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JINKE 金科服务

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Jinke Smart Services Group Co., Ltd.
金科智慧服務集團股份有限公司

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

(Stock Code: 9666)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

2022 RESULTS HIGHLIGHTS

- In 2022, total revenue of the Group was approximately RMB5,005.1 million, representing a decrease of approximately 16.1% from RMB5,968.4 million for the corresponding period in 2021. In 2022, revenue generated from space property management services, community value-added services, local catering services and smart living technology solutions contributed approximately 81.9%, 6.7%, 9.7% and 1.7% to the total revenue, respectively.

- Revenue generated from space property management services of the Group increased to RMB4,101.2 million, representing an increase of approximately 5.2% from RMB3,900.2 million for the corresponding period in 2021. In particular, revenue generated from property management services increased to RMB3,675.7 million, representing an increase of approximately 28.2% from RMB2,866.6 million for the corresponding period in 2021. The GFA under management increased by approximately 7.0% to 254.5 million sq.m. as at 31 December 2022 from 237.9 million sq.m. as at 31 December 2021, of which 57.3% attributable to properties developed by Independent Third Parties. As at 31 December 2022, the Group's contracted GFA reached approximately 359.8 million sq.m., 63.5% of which attributable to properties developed by Independent Third Parties.

- The Group's gross profit for the Year amounted to RMB943.2 million, representing a decrease of approximately 48.9% from RMB1,846.4 million for the corresponding period in 2021. The Group's gross profit margin for the Year was 18.8%.

- The Group's loss for the Year amounted to RMB1,839.9 million, loss attributable to owners of the Company for the Year amounted to approximately RMB1,818.5 million.

- As at 31 December 2022, the Group had cash and cash equivalents of approximately RMB3,069.8 million.

- After comprehensive consideration of the Group's distributable profits, financial position and the future development needs, the Board resolved not to recommend any final dividend for the year ended 31 December 2022.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Jinke Smart Services Group Co., Ltd. (the "**Company**") announce the consolidated annual results of the Company and its subsidiaries (the "**Group**" or "**we**") for the year ended 31 December 2022 (the "**Year**"), together with comparative figures for the year ended 31 December 2021, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	**Year ended 31 December 2022** *RMB'000*	2021 *RMB'000*
Revenue	*4*	**5,005,059**	5,968,448
Cost of sales	*5*	**(4,061,857)**	(4,122,014)
Gross profit		**943,202**	1,846,434
Selling and marketing expenses	*5*	**(4,639)**	(3,073)
Administrative expenses	*5*	**(557,881)**	(481,288)
Net impairment losses on financial assets	*6*	**(2,152,408)**	(68,728)
Other income	*7*	**44,147**	25,223
Other losses – net	*8*	**(307,250)**	(26,957)
Operating (loss)/profit		**(2,034,829)**	1,291,611
Finance income		**41,888**	26,732
Finance cost		**(10,217)**	(1,591)
Finance income – net		**31,671**	25,141
Share of net profits of associates and joint ventures accounted for using the equity method		**1,765**	4,101
(Loss)/profit before income tax		**(2,001,393)**	1,320,853
Income tax credit/(expense)	*9*	**161,458**	(244,023)
(Loss)/profit and total comprehensive income for the year		**(1,839,935)**	1,076,830
(Loss)/profit and total comprehensive income attributable to:			
– Owners of the Company		**(1,818,545)**	1,057,182
– Non-controlling interests		**(21,390)**	19,648
		(1,839,935)	1,076,830
(Losses)/earnings per share (expressed in RMB per share)			
– Basic and diluted (losses)/earnings per share	*10*	**(2.80)**	1.62

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	**As at 31 December** **2022** ***RMB'000***	2021 *RMB'000*
Assets			
Non-current assets			
Property, plant and equipment		**163,866**	90,219
Right-of-use assets		**138,595**	192,625
Investment properties		**42,182**	–
Goodwill	*14*	**357,139**	410,041
Other intangible assets	*14*	**191,297**	130,752
Investments in associates and joint ventures		**180,106**	47,159
Other receivables	*11*	**635,220**	–
Prepayments for acquisition of entity interests		**–**	92,774
Financial assets at fair value through profit or loss		**51,000**	–
Deferred income tax assets		**247,192**	19,936
		2,006,597	983,506
Current assets			
Inventories		**29,955**	22,866
Other assets		**19,658**	53,320
Trade and bill and other receivables and prepayments	*11*	**3,221,391**	4,210,273
Restricted cash		**9,374**	2,083
Cash and cash equivalents	*12*	**3,069,784**	4,922,276
Term deposits		**–**	245,169
		6,350,162	9,455,987
Total assets		**8,356,759**	10,439,493
Equity			
Equity attributable to owners of the Company			
Share capital		**652,848**	652,848
Other reserves		**5,713,435**	5,800,761
(Accumulated losses)/retained earnings		**(1,039,500)**	1,203,396
		5,326,783	7,657,005
Non-controlling interests		**73,582**	72,971
Total equity		**5,400,365**	7,729,976

	Note	As at 31 December 2022 RMB'000	2021 RMB'000
Liabilities			
Non-current liabilities			
Lease liabilities		**119,855**	176,281
Financial instruments issued to investors		**43,126**	–
Deferred income tax liabilities		**29,413**	16,968
		192,394	193,249
Current liabilities			
Trade and bill and other payables	*13*	**1,952,364**	1,725,480
Lease liabilities		**24,788**	23,993
Contract liabilities	*4(a)*	**740,199**	586,192
Current income tax liabilities		**46,649**	180,603
		2,764,000	2,516,268
Total liabilities		**2,956,394**	2,709,517
Total equity and liabilities		**8,356,759**	10,439,493

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2022

1 GENERAL INFORMATION

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

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

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

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

Before the completion of the Offer, Boyu was the second largest shareholder of Jinke Services, Boyu and its subsidiaries (the "Boyu Group") owned 22.69% of the total issued share capital of the Company at that moment. The Company's largest shareholder and original parent company was Jinke Property Group Co., Ltd. ("Jinke Property"), a real estate company established in the PRC and listed on the Shenzhen Stock Exchange Co., Ltd., stock code SZ 000656. Jinke Property owned 30.34% of the total issued share capital of the Company.

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

This consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors (the "Board") on 30 Mar 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

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

(b) Historical cost convention

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

(c) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting year commencing 1 January 2022 and there is no material impact on the Group's consolidated financial statement:

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

(d) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	Applied when an entity applies HKAS 1 (Amendment)
HKFRS 17	Insurance Contract	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendment)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendment)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 January 2024
HKFRS 16 (Amendment)	Lease Liability in a Sale and Leaseback	1 January 2024
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

3 SEGMENT INFORMATION

Management has determined operating segment based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

During the years ended 31 December 2022 and 2021, the Group is principally engaged in the provision of space property management services, community value-added services, local catering services and smart living technology solutions in the PRC.

During the years ended 31 December 2022 and 2021, all the segments are domiciled in the PRC and all the revenue are derived in the PRC, and the segments are principally engaged in the provision of similar services to similar customers. All operating segments of the Group were aggregated into a single operating segment.

As at 31 December 2022, all of the assets were located in the PRC except for cash and cash equivalents of HK$15,460,000 (equivalent to RMB13,810,000) and US$1,000,000 (equivalent to RMB6,965,000) in Hong Kong.

4 REVENUE

Revenue mainly comprises of proceeds from space property management services, community value-added services, local catering services and smart living technology solutions. An analysis of the Group's revenue by category for the years ended 31 December 2022 and 2021 is as follows:

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

For the years ended 31 December 2022 and 2021, revenue from the Jinke Property Group contributed 10% and 17% of the Group's revenue, respectively. Other than the Jinke Property Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

(a) Contract liabilities

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

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Space property management services	**710,555**	571,398
Community value-added services	**10,217**	9,130
Local catering services	**12,987**	890
Smart living technology solutions	**6,440**	4,774
	740,199	586,192

(i) Significant changes in contract liabilities

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

(ii) Revenue recognized in relation to contract liabilities

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

The Group

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year		
Space property management services	**571,398**	378,481
Community value-added services	**9,130**	7,025
Local catering services	**890**	581
Smart living technology solutions	**4,774**	810
	586,192	386,897

(iii) Unsatisfied performance obligations

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

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

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

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

5 EXPENSES BY NATURE

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

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

6 NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

The Group

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Provision for loss allowance recognized in profit or loss *(Note (a))*:		
– Trade receivables	**957,524**	52,298
– Bill receivables	**17,032**	–
– Other receivables (also including loans to a related party and finance lease receivables)	**1,177,852**	16,340
	2,152,408	68,728

(a) Receivables from certain counterparties, especially the companies in real estate industry, faced liquidity constrains in the second half of 2022. For such counterparties, the Group had individually assessed ECL of receivables with remarkably different credit risk characteristics and occurrence of credit impairment by evaluating the distribution of expected cash flows under multiple scenarios based on historical credit loss experience, operating model, current situations and forecasts of future conditions of contract counter parties under different situations, and preparing sensitivity analysis using reasonably possible changes of the relevant key parameters.

7 OTHER INCOME

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

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

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

8 OTHER LOSSES – NET

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Net foreign exchange gains/(losses)	**28,348**	(77,522)
Impairment of goodwill *(Note 14)*	**(288,130)**	–
Impairment of other assets	**(5,840)**	–
Gains on settlement of financial assets at fair value through profit or loss	**–**	49,795
Gains on wealth management products	**–**	392
Gains from bargain purchase	**–**	2,011
Losses on partial disposal of equity interests in an associate	**(2,702)**	–
Losses on disposal of property, plant and equipment and intangible assets	**(4,691)**	(537)
Gains on early termination of lease contracts	**8,790**	–
Losses on disposal of other assets	**(16,772)**	(456)
Losses on derecognition of investment properties	**(9,447)**	–
Investment income from financial assets at fair value through profit or loss	**379**	–
Others	**(17,185)**	(640)
	(307,250)	(26,957)

9 INCOME TAX (CREDIT)/EXPENSE

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

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

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

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

Hong Kong profits tax

No Hong Kong profits tax was applicable to the Group for the year ended 31 December 2022. There was a subsidiary incorporated in Hong Kong. No Hong Kong profits tax was provided for this Hong Kong subsidiary as there was no estimated taxable profits that was subject to Hong Kong profits tax during the year ended 31 December 2022 (2021: nil).

PRC corporate income tax

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

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

Certain operations of the Group in the PRC were qualified as "Small Low-Profit Enterprise" and taxed at reduced tax rate of 20% from 1 January 2008. During the year ended 31 December 2022, the "Small Low-Profit Enterprise" whose taxable income less than RMB3 million can enjoy the preferential income tax treatment with the income tax rate of 20% and is eligible to have their tax calculated based on 12.5% or 25% of their taxable income.

10 (LOSSES)/EARNINGS PER SHARE

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

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

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

11 TRADE AND BILL AND OTHER RECEIVABLES AND PREPAYMENTS

The Group

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

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Less: allowance for impairment of other receivables	**(1,078,231)**	(18,445)
	803,220	1,650,755
Prepayments		
– Related parties	**7,692**	–
– Third parties	**59,361**	626,166
	67,053	626,166
Finance lease receivables *(Note (c))*		
– Related parties	**79,493**	–
– Third parties	**3,814**	–
	83,307	–
Input VAT to be deducted	**31,917**	13,522
	3,856,611	4,303,047
Less: non-current portion of other receivables		
– Loans to a related party	**(601,538)**	–
– Finance lease receivables *(Note (c))*	**(81,203)**	–
Addition: allowance for non-current portion of other receivables	**47,521**	–
	(635,220)	–
Less: non-current portion of prepayments	**–**	(92,774)
Current portion of trade and bill and other receivables and prepayments	**3,221,391**	4,210,273

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

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

(b) Loans to a related party represented the loan in the principal amount of RMB1,500 million advanced by the Company to Jinke Property (the "Loan"). Pursuant to the loan agreement, the Loan bearing with fixed interest rate 8.6% per annum was secured by certain properties and equity interests owned by Jinke Property Group as collaterals. The fair value of the collaterals as at 31 December 2022 was RMB2,282,029,000, which has been valued by an independent professional valuer. In March 2023, Jinke Property was default in repaying the Loan.

Management assessed the allowance of the Loan by considering macroeconomic variables, scenarios weightings, the fair value and liquidity discount of the collaterals and other factors. Management considered the allowance of the Loan provided at 31 December 2022 is appropriate, and it may affect the allowance of the Loan if the macroeconomic variables, scenarios weightings especially the fair value and liquidity discount of the collaterals change.

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

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

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

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

The Group

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

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

12 CASH AND CASH EQUIVALENTS AND TERM DEPOSITS

(a) Cash and Cash Equivalents

The Group

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

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

(b) Term deposits

As at 31 December 2021, term deposits were all denominated in HK$ and the initial terms of the Group's term deposits were twelve months. The annual interest rates of the Group's term deposits held in banks throughout the year ended 31 December 2021 was 1.20% per annum.

13 TRADE AND BILL AND OTHER PAYABLES

The Group

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Trade payables *(Note (a))*		
– Related parties	**6,719**	4,052
– Third parties	**803,792**	582,889
	810,511	586,941
Bill payables		
– Third parties	**28,255**	23,219
Other payables		
– Related parties	**35,463**	249,409
– Third parties	**841,835**	691,064
	877,298	940,473
Accrued payroll	**179,502**	92,482
Other taxes payables	**56,798**	82,120
Dividend payables	**–**	245
	236,300	174,847
	1,952,364	1,725,480

As at 31 December 2022 and 2021, the carrying amounts of trade and bill and other payables approximated their fair values.

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

The Group

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

14 INTANGIBLE ASSETS

	Goodwill	Customer relationship	Software and others	Total
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Year ended 31 December 2021				
Opening net book amount	–	–	9,988	9,988
Additions	–	–	11,235	11,235
Acquisition of subsidiaries	410,041	117,730	22	527,793
Disposals	–	–	(1)	(1)
Amortization	–	(4,612)	(3,610)	(8,222)
Closing net book amount	410,041	113,118	17,634	540,793
As at 31 December 2021				
Cost	410,041	117,730	28,084	555,855
Accumulated amortization	–	(4,612)	(10,450)	(15,062)
Net book amount	410,041	113,118	17,634	540,793
Year ended 31 December 2022				
Opening net book amount	**410,041**	**113,118**	**17,634**	**540,793**
Additions	**–**	**–**	**12,878**	**12,878**
Acquisition of subsidiaries	**235,228**	**69,429**	**666**	**305,323**
Disposals	**–**	**–**	**(1)**	**(1)**
Amortization	**–**	**(16,511)**	**(5,916)**	**(22,427)**
Impairment *(Note (c)(d))*	**(288,130)**	**–**	**–**	**(288,130)**
Closing net book amount	**357,139**	**166,036**	**25,261**	**548,436**
As at 31 December 2022				
Cost	**645,269**	**187,159**	**41,853**	**874,281**
Accumulated amortization	**–**	**(21,123)**	**(16,592)**	**(37,715)**
Accumulated impairment	**(288,130)**	**–**	**–**	**(288,130)**
Net book amount	**357,139**	**166,036**	**25,261**	**548,436**

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

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Cost of sales	**16,742**	4,788
Selling and marketing expenses	**18**	19
Administrative expenses	**5,667**	3,415
	22,427	8,222

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

(b) An independent valuation was performed by an independent valuer to determine the amount of the customer relationship recognized by the Group during year ended 31 December 2022. Methods and key assumptions in determining the fair value of the customer relationship as at respective acquisition dates are disclosed as follows:

	Valuation technique	**Discount rate**	**Expected life of the intangible assets**
Customer Relationship	Discounted cash flow	11.7% – 14.5%	10 years

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

Management performed an impairment assessment on the goodwill as at 31 December 2022. The recoverable amount of the property management business and catering business operated by the acquired subsidiaries have been assessed by an independent valuer or the management and determined based on VIU calculations. The calculations used cash flow projections based on financial budgets covering a five-year period approved by management.

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

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

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	**Approach used to determine values**
Compound annual growth rate of revenue	Based on the past performance and management's expectations of market development.
EBITDA margin	Based on the past performance and management's expectations for the future.
Long term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period.
Pre-tax discount rate	Reflect specific risks relating to the relevant cash – generating units.

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

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

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

15 DIVIDENDS

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group is a leading, high-quality third-party comprehensive service provider in the PRC and ranked the first in the Southwestern China Region. The Group has a multi-format full-service system covering residential buildings, mid-to-high end commercial office buildings, industrial parks, schools, hospitals, public construction, and urban services. Through its four growth curves "SLCT": (i) space property management services (Space); (ii) community value-added services (Life); (iii) local catering services (Catering); and (iv) smart living technology services (Technology), we are committed to providing one-stop, all-time high quality services to both government and corporate and individual customers.

Relying on its industry-leading overall strength and brand influence, the Group was recognized by the China Index Academy ("**CIA**") as the "Top 10 among the Top 100 China Property Management Companies in terms of Overall Strength" (中國物業服務百強企業綜合實力 TOP10) for seven consecutive years, and the Group's market share in the Southwestern China Region has ranked the first for six consecutive years. In 2022, due to its leading service quality, the Group was awarded the "Top 2 among the Top 100 China Leading Property Management Companies in terms of Quality Service" (中國物業服務百強服務質量領先企業 Top 2) and the "Top 2 among the Top 100 China Leading Property Management Companies in terms of Customer Satisfaction Rate" (中國物業服務百強滿意度領先企業 Top 2) by the CIA. Relying on our all-round service capability in multiple industries, we were awarded the top three lists in corporate services, hospitals and education. Based on our industry-leading smart living technology strength, we were awarded the "Top 3 Leading Enterprises in China in terms of Property Technology Empowerment"(中國物業科技賦能領先企業 Top3) by CIA. We insisted on our urban density strategy and were awarded the "Top 1 in terms of Comprehensive Strength among Property Service Enterprises"(物業服務企業綜合實力 Top1) in Chongqing and Wuxi by CIA.

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

OUTLOOK AND FUTURE PLANS

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

The Group will further leverage on its strengths to implement the development strategy of "Service + Ecology, Service + Technology". We will penetrate deeper into the market in density areas, seek strong synergies, and make concentrated efforts in priority areas. Efforts will be made to develop the four business lines of space property management services, local catering services, community value-added services and smart living technology solutions. By insisting on the concept of "revenue shall generate profit and profit shall contain cash flow", we will strive for sustainable and healthy development and is committed to building a leading high-quality third-party comprehensive service provider in China.

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

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

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

We will focus on research and development, enhance technology capabilities to build technical barriers, make reform through digital intelligence transformation, and explore the structural opportunities of the sub-segment in a deep manner. We will continue to promote the reform of mechanization of manpower and the intellectualization of machinery. We will also, accelerate the transformation and upgrading of intelligent equipment, cloud parking, intelligent LED lights, intelligent doors, intelligent meters and other equipment to achieve full coverage of qualified projects, continuously empowering property projects under management to reduce costs and increase efficiency. In addition, by seizing the opportunity of the digital transformation at the national level, we will seek to apply our industry-leading digital capabilities and our rich database of community scenarios to participate in the digitization of smart cities infrastructures, governance platforms, industrial parks as well communities; With the three products of "Cloud City 100 (Cloud Property Center)" (雲城 100(雲物業中心)), "Fengquan Project (TOS Space Platform)" (蜂圈計劃(TOS空間平臺))" and "Qianshou Community Operation System" (千手社區運營系統) as the core, and with a product-oriented and industrial-focused approach, we will seek to establish core technology barriers and to facilitate the digital and intelligent transformation of internal businesses and continuously expand external business resources.

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

FINANCIAL REVIEW

Revenue

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

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

	For the year ended December 31			
	2022		2021	
	(RMB'000)	*%*	*(RMB'000)*	*%*
Space property management services	**4,101,158**	**81.9**	3,900,195	65.4
– Property management services	**3,675,677**	**73.4**	2,866,563	48.1
– Value-added services to non-property owners	**425,481**	**8.5**	1,033,632	17.3
Community value-added services	**332,851**	**6.7**	1,494,733	25.0
Local catering services	**487,931**	**9.7**	473,992	7.9
Smart living technology solutions	**83,119**	**1.7**	99,528	1.7
Total	**5,005,059**	**100.0**	5,968,448	100.0

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

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

(ii) Revenue from community value-added services decreased by approximately 77.7% from RMB1,494.7 million for the year ended 31 December 2021 to RMB332.9 million for the year ended 31 December 2022, which was mainly due to the fact that many of the Group's value-added businesses did not commence as planned due to the impact of the pandemic control and weakened consumer demand, resulting in a decline in revenue. In particular, the travel business decreased significantly and almost ceased to operate; the decoration business also declined significantly due to the decline in property deliveries and the restriction on order fulfillment caused by the pandemic control; and some of the products in the home-living segment switched from a self-operated model to a platform model, and some businesses with longer payback periods and poorer cash flow were voluntarily curtailed, resulting in a decline in revenue;

(iii) Revenue from local catering services increased by approximately 2.9% from RMB474.0 million for the year ended 31 December 2021 to RMB487.9 million for the year ended 31 December 2022, which was mainly due to (a) the Group's vigorous development of its catering services (group meals and social meals) and hotel management businesses, which managed to rise against the odds despite the resurgence of the pandemic, achieving a comprehensive revenue growth of over 300% to RMB338.5 million (2021: RMB83.4 million); (b) in view of the changes in the external operating environment, the Group have enhanced the risk management capability of our supply chain services based on the principle of prudence and reduced part of our food supply chain services business with very low profit margin and poor cash flow, resulting in a reduction in the volume of our food supply chain business to RMB149.4 million (2021: RMB390.6 million);

(iv) Revenue from smart living technology solutions decreased by approximately 16.5% from RMB99.5 million for the year ended 31 December 2021 to RMB83.1 million for the year ended 31 December 2022, which was mainly due to the Company's initiative to reduce the business provided to the Jinke Property Group, thus the related revenue decreased by approximately 44.6% to RMB45.3 million (2021: RMB81.7 million) as compared to the same period in 2021 and the revenue from non-Jinke Property Group increased by approximately 112.4% to RMB37.8 million (2021: RMB17.8 million) as compared to the same period in 2021.

Revenue from space property management services

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

Revenue from property management services

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

As one of the first companies in the industry to take the expansion of third-party property projects as the core strategy, we have long been polishing the high-quality and refined management capabilities of our basic property management business, and continuing to iterate on the potential of our value-added services and technology empowerment capabilities, thereby accumulating industry-leading owner satisfaction and a good market reputation. Today, the Group has built a multi-format full-service system covering residential buildings, mid-to-high end commercial office buildings, industrial parks, schools, hospitals, public construction, and urban services. And we have expanded a large number of third-party residential and non-residential properties.

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

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

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

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

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

	For the year ended December 31			
	2022		2021	
	Contracted GFA *(sq.m.'000)*	**GFA under management** *(sq.m.'000)*	Contracted GFA *(sq.m.'000)*	GFA under management *(sq.m.'000)*
As at the beginning of the year	**359,800**	**237,859**	277,171	156,173
New engagements[1]	**35,861**	**44,460**	93,066	88,969
– Properties developed by Jinke Property Group and its joint ventures and associates	**499**	**9,024**	12,780	20,418
– Properties developed by Independent Third Parties	**32,004**	**32,328**	50,352	38,629
– Properties took over upon mergers & acquisitions[2]	**3,358**	**3,108**	29,934	29,922
– Residential projects	**15,720**	**27,052**	67,631	67,183
– Non-residential projects	**20,141**	**17,408**	25,435	21,786
Terminations[3]	**(35,839)**	**(27,781)**	(10,437)	(7,283)
	359,822	**254,538**	359,800	237,859

Notes:

(1) With respect to residential communities under our management, new engagements primarily include preliminary management contracts for new properties developed by property developers and property management service contracts for residential communities replacing their previous property management service providers.

(2) Acquisitions during the Year mainly included Baotou Zhonglianhang Property Service Co., Ltd. (包頭市眾聯行物業服務有限公司).

(3) Such terminations included (a) property management service contracts that are not renewed upon contract expiration due to the reallocation of our resources to more profitable projects to optimize our portfolio of property management projects; (b) property management service contracts that are retired from management, such retired projects are generally characterized by low operational quality, low cash return rate and low property decommissioning rate; and (c) passively terminated property management service contracts, due to macroeconomic impact, some property developers or asset holders, either chose to stop paying for the relevant services due to a break in their financial chains, or chose to terminate professional property services and replace them with self-management, or were deeply involved in the public opinion of the slow delivery of phased projects that were in bad shape, all of which had a profound negative impact on the Group's development of subsequent services.

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

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

	As at or for the year ended 31 December			
	2022		2021	
	GFA under Management ***(sq.m.'000)***	**Revenue** ***(RMB'000)***	GFA under Management *(sq.m.'000)*	Revenue *(RMB'000)*
Property developed by Jinke Property Group[1]	**93,531**	**1,712,148**	87,634	1,522,702
Properties developed by Jinke Property Group's joint ventures and associates[2]	**15,168**	**228,882**	13,013	148,955
Properties developed by Independent Third Parties[3]	**111,751**	**1,422,732**	104,818	1,088,305
Properties took over upon mergers & acquisitions[4]	**34,088**	**311,915**	32,394	106,601
Total	**254,538**	**3,675,677**	237,859	2,866,563

Notes:

(1) Refer to properties developed by Jinke Property Group through its wholly-owned subsidiaries or properties jointly developed by Jinke Property Group and other property developers (excluding properties developed by Jinke Property Group's joint ventures and associates) in which Jinke Property Group held a controlling interest.

(2) Refer to properties developed by Jinke Property Group's joint venture and associates, in which Jinke Property Group did not hold a controlling interest.

(3) Refer to properties solely developed by third-party property developers independent from Jinke Property Group. Properties developed by Independent Third Parties include government-owned buildings and other public properties.

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

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

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

	As at or for the year ended 31 December			
	2022		2021	
	GFA under Management *(sq.m.'000)*	**Revenue *(RMB'000)***	GFA under Management *(sq.m.'000)*	Revenue *(RMB'000)*
Residential properties	**208,234**	**2,903,041**	194,626	2,282,280
Non-residential properties				
– Commercial properties and office buildings	**2,673**	**81,033**	3,305	113,255
– Public institutions, enterprises and other properties	**14,548**	**387,669**	13,559	294,363
– Industrial parks	**10,199**	**164,694**	11,588	108,652
– Urban services	**18,884**	**139,240**	14,781	68,013
Subtotal	**46,304**	**772,636**	43,233	584,283
Total	**254,538**	**3,675,677**	237,859	2,866,563

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

	As at or for the year ended 31 December			
	2022		2021	
	GFA under Management ***(sq.m.'000)***	**Revenue** ***(RMB'000)***	GFA under Management *(sq.m.'000)*	Revenue *(RMB'000)*
Southwestern China Region(1)	**126,044**	**2,097,347**	117,084	1,689,417
Eastern and Southern China Region(2)	**60,034**	**770,315**	55,878	602,071
Central China Region(3)	**47,065**	**527,215**	48,911	366,845
Other regions(4)	**21,395**	**280,800**	15,986	208,230
Total	**254,538**	**3,675,677**	237,859	2,866,563

Notes:

(1) Provinces, municipalities and autonomous regions in which the Group provides property management services to projects in the Southwestern China Region include Sichuan province, Guizhou province, Yunnan province, Tibet Autonomous Region and Chongqing municipality.

(2) Provinces, municipalities and autonomous regions in which the Group provides property management services to projects in the Eastern and Southern China Region include Jiangsu province, Zhejiang province, Fujian province, Jiangxi province, Shandong province, Anhui province, Guangdong province, Hainan province, Guangxi Zhuang Autonomous Region and Shanghai municipality.

(3) Provinces, municipalities and autonomous regions in which the Group provides property management services to projects in the Central China Region include Henan province, Hubei province and Hunan province.

(4) Provinces, municipalities and autonomous regions in which the Group provides property management services to projects in other regions include Hebei province, Shanxi province, Shaanxi province, Gansu province, Qinghai province, Liaoning province, Inner Mongolia Autonomous Region, Ningxia Hui Autonomous Region, Xinjiang Uyghur Autonomous Region, Beijing and Tianjin municipalities.

Revenue from value-added services to non-property owners

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

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

	For the year ended December 31			
	2022		2021	
	(RMB'000)	*%*	*(RMB'000)*	*%*
Sales assistance services	**296,239**	**69.6**	815,157	78.9
Pre-delivery services	**112,762**	**26.5**	200,374	19.4
Consultancy and other services	**16,480**	**3.9**	18,101	1.7
Total	**425,481**	**100.0**	1,033,632	100.0

Revenue from community value-added services

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

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

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

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

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

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

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

	For the year ended December 31			
	2022		2021	
	(RMB'000)	***%***	*(RMB'000)*	*%*
Home-living services	**32,443**	**9.7**	299,342	20.0
Community management services	**66,088**	**19.9**	336,485	22.5
Home-decoration services	**95,085**	**28.6**	122,561	8.2
Comprehensive living and traveling services	**139,235**	**41.8**	736,345	49.3
– Asset services	**127,764**	**38.4**	186,908	12.5
– Cultural tourism and others	**11,471**	**3.4**	549,437	36.8
Total	**332,851**	**100.0**	1,494,733	100.0

Revenue from local catering services

The Group provides local catering services to property owners and clients, primarily in the form of (i) catering services; (ii) hotel management services, and (iii) catering supply chain services (specialty food materials supply chain services such as rice, flour, grain and oil etc.). Revenue from local catering services was approximately RMB487.9 million in 2022, basically remained the same level as last year.

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

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

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

	For the year ended December 31			
	2022		2021	
	(RMB'000)	*%*	*(RMB'000)*	*%*
Catering services	**198,202**	**40.6**	50,039	10.6
Hotel management services	**140,345**	**28.8**	33,347	7.0
Catering supply chain services	**149,384**	**30.6**	390,606	82.4
Total	**487,931**	**100.0**	473,992	100.0

Revenue from smart living technology solutions

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

In 2022, the Group continued to promote the reform of "mechanization of manpower and the intellectualization of machinery". Through a series of digital and intelligent technology upgrades such as cloud monitoring, cloud parking, and smart energy consumption management and control, the Group empowered property management to reduce costs and increase efficiency, and continued to improve management refinement and helped the projects to operate with high quality and efficiency. The Group leveraged its advantages in scenarios and continuously increased R&D inputs to strengthen its cooperation with top companies in the technology industry, focused on core capabilities on the digital and intelligent space operation, management and control, built three core competencies including Internet of Things, space operating system, and urban space-time engines, and continuously promoted the Cloud City 100 project.

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

Cost of sales

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

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

Gross Profit and Gross Profit Margin

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

	For the year ended 31 December			
	2022		2021	
	Gross profit ***(RMB'000)***	**Gross profit margin** *%*	Gross profit *(RMB'000)*	Gross profit margin *%*
Space property management services	**730,799**	**17.8**	1,141,936	29.3
－Property management services	**649,958**	**17.7**	696,832	24.3
－Value-added services to non-property owners	**80,841**	**19.0**	445,104	43.1
Community value-added services	**92,731**	**27.9**	621,838	41.6
Local catering services	**102,168**	**20.9**	38,344	8.1
Smart living technology solutions	**17,504**	**21.1**	44,316	44.5
Total	**943,202**	**18.8**	1,846,434	30.9

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

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

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

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

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

Net Impairment Loss on Financial Assets

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

Other Income

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

Other Net Losses

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

Administrative Expenses

The Group's administrative expenses primarily consist of (i) employee benefit expenses for administrative staff; (ii) traveling and entertainment expenses; (iii) office expenses; (iv) bank charges, which mainly include transaction fees charged by banks; (v) depreciation and amortization; (vi) research and development expenses for the development of the Group's smart living technology solutions; and (vii) others, which mainly include consultancy service fees, recruiting costs and advertising expenses. Administrative expenses of the Group increased by 15.9% from approximately RMB481.3 million for the year ended 31 December 2021 to approximately RMB557.9 million for the year ended 31 December 2022, which were primarily because (i) the number of senior employees of the Group continued to increase; and (ii) in order to seize the opportunity to constantly strengthen the growth of the main business and geographical coverage, the Group incurred related intermediary agency fees due to the need for due diligence in mergers and acquisitions.

Income Tax (Credit)/Expense

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

Intangible Assets

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

Trade and Bill Receivables

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

Prepayments and Other Receivables

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

Other Assets

The Group held a small number of parking lots of certain properties only for sales purpose but the sales of these parking lots is not part of the Group's core business. Other assets of the Group decreased by approximately 63.1% from RMB53.3 million as at 31 December 2021 to RMB19.7 million as at 31 December 2022, which was primarily due to (i) the sales of parking lot; and (ii) impairment test for and provision for reasonable impairment on other assets.

Trade and Bill Payables

Trade and bill payables primarily represent the Group's obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers, including service fees and cost of materials. Trade and bill payables of the Group increased by approximately 37.5% from RMB610.2 million as at 31 December 2021 to RMB838.8 million as at 31 December 2022, mainly due to (i) the increase in the amount due to suppliers as result of the increase in GFA under management and the number of projects under management; and (ii) the increase in amounts due to upstream suppliers due to the rapid growth of the local catering services of the Group.

Other Payables

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

Contract Liabilities

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

Liquidity and Capital Resources

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

Cash Position

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

Cash Flows

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

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

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

Indebtedness

Borrowings

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

Gearing Ratio

As the Group had nil borrowings as at 31 December 2022, the net gearing ratio (as calculated by total interest-bearing bank borrowings as at the end of respective periods divided by total equity as at the same date) was nil as at 31 December 2022 (31 December 2021: Nil).

Pledge of Assets

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

Foreign Exchange Risks

The Group's operations are primarily denominated in RMB, which is the functional currency of the Group companies. Foreign currency transaction included mainly receipts of proceeds from the Listing on the Main Board of the Stock Exchange and payment of professional fees, which are denominated in Hong Kong dollars, and a subsidiary which is mainly denominated in United States dollars. As at 31 December 2022, the cash and cash equivalents of approximately RMB15.4 million and RMB7.0 million denominated in HK$ and US$. Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations. The Group actively controls the risk of exchange losses by the lock-ups of foreign exchange rate and timely settlement. The management of the Group will continue to keep track of change of exchange rate and control the financial impact of exchange rate changes on the Group.

Contingent Liabilities

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

Commitments

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

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

During the year ended 31 December 2022, the Group had no significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures.

USE OF NET PROCEEDS FROM THE LISTING

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

As stated in the Documents, the Group intended to use the net proceeds as follows: (i) approximately 60%, or approximately HK$3,996.5 million for pursuing selective strategic investment and acquisition opportunities and further developing strategic partnerships to expand the business scale of the Group and the depth and breadth of the geographic coverage of the Group; (ii) approximately 10%, or approximately HK$666.1 million for upgrading the systems of the Group for digitization and smart management; (iii) approximately 18%, or approximately HK$1,199.0 million for further developing the value-added services of the Group; (iv) approximately 10%, or approximately HK$666.1 million for the Group's general business operations and working capital; and (v) approximately 2%, or approximately HK$133.2 million for the funding of the repurchase of Shares and/or the establishment of incentive programs, such as employee share ownership plan and share award plan, as permitted by the laws of the place where the Company is registered and where the Company's shares are listed in respect of retaining the net proceeds in Hong Kong and Mainland China.

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

	Planned use of net proceeds disclosed in the Documents		Unutilised net proceeds as at 1 January 2022	Actual use of net proceeds during the year ended 31 December 2022	Unutilised net proceeds as at 31 December 2022	Expected timeline of the intended use of proceeds
	HK$'million	*approximately %*	*HK$'million*	*HK$'million*	*HK$'million*	
(a) Pursuing selective strategic investment and acquisition opportunities and further developing strategic partnerships to expand the Group's business scale and the depth and breadth of the Group's geographic coverage, by way of investment (direct investment, acquisition, or capital increase of affiliated companies), acquisition of or entering into joint venture arrangement with property management companies or companies engaged in the business of value-added services, and joint investment in relevant industry funds with business partners	3,996.5	60%	2,258.6	2,371.8	1,624.7	On or before 30 September 2023
(i) Investing in or acquiring property management companies which manage quality residential properties which meet the Group's selection criteria, and/or with the necessary experiences and qualifications, and/or which manage non-residential properties which meet the Group's selection criteria such as public facilities, educational institutions and/or hospitals	1,532.0	23%	1,000.4	738.9	793.1	On or before 30 September 2023
(ii) Investing in or acquiring suitable targets with business that are complementary to the Group's existing services and can help the Group further integrate its upstream and downstream resources, such as catering services, and enjoy a reputable brand name	666.0	10%	46.1	666.0	–	On or before 30 September 2023
(iii) Retaining the net proceeds in Hong Kong for the investment in and acquisition of suitable targets with the business scope described in subcategories (i) and (ii) above, and according to the structure of the transaction and acquisition target (such as red chip structure), possibly for direct payment in Hong Kong of such investment and mergers and acquisitions, so that the Company can explore and expand business sources and channels in multiple directions	1,798.5	27%	1,212.1	966.9	831.6	On or before 30 September 2023

	Planned use of net proceeds disclosed in the Documents		Unutilised net proceeds as at 1 January 2022	Actual use of net proceeds during the year ended 31 December 2022	Unutilised net proceeds as at 31 December 2022	Expected timeline of the intended use of proceeds
	HK$'million	*approximately %*	*HK$'million*	*HK$'million*	*HK$'million*	
(b) Upgrading the systems of the Group for digitization and smart management	666.1	10%	646.8	44.8	621.3	On or before 30 September 2023
(i) Developing and upgrading hardware and software	466.3	7%	447.0	44.8	421.5	On or before 30 September 2023
(ii) Developing and improving the Group's intelligent management systems	199.8	3%	199.8	–	199.8	On or before 30 September 2023
(c) Further developing the value-added services of the Group	1,199.0	18%	397.8	721.5	477.5	On or before 30 September 2023
(i) Strategically developing the Group's upstream and downstream services	899.2	13.5%	100.0	719.5	179.7	On or before 30 September 2023
(ii) Upgrading hardware and developing smart community	299.8	4.5%	297.8	2.0	297.8	On or before 30 September 2023
(d) General business operations and working capital	666.1	10%	13.8	655.7	10.4	On or before 30 September 2023
(e) Retaining the net proceeds in Hong Kong and mainland China for the funding of the repurchase of Shares and/or the establishment of incentive programs, such as employee share ownership plan and share award plan, as permitted by the laws of the place where the Company is registered and where the Company's shares are listed	133.2	2%	113.2	130.0	3.2	On or before 30 September 2023
Total	6,660.9	100%	3,430.2	3,923.8	2,737.1	

Such used amounts were allocated and utilised in accordance with the use of proceeds as set out in the Documents. As at 31 December 2022, the Directors are not aware of any material change in the planned use of the net proceeds. The unutilised net proceeds and the following timeline of intended utilization will be applied in the manners disclosed by the Company.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for the expansion plan as disclosed in the Documents, the Group has no other future plans for material investments and capital assets as at 31 December 2022.

EMPLOYEE AND REMUNERATION POLICY

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

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

SIGNIFICANT EVENTS AFTER THE YEAR

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and applied the Corporate Governance Code as its own code on corporate governance.

The roles of the chairman and the chief executive officer should be separated as required by the code provision C.2.1 of the Corporate Governance Code. The roles of the chairman and chief executive officer (under the title of president) of the Company were once both performed by Mr. Xia Shaofei, an executive Director. The Board believes that vesting the roles of both chairman and president in the same individual enables the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Xia Shaofei's extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group that Mr. Xia Shaofei continues to act as the chairman and president of the Company following the Listing Date, and that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors, non-executive Directors and independent non-executive Directors. On 29 March 2022, Mr. Xia Shaofei has resigned and Mr. Han Qiang has been appointed as the president of the Company. For details, please refer to the announcement of the Company dated 29 March 2022. Following the above change of the president, the Company has complied with the requirement under code provision C.2.1 of the Corporate Governance Code.

Save as the deviation from the code provision C.2.1 of the Corporate Governance Code as disclosed above, and, to the best knowledge of the Directors, the Company had complied with all other applicable code provisions under the Corporate Governance Code during the Year.

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

ANNUAL GENERAL MEETING

The 2022 AGM is proposed to be convened and held on Thursday, 8 June 2023. A notice convening the 2022 AGM will be published and despatched in the manner as required by the Listing Rules in due course.

DIVIDEND POLICY AND FINAL DIVIDEND

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

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

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

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the Shareholders' eligibility to attend, speak and vote at the 2022 AGM, the register of members of the Company will be closed as appropriate as set out below:

For determining the Shareholders' entitlement to attend, speak and vote at the 2022 AGM

For the purpose of determining the Shareholders' eligibility to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Monday, 5 June 2023 to Thursday, 8 June 2023 (both days inclusive), during which period no transfer of the Shares will be registered. In order to qualify for attending and voting at the 2022 AGM, all transfer of share documents accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Friday, 2 June 2023.

AUDIT COMMITTEE

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

The primary duties of the Audit Committee are to (i) review and supervise the financial reporting process and internal control system of the Group, risk management and internal audit; (ii) provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board. The Audit Committee consists of three members, namely Mr. Chan Chi Fung Leo (陳志峰), Mr. Liang Zhongtai (梁忠太) and Mr. Cao Guohua (曹國華). The chairman of the Audit Committee is Mr. Chan Chi Fung Leo, who is an independent non-executive Director of our Company and has been a member of Hong Kong Institute of Certified Public Accountants since October 2005.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee has discussed with the management and the external auditor of the Company and has reviewed the annual results of the Group for the year ended 31 December 2022 together with the accounting standards and practices adopted by the Group. The Audit Committee has agreed with the management of the Company on the annual results of the Group for the year ended 31 December 2022.

SCOPE OF WORK OF MESSRS. PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statements of comprehensive income, consolidated statements of financial position, and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

PUBLICATION OF ANNUAL RESULTS

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk as well as the website of the Company at http://www.jinkeservice.com. The Company's 2022 annual report will be dispatched to the Shareholders and published on the aforementioned websites in due course.

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

Hong Kong, 30 March 2023

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

GLOSSARY AND DEFINITION

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

"2022 AGM"	the annual general meeting of the Company for 2022 to be convened and held on Thursday, 8 June 2023
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"China" or "PRC"	the People's Republic of China
"Company"	Jinke Smart Services Group Co., Ltd.* (金科智慧服務集團股份有限公司), a limited liability company established in the PRC on 18 July 2000 and converted into a joint stock company with limited liability on 28 May 2020, the H Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 9666)
"Corporate Governance Code"	the Corporate Governance Code contained in Part 2 of Appendix 14 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Documents"	collectively, the Prospectus and the announcements of the Company dated 10 December 2020 and 10 September 2021
"GFA"	gross floor area
"Group" or "we"	the Company and its subsidiaries
"H Shares"	the overseas listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange
"H Share Registrar"	Tricor Investor Services Limited
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Parties"	an individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates (within the meaning of the Listing Rules)

"Jinke Property"	Jinke Property Group Co., Ltd.* (金科地產集團股份有限公司), a joint stock company with limited liability established in the PRC on 29 March 1994, listed on the Shenzhen Stock Exchange (stock code: 000656.SZ)
"Jinke Property Group"	Jinke Property and its subsidiaries
"Listing"	the listing of the H Shares on the Main Board of the Stock Exchange
"Listing Date"	17 November 2020, the date on which dealings in the H Shares on the Main Board first commence
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Over-allotment Option"	the option granted by the Company to allot and issue up to 19,936,700 additional H Shares in connection with the global offering of the Company as disclosed in the Prospectus
"Prospectus"	the prospectus of the Company dated 5 November 2020
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the H Shares only
"Shareholder(s)"	holder(s) of the Share(s)
"sq.m."	square meter(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	The supervisor(s) of the Company
"United States" or "US"	The United States of America
"US$"	United States dollars, the lawful currency of the United States of America
"Year"	the year ended 31 December 2022
"%"	per cent