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## **JINMAO PROPERTY SERVICES CO., LIMITED**

**金茂物業服務發展股份有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00816)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **HIGHLIGHTS**

- For the year ended 31 December 2023, the Group's total revenue was approximately RMB2,704.4 million, representing an increase of approximately RMB268.4 million or 11.0% as compared to that of approximately RMB2,436.0 million for the year ended 31 December 2022.
- Gross profit of the Group for the year ended 31 December 2023 amounted to approximately RMB746.5 million, representing an increase of approximately 1.7% as compared with approximately RMB733.9 million for the year ended 31 December 2022.
- Profit for the year ended 31 December 2023 amounted to approximately RMB342.9 million, representing an increase of approximately 0.4% as compared with approximately RMB341.4 million for the year ended 31 December 2022.
- Earnings per share attributable to ordinary equity holders of the Company for the year ended 31 December 2023 was RMB0.37 per share as compared to RMB0.38 per share for the year ended 31 December 2022.
- As of 31 December 2023, the contracted GFA of the Group was approximately 106.4 million sq.m. and the GFA under management of the Group was approximately 84.2 million sq.m., representing an increase of approximately 31.7% and 48.0%, respectively, as compared to that as of 31 December 2022.
- The Board recommends the payment of a final dividend of HK\$0.17 per share for the year ended 31 December 2023.

The board (the “**Board**”) of directors (the “**Directors**”) of Jinmao Property Services Co., Limited (the “**Company**”) announces the consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”, “our **Group**” or “**we**”) for the year ended 31 December 2023, with comparative figures for the year ended 31 December 2022, as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

|   | Notes | 2023<br>RMB'000         | 2022<br>RMB'000    |
|---|-------|-------------------------|--------------------|
| <b>REVENUE</b>  | 4     | <b>2,704,412</b>        | 2,436,035          |
| Cost of sales   |       | <u>(1,957,870)</u>      | <u>(1,702,165)</u> |
| Gross profit  |       | <b>746,542</b>          | 733,870            |
| Other income and gains  | 4     | <b>30,032</b>           | 46,074             |
| Selling and distribution expenses   |       | <b>(56,122)</b>         | (54,028)           |
| Administrative expenses   |       | <b>(253,399)</b>        | (239,513)          |
| Other expenses  |       | <b>(15,759)</b>         | (38,509)           |
| Finance costs   | 6     | <u><b>(4,500)</b></u>   | <u>(1,583)</u>     |
| <b>PROFIT BEFORE TAX</b>  | 5     | <b>446,794</b>          | 446,311            |
| Income tax expense  | 7     | <u><b>(103,847)</b></u> | <u>(104,890)</u>   |
| <b>PROFIT FOR THE YEAR</b>  |       | <u><b>342,947</b></u>   | <u>341,421</u>     |
| Attributable to:  |       |                         |                    |
| Owners of the parent  |       | <b>337,315</b>          | 336,002            |
| Non-controlling interests   |       | <u><b>5,632</b></u>     | <u>5,419</u>       |
|   |       | <u><b>342,947</b></u>   | <u>341,421</u>     |
| <b>EARNINGS PER SHARE ATTRIBUTABLE<br/>TO ORDINARY EQUITY HOLDERS<br/>OF THE PARENT</b> |       |                         |                    |
| Basic and diluted   | 9     | <u><b>RMB0.37</b></u>   | <u>RMB0.38</u>     |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

|  | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| <b>PROFIT FOR THE YEAR</b>   | <b><u>342,947</u></b>  | <b><u>341,421</u></b>  |
| <b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>   |                        |                        |
| Other comprehensive income/(loss) that will not<br>be reclassified to profit or loss<br>in subsequent periods: |                        |                        |
| Exchange differences on translation of financial<br>statements of the Company                                  | <u>(2,078)</u>         | <u>39,580</u>          |
| <b>OTHER COMPREHENSIVE INCOME/(LOSS)<br/>FOR THE YEAR, NET OF TAX</b>  | <b><u>(2,078)</u></b>  | <b><u>39,580</u></b>   |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>   | <b><u>340,869</u></b>  | <b><u>381,001</u></b>  |
| Attributable to:   |                        |                        |
| Owners of the parent   | <u>335,237</u>         | <u>375,582</u>         |
| Non-controlling interests  | <u>5,632</u>           | <u>5,419</u>           |
|  | <b><u>340,869</u></b>  | <b><u>381,001</u></b>  |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***31 December 2023*

|   |              | 2023                  | 2022                  |
|---|--------------|-----------------------|-----------------------|
|   | <i>Notes</i> | <b><i>RMB'000</i></b> | <b><i>RMB'000</i></b> |
| <b>NON-CURRENT ASSETS</b>                       |              |                       |                       |
| Property, plant and equipment                   |              | 95,943                | 90,507                |
| Investment properties                           |              | 128,206               | 94,207                |
| Right-of-use assets                             |              | 27,844                | 28,330                |
| Goodwill  |              | 249,122               | 249,122               |
| Intangible assets                               |              | 101,746               | 91,713                |
| Deferred tax assets                             |              | 8,109                 | 6,111                 |
| Other assets                                    |              | 4,641                 | 1,238                 |
|   |              | <hr/>                 | <hr/>                 |
| Total non-current assets                        |              | <b>615,611</b>        | 561,228               |
|   |              | <hr/>                 | <hr/>                 |
| <b>CURRENT ASSETS</b>                           |              |                       |                       |
| Inventories                                     |              | 4,255                 | 4,391                 |
| Trade receivables                               | <i>10</i>    | 900,304               | 778,562               |
| Prepayments, other receivables and other assets |              | 816,802               | 611,460               |
| Prepaid tax                                     |              | 22,763                | 27,280                |
| Restricted cash                                 |              | 2,017                 | 1,649                 |
| Cash and cash equivalents                       |              | 1,252,038             | 1,018,958             |
|   |              | <hr/>                 | <hr/>                 |
| Total current assets                            |              | <b>2,998,179</b>      | 2,442,300             |
|   |              | <hr/>                 | <hr/>                 |
| <b>CURRENT LIABILITIES</b>                      |              |                       |                       |
| Trade payables                                  | <i>11</i>    | 602,850               | 456,084               |
| Other payables and accruals                     |              | 756,495               | 664,286               |
| Contract liabilities                            |              | 486,839               | 370,373               |
| Lease liabilities                               |              | 22,325                | 15,664                |
| Tax payable                                     |              | 40,317                | 26,185                |
|   |              | <hr/>                 | <hr/>                 |
| Total current liabilities                       |              | <b>1,908,826</b>      | 1,532,592             |
|   |              | <hr/> <hr/>           | <hr/> <hr/>           |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***31 December 2023*

|  | 2023<br><i>RMB'000</i>  | 2022<br><i>RMB'000</i>  |
|--|-------------------------|-------------------------|
| <b>NET CURRENT ASSETS</b>                              | <u>1,089,353</u>        | <u>909,708</u>          |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>           | <u>1,704,964</u>        | <u>1,470,936</u>        |
| <b>NON-CURRENT LIABILITIES</b>                         |                         |                         |
| Lease liabilities                                      | 113,319                 | 84,875                  |
| Deferred tax liabilities                               | <u>23,628</u>           | <u>25,835</u>           |
| Total non-current liabilities                          | <u>136,947</u>          | <u>110,710</u>          |
| Net assets   | <u><u>1,568,017</u></u> | <u><u>1,360,226</u></u> |
| <b>EQUITY ATTRIBUTABLE TO OWNERS<br/>OF THE PARENT</b> |                         |                         |
| Share capital  | 839,529                 | 839,529                 |
| Reserves   | <u>702,265</u>          | <u>503,644</u>          |
|  | 1,541,794               | 1,343,173               |
| Non-controlling interests                              | <u>26,223</u>           | <u>17,053</u>           |
| Total equity   | <u><u>1,568,017</u></u> | <u><u>1,360,226</u></u> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

## 1. CORPORATE INFORMATION

### General information

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

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

The Company’s shares became listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 10 March 2022.

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

## 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s financial statements.

|  |   |
|--|---|
| HKFRS 17   | <i>Insurance Contracts</i>  |
| Amendments to HKAS 1 and<br>HKFRS Practice Statement 2 | <i>Disclosure of Accounting Policies</i>  |
| Amendments to HKAS 8                                   | <i>Definition of Accounting Estimates</i>   |
| Amendments to HKAS 12                                  | <i>Deferred Tax related to Assets and Liabilities<br/>arising from a Single Transaction</i> |
| Amendments to HKAS 12                                  | <i>International Tax Reform – Pillar Two Model Rules</i>                                    |

None of the above amendments to HKFRSs has had a significant financial effect on the Group.

### 3. OPERATING SEGMENT INFORMATION

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

#### Geographical information

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

### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

|  | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| <i>Revenue from contracts with customers</i>                     | 2,690,744              | 2,429,290              |
| <i>Revenue from other sources</i>                                |                        |                        |
| Gross rental income from investment properties operating leases: |                        |                        |
| Fixed lease payments   | 13,668                 | 6,745                  |
| Total revenue  | <u>2,704,412</u>       | <u>2,436,035</u>       |

#### Revenue from contracts with customers

##### *Disaggregated revenue information*

|   | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| <u>Types of services</u>                    |                        |                        |
| Property management services                | 1,574,891              | 1,206,859              |
| Value-added services to non-property owners | 504,636                | 584,619                |
| Community value-added services              | 611,217                | 637,812                |
| Total revenue from contracts with customers | <u>2,690,744</u>       | <u>2,429,290</u>       |

An analysis of other income and gains is as follows:

|  | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| <u>Other income and gains</u>            |                        |                        |
| Fair value gain on investment properties | 1,670                  | 18,356                 |
| Bank interest income                     | 13,090                 | 12,068                 |
| Tax incentives on value-added tax        | 6,682                  | 8,523                  |
| Government grants*                       | 8,075                  | 6,168                  |
| Others                                   | 515                    | 959                    |
| Total other income and gains             | <u>30,032</u>          | <u>46,074</u>          |

\* Various government grants have been received from the relevant authorities for the Group's businesses conducted in certain cities in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

## 5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

|   | <b>2023</b><br><b>RMB'000</b> | 2022<br><i>RMB'000</i> |
|---|-------------------------------|------------------------|
| Cost of services provided   | <b>1,878,421</b>              | 1,621,060              |
| Cost of goods sold  | <b>79,449</b>                 | 81,105                 |
| Depreciation of property, plant and equipment                                       | <b>22,054</b>                 | 18,121                 |
| Depreciation of right-of-use assets   | <b>10,229</b>                 | 10,972                 |
| Amortisation of intangible assets   | <b>12,281</b>                 | 10,968                 |
| Listing expenses  | –                             | 12,644                 |
| Fair value gain on investment properties  | <b>(1,670)</b>                | (18,356)               |
| (Gain)/loss on disposal of items of property, plant and equipment, net*             | <b>(12)</b>                   | 274                    |
| Employee benefit expense (excluding directors' and chief executive's remuneration): |                               |                        |
| Wages and salaries  | <b>484,362</b>                | 491,813                |
| Pension scheme contributions  | <b>49,300</b>                 | 42,912                 |
| Equity-settled share option expense   | <b>49</b>                     | (729)                  |
| Total   | <b>533,711</b>                | 533,996                |
| Foreign exchange loss*  | <b>1,745</b>                  | 26,375                 |
| Impairment losses/(write-back of impairment losses) of financial assets*:           |                               |                        |
| – Trade receivables   | <b>11,787</b>                 | 10,695                 |
| – Other receivables   | <b>1,525</b>                  | (2,411)                |
| Total   | <b>13,312</b>                 | 8,284                  |
| Rental expense  |                               |                        |
| Short-term leases and low-value leases  | <b>11,844</b>                 | 10,845                 |

\* These items are included in "Other expenses, net" in the consolidated statements of profit or loss.

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

|                               | <b>2023</b><br><b>RMB'000</b> | 2022<br><i>RMB'000</i> |
|-------------------------------|-------------------------------|------------------------|
| Interest on lease liabilities | <b>4,500</b>                  | 1,583                  |

## 7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The Company is not liable for income tax as it did not generate any assessable profits arising in Hong Kong during the year.

Except for one (2022: one) PRC subsidiary which operates in several western cities of Mainland China and is subject to a preferential income tax rate of 15%, the income tax provision of the Group in respect of its operation in Mainland China was calculated at the tax rates of 25% (2022: 25%) on the assessable profits for the reporting period, if applicable, based on the existing legislation, interpretations and practice in respect thereof.

|                               | <b>2023</b><br><b>RMB'000</b> | 2022<br><i>RMB'000</i> |
|-------------------------------|-------------------------------|------------------------|
| Current                       | <b>108,052</b>                | 104,210                |
| Deferred                      | <b>(4,205)</b>                | 680                    |
| Total tax charge for the year | <b>103,847</b>                | 104,890                |

## 8. DIVIDENDS

|   | <b>2023</b><br><b>RMB'000</b> | 2022<br><i>RMB'000</i> |
|---|-------------------------------|------------------------|
| Proposed final – HK17 cents (2022: HK17 cents) per ordinary share | <b>139,558</b>                | 133,894                |

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 904,189,000 (2022: 884,611,036) in issue during the year.

The weighted average number of ordinary shares during the year ended 31 December 2022 was adjusted to reflect those 799,999,998 ordinary shares of the Company issued under the bonus issue occurred on 9 March 2022, as if the issuance of these additional shares under the bonus issue had been completed throughout the year ended 31 December 2022.

|  | <b>2023</b><br><b>RMB'000</b> | 2022<br><i>RMB'000</i> |
|--|-------------------------------|------------------------|
| <u>Earnings</u>  |                               |                        |
| Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation          | <b>337,315</b>                | 336,002                |
|  | <b>Number of shares</b>       |                        |
|  | <b>2023</b>                   | 2022                   |
| <u>Shares</u>  |                               |                        |
| Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation | <b>904,189,000</b>            | 884,611,036            |

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

## 10. TRADE RECEIVABLES

|   | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Related parties                                     | 361,427                | 401,597                |
| Third parties                                       | <u>566,852</u>         | <u>393,153</u>         |
| Trade receivables                                   | <u>928,279</u>         | <u>794,750</u>         |
| Less: Allowance for impairment of trade receivables | <u>(27,975)</u>        | <u>(16,188)</u>        |
| Net carrying amount                                 | <u><u>900,304</u></u>  | <u><u>778,562</u></u>  |

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

|               | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|---------------|------------------------|------------------------|
| Within 1 year | 750,662                | 690,550                |
| 1 to 2 years  | 116,503                | 74,873                 |
| 2 to 3 years  | 28,343                 | 6,267                  |
| Over 3 years  | <u>4,796</u>           | <u>6,872</u>           |
| Total         | <u><u>900,304</u></u>  | <u><u>778,562</u></u>  |

## 11. TRADE PAYABLES

|                   | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|-------------------|------------------------|------------------------|
| Trade payables    |                        |                        |
| – Related parties | 5,578                  | 4,629                  |
| – Third parties   | <u>597,272</u>         | <u>451,455</u>         |
| Total             | <u><u>602,850</u></u>  | <u><u>456,084</u></u>  |

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

|               | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|---------------|------------------------|------------------------|
| Within 1 year | 581,682                | 433,224                |
| 1 to 2 years  | 17,913                 | 16,578                 |
| 2 to 3 years  | 1,877                  | 3,877                  |
| Over 3 years  | <u>1,378</u>           | <u>2,405</u>           |
| Total         | <u><u>602,850</u></u>  | <u><u>456,084</u></u>  |

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business overview

We are a fast-growing upscale property management and city operation service provider in China. We are an industry-leading company based on multiple indicators such as operating scale, operating performance, service quality, development potential and social responsibility, according to China Index Academy. We are ranked among the top 15 in the list of the “Top 100 Property Management Companies by Comprehensive Strength” (“物業行業綜合實力百強企業”) released by China Index Academy. We have also received a number of honors, such as “Leading Enterprise in High-end Property Service in China” (“中國高端物業服務領先企業”), a “China Excellent State-owned Property Management Company” (“中國國有物業服務優秀企業”), a “Leading Enterprise in Property Service Quality in China” (“中國物業服務質量領先企業”) and a “Growth-Leading Property Service Company in China” (“中國物業服務成長性領先企業”). According to CRIC Property Management, we are ranked among the top 15 in the top 100 property management companies in China, and have received several recognitions, such as No. 1 among the top ten high-end property service companies in China, a leading property management company for service satisfaction and a leading low-carbon property management company in China.

Our history can be traced back to 1993 when we were established as a subsidiary of Sinochem Group Co. Ltd. (“**Sinochem Group**”) to provide property management services in Beijing, the PRC for properties developed by the predecessor of China Jinmao Holdings Group Limited (“**China Jinmao**”) and its subsidiaries (“**Jinmao Group**”). China Jinmao, our controlling shareholder, is a leading comprehensive property developer in China, and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”, stock code: 00817). Over the years, we provided a full spectrum of property management services to a broad range of properties, and we have established a nationwide business in China, with a strong focus on high-end properties in core cities. As of December 31, 2023, our total contracted gross floor area (the “**GFA**”) reached approximately 106.4 million sq.m., covering 70 cities across 24 provinces, municipalities and autonomous regions in China, 501 properties with a total GFA under management of approximately 84.2 million sq.m., including 321 residential communities and 180 non-residential properties.

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

## **FUTURE OUTLOOK**

### **Future development plans**

Looking ahead to 2024, with the recovery of the macro economy, the upstream real estate industry will return to rational development, and the demands for high-quality life services, professional commercial enterprise services and refined urban management in higher-tier cities will continue to increase. The Group has deployed community life services, commercial enterprise services and urban operation services in core cities, and has established a good customer reputation and market foundation with its outstanding quality.

In 2024, Jinmao Services will stand at a new starting point for development, and will upgrade the “High, Comprehensive, Innovative and Fast” strategy to a “1245” strategy, set the high-quality development goal of “Rebuilding New Jinmao Services in Five Years”, determine the dual strategic positioning of the industry-leading property enterprise and the second growth curve of Jinmao Group, achieve the four success criteria of “Excellent Service Quality, Qualitative Growth in Scale, Lean and Efficient Management, and Market Recognition of Value”, and create five competitive core business lines, namely “property management, enterprise services IFM, city services, smart IoT, and energy management”, so as to lead the Company’s high-quality development with the new strategy.

First, we will continue to adhere to the principle of customer-centric development, leverage the Company’s strengths in customer research, service design, customer experience management, and service product innovation, and improve customer experience management system and quality management system, so as to continue to steadily deliver high-quality services to our customers.

Secondly, we will deploy and promote the special initiative of “setting up of three benchmarks”, focusing on promoting the establishment of benchmarks for external investment, product and service and operation management, so as to maximise the potential in three areas of market power, service power and operation power, and to achieve excellence in operation on the basis of customer satisfaction.

In terms of external investment benchmarking, we will adhere to high-quality market expansion, continue to improve the investment and expansion management system, focus on higher-tier cities, core markets and core sectors, increase market investment, increase the scale of commercial and enterprise services and city services, and build differentiated competitive barriers, thereby consolidating the Company’s high-quality positioning and strengthening the Company’s independent development capability through incremental expansion. Meanwhile, we will further strengthen the synergy of resources with Sinochem Holdings Corporation Ltd. and China Jinmao, and conduct mergers and acquisitions with high quality targets to rapidly enhance the Group’s management capabilities and expand the management scale.

In terms of product benchmarking, we will insist on upgrading the service system, continue to consolidate and develop the distinctive features of the residential property management product line for different business formats and business scenarios, and continue to carry out the construction of enterprise service IFM, city services, smart IoT, energy operation and maintenance product lines, so as to strengthen our brand influence in the market segments. In terms of basic business, we will

combine customer demand insights with project positioning, optimise and improve the hierarchical service system and differentiated service model in accordance with the principle of matching quality with price, and accurately match service resources with customer demand; in terms of value-added business, we will vigorously pursue service innovation and continuously enrich the value-added service ecosystem by focusing on the entire lifecycle of the housing units and the entire life scenarios of the customers, in order to provide diversified service solutions to the needs of different customers.

In terms of operational benchmarking, we will firmly promote the improvement of quality and efficiency, and continue to optimise the mechanism iteration in key areas such as market expansion, value-added marketing, integration of investment and operation, integration of business and finance, cost management, supply chain construction, assessment and incentives through the establishment of an excellent operation system. Through long-term and continuous digital investment, management and decision-making efficiency will be improved, and business costs and sales management expenses will be continuously reduced.

Thirdly, we will adhere to the people-oriented principle. On the one hand, we will continue to improve the pre-job training and on-the-job rotation training mechanism for employees, continuously improve the competence, quality and service level of employees, strengthen employees' corporate culture recognition, and ensure the stable quality of service delivered. On the other hand, we will further strengthen the construction of talent pool, continuing to create a broad development space for employees, and to promote mutual responsibility, co-creation and growth of employees and the enterprise.

Fourthly, the Group takes the ESG management as its long-term strategic task, and the Company has established an ESG management architecture comprising the Board of Directors, strategy and ESG committee, ESG workgroup, as well as many other departments and divisions, and to integrate ESG management into the Company's governance system. In 2024, the Company will shoulder corporate community responsibility together with its partners, drive the sustainable development targets of ESG to be implemented, and insist on the long-termism to create everlasting values for customers, shareholders, society and employees.

## FINANCIAL REVIEW

### Revenue

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

The following table sets out the breakdown of our total revenue by business lines for the years ended 31 December 2023 and 2022 respectively:

|   | 2023                    |                     | 2022                    |                     | Changes      |
|---|-------------------------|---------------------|-------------------------|---------------------|--------------|
|   | <i>RMB'000</i>          | %                   | <i>RMB'000</i>          | %                   | %            |
| Property management services                  | <b>1,574,891</b>        | <b>58.2</b>         | 1,206,859               | 49.5                | <b>30.5</b>  |
| Value-added services to non-property owners   | <b>504,636</b>          | <b>18.7</b>         | 584,619                 | 24.0                | <b>-13.7</b> |
| Community value-added services <sup>(1)</sup> | <b>624,885</b>          | <b>23.1</b>         | 644,557                 | 26.5                | <b>-3.1</b>  |
| Total   | <b><u>2,704,412</u></b> | <b><u>100.0</u></b> | <b><u>2,436,035</u></b> | <b><u>100.0</u></b> | <b>11.0</b>  |

*Note:*

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

Revenue from property management services increased by approximately 30.5% to approximately RMB1,574.9 million in 2023 from approximately RMB1,206.9 million in 2022. This increase was mainly attributable to the increase in our GFA under management from approximately 56.9 million sq.m. as at 31 December 2022 to approximately 84.2 million sq.m. as at 31 December 2023 as a result of our business expansion.

Revenue from value-added services to non-property owners decreased by approximately 13.7% to approximately RMB504.6 million in 2023 from approximately RMB584.6 million in 2022, primarily due to the decrease in revenue from preliminary planning and design services and undertaking inspection and consultancy services due to the impact of market cycles.

Revenue from community value-added services decreased slightly by approximately 3.1% to approximately RMB624.9 million in 2023 from approximately RMB644.6 million in 2022. The change was mainly due to the decrease in revenue from community living and interior decoration services affected by the renovation rate and the consumption power of property owners.

## Cost of sales

Cost of sales increased by approximately 15.0% to approximately RMB1,957.9 million for the year ended 31 December 2023 from approximately RMB1,702.2 million for the year ended 31 December 2022. The increase was basically in line with the revenue growth trend, while it was slightly higher than the increase in revenue due to the decrease in the proportion of value-added services to non-property owners.

## Gross profit and gross profit margin

Gross profit increased by approximately 1.7% to approximately RMB746.5 million for the year ended 31 December 2023 from approximately RMB733.9 million for the year ended 31 December 2022. Our overall gross profit margin decreased to approximately 27.6% for the year ended 31 December 2023 from approximately 30.1% for the year ended 31 December 2022 primarily due to the decrease in the proportion of value-added services to non-property owners.

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

|   | 2023           |                     | 2022           |                     |
|---|----------------|---------------------|----------------|---------------------|
|   | Gross profit   | Gross profit margin | Gross profit   | Gross profit margin |
|   | RMB'000        | %                   | RMB'000        | %                   |
| Property management services                  | 248,833        | 15.8                | 203,248        | 16.8                |
| Value-added services to non-property owners   | 224,828        | 44.6                | 270,499        | 46.3                |
| Community value-added services <sup>(1)</sup> | 272,881        | 43.7                | 260,123        | 40.4                |
| Total   | <u>746,542</u> | 27.6                | <u>733,870</u> | 30.1                |

Note:

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

The gross profit margin of property management services for the year ended 31 December 2023 was approximately 15.8%, representing a decrease of 1.0 percentage point as compared to that of approximately 16.8% for the year ended 31 December 2022, primarily due to increased investment in quality enhancement as the Company further consolidated its high-quality positioning.

Gross profit margin from value-added services to non-property owners decreased to approximately 44.6% for the year ended 31 December 2023 from approximately 46.3% for the year ended 31 December 2022, primarily due to the decrease in revenue from preliminary planning and design services and undertaking inspection and consultancy services, which generally resulted in higher profit margins as compared to other value-added services we provided to the non-property owners.

Gross profit margin for community value-added services increased to approximately 43.7% for the year ended 31 December 2023 from approximately 40.4% for the year ended 31 December 2022, primarily due to the increase in revenue from parking space management services, which typically generated higher profit margins.

## **Other income and gains**

Other income and gains include (i) gains on fair value changes; (ii) bank interest income; (iii) tax incentives on value-added tax; (iv) government grants; (v) others such as late fees charged to customers who failed to make timely payments. Our other income and gains decreased by approximately RMB16.1 million or 34.9% from approximately RMB46.1 million for the year ended 31 December 2022 to approximately RMB30.0 million for the year ended 31 December 2023. Such decrease was mainly due to the decrease in gains on fair value changes generated from the appraised appreciation of the investment properties during the year.

## **Selling and distribution expenses**

Selling and distribution expenses increased by approximately 3.9% to approximately RMB56.1 million for the year ended 31 December 2023 from approximately RMB54.0 million for the year ended 31 December 2022. The increase was mainly due to the increase in advertising and marketing expenses.

## **Administrative expenses**

Administrative expenses increased by approximately 5.8% to approximately RMB253.4 million for the year ended 31 December 2023 from approximately RMB239.5 million for the year ended 31 December 2022. This increase was mainly attributable to the increase in staff costs primarily as a result of our business expansion.

## **Finance costs**

Finance costs increased by approximately 181.3% to approximately RMB4.5 million for the year ended 31 December 2023 from approximately RMB1.6 million for the year ended 31 December 2022. The increase was mainly due to the increase in interest on lease liabilities.

## **Income tax expenses**

Income tax expenses decreased by approximately 1.0% to approximately RMB103.8 million for the year ended 31 December 2023 from approximately RMB104.9 million for the year ended 31 December 2022. The decrease was mainly due to the impact of deferred income tax during the year.

## **Profit for the year**

As a result of the foregoing, our profit for the year increased by approximately 0.4% to approximately RMB342.9 million for the year ended 31 December 2023 from approximately RMB341.4 million for the year ended 31 December 2022 and net profit margin decreased to approximately 12.7% for the year ended 31 December 2023 from approximately 14.0% for the year ended 31 December 2022.

## **Property, plant and equipment**

Property, plant and equipment mainly consists of electronic equipment, leasehold improvements, and furniture and office equipment. Property, plant and equipment increased from approximately RMB90.5 million as of 31 December 2022 to approximately RMB95.9 million as of 31 December 2023, primarily due to leasehold improvements and the purchase of electronic equipment, office equipment and IoT equipment for our business operations.

## **Investment properties**

Our investment properties consist of car park spaces and commercial properties. Our investment properties increased from approximately RMB94.2 million as of 31 December 2022 to approximately RMB128.2 million as of 31 December 2023, mainly due to (i) the increase in fair value of commercial properties amounting to approximately RMB2.2 million, (ii) the decrease in fair value of the investment properties of approximately RMB0.6 million as the remaining term of the lease agreement was shortened over a period of time, and (iii) the additional recognition of newly leased car parking spaces as investment properties of approximately RMB32.3 million.

## **Right-of-use assets**

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by us. Assets arising from a lease are initially measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The right-of-use asset is depreciated over the shorter of the estimated asset's useful life and the lease term on a straight-line basis. Our right-of-use assets decreased from approximately RMB28.3 million as of 31 December 2022 to approximately RMB27.8 million as of 31 December 2023, mainly due to the depreciation of the right-of-use assets.

## **Intangible assets**

Our intangible assets mainly comprise the contractual right of the acquiree and the software, information technology infrastructure and other smart management systems for properties under our management. Our intangible assets increased from approximately RMB91.7 million as of 31 December 2022 to approximately RMB101.7 million as of 31 December 2023, mainly due to our new acquisition of software assets for the integration of business and finance.

## **Inventories**

Our inventories mainly comprise consumables, spare parts and general merchandise. Our inventories amounted to approximately RMB4.3 million and RMB4.4 million as of 31 December 2023 and 31 December 2022, respectively, and the decrease was mainly due to the normal consumption of inventories.

## **Trade receivables**

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

Our trade receivables from related parties are primarily related to value-added services to non-property owners, the gross carrying amount of which decreased from approximately RMB401.6 million as of 31 December 2022 to approximately RMB361.4 million as of 31 December 2023. Our revenue from value-added services to non-property owners also decreased. Our trade receivables from third parties are primarily related to property management fees, the gross carrying amount of which increased from approximately RMB393.2 million as of 31 December 2022 to approximately RMB566.9 million as of 31 December 2023. This was mainly attributable to an increase in our property management revenue as we expanded our business with an increase in our GFA under management during the year ended 31 December 2023.

## **Prepayments, other receivables and other assets**

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

We had prepayments, other receivables and other assets of approximately RMB612.7 million and approximately RMB821.4 million as of 31 December 2022 and 2023, respectively. Such increase was primarily attributable to the expansion in scale of real estate brokerage services, which resulted in the increase in the payment of performance guarantees.

## **Trade payables**

Trade payables primarily represent our obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. The increase in trade payables to third parties from approximately RMB451.5 million as of 31 December 2022 to approximately RMB597.3 million as of 31 December 2023 was primarily due to the expansion of our business, reflecting an increase in the procurement of security and cleaning services and facilities and equipment maintenance services. Trade payables to related parties were in relation to procurement of information technology services, dining services and other goods and services from related parties.

## **Other payables and accruals**

Other payables and accruals represent (i) amounts due to related parties, (ii) receipts on behalf of residents and tenants, (iii) deposits and temporary receipts primarily in relation to bidding and renovation, (iv) payroll and welfare payables, (v) other tax payables, and (vi) other payables such as labor union fees payable. Our other payables and accruals amounted to approximately RMB756.5 million and approximately RMB664.3 million as of 31 December 2023 and 31 December 2022, respectively.

## **Contingent liabilities**

As of 31 December 2023, we did not have any outstanding guarantees or other material contingent liabilities.

## **Pledge of assets**

As of 31 December 2023, none of the assets of our Group was pledged.

## **Foreign currency risk**

The Group's principal activities are conducted in the PRC. Except for certain net proceeds raised from the listing in March 2022, which are denominated in Hong Kong dollars, the Group is not exposed to any significant risk directly related to foreign exchange fluctuations. Taking into account the potential RMB exchange rate fluctuations, we will continue to monitor our foreign exchange exposure and take prudent measures to reduce our foreign exchange risk. For the year ended 31 December 2023, the Group did not use any financial instruments for hedging purposes.

## **Capital commitment and capital expenditure**

As of 31 December 2023, the Group did not have any material commitment.

The Group's capital expenditure for the year ended 31 December 2024 is expected to be funded mainly by proceeds from the Global Offering (as defined below) and working capital generated from the operating activities of the Group.

## **Liquidity and capital resources, current assets and current ratio**

In order to manage the Group's cash, maintain a sound liquidity and ensure that the Group is well positioned to take advantage of future growth opportunities, the Group has adopted comprehensive treasury policies and internal control measures to review and monitor its financial resources and has maintained stable financial condition and sufficient liquidity throughout. As at 31 December 2023, the Group did not have any outstanding borrowings (31 December 2022: nil).

As at 31 December 2023, the Group's cash and cash equivalents amounted to approximately RMB1,252.0 million (31 December 2022: RMB1,019.0 million). The increase was mainly attributable to the net cash inflows from operating activities. The Group's net cash flows from operating activities increased to approximately RMB450.8 million for the year ended 31 December 2023 from approximately RMB154.1 million for the year ended 31 December 2022. The management believes that the Group has sufficient financial resources and future revenue to support the current working capital requirement and future expansion of the Group.

As at 31 December 2023, the Group's current assets amounted to approximately RMB2,998.2 million, representing an increase of approximately 22.8% as compared with approximately RMB2,442.3 million as at 31 December 2022. Current ratio as at 31 December 2023 was approximately 1.57 times, representing a decrease as compared with 1.59 times as at 31 December 2022.

## Use of proceeds from the Global Offering

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

As of 31 December 2023, approximately RMB558 million of the net cash proceeds of HK\$781.9 million from the Global Offering (representing 78.76% of the net proceeds from the Global Offering) have been utilized for the purposes stated in the paragraph headed “Future Plans and Use of Proceeds” in the Company’s prospectus dated 25 February 2022 (the “**Prospectus**”). The use of proceeds from the Global Offering is as follows:

| Usage  | % of net proceeds from the Global Offering | Intended use of net proceeds from the Global Offering<br><i>HK\$ million (approximately)</i> | Unutilized net proceeds from the Global Offering as at 1 January 2023<br><i>HK\$ million (approximately)</i> | Actual expenditures of net proceeds from the Global Offering for the period from 1 January 2023 to 31 December 2023<br><i>HK\$ million (approximately)</i> | Unutilized net proceeds from the Global Offering as at 31 December 2023<br><i>HK\$ million (approximately)</i> |
|--|--|--|--|--|--|
| (A) Pursue selective strategic investment and acquisition opportunities with companies engaged in property management, city operation services and/or community operations and to expand the Group’s business scale and solidify the Group’s leading industry position, including:   |  |  |  |  |  |
| (i) Acquire, invest in or cooperate with other property management companies and professional service providers in the upstream and downstream of city operation services which are suitable for and complementary to the Group’s business operations and strategies; and  | 50%  | 391.0<br><i>(Note 1)</i>   | -  | -  | -  |
| (ii) Acquire or invest in companies which provide community products and services complementary to those of the Group’s.   | 5%   | 39.1   | 39.1   | -  | 39.1   |
| (B) Upgrade the Group’s systems for smart management services and for the development of the Group’s smart communities and smart city solutions, aiming to offer a higher-quality living experience with more convenience for the Group’s property owners and residents and further enhance cost efficiency for the Group’s property management and city operation services. | 22%  | 172.0  | 157.7  | 30.7   | 127  |
| (C) Develop the Group’s community value-added services in an effort to diversify our service offering and enhance profitability.   | 13%  | 101.6  | 23.5   | 23.5   | -  |
| (D) Working capital and general corporate purpose.   | 10%  | 78.2   | 78.2   | 78.2   | -  |

*Note 1:* The amount of HK\$391.0 million (equivalent to RMB315 million) was fully utilized for the acquisition of 100% equity interests in Beijing Capital Property Services Limited, the details of which were disclosed in the announcement of the Company dated 17 June 2022.

As of 31 December 2023, the unutilized net proceeds from the Global Offering for each of the purposes stated in the table above were held in bank deposits and was expected to continue to be applied in the manner consistent with the proposed allocations in the Prospectus and be used up by the end of 2024. The business objectives and the intended use of the net proceeds stated in the Prospectus of the Company were based on the Group's best estimate of future market conditions at the time of preparation of the Prospectus. The actual use of net proceeds is determined based on actual market development.

As of 31 December 2023, the net proceeds from the Global Offering were used and were expected to continue to be used according to the intentions previously disclosed in the Prospectus, and there was no material change in the use of the net proceeds of the Company.

As disclosed in an announcement of the Company published on 18 January 2024, upon review of the Group's operational needs, business segments and future prospects, the Board resolved to change the proposed use of the net proceeds. Among others, the additional portion of the net proceeds reallocated for the use as described in (A)(i) above has been fully utilized to satisfy part of the total consideration for the acquisition of 100% equity interests in Beijing Runwu Jiaye Enterprise Management Co., Ltd. (北京市潤物嘉業企業管理有限公司) (“**Runwu Jiaye**”). For details, please refer to the section headed “Change in Use of Net Proceeds from the Global Offering” in the Company's announcement published on 18 January 2024.

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting of the Company (the “**2023 AGM**”) will be held on Wednesday, 5 June 2024, and the notice of the 2023 AGM will be published and dispatched to the shareholders in the manner as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) in due course.

The register of members of the Company will be closed from Friday, 31 May 2024 to Wednesday, 5 June 2024, both dates inclusive, during which period no transfer of shares of the Company will be registered. To determine the persons eligible for attending and voting at the 2023 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 30 May 2024.

## **DIVIDEND**

The Board recommends the payment of a final dividend of HK\$0.17 per ordinary share of the Company for the year ended 31 December 2023. The final dividend is subject to approval by the shareholders of the Company at the 2023 AGM, which is expected to be paid on or around Monday, 26 August 2024 to the shareholders whose names appear on the register of members of the Company after the close of business on Friday, 14 June 2024.

The register of members of the Company will be closed, for the purpose of determining shareholders’ entitlement to the proposed final dividend, from Wednesday, 12 June 2024 to Friday, 14 June 2024, both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 11 June 2024.

## **AUDIT COMMITTEE**

The Audit Committee of the Company, comprising Dr. Chen Jieping as chairman and Mr. Sincere Wong and Ms. Qiao Xiaojie as members, has reviewed, together with the participation of the management, the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the annual results and the consolidated financial statements of the Group for the year ended 31 December 2023.

## **AUDITOR**

The auditor for the consolidated financial statements of the Group for the year ended 31 December 2023 is Ernst & Young. The Board proposed to re-appoint it as the Company’s auditor for the year 2024 and a resolution for its re-appointment as the auditor of our Company will be proposed at the 2023 AGM.

## **SCOPE OF WORK OF AUDITORS ON ANNUAL RESULTS ANNOUNCEMENT**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and to the knowledge of the Board, the Board confirms that the Company has maintained the public float as required by the Listing Rules as at the date of this announcement.

## **EMPLOYEES AND REMUNERATION POLICIES**

As of 31 December 2023, the Group had 2,098 full-time employees (as of 31 December 2022: 2,614 full-time employees), of which the proportion of female employees was 36.8%, and the proportion of female managers among managers was 26.5%. We recognize the importance of gender diversity. In terms of recruitment, we do not treat people differently due to their differences in social status such as gender, sexual orientation and marital status, and ensure that the recruitment process is fair, objective and open and we will continue to step up measures to promote and strengthen gender diversity at all levels of the Company. During the reporting period, the Board was not aware of any mitigating factors or circumstances that made achieving gender diversity for all employees, including senior management, more challenging or less relevant. The total staff costs for the year ended 31 December 2023 were approximately RMB0.5 billion (2022: approximately RMB0.5 billion).

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

The Group places a strong emphasis on the improvement of the organizational efficiency and the work of organizational team construction to facilitate the high-quality development of the Group and provides employees with constant training programmes and career development opportunities. Based on the Company's strategic positioning, the Company improved and optimized the standards and measures for human resources effectiveness, lifting our human-efficiency indicators year-on-year. The Company continued to strengthen employee empowerment, optimized a multi-dimensional training system for employees in diverse business areas at varying development stages with characteristics of different job positions, encouraging multi-channel development of employees and committed to the development of talent pool, ensuring the supply of talents and at the same time laying a strong foundation for the rapid growth of our employees. The annual employee satisfaction and dedication rates have been on the rise for three consecutive years and the good atmosphere of staff's enthusiasm for work and entrepreneurship has been further consolidated and enhanced, providing a solid guarantee for the Company's high-quality development.

## **SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

### **Acquisition of Runwu Jiaye**

On 18 January 2024, Sinochem Jinmao Property Management (Beijing) Co., Ltd. (中化金茂物業管理(北京)有限公司) ("**Jinmao PM**", a wholly-owned subsidiary of the Company), Liu Wenbin, Feng Bo and Shi Jin (collectively, the "**Vendors**"), Runwu Jiaye and Beijing Shengrui Property Services Co., Ltd. (北京市聖瑞物業服務有限公司) ("**Beijing Shengrui**", a non-wholly owned subsidiary of Runwu Jiaye) entered into an equity transfer agreement, pursuant to which the Vendors agreed to sell and Jinmao PM agreed to acquire the entire equity interest in Runwu Jiaye for a total cash consideration of RMB323,800,000 (subject to adjustments) (the "**Acquisition**"). Upon completion of the Acquisition, Runwu Jiaye has become an indirect wholly-owned subsidiary of the Company.

Runwu Jiaye carries out business principally through Beijing Shengrui and its subsidiaries, engaging mainly in the provision of property management and related services and hotel operation in the PRC. The projects under management and the projects to be managed by the Runwu Jiaye and its subsidiaries (collectively, the "**Target Group**") under existing contracts are mainly middle to high-end residential and commercial projects, which is in line with the Group's strategic positioning of managing upscale projects, and the geographical distribution of these projects is highly integrated with the projects under management of the Group, which is conducive to regional intensive management, achieving economies of scale and creating synergies. The various villas, commercial properties and office buildings under management and to be managed by the Target Group under existing contracts will facilitate the Group to enhance its brand and expertise in the area of property services for villas in core cities and commercial projects. In addition, the Target Group has a good business structure and a high proportion of revenue from property management services. The acquisition of the Runwu Jiaye is conducive to further strengthening the non-cyclical business of the Company.

Part of the consideration for the Acquisition in the amount of HK\$139.1 million was paid in cash by using such part of the net proceeds from the Global Offering that was re-allocated for the acquisition of property management companies, and the remaining part was paid by the Group with its own funds. For details of the Acquisition, please refer to the announcement of the Company dated 18 January 2024.

Save as disclosed in this announcement, there were no other significant investments held, material acquisitions or disposals of associates and joint ventures by the Company during the year ended 31 December 2023 and up to the date of this announcement.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS ACQUISITIONS**

The Group intends to utilise the net proceeds raised from the Global Offering according to the plans set out in the section headed “Use of proceeds from the Global Offering” in this announcement.

Save as disclosed in this announcement, the Company did not have other plans for material investments or capital assets acquisitions as at the date of this announcement.

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

Apart from the acquisition of Runwu Jiaye, no other significant events affecting the Group occurred after 31 December 2023 and up to the date of this announcement.

## **CORPORATE GOVERNANCE CODE**

The Company has adopted the code provisions of the Corporate Governance Code (the “**Corporate Governance Code**”) as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. The Board has reviewed the Company’s corporate governance practices and is satisfied that the Company has been in compliance with code provisions set out in the Corporate Governance Code during the year ended 31 December 2023.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding Directors’ dealings in the securities of the Company. The Company has made specific enquiry to all Directors and all Directors have confirmed that they have complied with the Model Code during the year ended 31 December 2023.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.jinmaowy.com](http://www.jinmaowy.com)). The annual report of the Company for the year ended 31 December 2023 containing all the information required by the Listing Rules will be despatched to the Company’s shareholders and available on the above websites in due course.

By order of the Board  
**Jinmao Property Services Co., Limited**  
**Song Liuyi**  
*Chairman*

Hong Kong, 26 March 2024

*As at the date of this announcement, the executive Directors are Mr. Song Liuyi (Chairman), Mr. Xie Wei and Ms. Zhou Liye; the non-executive Directors are Ms. Qiao Xiaojie and Mr. Gan Yong; and the independent non-executive Directors are Dr. Chen Jieping, Dr. Han Jian and Mr. Sincere Wong.*