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

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

(Stock Code: 9666)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

2023 RESULTS HIGHLIGHTS

- In 2023, total revenue of the Group was approximately RMB4,979.7 million, basically remaining flat as compared to approximately RMB5,005.1 million for the corresponding period in 2022. During the Year, revenue generated from space property management services, local catering services, community value-added services and smart living technology solutions contributed approximately 82.2%, 10.3%, 6.4% and 1.1% to the total revenue, respectively.

- Revenue generated from space property management services of the Group was approximately RMB4,092.0 million, basically remaining flat as compared to approximately RMB4,101.2 million for the corresponding period in 2022. In particular, revenue generated from the core business of property management services steadily increased to approximately RMB3,936.7 million, representing an increase of approximately 7.1% from approximately RMB3,675.7 million for the corresponding period in 2022. The GFA under management achieved a high-quality growth which increased by approximately 5.1% to 267.6 million sq.m. as at 31 December 2023 from 254.5 million sq.m. as at 31 December 2022, of which 55.3% was attributable to properties developed by Independent Third Parties. As at 31 December 2023, the Group's contracted GFA under management reached approximately 350.9 million sq.m., approximately 63.6% of which was attributable to properties developed by Independent Third Parties.

- The Group's gross profit for the Year amounted to approximately RMB928.2 million, representing a slight decrease of approximately 1.6% from approximately RMB943.2 million for the corresponding period in 2022. The Group's gross profit margin for the Year remained stable at 18.6%.

- The Group's loss for the Year amounted to approximately RMB981.7 million, and loss attributable to owners of the Company for the Year amounted to approximately RMB951.0 million.

- As at 31 December 2023, the Group had cash and cash equivalents of approximately RMB2,905.5 million. The net operating cash inflow for the Year was approximately RMB451.1 million.

- According to the Articles of Association, the Board cannot declare any final dividend for the year ended 31 December 2023. However, the Group will regroup and regather its strength immediately, cover the loss for the previous years and maintain steady cash dividends in the future.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Jinke Smart Services Group Co., Ltd. (the "**Company**") announce the consolidated annual results of the Company and its subsidiaries (the "**Group**" or "**we**") for the year ended 31 December 2023 (the "**Year**"), together with comparative figures for the year ended 31 December 2022, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Year ended 31 December	
		2023	2022
		RMB'000	*RMB'000*
Revenue	*4*	**4,979,741**	5,005,059
Cost of sales	*5*	**(4,051,564)**	(4,061,857)
Gross profit		**928,177**	943,202
Selling and marketing expenses	*5*	**(2,150)**	(4,639)
Administrative expenses	*5*	**(602,763)**	(557,881)
Net impairment losses on financial assets		**(1,470,565)**	(2,152,408)
Other income	*6*	**149,703**	44,147
Other losses – net	*7*	**(166,354)**	(307,250)
Operating loss		**(1,163,952)**	(2,034,829)
Finance income		**46,455**	41,888
Finance cost		**(13,981)**	(10,217)
Finance income – net		**32,474**	31,671
Share of net profits of associates and joint ventures accounted for using the equity method		**11,933**	1,765
Loss before income tax		**(1,119,545)**	(2,001,393)
Income tax credit	*8*	**137,884**	161,458
Loss and total comprehensive income for the Year		**(981,661)**	(1,839,935)
Loss and total comprehensive income attributable to:			
– Owners of the Company		**(951,038)**	(1,818,545)
– Non-controlling interests		**(30,623)**	(21,390)
		(981,661)	(1,839,935)
Losses per share (expressed in RMB per share)			
– Basic and diluted losses per share	*9*	**(1.49)**	(2.80)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	**As at 31 December** **2023** ***RMB'000***	2022 *RMB'000*
Assets			
Non-current assets			
Property, plant and equipment		**162,297**	163,866
Right-of-use assets		**256,916**	138,595
Investment properties		**18,859**	42,182
Goodwill	*14*	**324,681**	357,139
Other intangible assets	*14*	**289,297**	191,297
Investments in associates and joint ventures		**187,594**	180,106
Other receivables	*10*	**80,271**	81,203
Loan receivables	*11*	**–**	554,017
Prepayments for acquisition of equity interests	*10*	**14,219**	–
Term deposits		**120,000**	–
Financial assets at fair value through profit or loss ("FVPL")		**45,317**	51,000
Deferred income tax assets		**490,941**	247,192
		1,990,392	2,006,597
Current assets			
Inventories		**28,452**	29,955
Other assets		**11,673**	19,658
Loan receivables	*11*	**372,200**	832,649
Trade and bill and other receivables and prepayments	*10*	**2,093,827**	2,388,742
Financial assets at fair value through profit or loss		**3,000**	–
Restricted cash		**152,238**	9,374
Term deposits		**100,000**	–
Cash and cash equivalents	*12*	**2,905,545**	3,069,784
		5,666,935	6,350,162
Total assets		**7,657,327**	8,356,759
Equity			
Equity attributable to owners of the Company			
Share capital		**639,479**	652,848
Other reserves		**5,428,993**	5,713,435
Accumulated losses		**(1,990,538)**	(1,039,500)
		4,077,934	5,326,783
Non-controlling interests		**19,313**	73,582
Total equity		**4,097,247**	5,400,365

	Note	As at 31 December 2023 RMB'000	2022 RMB'000
Liabilities			
Non-current liabilities			
Lease liabilities		**97,417**	119,855
Financial instruments issued to investors		**44,989**	43,126
Deferred income tax liabilities		**44,871**	29,413
		187,277	192,394
Current liabilities			
Financial liabilities at fair value through profit or loss		**38,435**	–
Trade and bill and other payables	*13*	**2,372,376**	1,952,364
Lease liabilities		**26,515**	24,788
Contract liabilities	*4(a)*	**880,682**	740,199
Current income tax liabilities		**54,795**	46,649
		3,372,803	2,764,000
Total liabilities		**3,560,080**	2,956,394
Total equity and liabilities		**7,657,327**	8,356,759

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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.

On 26 December 2023, 35,000,000 shares of the Company (the "Share(s)") beneficially owned by Jinke Property had been transferred to a third-party as a result of an enforcement of judicial ruling against Jinke Property (the "Share Transfer"). Immediately following the transfer of shares, the shareholding of Jinke Property in the Company has decreased to 162,977,875 Shares, representing approximately 25.49% of the total issued share capital of the Company.

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors (the "Board") on 27 March 2024.

2 BASIS OF PREPARATION

(i) Compliance with HKFRS and HKCO

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

(ii) Historical cost convention

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

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting year commencing 1 January 2023 and except for HKAS 12 Amendments described below, there is no material impact on the Group's consolidated financial statement:

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

The Group has adopted Amendments to HKAS 12 – Deferred tax related to assets and liabilities arising from a single transaction retrospectively from 1 January 2022. The amendment requires the Group to recognise a deferred tax asset and a deferred tax liability for the deductible and taxable temporary differences associated with lease liabilities and right of use assets respectively, rather on a net basis as in prior years. Hence, a reclassification on the balances between deferred tax assets and deferred tax liabilities was made accordingly.

There is no impact on the opening balance of retained earnings/accumulated losses and profit or loss for applying the amendment of HKAS 12.

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

Certain amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

3 SEGMENT INFORMATION

Management has determined operating segment based on the reports reviewed by 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 years ended 31 December 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.

During the years ended 31 December 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.

As at 31 December 2023, all of the assets were located in the PRC except for cash and cash equivalents of HK$5,000 (equivalent to RMB5,000) (2022: HK$15,460,000 (equivalent to RMB13,810,000)) and US$868,000 (equivalent to RMB6,148,000) (2022: US$1,000,000 (equivalent to RMB6,965,000)) in Hong Kong.

4 REVENUE

Revenue mainly comprises of 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 years ended 31 December 2023 and 2022 is as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Recognized over time		
– Space property management services	**4,092,028**	4,088,782
– Local catering services	**64,879**	30,191
– Community value-added services	**253,540**	160,842
– Smart living technology solutions	**44,980**	52,782
	4,455,427	4,332,597
Recognized at a point in time		
– Space property management services	**–**	12,376
– Local catering services	**449,015**	457,740
– Community value-added services	**63,529**	172,009
– Smart living technology solutions	**11,770**	30,337
	524,314	672,462
	4,979,741	5,005,059

For the year ended 31 December 2023, all customers individually contributed less than 10% of the Group's revenue.

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

(a) Contract liabilities

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

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Space property management services	**856,406**	710,555
Local catering services	**12,297**	12,987
Community value-added services	**8,278**	10,217
Smart living technology solutions	**3,701**	6,440
	880,682	740,199

(i) Significant changes in contract liabilities

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

(ii) Revenue recognized in relation to contract liabilities

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year		
Space property management services	**710,555**	571,398
Local catering services	**12,987**	890
Community value-added services	**10,217**	9,130
Smart living technology solutions	**6,440**	4,774
	740,199	586,192

(iii) Unsatisfied performance obligations

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

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

5 EXPENSES BY NATURE

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Employee benefit expenses	**1,938,155**	2,038,331
Greening and cleaning expenses	**849,628**	774,059
Security charges	**528,055**	478,236
Utilities	**262,128**	214,850
Maintenance costs	**244,085**	233,225
Consumable, food and beverage	**156,737**	113,394
Depreciation and amortization charges	**87,889**	67,872
Office expenses	**57,396**	64,432
Cost of goods sold	**50,794**	209,478
Travelling and entertainment expenses	**45,456**	34,912
Raw materials	**33,413**	37,942
Community activities expenses	**27,913**	30,029
Impairment charges of property, plant and equipment	**25,100**	–
Bank and payment platform charges	**20,571**	18,000
Taxes and other levies	**18,340**	20,564
Short-term lease expenses	**17,869**	14,319
Construction costs	**14,598**	34,538
Audit services		
– Audit services	**5,615**	5,189
– Non-audit services	**4,517**	5,134
Advertising expenses	**7,787**	24,171
Impairment charges of investment properties	**5,114**	–
Sub-contract expenses for property agency services	**3,559**	10,483
Others	**251,758**	195,219
Total cost of sales, selling and marketing expenses and administrative expenses	**4,656,477**	4,624,377

6 OTHER INCOME

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Interest income from loans to a related party	**111,603**	5,609
Government grants *(Note (a))*	**23,310**	19,859
VAT deductible *(Note (b))*	**10,233**	18,462
Interest income on finance lease	**3,611**	–
Others	**946**	217
	149,703	44,147

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

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

7 OTHER LOSSES – NET

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Impairment of goodwill	**(142,381)**	(288,130)
Impairment of other assets	**(10,381)**	(5,840)
Fair value losses on equity investments at FVPL	**(5,683)**	–
Net foreign exchange (losses)/gains	**(2,507)**	28,348
Losses on disposal of property, plant and equipment and intangible assets	**(1,386)**	(4,691)
Losses on disposal of other assets	**(127)**	(16,772)
Fair value gains on financial liabilities at fair value through profit or loss	**9,479**	–
Gains on early termination of lease contracts	**8,202**	8,790
Gains from bargain purchase	**965**	–
Losses on partial disposal of equity interests in an associate	**–**	(2,702)
Losses on derecognition of investment properties	**(3,469)**	(9,447)
Investment income from financial assets at fair value through profit or loss	**–**	379
Others	**(19,066)**	(17,185)
	(166,354)	(307,250)

8 INCOME TAX CREDIT

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Current income tax		
– PRC corporate income tax	**110,793**	67,841
Deferred income tax		
– PRC corporate income tax	**(248,677)**	(229,299)
	(137,884)	(161,458)

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Loss before income tax	**(1,119,545)**	(2,001,393)
Tax charge at effective rate applicable to losses in the respective group entities	**(211,353)**	(387,137)
Tax effects of:		
– Expenses not deductible for tax purposes	**31,000**	45,146
– Tax effect of super deduction	**(1,478)**	(2,110)
– Effect of income not subject to income tax	**(2,276)**	(4,415)
– Tax losses and deductible temporary differences for which no deferred tax asset was recognized	**42,966**	203,659
– The impact of change in tax rate applicable to subsidiaries	**3,257**	(301)
– Adjustments on income tax for prior year which affect current profit or loss *(Note(a))*	**–**	(16,300)
Total income tax credit	**(137,884)**	(161,458)

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

Hong Kong profits tax

No Hong Kong profits tax was applicable to the Group for the year ended 31 December 2023. There was a subsidiary incorporated in Hong Kong. No Hong Kong profits tax was provided for this Hong Kong subsidiary as there was no estimated taxable profits that was subject to Hong Kong profits tax during the year ended 31 December 2023 (2022: nil).

PRC corporate income tax

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

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

Certain operations of the Group in the PRC were qualified as “Small Low-Profit Enterprise” and taxed at reduced tax rate of 20% from 1 January 2008. During the year ended 31 December 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 LOSSES PER SHARE

The basic losses per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares during the years ended 31 December 2023 and 2022.

The share award scheme granted and remained unexercised are not included in the calculation of diluted losses per share because performance conditions have not been met at the end of the reporting period.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended 31 December 2023, the Company had share-based awards. For the year ended 31 December 2023, these potential ordinary shares were not included in the calculation of loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the year ended 31 December 2023 is the same as basic loss per share.

	Year ended 31 December	
	2023	2022
Loss attributable to owners of the Company *(RMB’000)*	**(951,038)**	(1,818,545)
Weighted average number of ordinary shares *(in thousands)*	**639,562**	650,148
Basic and diluted losses per share for loss attributable to the owners of the Company during the year *(expressed in RMB per share)*	**(1.49)**	(2.80)

10 TRADE AND BILL AND OTHER RECEIVABLES AND PREPAYMENTS

The Group

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade receivables *(Note (a))*		
– Third parties	**2,235,628**	1,916,515
– Related parties	**676,314**	597,442
	2,911,942	2,513,957
Less: allowance for impairment of trade receivables	**(1,369,516)**	(1,029,509)
	1,542,426	1,484,448
Bill receivables		
– Third parties	**4,018**	500
– Related parties	**15,450**	16,532
	19,468	17,032
Less: allowance for impairment of bill receivables	**(15,450)**	(17,032)
	4,018	–
Other receivables		
– Third parties	**757,983**	977,091
– Related parties	**510,588**	904,360
	1,268,571	1,881,451
Less: allowance for impairment of other receivables	**(815,726)**	(1,078,231)
	452,845	803,220
Prepayments		
– Third parties	**57,957**	59,361
– Related parties	**7,184**	7,692
	65,141	67,053

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Finance lease receivables *(Note (b))*		
– Third parties	**2,386**	3,814
– Related parties	**79,249**	79,493
	81,635	83,307
Input VAT to be deducted	**42,252**	31,917
	2,188,317	2,469,945
Less: non-current portion of other receivables		
– Finance lease receivables *(Note (b))*	**(80,271)**	(81,203)
Less: non-current portion of prepayments	**(14,219)**	–
Current portion of trade and bill and other receivables and prepayments	**2,093,827**	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) As at 31 December 2023 and 2022, certain leased properties were classified as finance leases as the terms of lease transfer substantially all the risks and rewards incidental to lessees. Amounts due from lessees under finance lease are recognized as finance lease receivables which included in the non-current and current other receivables.

A maturity analysis of finance lease receivables of the Group is shown in the table as at 31 December 2023 and 2022:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Minimum lease receivable due:		
Within one year	**6,840**	6,153
More than one year but not exceeding two years	**5,803**	6,109
More than two years but not exceeding five years	**15,302**	15,911
More than five years	**132,097**	137,140
	160,042	165,313
Less: future finance income	**(78,407)**	(82,006)
Present value of finance lease receivables	**81,635**	83,307

(c) As at 31 December 2023 and 2022, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Up to 1 year	**1,311,561**	1,564,824
Over 1 year	**1,600,381**	949,133
	2,911,942	2,513,957

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9. As at 31 December 2023 and 2022, a provision of RMB1,369,516,000 and RMB1,029,509,000 was made against the gross amounts of trade receivables.

11 LOAN RECEIVABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Loans to a related party		
– A related party	**1,623,908**	1,505,609
Less: allowance for impairment of loan receivables	**(1,251,708)**	(118,943)
	372,200	1,386,666
Less: non-current portion of loan receivables	**–**	(601,538)
Addition: allowance for non-current portion of loan receivables	**–**	47,521
	–	(554,017)
Current portion of loan receivables	**372,200**	832,649
Loans to a related party		
Beginning of the year	**1,386,666**	–
Loans advanced	**–**	1,500,000
Interest charged	**118,299**	5,609
Loss allowance	**(1,132,765)**	(118,943)
	372,200	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 assets owned by Jinke Property Group as collaterals. The fair value of the collaterals as at 31 December 2023 was RMB2,067,090,000 (2022: 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 change due to Jinke Property Group's operation status and other factors. Management considered the allowance of the Loan provided as at 31 December 2023 is appropriate, and it may affect the allowance of the Loan if the macroeconomic variables, scenarios weightings change.

12 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Cash at banks, payment platforms and on hand *(Note(i))*		
– Denominated in RMB	**2,891,490**	3,047,439
– Denominated in HK$	**7,904**	15,379
– Denominated in US$	**6,151**	6,966
	2,905,545	3,069,784

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

13 TRADE AND BILL AND OTHER PAYABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade payables *(Note (a))*		
– Third parties	**996,020**	803,792
– Related parties	**17,032**	6,719
	1,013,052	810,511
Bill payables		
– Third parties	**105,572**	28,255
– Related parties	**4,995**	–
	110,567	28,255
Other payables		
– Third parties	**864,543**	841,835
– Related parties	**64,282**	35,463
	928,825	877,298
Accrued payroll	**248,303**	179,502
Other taxes payables	**71,629**	56,798
	319,932	236,300
	2,372,376	1,952,364

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

(a) As at 31 December 2023 and 2022, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Up to 1 year	**944,673**	766,457
Over 1 year	**68,379**	44,054
	1,013,052	810,511

14 INTANGIBLE ASSETS

	Goodwill	Customer relationship	Software and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022				
Opening net book amount	410,041	113,118	17,634	540,793
Additions	–	–	12,878	12,878
Acquisition of subsidiaries	235,228	69,429	666	305,323
Disposals	–	–	(1)	(1)
Amortization	–	(16,511)	(5,916)	(22,427)
Impairment *(Note (iv))*	(288,130)	–	–	(288,130)
Closing net book amount	357,139	166,036	25,261	548,436
As at 31 December 2022				
Cost	645,269	187,159	41,853	874,281
Accumulated amortization	–	(21,123)	(16,592)	(37,715)
Accumulated impairment	(288,130)	–	–	(288,130)
Net book amount	357,139	166,036	25,261	548,436
Year ended 31 December 2023				
Opening net book amount	**357,139**	**166,036**	**25,261**	**548,436**
Additions	**–**	**–**	**13,869**	**13,869**
Acquisition of subsidiaries	**109,923**	**117,900**	**77**	**227,900**
Disposal of subsidiaries	**–**	**–**	**(84)**	**(84)**
Disposals	**–**	**–**	**(12)**	**(12)**
Amortization	**–**	**(26,173)**	**(7,577)**	**(33,750)**
Impairment *(Note (iv))*	**(142,381)**	**–**	**–**	**(142,381)**
Closing net book amount	**324,681**	**257,763**	**31,534**	**613,978**
As at 31 December 2023				
Cost	**755,192**	**305,059**	**55,497**	**1,115,748**
Accumulated amortization	**–**	**(47,296)**	**(23,963)**	**(71,259)**
Accumulated impairment	**(430,511)**	**–**	**–**	**(430,511)**
Net book amount	**324,681**	**257,763**	**31,534**	**613,978**

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Cost of sales	**26,633**	16,742
Selling and marketing expenses	**–**	18
Administrative expenses	**7,117**	5,667
	33,750	22,427

(i) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

–	Software	5-10 years
–	Customer relationship	10 years

(ii) Software

Costs associated with maintaining software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products, for example, applications, controlled by the Group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use it;
- There is an ability to use the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the research and development and to use the software product are available; and
- The expenditure attributable to the software product during its research and development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

(iii) Customer relationships

Customer relationship is recognized through business combinations. Customer relationship acquired in a business combination is 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. Amortization is calculated using the straight-line method over the expected life of 10 years for the customer relationship.

(a) During the year ended 31 December 2023, the Group acquired several property management companies. Total identifiable net assets of these entities acquired as at their respective acquisition dates were RMB117,647,000, including identified customer relationship of RMB117,900,000 recognized by the Group.

(b) An independent valuation was performed by an independent valuer to determine the amount of the customer relationship recognized by the Group as at 31 December 2023. Methods and key assumptions in determining the fair value of the customer relationship as at respective acquisition dates are disclosed as follows:

	Valuation technique	Discount rate	Expected life of the intangible assets
Customer Relationship	Discounted cash flow	15.0% – 18.0%	10 years

(iv) Impairment tests for Goodwill

(a) As at 31 December 2023, goodwill of RMB755,192,000 (2022: RMB645,269,000) has been allocated to each group of cash-generating units for impairments testing. Goodwill of RMB169,149,000, RMB68,777,000, RMB65,017,000 and RMB143,406,000 (2022: RMB169,149,000, nil, RMB65,017,000 and RMB143,406,000) were allocated to the property management business operated by Sichuan Tongyong Property Services Co., Ltd. ("Tongyong Services"), Chengdu Shuchuan Property Services Co., Ltd. ("Shuchuan Services"), Sichuan Ruide Property Services Co., Ltd. ("Ruide Services") and the catering business operated by Chongqing Yunhan Catering Culture Co., Ltd. and its subsidiaries ("Yunhan Catering"), respectively.

Management performed an impairment assessment on the goodwill as at 31 December 2023. The recoverable amount of the property management business and local catering business operated by the acquired subsidiaries have been assessed by an independent valuer or the management and determined based on VIU calculations. The calculations used cash flow projections based on financial budgets covering a five-year period approved by management.

As at 31 December 2023, the recoverable amount of Shuchuan Services and Yunhan Catering is RMB105,325,000 and RMB68,207,000, respectively, according to their respective VIU calculations.

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

	Year ended 31 December 2023					Year ended 31 December 2022			
	Ruide Services	**Tongyong Services**	**Shuchuan Services**	**Yunhan Catering**	**Other subsidiaries**	Ruide Services	Tongyong Services	Yunhan Catering	Other subsidiaries
Compound annual growth rate of revenue during the projection period (%)	**0.2%**	**0.03%**	**8.0%**	**6.6%**	**0.0%-1.8%**	1.6%	1.6%	6.6%	1.6%
Earnings before interest, tax, depreciation and amortisation ("EBITDA") margin during the projection period (%)	**29.6%**	**31.6%-31.7%**	**25.4%-27.4%**	**7.6%-10.0%**	**7.3%-33.3%**	21.9%-22.0%	36.6%	12.2%-13.0%	16.1%-23.1%
Long term growth rate (%)	**2.2%**	**2.2%**	**2.2%**	**2.2%**	**0.0%-2.2%**	2.0%	2.0%	2.0%	2.0%
Pre-tax discount rate (%)	**16.5%**	**16.6%**	**17.3%**	**17.5%**	**16.5%-19.2%**	18.5%	18.6%	17.7%	18.5%

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

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

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

	Year ended 31 December 2023						Year ended 31 December 2022					
	Ruide Services		**Tongyong Services**		**Other subsidiaries**		Ruide Services		Tongyong Services		Other subsidiaries	
	From	**To**	**From**	**To**	**From**	**To**	From	To	From	To	From	To
Compound annual growth rate of revenue during the projection period *(%)*	**0.2%**	**-6.7%**	**0.03%**	**-1.1%**	**0.0%-1.8%**	**-8.1%-0.7%**	NA	NA	NA	NA	6.6%	6.4%
Earnings before interest, tax, depreciation and amortisation ("EBITDA") margin during the projection period *(%)*	**29.6%**	**28.4%-29.6%**	**31.6%-31.7%**	**31.5%-31.7%**	**7.3%-33.3%**	**7.0%-32.9%**	NA	NA	NA	NA	12.2%-13.0%	11.8%-12.3%
Long term growth rate *(%)*	**2.2%**	**-6.7%**	**2.2%**	**1.1%**	**0.0%-2.2%**	**-16.1%--0.2%**	NA	NA	NA	NA	2.0%	1.3%
Pre-tax discount rate *(%)*	**16.5%**	**21.4%**	**16.6%**	**17.2%**	**16.5%-19.2%**	**17.8%-25.8%**	NA	NA	NA	NA	17.7%	18.7%

(b) The recoverable amounts of Chongqing Yunhan Catering Culture Co., Ltd. and its subsidiaries ("Yunhan Catering") and Chengdu Shuchuan Property Service Co., Ltd. ("Shuchuan Services") at 31 December 2023 were determined based on VIU calculations. The impairment charge of RMB142,381,000 recognized during the year of which RMB117,278,000 related to the CGU of Yunhan Catering, and RMB25,103,000 to the CGU of Shuchuan Services.

15 DIVIDENDS

The Company resolved not to declare any dividend for the year ended 31 December 2023 (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) for eight consecutive years, and the Group's market share in the Central and Western China Region has ranked the first for seven consecutive years. In 2023, due to its leading service quality, the Group was awarded the "Top 3 among the Top 100 China Leading Property Management Companies in terms of Quality Service" (中國物業服務百強服務質量領先企業 Top3) by CIA. Relying on our all-round service capability in multiple industries, we were on the top lists in IFM services, commercial and corporate services, urban services, hospital and property services. Based on our industry-leading smart living technology strength, we were awarded the "Top 3 Leading Enterprises in China in terms of Property Technology Empowerment" (中國物業科技賦能領先企業 Top3) by CIA. We insisted on our urban density strategy and were awarded the "Top 10 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.

2023 is a year of turbulence, differentiation and reform with intensified geopolitical conflicts as well as slow recovery and increasingly differentiation in global economy. China's economy showed a positive trend of recovery, but it still faced triple pressures of "shrinking demand, excessive production capacity and weakening expectations". The development model of the real estate industry in China faced significant transformation. Real estate developers were facing an increasingly serious liquidity crisis. New real estate development investment, new construction area and the sales area of new properties continued to decline. The property management industry was affected by various factors. The increases in the scale of management and revenue slowed down remarkably with fewer growth potential, intensified competitions in the existing market and increasingly differentiation of property service enterprises. 2023 is the first year for the transformation of the Group. We have, on the one hand, remained steadfast in our business foundation of "Service + Ecosystem, Service + Technology"; on the other hand, we have accelerated our transformation towards an independent and professional service provider with the focus on core and principal businesses and high-quality development, and constantly improved our service capabilities, market expansion capabilities and internal driving forces. We will adhere to the path of sustainable, differentiated and independent development and the operation strategy of "revenue shall generate profit and profit shall contain cash flow". We have confidence in striving to become a leading high-quality third-party comprehensive service provider in China.

OUTLOOK AND FUTURE PLANS

The real estate industry in China is under significant reform as evidenced by a lack of confidence in the real estate market and increasingly severe liquidity shortage confronted by most real estate developers. As a result, the growth in the property management industry is expected to slow down and the competition in the existing market is gradually intensified. Most of non-independent property management enterprises confront setbacks of independence transformation. The industry returns to focusing on quality services instead of area under management, so as to empower industry development through benign competition.

The Group will leverage on changes in the industry and itself, adhere to the development strategy of "Service + Ecosystem, Service + Technology" and focus on core business lines of space property management services and local catering services. We will implement the operation strategy of "revenue shall generate profit and profit shall contain cash flow", adopt targeted measures, attach great importance to the payment collection of businesses and seek sustainable and healthy development, striving to build a leading high-quality third-party comprehensive service provider in China.

By firmly pursuing quality growth driven by long-termism and focusing on the Better Homes Plan (美好家園計劃), we will strengthen the integrated and refined management at the front and back ends, continue to tap into core cities, constantly improve the neighborhood concentration of existing projects, develop new models of integrated facility management (IFM) services on "property services + group catering services" and consolidate our leading differentiated, market-based and independent development capabilities in the property service industry. Service capability is the cornerstone of our business, and quality is the guarantee for the formation of service capacity. In terms of basic property services, we will continue to adhere to a customer satisfaction and customer demand-oriented approach, strengthen our high-quality service capacity and enhance our professional service capabilities in multiple fields, and help customers achieve the preservation and appreciation of assets. We will strengthen the management and control on the operation quality and efficiency and the running cycle of projects, implement the hierarchical operation system of projects, continue to promote the intelligent transformation of projects and constantly improve the accuracy and granularity of data on energy consumption of projects as well as equipment and facilities to empower the management of special cost reductions. We will insist on quality and effective scale growth and selectively conduct market expansion. Meanwhile, for projects with negative contributions, we will continuously and actively choose to withdraw from management to seek the long-term and healthy development of the Group. For the existing residential market, we will launch the "Better Homes Plan (美好家園計劃)". Through the use of special repairing funds and quality improvement funds, we will focus on the penetration into, selection of and entry to existing high-quality communities, strive to improve the conversion rate of projects and seek long-term and healthy development with reasonable short-term investments. In terms of non-residential businesses, we will provide customers with integrated and customized new models of integrated facility management (IFM) services on "property services + group catering services" to help customers achieve management effectiveness and maximize efficiency. We will continue to expand joint venture and cooperation markets, integrate high-quality resources, develop the capability on the construction of channels, and strengthen the pre-investment risk identification and the post-investment performance management to improve the quality of joint ventures and cooperation. 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 further prudently consider M&A projects, focus on regional boutique third-party property management companies with high convergence with existing advantageous regions, low historical burden and authentic balance sheet and attach greater attention to investment return. We will comprehensively reduce value-added services to non-property owners, focus on cash flow generation of our business and provide necessary services for the project on "ensuring delivery and stabilizing people's livelihood".

We will integrate high-quality resources, fully display the synergy of property management, catering and hotel businesses, improve the service capacity and competitiveness of group catering, continuously enrich consumption scenarios and improve consumer experience to build the star logistics service system to enhance the light asset operation capability and develop the second growth line. Local catering services serve as the second growth line of our high-quality development. We will develop the new growth model with resource complementarity with catering, hotel as well as cultural, sports and tourism activities as carriers. In the catering services segment, we have established a three-wheel driven multi-brand development model of "government and enterprise group catering, star-rated high-end catering services and community catering". We will continue to deepen the resource synergy mechanism between the group catering business and the non-residential property segment to jointly bid for joint expansion, and further explore existing customers while keeping two-way link to premium incremental customers. We will provide customers with an industry-leading one-stop and customized new models of comprehensive IFM services to continuously increase our market share in group catering. In the hotel management segment, we will continuously improve the service standards and operation capabilities of directly operated and franchised hotels based on "Hotel + Catering, Hotel + Culture, Sports & Tourism" development model. We will constantly expand the brand influence through new popular media and large cultural, sports and tourism activities and conduct the market-based output of the hotel operation capability to build an industry-leading third-party hotel management platform. In terms of catering supply chain business, we will further develop our strengths in channels and raw materials, constantly enhance the refined quality control and management capability, reduce costs and increase efficiency and provide excellent logistics services.

We will give full play to the advantages of community resources, focus on targeted business, conduct parallel operation of self-operated models and platform models, enhance the operation capability on real estate and strengthen destocking of existing assets to build a closed loop of integrated asset management and continuously build an ecological and coordinated community mechanism. Community is the most numerous and most influential basic consumption unit scenario. We have been committed to building a community value-added service ecosystem. Focusing on the diversified scenarios of "food, accommodation, transportation, education, travel and shopping", we will provide customers with differentiated and warm community services to further enhance the loyalty of property owners. We will focus on targeted business, adjust operation strategies in combination with its own advantages, conduct parallel operation of self-operated models and platform models and continuously improve the quality and efficiency of operation. We will endeavor to enhance our operation capability on real estate, seize the opportunities in a rapid increase in demand for charging spaces brought about by the popularization of new energy vehicles, speed up in destocking of heavy assets in combination with various sales models and improve the cash flow from operating activities of the Group. With home decoration as the core of future development of the self-operated businesses, we will give priority to the quality of services, formulate professional standards on new houses and the renovation of existing houses and increasingly improve the business penetration leveraging on the deep coordination of high-quality self-operated demonstration projects and the rental and sales businesses. We will constantly explore new models of cultural, commercial and tourism development, attach importance to the capabilities on the introduction of merchants in communities, tourism, travelling and other light asset operation, strengthen the capability on revitalizing existing assets and build a closed loop of integrated asset management. We will continue to facilitate the internal partnership mechanism of business groups, cultivate the sense of ownership and shareholder mindset of backbone employees, and encourage internal entrepreneurship to continue to create new service formats based on the market environment and the actual situation of business development.

We will focus on the R&D of smart living technology, continuously enhance technology empowerment, coordinate clean energies and the management and control of energy consumption to reduce costs and improve quality and efficiency, embrace the reform of digital economy and AI, seize opportunities and seek development. We will continue to promote the reform of manpower mechanization and mechanical intelligence, promote cost reduction and efficiency improvement by digital intelligence technology empowerment, constantly promote the transformation in the IoT on elevators, energy-saving equipment and intelligent energy management and control, and promote cost reduction and efficiency enhancement of property projects under management in various business segments. In addition, we will seize the opportunity in the transformation of national digital economy and low-carbon economy and actively develop the platform model of digital economy. Leveraging on the trend of promoting grass-roots governance in China and with the Chongqing Municipal Intelligent Property Platform as a case, we will speed up in the publicity of intelligent government-related affairs and intelligent plans in urban sub-districts and communities and continuously expand external businesses with a product-oriented and industrial-focused approach.

We will improve the establishment of mechanisms and process management and control, continuously improve information-based governance, emphasize the establishment of talent systems, improve long-term incentive mechanisms, drive the high-quality development of Group and attach great importance to Shareholders' returns. We will continue to improve the mechanism on the normalized management of payment collection, strengthen the development of the vertical management model of professional business lines, constantly refine fundamental and bottom data management, promote development and prevent risks through data analysis, continuously optimize the establishment of internal control process, implement graded management and control and improve the efficiency. We will continue to facilitate the establishment of labor systems, set up an agile organizational structure, reshape talent standards and respond to market changes. We will continuously improve the long-term incentive mechanism on employee share ownership to stimulate employees' shareholder spirit. We will continuously iterate business and financial systems, financial cloud, budget systems and other management and control systems with business demand as the core to effectively facilitate decision-making in operation. We firmly believe that the Group will coordinate the dynamic balance between results and Shareholders' returns and attach great importance to the sense of recognition and accomplishment of Shareholders.

FINANCIAL REVIEW

Revenue

During the Year, 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 line for the year indicated:

	For the year ended 31 December			
	2023		2022	
	(RMB'000)	*%*	*(RMB'000)*	*%*
Space property management services	**4,092,028**	**82.2**	4,101,158	81.9
– Property management services	**3,936,673**	**79.1**	3,675,677	73.4
– Value-added services to non-property owners	**155,355**	**3.1**	425,481	8.5
Local catering services	**513,894**	**10.3**	487,931	9.7
Community value-added services	**317,069**	**6.4**	332,851	6.7
Smart living technology solutions	**56,750**	**1.1**	83,119	1.7
Total	**4,979,741**	**100.0**	5,005,059	100.0

The Group's revenue in 2023 generally maintained the same level as compared with the same period of 2022. The details of change of revenue by business line are set out as below:

(i) Revenue from space property management services slightly decreased by approximately 0.2% from approximately RMB4,101.2 million for the year ended 31 December 2022 to approximately RMB4,092.0 million for the year ended 31 December 2023. Among which, (a) revenue from property management services steadily increased by approximately 7.1% from approximately RMB3,675.7 million for the same period in 2022 to approximately RMB3,936.7 million, which was primarily driven by the Group's business expansion. The increased GFA under management for the Year was approximately 48.8 million sq.m. As at the end of the period, total GFA under management of the Group was approximately 267.6 million sq.m.; (b) revenue from value-added services to non-property owners decreased by approximately 63.5% from approximately RMB425.5 million for the same period in 2022 to approximately RMB155.4 million, which was primarily due to the impacts of the serious liquidity crisis in the property industry. The Company 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 Year, and instead focused on projects with guaranteed returns, as well as related services necessary for guaranteed delivery of buildings;

(ii) Revenue from local catering services increased by approximately 5.3% from approximately RMB487.9 million for the year ended 31 December 2022 to approximately RMB513.9 million for the year ended 31 December 2023, which was mainly due to (a) the Group has vigorously developed catering services, and rapidly captured market share through the model of organic growth and mergers and acquisitions. The revenue from catering services for the Year increased by approximately 73.8% to approximately RMB344.4 million (2022: approximately RMB198.2 million); (b) considering business sustainability and risk management and control, the Group proactively reduced the external catering supply chain service with low profit margin and unsatisfied cash flow, resulting in a decrease of approximately 86.2% as compared with the same period in 2022 in the volume of the catering supply chain business to approximately RMB20.6 million (2022: approximately RMB149.4 million);

(iii) Revenue from community value-added services decreased slightly by approximately 4.7% from approximately RMB332.9 million for the year ended 31 December 2022 to approximately RMB317.1 million for the year ended 31 December 2023, which was mainly due to (a) the Group targeted community value-added services, focused on businesses with sustainability 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 continuous sluggish performance of the real estate market, house buyers lacked confidence, resulting in a continuous decline in the Group's asset operation services, such as the rental and sale business;

(iv) Revenue from smart living technology solutions decreased by approximately 31.6% from approximately RMB83.1 million for the year ended 31 December 2022 to approximately RMB56.8 million for the year ended 31 December 2023, which was mainly due to the Group's initiative to reduce the smart living technology business provided to the Jinke Property Group and focusing on technology empowerment on internal principal businesses and market-based expansion of third-party businesses.

Revenue from space property management services

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

Revenue from property management services

We provide comprehensive services for urban multi-dimensional spaces with ubiquitous five-star care. We are committed to serve our clients compassionately and allow customers to enjoy a better quality service experience. As the earliest market-oriented and independent third-party property management service provider in the industry, we continuously improve our operation concepts and service standards, thus accumulating industry-leading owner satisfaction and good market reputation and assisting us in building an industry-leading third-party external expansion capability through the high-quality and refined management capabilities. Nowadays, we have developed a comprehensive service product matrix covering residential buildings, mid-to-high end commercial office buildings, industrial parks, schools, hospitals, public construction and urban services, facilitating the high-quality and healthy development of the Group.

As at 31 December 2023, the Group has completed a national strategic layout in 30 provinces and 182 cities in the PRC. We managed a total of 821 residential projects and 341 non-residential projects, and the number of property owners served increased continuously. As at 31 December 2023, the total GFA under management of the Group was approximately 267.6 million sq.m., of which approximately 55.3% was attributable to Independent Third Parties, which means the Group's market-oriented and independent development capability has been proven. The GFA under management in the core area of the Southwestern China Region reached 132.9 million sq.m., accounting for 49.7% of the total GFA under management, which further improved our regional density strength. As at 31 December 2023, the total contracted GFA of the Group was approximately 350.9 million sq.m., of which approximately 63.6% was attributable to Independent Third Parties.

Since 2023, due to factors such as a slower than expected economic recovery, low confidence in the real estate industry and continuously deteriorated funding conditions of real estate developers, the property management industry is facing problems such as declining market expectation, intensified competition in existing markets, pressures on the collection of property service fees and the delay in receivables from related real estate developers. Facing new changes in the industry, the Group adhered to the path of independent and high-quality development and selectively carried out market expansion. In 2023, the newly added GFA under management was approximately 48.8 million sq.m., representing an increase of approximately 9.8% as compared to that of the same period in 2022. The newly added residential GFA under management in 2023 was approximately 35.8 million sq.m., representing an increase of approximately 32.2% as compared to that of the same period in 2022. The number of newly added projects with annual saturation revenue over RMB10 million and RMB5 million was 6 and 14, respectively. For the existing residential market, the Group proposed the Better Homes Plan（美好家園計劃）. With the improvement of community quality as the entry point, and relying on industry-leading brand and service capabilities, the Group actively obtained over 40 existing high-quality residential projects, forming a market-oriented and independent sustainable development model 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. In the Year, the Group exited the projects with GFA under management of approximately 35.7 million sq.m., including resettlement property projects due to changes in contractual relationships and the non-residential projects that cannot be guaranteed for payment collection, so as to effectively avoid that the growth of quality and efficiency of the Group is impeded by projects with persistently negative contribution or continuous cash outflows. We believe that the active exit from projects with negative contribution is the only way to high-quality development. Through the improvement of quality and efficiency of projects under management, it will pursue long-term sound development.

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 is still cautious about potential mergers and acquisitions of residential property. We will focus on third-party boutique property in the core and advantageous areas to improve the regional density, conduct detailed due diligence on risks in advance and fully consider M&A costs, the impact of goodwill, post-investment integration costs and other factors to maximize the value of M&As. In 2023, after thorough research and judgment, we completed the merger and acquisition of a total of four cost-effective third-party residential property enterprises with approximately 11.6 million sq.m. in the core area of the Southwestern China Region, which effectively enhanced the management density in core cities and effectively supplemented the scaled growth model of the Group's core businesses.

During the Year, the Group's non-residential business maintained high-quality development. The newly added GFA under management of non-residential projects totalled approximately 13.1 million sq.m. The number of newly added non-residential projects with annual saturation revenue over RMB10 million and RMB5 million was 6 and 7, respectively. The value of contracts on large projects continued to increase. During the Year, the Group focused on advantageous businesses, acquired projects in cooperation with universities such as Chongqing University of Posts and Telecommunications (重慶郵電大學), Zunyi Normal University (遵義師範大學) and other universities as well as Sichuan Cancer Hospital (四川腫瘤醫院), Xingguo Hospital (興國醫院) and other hospitals with a contract value of RMB10 million. The Group enhanced cooperation with JD Logistics Park (京東物流園) and newly acquired 7 related projects. New models of comprehensive IFM services with "property services + group catering services" as drivers achieved preliminary results and undertook over 10 projects, such as Porton Pharma (博騰製藥) and Zigong Mobile (自貢移動). The Group deeply explored 13 government platforms on new areas, such as Neijiang Economic Development Zone and Chongqing Jiulongpo District High and New-tech Group and tapped into over 90 projects. It constantly expanded big transportation service offerings and acquired six projects during the Year, including rail transit projects in Changsha and Zhengzhou. All these showed the Group's capabilities on diversified services and advantages in high-quality expansions in terms of non-residential businesses.

As of 31 December 2023, the average unit property management fee of the Group maintained at RMB2.18 per sq.m./month (2022: RMB2.20 per sq.m./month). The Group attached great importance to payment collection in businesses and steadily improved the collection rate. The Group's resident properties' collection rate for property management services was 91.2% for the Year (2022: 88.1%).

The table below indicates the changes for our contracted GFA and GFA under management for the years ended 31 December 2023 and 2022 respectively:

	For the year ended 31 December			
	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]	**34,255**	**48,812**	35,861	44,460
– Properties developed by Jinke Property Group and its joint ventures and associates	**632**	**13,978**	499	9,024
– Properties developed by Independent Third Parties	**21,989**	**24,017**	32,004	32,328
– Properties took over upon mergers & acquisitions[2]	**11,634**	**10,817**	3,358	3,108
– Residential properties	**19,916**	**35,758**	15,720	27,052
– Non-residential properties	**14,339**	**13,054**	20,141	17,408
Terminations[3]	**(43,200)**	**(35,735)**	(35,839)	(27,781)
	350,877	**267,615**	359,822	254,538

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 Chengdu Xiqin Jinsha Property Management Service Co., Ltd. (成都喜沁金沙物業管理服務有限責任公司).

(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 macroeconomy, 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 Year, the Group's revenue from third-party properties accounted for 49.3% of our total revenue from property management services, which has been on a continuous upward trend in previous years and has continuously increased by 2.1 percentage points from 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 with huge potential; (ii) the synergistic development of property services, catering services and technology services, which broadened channel resources and provided customers with differentiated and customized services, resulting in a steady increase in third-party customers; and (iii) a significant decrease in the area of new construction developed by Jinke Property Group, the related party of the Group. The Group has established a new development model with independent third-party development as the main focus and Jinke Property Group as supplements.

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 years indicated:

	As at or for the year ended 31 December			
	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)]	**101,614**	**1,700,715**	93,531	1,712,148
Properties developed by Jinke Property Group's joint ventures and associates[(2)]	**17,933**	**297,006**	15,168	228,882
Properties developed by Independent Third Parties[(3)]	**104,768**	**1,548,446**	111,751	1,422,732
Properties took over upon mergers & acquisitions[(4)]	**43,300**	**390,506**	34,088	311,915
Total	**267,615**	**3,936,673**	254,538	3,675,677

Notes:

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

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

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

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

During the Year, a majority of the Group's revenue from property management services was derived from residential properties, which accounted for 78.7% of the Group's total revenue from property management services as compared to 79.0% of the Group's total revenue from property management services in 2022. The moderate overall decrease in the percentage of revenue derived from managing residential properties during the Year was primarily due to: (i) the continuous increase of the proportion of non-residential management projects, dominated by newly added high-saturation and high-income quality projects such as industrial parks, schools and hospitals; and (ii) the continuous increase of contract value of non-residential projects of the Group during the Year.

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

	As at or for the year ended 31 December			
	2023		2022	
	GFA under Management *(sq.m.'000)*	**Revenue** *(RMB'000)*	GFA under Management *(sq.m.'000)*	Revenue *(RMB'000)*
Residential properties	**226,061**	**3,096,285**	208,234	2,903,041
Non-residential properties				
– Commercial properties and office buildings	**3,417**	**94,967**	2,673	81,033
– Public institutions, enterprises and other properties	**13,287**	**434,632**	14,548	387,669
– Industrial parks	**9,954**	**167,801**	10,199	164,694
– Urban services	**14,896**	**142,988**	18,884	139,240
Subtotal	**41,554**	**840,388**	46,304	772,636
Total	**267,615**	**3,936,673**	254,538	3,675,677

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

	As at or for the year ended 31 December			
	2023		2022	
	GFA under Management *(sq.m.'000)*	**Revenue** *(RMB'000)*	GFA under Management *(sq.m.'000)*	Revenue *(RMB'000)*
Southwestern China Region[(1)]	**132,933**	**2,229,507**	126,044	2,097,347
Eastern and Southern China Region[(2)]	**65,753**	**828,000**	60,034	770,315
Central China Region[(3)]	**44,577**	**523,526**	47,065	527,215
Other regions[(4)]	**24,352**	**355,640**	21,395	280,800
Total	**267,615**	**3,936,673**	254,538	3,675,677

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. Due to the continuous downturn of the real estate industry and the liquidity crisis of real estate developers, the Group has proactively and significantly reduced the number of projects for which it provides sales assistance services to developers during the year of 2023, and the number of projects under management at the end of the year was significantly reduced to 61, among which 42 were those without sales assistance services provided to Jinke Property Group. The Group focused on businesses with guaranteed cash flow and returns, or those that must be taken over by guaranteed delivery arrangements. During the Year, revenue from value-added services to non-property owners was approximately RMB155.4 million, representing a decrease of approximately 63.5% as compared with approximately RMB425.5 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 years indicated:

	For the year ended 31 December			
	2023		2022	
	(RMB'000)	*%*	*(RMB'000)*	*%*
Sales assistance services	**80,326**	**51.7**	296,239	69.6
Pre-delivery services	**38,933**	**25.1**	112,762	26.5
Consultancy and other services	**36,096**	**23.2**	16,480	3.9
Total	**155,355**	**100.0**	425,481	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 (food materials supply chain services such as rice, flour, grain and oil etc.). Revenue from local catering services was approximately RMB513.9 million in 2023, representing an increase of approximately 5.3% as compared to that for the same period in 2022.

In 2023, the Group considered catering services as the core business for future growth. Currently, the Group has established a differentiated multi-brand matrix covering "high-end catering services, comprehensive group catering services and community catering services", and coupled with the synergy with the property management services and hotel management services, the catering services have already possessed strong competitiveness and the ability to expand in the market. And through the high-quality merger and acquisition of professional group catering service companies, such as Chongqing Yunhan (重慶韻涵), the Group rapidly expanded its market share of group catering in the core area of the Southwestern China Region. During the Year, relying on the IFM new development model, the Group won the joint bidding of property services and group catering services for over 10 projects with continuous synergy effect. Total revenue from catering services amounted to approximately RMB344.4 million during the Year, representing an increase of approximately 73.8% from approximately RMB198.2 million for the same period in 2022. The second growth point was preliminarily shaped.

For hotel management services segment, the Company has nearly 20 years of experience in the operation and management of high-star hotels, and owns boutique hotel brands such as "Jinke Grand Hotel"(金科大酒店), "Shengjia"(聖嘉) and "Ruijing"(瑞晶). Through refined management and precision marketing, the number of days with full occupancy of hotels under management increased by nearly 5 times year-on-year from 2022 and the revenue of single rooms improved significantly. Through model innovation and cost control, the operation quality and efficiency was continuously improved. With the continuous recovery of the tourism industry, revenue from hotel management services for the Year was steadily increased to approximately RMB148.9 million.

In addition, based on our fast-growing customer base of catering services and food ingredient procurement volume, we continue to integrate and optimize our food ingredient supply chain system, giving full play to our advantages in large-scale procurement, and provide food ingredient supply chain services to our internal and external customers for their projects through refined management and control to guarantee the freshness of food ingredient and reduce the rate of wastage. Since 2023, the Group proactively scaled down external businesses with lower profit margin and poorer sustainability and turned to focus on logistics guarantees on internal catering services to ensure a stable and controllable supply chain. During the Year, revenue from the catering supply chain services amounted to approximately RMB20.6 million, representing a decrease of approximately 86.2% over the same period of 2022.

	For the year ended 31 December			
	2023		2022	
	(RMB'000)	*%*	*(RMB'000)*	*%*
Catering services	**344,446**	**67.0**	198,202	40.6
Hotel management services	**148,872**	**29.0**	140,345	28.8
Catering supply chain services	**20,576**	**4.0**	149,384	30.6
Total	**513,894**	**100.0**	487,931	100.0

Revenue from community value-added services

The Group provides community value-added services to property owners, residents and large property owners, primarily in the form of (i) home-living services, consisted of community group purchase, household cleaning services, home delivery services and travel services; (ii) community management services, which is consisted of management of public resources (leasing of public spaces, for instance), temporary parking services, community media services and parent-child education; (iii) home-decoration services, which is 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 include rental, sale and marketing service for new homes, second-hand homes and parking spaces, and commercial operation services.

In 2023, due to the less-than-expected domestic economic recovery, weak market confidence and shrunk consumer demand, the overall demand for community value-added services showed a downward trend. The Group adjusted the business line of community value-added services based on the business growth potential and maturity. For self-operated businesses, it only maintained core businesses such as asset operation and home improvement services. For non-core businesses, it gradually transformed towards the platform-based model, further curtailed non-sustainable businesses with poor cash flows and focused on sustainable business with high added value and high repeated purchases, continuously improving the operation performance. During the Year, revenue from community value-added services slightly decreased by approximately 4.7% from approximately RMB332.9 million in 2022 to approximately RMB317.1 million.

During the Year, the Group acquired right-of-use assets of parking spaces, shops and commodity residential buildings from Jinke Property Group, a related party, through the mortgage of assets. On such basis, the Group sped up the establishment of the self-operation team on asset operation in core areas. It seized opportunities in the popularization of new energy vehicles and the rising demand for charging parking spaces, accelerated the reduction in right-of-use assets of parking spaces and propelled the rental and sales of second-hand houses by exchanging price for volume to improve the Group's cash flows. Meanwhile, we actively explored attraction of tenants for commercial properties in communities and revitalized existing commercial assets in communities by relying on mature communities with high occupancy. During the Year, the Group acquired two merchant solicitation and operation projects for existing commercial properties. For the home improvement business, the Group prioritized quality and developed teams with market competitiveness. The Group deeply tapped into core buildings in Sichuan and Chongqing with a business penetration rate of nearly 10% and a satisfaction rate of over 95% on services.

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

	For the year ended 31 December			
	2023		2022	
	(RMB'000)	*%*	*(RMB'000)*	*%*
Community management services	**244,692**	**77.2**	66,088	19.9
Asset operation services	**40,218**	**12.7**	139,235	41.8
Home-living services	**18,748**	**5.9**	32,443	9.7
Home-decoration services	**13,411**	**4.2**	95,085	28.6
Total	**317,069**	**100.0**	332,851	100.0

Revenue from smart living technology solutions

For our smart living technology solutions, we mainly provide digital and intelligent technology solutions to property management companies, external government and enterprise customers, property developers and other customers to achieve the purpose of technology empowerment as well as quality and efficiency improvement. The Group's smart living technology solutions business mainly includes: (i) providing intelligent design services to property developers with full-cycle smart solutions for their project construction; (ii) providing smart 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) providing smart integrated operation platform services by participating in the construction of digital and intelligent cities, digital and intelligent government and enterprises, digital and intelligent communities, and intelligent cultural tourism through development, customization, installation, and operation and maintenance of IBMS (intelligent building management system), thus contributing to national digital transformation.

In 2023, the Group continued to promote the reform of "mechanization of manpower and intelligence of machinery". Through a series of digital and intellectual upgrades such as cloud monitoring, cloud parking, and smart energy consumption management and control, the Group comprehensively empowered property management to reduce costs and increase efficiency, and continued to improve the fineness of management and helped the projects to operate with high quality and efficiency. For smart living technology solutions, with typical cases of intelligent property platforms and grass-roots governance platforms as breakthroughs, the Group continuously promoted the Cloud City 100 project (雲城100項目). During the Year, the Group newly entered Yunnan Baoshan, Yunnan Yunlong, Hubei Huanggang, Sichuan Yibin and other regions. It established strategic partnership with CCCC Chongqing Investment and Development Co., Ltd. (中交重慶投資發展有限公司) on intelligent parking lot projects and actively expanded third-party businesses.

In light of the impacts of the macro economy and the relatively tight cash flows of large customers in 2023, the Group gradually downsized its businesses of smart sales assistance services, software development and smart solutions to some property developers as well as government and enterprise customers with difficulties in making repayments. During the Year, the revenue from smart living technology solutions decreased by approximately 31.6% from approximately RMB83.1 million for the same period in 2022 to approximately RMB56.8 million.

Cost of sales

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

The cost of sales of the Group amounted to approximately RMB4,051.6 million for the year ended 31 December 2023, remaining basically the same as that of approximately RMB4,061.9 million for the year ended 31 December 2022. The Group continued to reduce costs and expenditures to focus on high-quality development.

Gross Profit and Gross Profit Margin

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

	For the year ended 31 December			
	2023		2022	
	Gross profit *(RMB'000)*	**Gross profit margin *%***	Gross profit *(RMB'000)*	Gross profit margin *%*
Space property management services	**660,980**	**16.2**	730,799	17.8
— Property management services	**642,466**	**16.3**	649,958	17.7
— Value-added services to non-property owners	**18,514**	**11.9**	80,841	19.0
Local catering services	**70,327**	**13.7**	102,168	20.9
Community value-added services	**184,400**	**58.2**	92,731	27.9
Smart living technology solutions	**12,470**	**22.0**	17,504	21.1
Total	**928,177**	**18.6**	943,202	18.8

Gross profit of the Group decreased slightly by approximately 1.6% from approximately RMB943.2 million for the year ended 31 December 2022 to approximately RMB928.2 million for the year ended 31 December 2023. The Group's gross profit margin for the Year amounted to 18.6%, remaining stable as compared to 18.8% for the corresponding period in 2022.

During the Year, gross profit of space property management services decreased slightly from approximately RMB730.8 million for the same period in 2022 to approximately RMB661.0 million, and the gross profit margin decreased from 17.8% for the same period in 2022 to 16.2%, among which: (i) gross profit from property management services decreased from approximately RMB650.0 million for the same period in 2022 to approximately RMB642.5 million, and gross profit margin decreased from 17.7% for the same period in 2022 to 16.3%. Such decreases were primarily attributable to (a) the Group's agreement on reduction and exemption of vacant property management fees and vacant parking space management fees with certain clients; (b) an increase in costs due to the amortization of intangible assets – customer relationship resulting from the merger and acquisition of property management enterprises by the Group; (ii) the gross profit of value-added services to non-property owners decreased from approximately RMB80.8 million for the same period in 2022 to approximately RMB18.5 million, and gross profit margin decreased from 19.0% for the same period in 2022 to 11.9%. Such decreases were primarily due to that the Group significantly reduced the number of projects in relation to provision of sales assistance services to developers. Meanwhile, the Group provided essential services for ensuring delivery on the basis of responding to the national policy of "ensuring delivery and stabilizing people's livelihood", which has a low gross profit.

During the Year, gross profit from local catering services decreased from approximately RMB102.2 million for the same period in 2022 to approximately RMB70.3 million and gross profit margin decreased from approximately 20.9% for the same period in 2022 to approximately 13.7%, which was mainly attributable to (i) the need for improvement in cost control of group catering companies consolidated into our financial statements, which had a relatively low gross profit margin; and (ii) third-party medium-end hotel operation projects undertaken for hotel management services during the Year, which had a relatively low gross profit margin.

During the Year, gross profit of community value-added services increased from approximately RMB92.7 million for the same period in 2022 to approximately RMB184.4 million, and the gross profit margin increased from 27.9% for the same period in 2022 to approximately 58.2%, which was primarily due to (i) rapid recovery of the community media and advertisement and other community management businesses with high gross profit as a result of stable improvement of domestic economy; and (ii) adjustment of the non-core business model and business structure by the Group to focus on platform operations.

During the Year, gross profit of smart living technology solutions decreased from approximately RMB17.5 million for the same period in 2022 to approximately RMB12.5 million, and the gross profit margin remained stable at 22.0%, which was mainly because (i) during the Year, the Group proactively reduced the provision of smart living technology solutions to Jinke Property Group, a related party; and (ii) the Group continued to deliver and operate software and equipment engineering services related to smart solutions, and the gross profit margin remained relatively stable.

Net Impairment Loss on Financial Assets

The net impairment loss of the Group's financial assets decreased by approximately 31.7% from approximately RMB2,152.4 million for the year ended 31 December 2022 to approximately RMB1,470.6 million for the year ended 31 December 2023, which was mainly due to that taking into consideration the latest operations of the related party Jinke Property Group, the Group has made an impairment provision again for the outstanding receivables owed by Jinke Property Group to the Group, while the amount of the impairment provision decreased as compared to the same period in 2022. After this provision was made, the receivables of the Group mainly include property fees receivable from third-party owners in relation to the principal business.

Other Net Losses

The Group's other net losses primarily consist of (i) impairment of goodwill; (ii) impairment of other assets. The Group's other net losses decreased by approximately 45.9% from approximately RMB307.3 million for the year ended 31 December 2022 to approximately RMB166.4 million for the year ended 31 December 2023, which was mainly because the Group, for prudence purpose, continued to make provision for the impairment of goodwill recorded by the property management companies and group catering companies acquired during the historical period, but the amount of impairment decreased as compared to the same period in 2022, due to the impact of the macro-economy.

Administrative Expenses

The Group's administrative expenses primarily consist of (i) employee benefit expenses for administrative staff; (ii) traveling and entertainment expenses; (iii) bank and payment platform charges, which mainly include transaction fees charged by banks and payment platforms; (iv) depreciation and amortization; and (v) others, which mainly include consultancy service fees. Administrative expenses of the Group increased slightly by 8.0% from approximately RMB557.9 million for the year ended 31 December 2022 to approximately RMB602.8 million for the year ended 31 December 2023, which were primarily due to (i) the number of senior administrative employees of the Group continued to increase; and (ii) the intermediary agency fees increased due to the need for due diligence in mergers and acquisitions incurred by the Group.

Income Tax Credit

The Group's income tax credit represents PRC corporate income tax. Income tax credit of the Group decreased from approximately RMB161.5 million for the year ended 31 December 2022 to approximately RMB137.9 million for the year ended 31 December 2023, which was primarily due to the Group recorded a substantial impairment resulting in an increase in deferred income tax expenses due to changes in the external macro environment, while the overall income tax credit showed a decreasing trend as the current income tax expenses increased with the growth of performance.

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 12.0% from approximately RMB548.4 million as at 31 December 2022 to approximately RMB614.0 million as at 31 December 2023, mainly due to (i) increase of approximately RMB227.8 million in customer relationship and goodwill arising from the Group's several business mergers during the Year and historical periods; on the other hand; and (ii) the amortization and impairment of approximately RMB477.8 million in customer relationship and goodwill arising from acquisitions during the Year and historical periods.

Trade and Bill Receivables

Carrying balance of trade and bill receivables of the Group increased slightly by approximately 15.8% from approximately RMB2,531.0 million as at 31 December 2022 to approximately RMB2,931.4 million as at 31 December 2023, and provision for impairment of trade and bill receivables increased from approximately RMB1,046.5 million as at 31 December 2022 to approximately RMB1,385.0 million as at 31 December 2023. Trade receivables mainly arise from the space property management services. The Group has made reasonable impairment provision for customers with poor reputation for prudence purpose, the receivables mainly include property service charges owned by private property owners after the provision was made. The Group will pay close attention to the balance of trade receivables by strengthening special work of settlement of property fees for private property owners and by properly handling the shortage of funds owed by real estate developers to minimize losses through offsetting receivables by assets and other forms.

Loan Receivables

Loan receivables of the Group represents the loan in the principal amount of RMB1,500 million provided to Jinke Property. The loan receivables of the Group decreased from approximately RMB1,386.7 million as at 31 December 2022 to approximately RMB372.2 million as at 31 December 2023, mainly due to that the Group made an impairment provision of approximately RMB1,132.8 million for loan receivables during the Year after Jinke Property had not fulfilled its loan repayment obligations and taking into account the macro-economy environment, scenarios weightings of future operations of Jinke Property Group.

Trade and Bill Payables

Trade and bill payables primarily represent the Group's obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers, including service fees and cost of materials. Trade and bill payables of the Group increased by approximately 34.0% from approximately RMB838.8 million as at 31 December 2022 to approximately RMB1,123.6 million as at 31 December 2023, mainly due to (i) the increase in the amount due to suppliers as result of the increase in GFA under management and the number of projects under management; and (ii) the flexibility of the Group in bank acceptance bills and other settlement methods.

Other Payables

The Group's other payables primarily consist of (i) equity acquisition payables to third parties; (ii) deposit guarantee payable. Other payables of the Group increased by approximately 5.9% from approximately RMB877.3 million as at 31 December 2022 to approximately RMB928.8 million as at 31 December 2023, mainly due to the Group's unpaid certain equity payables.

Contract Liabilities

Contract liabilities primarily consist of advances of property management fees and other service fees. The Group's contract liabilities increased by approximately 19.0% from approximately RMB740.2 million as at 31 December 2022 to approximately RMB880.7 million as at 31 December 2023, mainly due to leading customer satisfaction of the Group within the industry and the increase in the prepayment of property management fees by private property owners at the end of year.

Liquidity and Capital Resources

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

Cash Position

As at 31 December 2023, the Group had cash and cash equivalents of approximately RMB2,905.5 million (31 December 2022: approximately RMB3,069.8 million).

Cash Flows

For the year ended 31 December 2023, the Group's net cash inflow from operating activities was approximately RMB451.1 million, representing a continuous increase as compared to the same period in 2022, which was mainly attributable to (i) the Group's significant achievements in cash flow and collection with a strong focus on collection of receivables from all businesses; and (ii) the withdrawal of property management services of the Group from projects with negative cash flow and low collection rate in pursuit of quality development.

For the year ended 31 December 2023, the Group's net cash outflow from investing activities was approximately RMB269.7 million, representing a significant decrease as compared to the same period in 2022, mainly attributable to the Group's scaling down its investment activities to focus on its principal businesses on the basis of the macro-economy.

For the year ended 31 December 2023, the net cash outflow from the Group's financing activities was approximately RMB343.2 million, mainly due to continuous repurchase of 28,826,200 H Shares of the Company in the public market since 2023 for the Group's confidence in future development.

Indebtedness

Borrowings

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

Gearing Ratio

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

Pledge of Assets

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

Foreign Exchange Risks

The Group's businesses are principally conducted in RMB, which is the functional currency of the Group. Foreign currency transaction included mainly receipts of proceeds from the Listing on the Main Board of the Stock Exchange and payment of professional fees, which are denominated in Hong Kong dollars ("HK$"). As at 31 December 2023, the major non-RMB assets are the cash and cash equivalents of RMB7,904,000 and RMB6,151,000 denominated in HK$ and US$ respectively. Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations to a limited extent.

Contingent Liabilities

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

Commitments

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

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

During the year ended 31 December 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 Over-allotment Option amounted to approximately HK$6,660.9 million.

As of 31 December 2023, the Group utilized approximately HK$4,544.0 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 "**Second Announcement**") and the announcement on the further change in use of proceeds from the Global Offering dated 22 December 2023 (the "**Third Announcement**"). The remaining unutilized net proceeds of approximately HK$2,117.0 million will be allocated in accordance with the purposes and proportions set out in the Third Announcement.

The following table sets forth details of the revised use and allocation of net proceeds as at 31 December 2023:

	Planned use of net proceeds disclosed in the Third Announcement		Unutilised net proceeds as at 1 January 2023	Actual use of net proceeds as at 31 December 2023	Unutilised net proceeds as at 31 December 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	3,746.6	56.3%	1,624.7	2,405.3	1,341.3	
(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	2,032.1	30.5%	793.1	893.3	1,138.7	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	868.6	13.0%	–	666.0	202.6	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	845.9	12.7%	831.6	845.9	–	
(b) Upgrading the systems of the Group for digitization and smart management	170.9	2.6%	621.3	84.6	86.2	

	Planned use of net proceeds disclosed in the Third Announcement		Unutilised net proceeds as at 1 January 2023	Actual use of net proceeds as at 31 December 2023	Unutilised net proceeds as at 31 December 2023	Expected timeline of the intended use of proceeds
	HK$'million	*approximately %*	*HK$'million*	*HK$'million*	*HK$'million*	
(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	100.1	1.5%	199.8	13.8	86.2	On or before December 2024
(c) Further developing the value-added services of the Group	1,199.0	18.0%	477.5	915.5	283.5	
(i) Strategically developing the Group's upstream and downstream services	1,196.9	18.0%	179.7	913.4	283.5	On or before December 2024
(ii) Upgrading hardware and developing smart community	2.1	0.0%	297.8	2.1	–	–
(d) General business operations and working capital	666.1	10.0%	10.3	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	683.2	10.3%	3.2	476.9	206.3	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	195.2	2.9%	–	5.8	189.4	On or before December 2024
Total	6,660.9	100%	2,737.1	4,544.0	2,117.0	

Note: The figures have been rounded up. Accordingly, the total amount of each category may not be equal to the apparent sum of the relevant sub-categories.

Save as disclosed in the Second Announcement and the Third Announcement, as at 31 December 2023, the Directors are not aware of any material change in the planned use of the net proceeds. The unutilised net proceeds and the following timeline of intended utilization will be applied in the manners disclosed by the Company.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the section headed "Use of Net Proceeds from the Listing" above, the Group has no other future plans for material investments and capital assets as at 31 December 2023.

EMPLOYEE AND REMUNERATION POLICY

As of 31 December 2023, the Group had approximately 12,955 employees (31 December 2022: 12,227 employees). During the Year, the staff cost recognised as expenses of the Group amounted to approximately RMB1,938.2 million (31 December 2022: approximately RMB2,038.3 million).

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

SIGNIFICANT EVENTS AFTER THE YEAR

As at the date of this announcement, the Group did not have any other significant event subsequent to 31 December 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and applied the principles and applicable code provisions of 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 Year. 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 Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2023, the Company repurchased on the Stock Exchange a total of 28,826,200 H Shares. 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. Details of the repurchases of the H Shares are 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	11.78	9.90	29,159,422
July 2023	4,382,800	12.56	10.84	51,386,208
August 2023	600,000	10.60	10.28	6,281,556
September 2023	4,183,400	10.86	8.59	39,588,858
October 2023	4,020,600	9.79	8.18	37,835,237
November 2023	2,747,000	9.37	7.88	24,066,992
December 2023	10,210,200	10.96	8.65	103,229,698
Total	28,826,200			291,547,971

Note: The Company also repurchased a total of 200,000 H Shares on the Stock Exchange in January 2024 at a total consideration of HK$1,894,402. As at the date of this announcement, a total of 29,026,200 H Shares repurchased by the Company during the year ended 31 December 2023 and in January 2024 have been fully cancelled and the total number of issued shares of the Company is 623,821,900 shares.

ANNUAL GENERAL MEETING

The 2023 AGM is proposed to be convened and held on Friday, 7 June 2024. A notice convening the 2023 AGM will be published and despatched in the manner as required by the Listing Rules in due course.

DIVIDEND POLICY AND FINAL DIVIDEND

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

The net loss attributable to owners of ordinary shares of the parent company for the year ended 31 December 2023 as shown on the consolidated financial statements of the Company amounted to approximately RMB951.0 million, and the accumulated losses as at 31 December 2023, were approximately RMB1,990.5 million.

According to the Articles of Association, in view of the negative profit available for distribution to investors in 2023, the conditions for dividend distribution are no longer available, and in view of the future development needs of the Company, the Company has proposed the profit distribution plan for 2023 as no cash dividend, no bonus shares and no capital reserve capitalization.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the Shareholders' eligibility to attend, speak and vote at the 2023 AGM, the register of members of the Company will be closed as appropriate as set out below:

For determining the Shareholders' entitlement to attend, speak and vote at the 2023 AGM

For the purpose of determining the Shareholders' eligibility to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Tuesday, 4 June 2024 to Friday, 7 June 2024 (both days inclusive), during which period no transfer of the Shares will be registered. In order to qualify for attending and voting at the 2023 AGM, all transfer of share documents accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Monday, 3 June 2024.

AUDIT COMMITTEE

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

The primary duties of the Audit Committee are to (i) review and supervise the financial reporting process and internal control system of the Group, risk management and internal audit; (ii) provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board. The Audit Committee currently consists of five members, namely Mr. Tung Woon Cheung Eric (董渙樟先生), Mr. Shi Cheng (石誠先生), Mr. Wu Xiaoli (吳曉力先生), Ms. Yuan Lin (袁林女士) and Ms. Xiao Huilin (肖慧琳女士). The chairman of the Audit Committee currently is Mr. Tung Woon Cheung Eric (董渙樟先生), who is an independent non-executive Director of our Company and has the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee has discussed with the management and the external auditor of the Company and has reviewed the annual results of the Group for the year ended 31 December 2023 together with the accounting standards and practices adopted by the Group. The Audit Committee has agreed with the management of the Company on the annual results of the Group for the year ended 31 December 2023.

SCOPE OF WORK OF MESSRS. PRICEWATERHOUSECOOPERS

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

PUBLICATION OF ANNUAL RESULTS

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk as well as the website of the Company at http://www.jinkeservice.com. The Company's 2023 annual report will be despatched 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, 27 March 2024

As at the date of this announcement, the Board comprises Mr. Xia Shaofei as executive Director, Mr. Wu Xiaoli, Ms. Lin Ke, Mr. Xu Guofu, Mr. Shi Cheng and Mr. Qi Shihao as non-executive Directors, and Ms. Xiao Huilin, Ms. Yuan Lin and Mr. Tung Woon Cheung Eric 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.

"2023 AGM"	the annual general meeting of the Company for 2023 to be convened and held on Friday, 7 June 2024
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"China" or "PRC"	the People's Republic of China
"Company"	Jinke Smart Services Group Co., Ltd.* (金科智慧服務集團股份有限公司), a limited liability company established in the PRC on 18 July 2000 and converted into a joint stock company with limited liability on 28 May 2020, the H Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 9666)
"Corporate Governance Code"	the Corporate Governance Code contained in Appendix C1 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
"H Share Registrar"	Tricor Investor Services Limited
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are not connected person(s) of the Company within the meaning ascribed thereto under 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 C3 to the Listing Rules
"Prospectus"	the prospectus of the Company dated 5 November 2020
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the H Shares only
"Shareholder(s)"	holder(s) of the Share(s)
"sq.m."	square meter(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	The supervisor(s) of the Company
"United States" or "US"	The United States of America
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent