1,160,995	203,981

.....
Xie Wei
Director

.....
Zhou Liye
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the parent								
	Share capital	Merger reserve*	Other reserve*	PRC		Retained profits*	Total	Non-controlling interests	Total equity
				statutory surplus reserve*	Exchange fluctuation reserve*				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
At 1 January 2022	66,947	(76,268)	20,070	5,400	254	178,994	195,397	8,584	203,981
Profit for the period	-	-	-	-	-	169,153	169,153	1,372	170,525
Other comprehensive income for the period:									
Exchange differences on translation of financial statements of the Company	-	-	-	-	11,237	-	11,237	-	11,237
Total comprehensive income for the period	-	-	-	-	11,237	169,153	180,390	1,372	181,762
Issuance of shares (note 13)	684,533	-	-	-	-	-	684,533	-	684,533
Share issue expenses	(13,489)	-	-	-	-	-	(13,489)	-	(13,489)
Capital contribution from the immediate holding company	101,538	-	-	-	-	-	101,538	-	101,538
Transfer to PRC statutory surplus reserve	-	-	-	494	-	(494)	-	-	-
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	3,050	3,050
Contribution from the immediate holding company (note 16(1)(a)(i) and (ii))	-	-	(380)	-	-	-	(380)	-	(380)
At 30 June 2022	839,529	(76,268)	19,690	5,894	11,491	347,653	1,147,989	13,006	1,160,995

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2022

	Attributable to owners of the parent								
	Share capital	Merger reserve	Other reserve	PRC statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2021	-	25,000	16,087	6,268	-	1,779	49,134	-	49,134
Profit for the period	-	-	-	-	-	87,258	87,258	686	87,944
Other comprehensive income for the period:									
Exchange differences on translation of financial statements of the Company	-	-	-	-	16	-	16	-	16
Total comprehensive income for the period	-	-	-	-	16	87,258	87,274	686	87,960
Transfer to merger reserve	-	1,630	-	(1,630)	-	-	-	-	-
Deemed distribution for acquisition of subsidiaries under common control	-	(21,484)	-	-	-	-	(21,484)	-	(21,484)
Issuance of shares (note 13)	66,947	(66,947)	-	-	-	-	-	-	-
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	2,550	2,550
Contribution from the immediate holding company (note 16(1)(a)(i) and (ii))	-	-	2,287	-	-	-	2,287	-	2,287
At 30 June 2021	66,947	(61,801)	18,374	4,638	16	89,037	117,211	3,236	120,447

* These reserve accounts comprised the reserves of RMB308,460,000 in the interim condensed consolidated statements of financial position as at 30 June 2022.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

		2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		222,255	122,913
Adjustments for:			
Finance costs		565	31,711
Bank interest income	5	(4,721)	(1,038)
Loan interest income	5	–	(31,240)
Fair value loss on investment properties	6	436	1,019
Impairment losses of trade receivables	6	657	395
Impairment losses of other receivables	6	1,136	292
Loss on disposal of items of property, plant and equipment, net	6	51	23
Depreciation of property, plant and equipment	6	7,566	4,156
Depreciation of right-of-use assets	6	5,122	4,282
Amortisation of intangible assets	6	2,611	1,302
Equity-settled share option expenses	16(a)	(843)	919
Management's remuneration borne by the immediate holding company	16(a)	463	1,368
		235,298	136,102
Decrease in inventories		6	165
Increase in trade receivables		(229,672)	(165,249)
Increase in prepayments, other receivables and other assets		(168,387)	(144,991)
Decrease in other non-current assets		143	–
Increase in restricted cash		(324)	(224)
Increase in trade payables		132,220	40,763
Increase in contract liabilities		51,737	41,914
Increase in other payables and accruals		121,585	125,091
Effect of foreign exchange rate changes, net		1,361	–
Cash generated from operations		143,967	33,571
Interest received		4,721	1,038
Income tax paid		(31,824)	(18,775)
Net cash flows from operating activities		116,864	15,834

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2022

	Notes	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Loan interest income received		–	28,719
Purchase of items of property, plant and equipment		(5,384)	(3,602)
Purchase of items of intangible assets		(2,767)	–
Proceeds from disposal of items of property, plant and equipment		2	58
Repayment from related parties		–	39,992
Acquisition of a subsidiary	14	(289,044)	–
Net cash flows from/(used in) investing activities		(297,193)	65,167
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of interest-bearing borrowings		–	(39,992)
Principal portion of lease payments		(5,013)	(3,882)
Interest paid		(1,129)	(29,190)
Dividend paid		(99,853)	–
Proceeds from issue of shares		684,533	–
Share issue expenses		(12,662)	–
Capital contribution from the immediate holding company		101,538	–
Capital contribution from non-controlling shareholders		3,050	2,550
Acquisition of subsidiaries under common control		–	(19,858)
Net cash flows from/(used in) financing activities		670,464	(90,372)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		490,135	(9,371)
Cash and cash equivalents at beginning of the year		553,619	270,818
CASH AND CASH EQUIVALENTS AT END OF PERIOD		1,043,754	261,447
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances as stated in the interim condensed consolidated statements of financial position and statement of cash flows		1,043,754	261,447

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

1. CORPORATE INFORMATION

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

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

The Company’s shares became listed on the main board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 10 March 2022 (the “Listing”). In the opinion of the Company’s directors, the immediate holding company of the Company is China Jinmao Holdings Group Limited (“China Jinmao”), a company incorporated in Hong Kong and its shares are listed on the Stock Exchange. The ultimate holding company of the Company is Sinochem Holdings Corporation Ltd. (“Sinochem Holdings”), a company established in the PRC and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission in the PRC.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

The financial information relating to the year ended 31 December 2021 that is included in the interim condensed consolidated statement of financial position as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company’s auditors have reported on the financial statements for the year ended 31 December 2021. The auditor’s report was unqualified; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendment to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS41

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
30 June 2022

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
 - HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
30 June 2022

4. OPERATING SEGMENT INFORMATION

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

Geographical information

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

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<i>Revenue from contracts with customers</i>	1,093,856	682,983
<i>Revenue from other sources</i>		
Gross rental income from investment properties operating leases:		
Fixed lease payments	3,032	2,783
	1,096,888	685,766

Revenue from contracts with customers Disaggregated revenue information

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Types of services		
Property management services	540,667	370,758
Value-added services to non-property owners	310,375	238,491
Community value-added services	242,814	73,734
Total revenue from contracts with customers	1,093,856	682,983
Timing of revenue recognition		
Revenue from contracts with customers recognised over time	949,152	614,960
Revenue from contracts with customers recognised at a point in time	144,704	68,023
Total	1,093,856	682,983

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
30 June 2022

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Other income and gains		
Bank interest income	4,721	1,038
Loan interest income	–	31,240
Tax incentives on value-added tax	2,032	2,705
Government grants	1,527	930
Others	635	297
	8,915	36,210

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of services provided	740,852	461,152
Depreciation of property, plant and equipment	7,566	4,156
Depreciation of right-of-use assets	5,122	4,282
Amortisation of intangible assets	2,611	1,302
Listing expenses	12,644	8,829
Fair value loss on investment properties	436	1,019
Loss on disposal of items of property, plant and equipment, net	51	23
Impairment losses of financial assets:		
– Trade receivables	657	395
– Other receivables	1,136	292
Exchange difference, net	1,361	–
Rental expense		
– Short-term leases and low-value leases	6,083	4,781

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
30 June 2022

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2021: Nil).

PRC corporate income tax has been provided at the rate of 25% (2021: 25%) on the taxable profits of the Group's PRC subsidiaries during the period. One of the Group's subsidiaries is registered in western area of Mainland China and subject to a preferential tax rate of 15% for the six months period ended 30 June 2022.

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current	51,840	35,797
Deferred	(110)	(828)
Total tax charge for the period	51,730	34,969

8. DIVIDENDS

Pursuant to the resolution of the board of directors dated 19 August 2022, the board did not recommend the payment of an interim dividend for the six months ended 30 June 2022.

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

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 864,489,239 (2021: 800,000,000) in issue during the six months ended 30 June 2022, as adjusted to reflect those 799,999,998 ordinary shares of the Company issued under the bonus issue occurred on 9 March 2022 (note 13(c)), as if the issuance of these additional shares under the bonus issue had been completed throughout the six months ended 30 June 2022 and 2021.

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	169,153	87,258

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

	Number of shares	
	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	864,489,239	800,000,000

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2022 and 2021.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, excluding property, plant and equipment acquired through a business combination as disclosed in note 14 to the interim condensed consolidated financial information, the Group had additions of property, plant and equipment at a total cost of RMB4,765,000 (2021: RMB3,188,000), and disposed of item of property, plant and equipment with a total net carrying amount of RMB53,000 (2021: RMB81,000).

11. TRADE RECEIVABLES

	30 June	31 December
	2022	2021
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Related parties (<i>note 16</i>)	370,606	281,135
Third parties	308,539	139,225
Trade receivables	679,145	420,360
Less: Allowance for impairment of trade receivables	(6,143)	(5,883)
	673,002	414,477

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
30 June 2022

11. TRADE RECEIVABLES (Continued)

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

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Within 1 year	606,957	377,319
1 to 2 years	53,214	22,743
2 to 3 years	7,038	11,247
Over 3 years	5,793	3,168
	673,002	414,477

12. TRADE PAYABLES

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Trade payables		
– Related parties (<i>note 16</i>)	2,214	4,440
– Third parties	325,173	166,504
	327,387	170,944

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

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Within 1 year	317,692	163,366
1 to 2 years	5,305	4,106
2 to 3 years	2,141	532
Over 3 years	2,249	2,940
	327,387	170,944

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13. SHARE CAPITAL

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Issued and fully paid:		
904,189,000 (31 December 2021: 2) ordinary shares	839,529	66,947

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

	Number of shares in issue	Share capital RMB'000
At 31 December 2020 and 1 January 2021	1	–*
New issue (<i>note (a)</i>)	1	66,947
At 31 December 2021 and 1 January 2022	2	66,947
Capital injection from the parent (<i>note (b)</i>)	–	101,538
Bonus issue to the parent (<i>note (c)</i>)	799,999,998	–
Initial public offering and partial exercise of over-allotment option (<i>note (d)</i>)	104,189,000	684,533
Share issue expenses capitalised in connection with the Listing	–	(13,489)
At 30 June 2022	904,189,000	839,529

* The amount is less than RMB1,000.

Notes:

- (a) On 13 April 2021, one ordinary share was further allotted and issued as fully paid to China Jinmao to acquire for China Jinmao's 85% equity interest in Sinochem Jinmao Property Management (Beijing) Co., Ltd. ("Sinochem Jinmao"), and the issued share capital of the Company was increased to RMB66,947,000.
- (b) On 26 January 2022, China Jinmao made a capital injection of HK\$125,000,000 (equivalent to RMB101,538,000) to the Company, and the share capital of the Company was increased by the same amount without allotment and issuance of any new shares.
- (c) On 9 March 2022, 799,999,998 ordinary shares of the Company were issued for nil consideration to China Jinmao as bonus issue and the number of issued ordinary shares of the Company became 800,000,000 after the bonus issue.
- (d) On 10 March 2022, the ordinary shares of the Company were listed on the Stock Exchange, and in connection with the Company's listing, 101,411,500 ordinary shares (before any exercise of the over-allotment option) of the Company were issued through global offering to public and international investors at the offer price of HK\$8.14 per share for aggregate cash proceeds before expenses of HK\$825,490,000 (equivalent to RMB666,170,000).

On 1 April 2022, the over-allotment option was partially exercised and an aggregate of 2,777,500 shares were issued at the offer price of HK\$8.14 per share for aggregate cash proceeds before expenses of HK\$22,608,850 (equivalent to RMB18,363,000)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
30 June 2022

14. BUSINESS COMBINATION

On 17 June 2022, Sinochem Jinmao, a wholly-owned subsidiary of the Group, and a third party entered into an equity transfer agreement, pursuant to which, Sinochem Jinmao agreed to purchase 100% equity interests in Beijing Capital Property Services Limited (首置物業服務有限公司)(“Beijing Capital Services”) for a cash consideration of RMB450,000,000, which has been fully paid during the period. The acquisition was made as part of the Group’s strategy to expand its upscale residential and commercial projects related properties management service. The transaction was completed on 17 June 2022, and accordingly Beijing Capital Services became a wholly-owned subsidiary of the Group.

The fair values of the identifiable assets and liabilities of Beijing Capital Services Limited as at the date of acquisition were as follows:

	Fair value recognised on acquisition (Unaudited) RMB’000
Property, plant and equipment	509
Intangible assets	86,200
Right-of-use assets	1,777
Other non-current assets	288
Cash and bank balances	160,956
Trade receivables	29,510
Prepayments, other receivables and other current assets	1,579
Trade payables	(24,223)
Accruals and other payables	(22,370)
Tax payable	(9,799)
Deferred tax liabilities	(22,065)
Lease liabilities	(1,484)
Total identifiable net assets at fair value <i>(note)</i>	200,878
Goodwill on acquisition <i>(note)</i>	249,122
Satisfied by cash	450,000

Note: The fair value of the acquired identifiable net assets and related goodwill on acquisition are provisional pending to the final valuation results performed by independent professionally qualified valuer.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB’000
Cash consideration	(450,000)
Cash and bank balances acquired	160,956
Net outflow of cash and cash equivalents included in cash flows from investing activities	(289,044)
Transaction costs of the acquisition included in cash flows from operating activities	(958)
	(290,002)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
30 June 2022

14. BUSINESS COMBINATION (Continued)

Reconciliation of the carrying amount of the Group's goodwill at the beginning and end of the reporting period is presented below:

	RMB'000 (Unaudited)
Gross carrying amount and net book value At 1 January 2022	–
Acquisition of a subsidiary	249,122
At 30 June 2022	249,122

No impairment loss of goodwill incurred during the six months period ended 30 June 2022.

The fair values and gross contractual amounts of the trade receivables and other receivables as at the date of acquisition amounted to RMB29,510,000 and RMB926,000, respectively. The amount expected to be uncollectible was nil.

The Group incurred transaction costs of RMB958,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the interim condensed consolidated statement of profit or loss.

Included in the goodwill of RMB249,122,000 recognised above are assembled workforce and synergies between the acquirer and acquiree, which are not recognised separately as they do not meet the criteria for recognition as an intangible asset under HKAS 38 *Intangible Assets*. None of the goodwill recognised is expected to be deductible for income tax purposes.

Since the acquisition, Beijing Capital Services contributed RMB5,471,000 to the Group's revenue and RMB1,492,000 to the consolidated profit for the six months ended 30 June 2022.

Had the combination taken place at the beginning of the period, the revenue of the Group and the profit of the Group for the period would have been RMB1,166,297,000 and RMB186,729,000, respectively.

15. COMMITMENTS AND CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any material capital commitment and the Group did not have any significant contingent liabilities (31 December 2021: Nil)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
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16. RELATED PARTY TRANSACTIONS

(1) Transactions with related parties

In addition to the transactions detailed elsewhere in this financial information, the Group entered into the following transactions with related parties during the period:

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

	For the six months ended 30 June	
	2022	2021
	(Unaudited) RMB'000	(Unaudited) RMB'000
Property management service income:		
Other subsidiaries of China Jinmao*	62,498	44,705
Joint ventures of China Jinmao	5,389	4,322
Associates of China Jinmao	2,326	3,909
Other subsidiaries of Sinochem Holdings**	20,784	17,106
Other joint ventures of Sinochem Holdings [#]	2,502	2,578
Other associates of Sinochem Holdings [#]	280	282
	93,779	72,902
Value-added service income to non-property owners:		
China Jinmao and its other subsidiaries*	231,365	141,682
Joint ventures of China Jinmao	42,504	44,956
Associates of China Jinmao	24,605	38,667
Other subsidiaries of Sinochem Holdings**	165	440
	298,639	225,745

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
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16. RELATED PARTY TRANSACTIONS (Continued)
(1) Transactions with related parties (Continued)
(a) (continued)

	Notes	For the six months ended 30 June	
		2022	2021
		(Unaudited) RMB'000	(Unaudited) RMB'000
Community value-added service income:			
Other subsidiaries of China Jinmao*		39,465	30,740
Joint ventures of China Jinmao		8,463	1,725
Associates of China Jinmao		11,670	726
Other subsidiaries of Sinochem Holdings**		2,713	1,012
Other joint ventures of Sinochem Holdings#		20	1
Other associates of Sinochem Holdings#		1	2
		62,332	34,206
Lease expenses:			
Other subsidiaries of China Jinmao*		4,478	3,670
Information technology expenses:			
Other subsidiaries of China Jinmao*		2,779	2,774
Equity-settled share option expenses:			
China Jinmao	(i)	(843)	919
Management's remuneration borne by the immediate holding company:			
China Jinmao	(ii)	463	1,368
Interest income:			
Other subsidiaries of China Jinmao*	(iii)	–	31,240

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
30 June 2022

16. RELATED PARTY TRANSACTIONS (Continued)
(1) Transactions with related parties (Continued)

(a) (continued)

Notes:

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

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

Other joint ventures and associates of Sinochem Holdings are joint ventures and associates of Sinochem Holdings, excluding the joint ventures and associates of China Jinmao.

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

During the six months ended 30 June 2022, the Group reversed the equity-settled share option expense because the service or non-market performance conditions related to certain share options had not been fulfilled and therefore these share options were forfeited.

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

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

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

(b) During the six months ended 30 June 2022 and 2021, the Group was entitled to use some trademarks of China Jinmao for free.

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16. RELATED PARTY TRANSACTIONS (continued)
(2) Outstanding balances with related parties

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Prepayments and receivables from related parties		
Trade receivables		
Other subsidiaries of Sinochem Holdings**	2,695	670
Joint ventures of Sinochem Holdings#	1,837	72
China Jinmao and its other subsidiaries*	269,624	208,131
Joint ventures of China Jinmao	59,373	46,493
Associates of China Jinmao	37,077	25,769
	370,606	281,135
Prepayments and other receivables		
Other subsidiaries of Sinochem Holdings**	9,005	7,894
Joint ventures of Sinochem Holdings#	65	60
Associates of Sinochem Holdings#	17	–
Other subsidiaries of China Jinmao*	203,872	128,405
Joint ventures of China Jinmao	25,369	20,030
Associates of China Jinmao	16,436	3,988
	254,764	160,377
Cash and cash equivalents		
Deposits placed with Sinochem Finance	–	369,130
Payables to related parties		
Trade payables		
Other subsidiaries of Sinochem Holdings**	394	107
Other subsidiaries of China Jinmao*	1,820	4,333
	2,214	4,440
Other payables		
Other subsidiaries of Sinochem Holdings**	16,359	15,462
Joint ventures of Sinochem Holdings#	619	643
Associates of Sinochem Holdings#	347	329
China Jinmao and its other subsidiaries*	133,039	207,129
Joint ventures of China Jinmao	23,868	7,994
Associates of China Jinmao	6,698	1,550
	180,930	233,107

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
30 June 2022

16. RELATED PARTY TRANSACTIONS (continued)
(2) Outstanding balances with related parties (Continued)

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Payables to related parties (continued)		
Lease liabilities		
Other subsidiaries of China Jinmao*	26,741	31,326
Contract liabilities		
Other subsidiaries of Sinochem Holdings**	3,629	2,601
Joint ventures of Sinochem Holdings#	–	61
Associates of Sinochem Holdings#	140	–
Other subsidiaries of China Jinmao*	18,727	11,931
Joint ventures of China Jinmao	10,949	5,097
Associates of China Jinmao	5,139	3,567
	38,584	23,257

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

(3) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Salaries, allowances and benefits in kind	3,721	2,594
Pension scheme contributions	232	159
Performance related bonuses	6,221	4,187
Equity-settled share option expense	367	610
	10,541	7,550

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
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16. RELATED PARTY TRANSACTIONS (continued)

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

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

17. FINANCIAL INSTRUMENTS BY CATEGORY

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

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Financial assets – Financial assets at amortised cost		
Trade receivables	673,002	414,477
Financial assets included in prepayments, other receivables and other assets	398,053	239,685
Restricted cash	1,602	1,278
Cash and cash equivalents	1,043,754	553,619
	2,116,411	1,209,059

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Financial liabilities – Financial liabilities at amortised cost		
Trade payables	327,387	170,944
Lease liabilities	33,875	34,314
Financial liabilities included in other payables and accruals	525,815	536,165
	887,077	741,423

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18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

Fair value hierarchy

The Group did not hold any financial assets and liabilities measured at fair value as at 30 June 2022 and 31 December 2021.

19. COMPARATIVE AMOUNT

Certain comparative information has been reclassified to conform with the presentation of the financial information for the six months ended 30 June 2022.

20. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

These interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 19 August 2022.

金茂物業服務發展股份有限公司
Jinmao Property Services Co., Limited