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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

RESULTS HIGHLIGHTS

- During the Period, total revenue of the Group was approximately RMB2,464.8 million, representing a slight decrease of approximately 3.9% from approximately RMB2,565.3 million for the corresponding period in 2022. During the Period, revenue generated from space property management services, local catering services, community value-added services and smart living technology solutions contributed approximately 82.4%, 9.8%, 6.5% and 1.3% to the total revenue, respectively.

- Revenue generated from space property management services of the Group amounted to approximately RMB2,029.9 million, representing a steady increase of approximately 0.2% from approximately RMB2,026.0 million for the corresponding period in 2022. Of which, revenue generated from property management services amounted to approximately RMB1,944.7 million, representing an increase of approximately 10.8% from approximately RMB1,754.5 million for the corresponding period in 2022. The GFA under management achieved a steady increase of approximately 5.7% to approximately 265.5 million sq.m. as at 30 June 2023 from approximately 251.2 million sq.m. as at 30 June 2022, of which approximately 56.9% belonged to properties developed by Independent Third Parties. As at 30 June 2023, the Group's contracted GFA reached approximately 362.2 million sq.m., approximately 64.1% of which belonged to properties developed by Independent Third Parties.

- Gross profit of the Group for the Period was approximately RMB563.5 million, representing a decrease of approximately 17.0% from approximately RMB678.6 million for the corresponding period in 2022, and gross profit margin of the Group was 22.9% for the Period.

- The Group's net profit for the Period amounted to approximately RMB216.1 million, and profit attributable to owners of the Company for the Period amounted to approximately RMB189.5 million.

- As at 30 June 2023, the Group had cash and cash equivalents of approximately RMB2,851.5 million.

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Jinke Smart Services Group Co., Ltd. (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**" or "**we**") for the six months ended 30 June 2023 (the "**Period**"), together with comparative figures for the six months ended 30 June 2022, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

		Six months ended 30 June	
		2023	2022
		RMB'000	*RMB'000*
	Note	***(Unaudited)***	*(Unaudited)*
Revenue	*4*	**2,464,841**	2,565,271
Cost of sales	*5*	**(1,901,329)**	(1,886,663)
Gross profit		**563,512**	678,608
Selling and marketing expenses	*5*	**(1,242)**	(2,312)
Administrative expenses	*5*	**(252,217)**	(230,119)
Net impairment losses on financial assets		**(146,659)**	(74,398)
Other income	*6*	**78,936**	35,552
Other (losses)/gains - net	*7*	**(3,086)**	4,596
Operating profit		**239,244**	411,927
Finance income		**23,002**	18,811
Finance costs		**(5,295)**	(6,734)
Finance income, net		**17,707**	12,077
Share of net profits of associates and joint ventures accounted for using the equity method		**9,301**	405
Profit before income tax		**266,252**	424,409
Income tax expenses	*8*	**(50,168)**	(52,099)
Profit and total comprehensive income for the period		**216,084**	372,310
Profit and total comprehensive income attributable to:			
– Owners of the Company		**189,479**	357,233
– Non-controlling interests		**26,605**	15,077
		216,084	372,310
Earnings per share (expressed in RMB per share)	*9*	**0.29**	0.55

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	**As at 30 June 2023** ***RMB'000*** ***(Unaudited)***	As at 31 December 2022 *RMB'000* *(Audited)*
Assets			
Non-current assets			
Property, plant and equipment		**169,143**	163,866
Right-of-use assets		**194,922**	138,595
Investment properties		**27,282**	42,182
Goodwill	*14*	**438,942**	357,139
Other intangible assets	*14*	**266,723**	191,297
Investments in associates and joint ventures		**191,858**	180,106
Other receivables	*11*	**81,311**	81,203
Loan receivables	*10*	**–**	554,017
Prepayments		**2,540**	–
Financial assets at fair value through profit or loss		**51,000**	51,000
Deferred income tax assets		**271,589**	247,192
		1,695,310	2,006,597
Current assets			
Inventories		**38,516**	29,955
Other assets		**18,450**	19,658
Loan receivables	*10*	**1,412,862**	832,649
Trade and bill and other receivables and prepayments	*11*	**2,575,236**	2,388,742
Financial assets at fair value through profit or loss		**3,000**	–
Restricted cash		**13,158**	9,374
Cash and cash equivalents	*12*	**2,851,471**	3,069,784
		6,912,693	6,350,162
Total assets		**8,608,003**	8,356,759

	Note	**As at 30 June 2023** *RMB'000* ***(Unaudited)***	As at 31 December 2022 *RMB'000* *(Audited)*
Equity			
Equity attributable to owners of the Company			
Share capital		**651,291**	652,848
Other reserves		**5,673,491**	5,713,435
Accumulated losses		**(850,021)**	(1,039,500)
		5,474,761	5,326,783
Non-controlling interests		**96,510**	73,582
Total equity		**5,571,271**	5,400,365
Liabilities			
Non-current liabilities			
Lease liabilities		**171,413**	119,855
Financial instruments issued to investors		**44,057**	43,126
Deferred income tax liabilities		**43,152**	29,413
		258,622	192,394
Current liabilities			
Financial liabilities at fair value through profit or loss		**50,684**	–
Trade and bill and other payables	*13*	**1,978,265**	1,952,364
Lease liabilities		**29,704**	24,788
Contract liabilities	*4(a)*	**660,151**	740,199
Current income tax liabilities		**59,306**	46,649
		2,778,110	2,764,000
Total liabilities		**3,036,732**	2,956,394
Total equity and liabilities		**8,608,003**	8,356,759

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1 GENERAL INFORMATION

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

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

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

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

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

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

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the board of directors (the "Board") on 28 August 2023.

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

2 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings, the adoption of new and amended HKFRSs effective for the financial period beginning on 1 January 2023 and Note 2(c) below.

(a) New and amended standards adopted by the Group

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

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

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

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

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

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

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

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

(c) Share-based payments

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

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

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

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

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

3 SEGMENT INFORMATION

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

During the six months ended 30 June 2023 and 2022, the Group is principally engaged in the provision of space property management services, local catering services, community value-added services and smart living technology solutions in the PRC.

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

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

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

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

4 REVENUE

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

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

For the six months ended 30 June 2023 and 2022, revenue from the Jinke Property Group contributed 3% and 13% of the Group's revenue, respectively. Other than the Jinke Property Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

(a) Contract liabilities

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

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

5 EXPENSES BY NATURE

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

6 OTHER INCOME

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

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

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

7 OTHER (LOSSES)/GAINS - NET

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

8 INCOME TAX EXPENSES

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

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

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

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

Hong Kong profits tax

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

PRC corporate income tax

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

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

Certain operations of the Group in the PRC were qualified as "Small Low-Profit Enterprise" and taxed at reduced tax rate of 20% from 1 January 2008. During the period ended 30 June 2023, the "Small Low-Profit Enterprise" whose taxable income less than RMB3 million can enjoy the preferential income tax treatment with the income tax rate of 20% and is eligible to have their tax calculated based on 25% of their taxable income.

9 EARNINGS PER SHARE

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

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

Basic earnings per share

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

10 LOAN RECEIVABLES

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Loans to a related party		
– Related parties	**1,565,236**	1,505,609
Less: allowance for impairment of loan receivables	**(152,374)**	(118,943)
	1,412,862	1,386,666
Loans to a related party		
Beginning of the period	**1,386,666**	–
Loans advanced	**–**	1,500,000
Interest charged	**59,627**	5,609
Loss allowance charged	**(33,431)**	(118,943)
	1,412,862	1,386,666

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

In March 2023, Jinke Property was default in repaying the Loan. Management assessed the allowance of the Loan by considering macroeconomic variables, scenarios weightings, the fair value and liquidity discount of the collaterals and other factors. Management considered the allowance of the Loan provided at 30 June 2023 is appropriate, and it may affect the allowance of the Loan if the macroeconomic variables, scenarios weightings especially the fair value and liquidity discount of the collaterals change.

11 TRADE AND BILL AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2023 ***RMB'000*** ***(Unaudited)***	As at 31 December 2022 *RMB'000* *(Audited)*
Trade receivables *(Note (a))*		
– Related parties	**639,022**	597,442
– Third parties	**2,264,039**	1,916,515
	2,903,061	2,513,957
Less: allowance for impairment of trade receivables	**(1,148,988)**	(1,029,509)
	1,754,073	1,484,448
Bill receivables		
– Related parties	**15,450**	16,532
– Third parties	**500**	500
	15,950	17,032
Less: allowance for impairment of bill receivables	**(12,999)**	(17,032)
	2,951	–
Other receivables		
– Related parties	**870,308**	904,360
– Third parties	**945,770**	977,091
	1,816,078	1,881,451
Less: allowance for impairment of other receivables	**(1,080,875)**	(1,078,231)
	735,203	803,220

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Prepayments		
– Related parties	**8,995**	7,692
– Third parties	**51,120**	59,361
	60,115	67,053
Finance lease receivables *(Note (b))*		
– Related parties	**80,276**	79,493
– Third parties	**3,088**	3,814
	83,364	83,307
Input VAT to be deducted	**23,381**	31,917
Total	**2,659,087**	2,469,945
Less: non-current portion of other receivables		
– Finance lease receivables *(Note (b))*	**(81,311)**	(81,203)
– Prepayments for acquisition of equity interests	**(2,540)**	–
	(83,851)	(81,203)
Current portion of trade and bill and other receivables and prepayments	**2,575,236**	2,388,742

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

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

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

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

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

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

12 CASH AND CASH EQUIVALENTS

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

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

13 TRADE AND BILL AND OTHER PAYABLES

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

(a) As at 30 June 2023 and 31 December 2022, the carrying amounts of trade and bill and other payables approximated their fair values.

(b) As at 30 June 2023 and 31 December 2022, the ageing analysis of the trade payables based on invoice date were as follows:

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

14 INTANGIBLE ASSETS

	Goodwill *RMB'000*	Customer relationship *RMB'000*	Software and others *RMB'000*	Total *RMB'000*
As at 1 January 2022 (Audited)				
Cost	410,041	117,730	28,084	555,855
Accumulated amortization	–	(4,612)	(10,450)	(15,062)
Net book amount	410,041	113,118	17,634	540,793
Six months ended 30 June 2022 (Unaudited)				
Opening net book amount	410,041	113,118	17,634	540,793
Additions	–	–	3,627	3,627
Acquisition of subsidiaries	221,417	69,429	666	291,512
Amortization	–	(7,153)	(2,590)	(9,743)
Closing net book amount	631,458	175,394	19,337	826,189
As at 30 June 2022 (Unaudited)				
Cost	631,458	187,159	32,649	851,266
Accumulated amortization charge	–	(11,765)	(13,312)	(25,077)
Net book amount	631,458	175,394	19,337	826,189
As at 1 January 2023 (Audited)				
Cost	645,269	187,159	41,853	874,281
Accumulated amortization	–	(21,123)	(16,592)	(37,715)
Accumulated impairment	(288,130)	–	–	(288,130)
Net book amount	357,139	166,036	25,261	548,436
Six months ended 30 June 2023 (Unaudited)				
Opening net book amount	**357,139**	**166,036**	**25,261**	**548,436**
Additions	**–**	**–**	**1,120**	**1,120**
Acquisition of subsidiaries	**81,803**	**89,300**	**77**	**171,180**
Disposal of subsidiaries	**–**	**–**	**(84)**	**(84)**
Disposals	**–**	**–**	**(11)**	**(11)**
Amortization	**–**	**(11,396)**	**(3,580)**	**(14,976)**
Closing net book amount	**438,942**	**243,940**	**22,783**	**705,665**
As at 30 June 2023 (Unaudited)				
Cost	**727,072**	**276,459**	**42,938**	**1,046,469**
Accumulated amortization charge	**–**	**(32,519)**	**(20,155)**	**(52,674)**
Accumulated impairment	**(288,130)**	**–**	**–**	**(288,130)**
Net book amount	**438,942**	**243,940**	**22,783**	**705,665**

(a) No intangible asset is restricted or pledged as security for liabilities as at 30 June 2023 (31 December 2022: nil).

(b) During the period, the Group acquired 100% equity interests in Chengdu Shuchuan Property Services Co., Ltd. ("Shuchuan Services") and 100% equity interests in Shijiazhuang New Oriental Property Services Co., Ltd. ("New Oriental Services"). The total identifiable net assets of these entities acquired as at their respective acquisition date amounted to RMB77,469,000, including identified customer relationship of RMB89,300,000 recognized by the Group. Customer relationships acquired in a business combination are recognized at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of 10 years for the customer relationships.

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

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

15 DIVIDENDS

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

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

Relying on its industry-leading overall strength and brand influence, the Group was recognized by the China Index Academy ("**CIA**") as the "Top 10 among the Top 100 China Property Management Companies in terms of Overall Strength" (中國物業服務百強企業綜合實力 Top10) and "Top 10 among the Top 100 China Property Management Companies in terms of Service Scale" (中國物業服務百強企業服務規模 Top10) for eight consecutive years, and the Group's market share in the Western China Region has ranked the first for seven consecutive years. In 2023, due to its industry-leading overall strength, the Group was awarded the "Top 5 Listed China Property Management Companies in terms of Overall Strength" (中國物業服務上市公司綜合實力 Top5) and the "Top 5 Listed China Property Management Companies in terms of Growth Potential" (中國物業服務上市公司成長潛力 Top5) by the CIA. With high-quality service capabilities, we were awarded the "Top 100 China Leading Property Management Companies in China in terms of Customer Satisfaction Rate" (中國物業服務百強滿意度領先企業) and "Top 100 China Leading Property Management Companies in terms of Service Quality" (中國物業服務百強服務質量領先企業). Relying on our multi-format and comprehensive market-oriented third-party business expansion capabilities, we were awarded the "Top 3 Listed Property Management Companies in China in terms of Market Expansion Capabilities" (中國物業服務上市公司市場外拓能力 Top3) by CIA and Excellent Service Enterprise by Integrated Facility Management ("**IFM**"). We insisted on our urban density strategy and were awarded the "Top 10 Property Service Companies in terms of Comprehensive Strength among Property Service Enterprises" (物業服務企業綜合實力 Top10) in Chongqing, Wuxi, Chengdu and Zhengzhou by CIA.

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

OUTLOOK AND FUTURE PLANS

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

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

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

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

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

We will focus on application research and development, enhance technology empowerment, and cooperate with IFM comprehensive facility management to reduce costs, improve efficiency and seek development. We will continue to promote the reform of manpower mechanization and mechanical intelligence, and accelerate the transformation and upgrading of intelligent equipment. Equipment including cloud parking, smart LED lights, smart doors, and smart meters will cover all qualified projects, and continue to empower property projects under management to reduce costs and increase efficiency. We will cooperate with the construction of IFM's logistics service system to expand opportunities for facility and equipment maintenance, energy management, and help customers improve quality and efficiency. We will further assist the intelligent management and control capabilities of catering supply chain services, and reduce raw materials loss and other related costs to improve the profitability of catering services. In addition, we will seize the opportunity of national digital intelligence transformation, take advantage of industry-leading digital intelligence capabilities and community scene advantages, and participate in the construction of digital intelligence cities, digital intelligence governance platforms, digital intelligence parks and digital intelligence communities. With the three products of "Cloud City 100 (Cloud Property Center)" (雲城 100 (雲物業中心)), "Fengquan Project (TOS Space Platform)" (蜂圈計劃(TOS 空間平台))" and "Qianshou Community Operation System" (千手社區運營系統) as the core, and with a product-oriented and industrial-focused approach, we will create core technical barriers and expand external third party customers.

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

FINANCIAL REVIEW

Revenue

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

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

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

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

(i) Revenue from space property management services increased steadily by approximately 0.2% to approximately RMB2,029.9 million for the Period from approximately RMB2,026.0 million in the same period in 2022. Among which, (a) revenue from property management services increased by approximately 10.8% from approximately RMB1,754.5 million for the same period in 2022 to approximately RMB1,944.7 million, which was primarily driven by the expansion of the management scale of the Group's property management services and the increase in the number of projects under management. The increased GFA under management for the Period was approximately 24.9 million sq.m., and the total GFA under management increased by approximately 5.7% from approximately 251.2 million sq.m. as at 30 June 2022 to approximately 265.5 million sq.m. as at 30 June 2023; (b) revenue from value-added services to non-property owners decreased by approximately 68.6% from approximately RMB271.4 million for the same period in 2022 to approximately RMB85.2 million, which was primarily due to the severe liquidity crisis of the real estate industry. The Group took the initiative to significantly reduce the number of projects for which it provided sales assistance services to real estate developers including Jinke Property Group during the Period, and instead focused on high quality projects with guaranteed cash flow and returns, as well as related services necessary for guaranteed delivery of buildings;

(ii) Revenue from local catering services increased by approximately 10.5% to approximately RMB242.1 million for the Period from approximately RMB219.1 million in the same period of 2022, which was mainly due to (a) the Group has vigorously developed catering services, and rapidly cultivated the business capacity to capture market share through the model of organic growth and mergers and acquisitions. The revenue from catering services for the Period increased significantly by approximately 287.8% to approximately RMB159.4 million compared with approximately RMB41.1 million in the same period in 2022; (b) with the gradual recovery of consumption, the hotel management services of the Group continued to improve. During the Period, the revenue realized amounted to approximately RMB75.5 million, representing an increase of approximately 16.0% compared with approximately RMB65.1 million in the same period in 2022; (c) considering business sustainability and risk management capacity, we proactively reduced the catering supply chain service business with very low profit margin and unsatisfied cash flow, resulting in a decrease in the revenue from catering supply chain business to approximately RMB7.3 million;

(iii) Revenue from community value-added services for the Period decreased by approximately 43.9% to approximately RMB160.0 million from approximately RMB285.3 million in the same period of 2022, which was mainly due to (a) the Group targeted community value-added services, focused on businesses with high growth potential, high repayment rate and guaranteed cash flow, reduced businesses that increased revenue but did not increase profits, and changed certain businesses from self-operated models to platform models, resulting in a decline in revenue; (b) affected by the domestic economic recovery that is not as expected, enterprises were less willing to place advertisements, resulting in the decline in the Group's community advertising business; (c) affected by the overall downturn in the real estate industry, the newly delivered area and new sales area continued to decline, resulting in a continuous decline in the Group's decoration business and asset operation business;

(iv) Revenue from smart living technology solutions decreased slightly by approximately 5.9% to approximately RMB32.8 million for the Period from approximately RMB34.9 million in the same period of 2022, of which revenue from non-related parties accounted for approximately 56.4%, mainly due to that the Group took the initiative to reduce the relevant business provided to Jinke Property Group and gradually relied on the external third party business for independent development.

Revenue from space property management services

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

High-quality growth in revenue generated from property management services

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

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

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

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

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

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

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

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

	For the six months ended 30 June			
	2023		2022	
	Contracted GFA *(sq.m.'000)*	**GFA under management** *(sq.m.'000)*	Contracted GFA *(sq.m.'000)*	GFA under management *(sq.m.'000)*
As at the beginning of the year	**359,822**	**254,538**	359,800	237,859
New engagements[(1)]	**18,456**	**24,888**	22,939	21,340
– Properties developed by Jinke Property Group and its joint ventures and associates	**455**	**6,714**	229	4,565
– Properties developed by Independent Third Parties	**9,987**	**11,269**	22,489	16,554
– Properties took over upon mergers & acquisitions[(2)]	**8,014**	**6,905**	221	221
– Residential properties	**9,734**	**16,325**	8,278	11,013
– Non-residential properties	**8,722**	**8,563**	14,661	10,327
Terminations[(3)]	**(16,081)**	**(13,938)**	(9,275)	(7,972)
	362,197	**265,488**	373,464	251,227

Notes:

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

(2) Acquisitions during the year mainly included Chengdu Shuchuan Property Service Co., Ltd. (成都市蜀川物業服務有限公司) and Shijiazhuang New Oriental Property Services Co., Ltd. (石家莊新東方物業服務有限公司).

(3) Such terminations include (a) non-renewal of certain property management service contracts upon expiration due to reallocation of our resources to more profitable projects in order to optimize our portfolio of property management projects; (b) voluntary exit of property management service contracts, which are generally characterized by low operational quality, low fee collection rates, and low real estate depreciation rates; and (c) passive termination of property management service contracts, which are due to the impact of the macro-economy, where some property developers or asset holders either chose to stop paying for the relevant service fees due to the breakdown of their financial chains, or chose to terminate the professional property services and replace them with self-management, or were caught up in the public opinion of the slow delivery of the phased projects which were in a state of dilapidation, which had a far-reaching negative impact on the development of the Group's subsequent services.

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

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

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

Notes:

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

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

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

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

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

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

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

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

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

Notes:

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

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

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

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

Revenue from value-added services to non-property owners

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

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

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

Revenue from local catering services

The Group provides local catering services to property owners and clients, primarily in the form of (i) catering services; (ii) hotel management services, and (iii) catering supply chain services (specialty food materials supply chain services such as rice, flour, grain and oil etc.). Revenue from local catering services was approximately RMB242.1 million in the first half of 2023, representing an increase of approximately 10.5% over the same period in 2022.

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

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

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

	For the six months ended 30 June			
	2023		2022	
	(RMB'000)	*%*	*(RMB'000)*	*%*
Catering services	**159,408**	**65.8**	41,114	18.8
Hotel management services	**75,472**	**31.2**	65,118	29.7
Catering supply chain services	**7,254**	**3.0**	112,849	51.5
Total	**242,134**	**100.0**	219,081	100.0

Revenue from community value-added services

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

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

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

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

Revenue from smart living technology solutions

For our smart living technology solutions, we mainly provide digital and intelligent technology solutions to property management companies, external clients like enterprises and public institutions, and property developers to achieve the purpose of technology empowerment as well as quality and efficiency improvement. Our smart living technology solutions business mainly includes: (i) providing intelligent design services to property developers with full-cycle smart solutions for their project construction; (ii) providing smart sales assistance services to property developers with intelligent and digital on-site technical services during the housing sales stage, such as implementing the Home-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 public affairs, digital and intelligent communities and intelligent cultural tourism through development, customization, installation, and operation and maintenance of IBMS (intelligent building management system), thus contributing to national digital transformation.

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

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

COST OF SALES

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

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

GROSS PROFIT AND GROSS PROFIT MARGIN

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

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

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

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

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

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

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

OTHER INCOME

Other income of the Group increased by approximately 122.3% from approximately RMB35.6 million for the six months ended 30 June 2022 to approximately RMB78.9 million for the six months ended 30 June 2023, which was primarily due to that (i) the catering services under the local catering services segment vigorously developed the operation and management business of college canteens during the Period, enjoying the support of national tax incentives; and (ii) the Group (as the lender) provided a loan of RMB1,500 million (annual interest rate of 8.6%) to Jinke Property Group (as the borrower), thereby significantly increasing the relevant interest income.

OTHER (LOSSES)/GAINS – NET

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

ADMINISTRATIVE EXPENSES

The Group's administrative expenses primarily consist of (i) employee benefit expenses for administrative staff; (ii) traveling and entertainment expenses; (iii) office expenses; (iv) bank charges; (v) depreciation and amortization; (vi) research and development expenses for the development of the Group's smart living technology solutions; and (vii) others, which mainly include consultancy service fees, recruiting costs and advertising expenses. Administrative expenses of the Group increased by approximately 9.6% from approximately RMB230.1 million for the six months ended 30 June 2022 to approximately RMB252.2 million for the six months ended 30 June 2023, which were primarily because (i) the number of senior employees of the Group continued to increase; and (ii) related intermediary agency fees incurred by the Group increased due to the need for due diligence in mergers and acquisitions.

INTANGIBLE ASSETS

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

TRADE AND BILL RECEIVABLES

Carrying balance of trade and bill receivables of the Group increased by approximately 15.3% from approximately RMB2,531.0 million as at 31 December 2022 to approximately RMB2,919.0 million as at 30 June 2023, and provision for impairment of trade and bill receivables increased by 11.0% from approximately RMB1,046.5 million as at 31 December 2022 to approximately RMB1,162.0 million as at 30 June 2023. Trade receivables mainly arise from the space property management services, (i) in terms of ageing structure, approximately 55.1% of the receivables were generated within one year, which was mainly due to the constant increase in the GFA and the number of projects under management of the Group's basic property management services, which was in line with the law of business development; and (ii) in terms of customer classification, over approximately 50% of the trade and bill receivables were from major property owners. Due to the weaker-than-expected recovery in the economy and continued downturn in the real estate market, the cash flows of enterprise and public institution customers, property developer customers and other major property owner customers served by the Group are tightening, resulting in higher trade receivables turnover days. The Group will pay close attention to the balance of trade receivables, strengthen risk control measures and carry out special collection work, including offsetting receivables by assets for real estate developers facing liquidity crises to minimize losses.

PREPAYMENTS AND OTHER RECEIVABLES

The Group's prepayments and other receivables mainly represent (i) loans to related parties; (ii) prepayments to suppliers; and (iii) service deposit paid to third parties. Carrying balance of prepayments and other receivables of the Group slightly decreased by approximately 0.4% from approximately RMB3,537.4 million as at 31 December 2022 to approximately RMB3,524.8 million as at 30 June 2023, and provision for impairment of prepayments and other receivables slightly increased by approximately 3.0% from approximately RMB1,197.2 million as at 31 December 2022 to approximately RMB1,233.2 million as at 30 June 2023. These changes were primarily due to (i) the Group (as the lender) provided a loan of RMB1,500 million to Jinke Property Group (as the borrower); (ii) the Group controlled the overall size of its other receivables, with a small increase in the diversified business (e.g. deposits paid for catering services); but (iii) as at 31 December 2022, the Group made reasonable impairment provision on the carrying value of other receivables after considering the combined effects of some unfavourable factors such as a severe liquidity crisis facing by China's real estate industry and economic growth slowdown. The Group will pay close attention to the balance of other receivables, strengthen risk control measures and carry out special collection work, including in the form of legal action or offsetting receivables by assets, to control risks and minimize losses.

OTHER ASSETS

The Group held a small number of parking lots of certain properties only for sales purpose but the sales of these parking lots are not part of the Group's core business. Other assets of the Group decreased from approximately RMB19.7 million as at 31 December 2022 to approximately RMB18.5 million as at 30 June 2023, which was primarily due to the sales of parking lot.

TRADE AND BILL PAYABLES

Trade and bill payables primarily represent the Group's obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers, including service fees and cost of materials. Trade and bill payables of the Group decreased by approximately 6.3% from approximately RMB838.8 million as at 31 December 2022 to approximately RMB785.8 million as at 30 June 2023, mainly because the Group scales down in the payment cycle of trade payables from the third party in order to obtain lower service prices from suppliers.

OTHER PAYABLES

The Group's other payables and accruals primarily consist of (i) equity acquisition payables to third parties; (ii) deposit guarantee payable. Other payables and accruals of the Group increased by approximately 11.5% from approximately RMB877.3 million as at 31 December 2022 to approximately RMB978.1 million as at 30 June 2023, mainly due to the Group's payment of certain equity payables.

CONTRACT LIABILITIES

Contract liabilities primarily consist of advances of property management fees and other service fees. The Group's contract liabilities decreased by 10.8% from approximately RMB740.2 million as at 31 December 2022 to approximately RMB660.2 million as at 30 June 2023, mainly due to the provision of property management services to private property owners who have prepaid for their properties.

LIQUIDITY AND CAPITAL RESOURCES

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

Cash Position

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

Cash Flows

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

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

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

INDEBTEDNESS

Borrowings

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

GEARING RATIO

As the Group had nil borrowings as at 30 June 2023, the net gearing ratio (as calculated by total interest-bearing bank borrowings as at the end of respective periods divided by total equity as at the same date) was nil as at 30 June 2023 (31 December 2022: Nil).

PLEDGE OF ASSETS

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

FOREIGN EXCHANGE RISKS

The Group's operations are primarily denominated in RMB, which is the functional currency of the Group companies. Foreign currency transaction included mainly receipts of proceeds from the Listing on the Main Board of the Stock Exchange and payment of professional fees, which are denominated in Hong Kong dollars, and a subsidiary which is mainly denominated in United States dollars. As at 30 June 2023, the cash and cash equivalents of approximately RMB66.4 million and RMB6.3 million denominated in HK$ and US$. Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations. The Group actively controls the risk of exchange losses by the lock-ups of foreign exchange rate and timely settlement. The management of the Group will continue to keep track of changes in exchange rate and control the financial impact of exchange rate changes on the Group.

CONTINGENT LIABILITIES

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

COMMITMENTS

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

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

For the six months ended 30 June 2023, the Group had no significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures.

USE OF NET PROCEEDS FROM THE LISTING

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

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

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

	Planned use of net proceeds disclosed in the Announcement		**Unutilised net proceeds as at 1 January 2023**	**Actual use of net proceeds during the six months ended 30 June 2023**	**Unutilised net proceeds as at 30 June 2023**	**Expected timeline of the intended use of proceeds**
	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%	1,624.7	2,456.2	1,540.4	

	Planned use of net proceeds disclosed in the Announcement		Unutilised net proceeds as at 1 January 2023	Actual use of net proceeds during the six months ended 30 June 2023	Unutilised net proceeds as at 30 June 2023	Expected timeline of the intended use of proceeds
	HK$'million	*approximately %*	*HK$'million*	*HK$'million*	*HK$'million*	
(i) Investing in or acquiring property management companies which manage quality residential properties which meet the Group's selection criteria, and/or with the necessary experiences and qualifications, and/or which manage non-residential properties which meet the Group's selection criteria such as public facilities, educational institutions and/or hospitals	2,032.0	30.5%	793.1	823.3	1,208.7	On or before December 2025
(ii) Investing in or acquiring suitable targets with business that are complementary to the Group's existing services and can help the Group further integrate its upstream and downstream resources, such as catering services, and enjoy a reputable brand name	997.7	15.0%	–	666.0	331.7	On or before December 2025
(iii) Retaining the net proceeds in Hong Kong for the investment in and acquisition of suitable targets with the business scope described in subcategories (i) and (ii) above, and according to the structure of the transaction and acquisition target (such as red chip structure), possibly for direct payment in Hong Kong of such investment and mergers and acquisitions, so that the Company can explore and expand business sources and channels in multiple directions	966.9	14.5%	831.6	966.9	–	–
(b) Upgrading the systems of the Group for digitization and smart management	170.8	2.6%	621.3	76.0	94.8	
(i) Developing and upgrading hardware and software	70.8	1.1%	421.5	70.8	–	–
(ii) Developing and improving the Group's intelligent management systems	100.0	1.5%	199.8	5.2	94.8	On or before December 2024

	Planned use of net proceeds disclosed in the Announcement		Unutilised net proceeds as at 1 January 2023	Actual use of net proceeds during the six months ended 30 June 2023	Unutilised net proceeds as at 30 June 2023	Expected timeline of the intended use of proceeds
	HK$'million	*approximately %*	*HK$'million*	*HK$'million*	*HK$'million*	
(c) Further developing the value-added services of the Group	1,199.0	18.0%	477.4	901.2	297.8	
(i) Strategically developing the Group's upstream and downstream services	1,196.9	17.97%	179.7	899.1	297.8	On or before December 2024
(ii) Upgrading hardware and developing smart community	2.1	0.03%	297.7	2.1	–	–
(d) General business operations and working capital	666.1	10%	10.4	655.8	10.3	On or before December 2024
(e) Retaining the net proceeds in Hong Kong and mainland China for the funding of the repurchase of Shares and/or the establishment of incentive programs, such as employee share ownership plan and share award plan, as permitted by the laws of the place where the Company is registered and where the Company's shares are listed	433.2	6.5%	3.2	242.3	190.9	On or before December 2024
(f) Renovating and improving the housing of the old residential communities under the management of the Group or for which the Group is newly contracted to provide property management service	195.3	2.9%	–	2.0	193.2	On or before December 2024
Total	6,660.9	100%	2,737.1	4,333.6	2,327.4	

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2023, the Group had approximately 12,661 employees (30 June 2022: 12,688 employees). During the Period, the staff cost recognised as expenses by the Group amounted to approximately RMB894.3 million (30 June 2022: approximately RMB938.5 million).

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

SUBSEQUENT EVENTS

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

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

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

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

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

INTERIM DIVIDEND

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

AUDIT COMMITTEE

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

The primary duties of the Audit Committee are to (i) review and supervise the financial reporting process and internal control system of the Group, risk management and internal audit; (ii) provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board. The Audit Committee consists of four members, namely Mr. Liang Zhongtai (梁忠太), Mr. Wu Xiaoli (吳曉力), Ms. Yuan Lin (袁林) and Ms. Xiao Huilin (肖慧琳).

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

REVIEW OF UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

The Audit Committee has discussed with the management and the external auditor of the Company and has reviewed the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2023. The interim results of the Group for the six months ended 30 June 2023 have not been audited but have been reviewed by PricewaterhouseCoopers, the external auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk as well as the website of the Company at www.jinkeservice.com. The Company's 2023 interim report containing all the information required by the Listing Rules 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

Chongqing, 28 August 2023

As at the date of this announcement, the Board comprises Mr. Xia Shaofei as executive Director, Mr. Wu Xiaoli, Ms. Lin Ke, Mr. Wei Yi, Mr. Xu Guofu and Mr. Liang Zhongtai as non-executive Directors, and Ms. Xiao Huilin and Ms. Yuan Lin 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.

"Audit Committee"	the audit committee of the Company
"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
"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
"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 Party(ies)"	an individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates (within the meaning of the Listing Rules)
"Jinke Property"	Jinke Property Group Co., Ltd.* (金科地產集團股份有限公司), a joint stock company with limited liability established in the PRC on 29 March 1994, listed on the Shenzhen Stock Exchange (stock code: 000656.SZ)

"Jinke Property Group"	Jinke Property and its subsidiaries
"Listing"	the listing of the H Shares on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Period"	the six months ended 30 June 2023
"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
"%"	per cent
"US$"	United States dollars, the lawful currency in the United States of America

* *For identification purpose only*