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JINMAO PROPERTY SERVICES CO., LIMITED

金茂物業服務發展股份有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00816)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

HIGHLIGHTS

- For the year ended 31 December 2022, the Group's total revenue was approximately RMB2,436.0 million, representing an increase of approximately RMB920.5 million or 60.7% as compared to that of approximately RMB1,515.5 million for the year ended 31 December 2021.
- Gross profit of the Group for the year ended 31 December 2022 amounted to approximately RMB733.9 million, representing an increase of approximately 56.1% as compared with approximately RMB470.0 million for the year ended 31 December 2021.
- Profit for the year ended 31 December 2022 amounted to approximately RMB341.4 million, representing an increase of approximately 90.7% as compared with approximately RMB179.0 million for the year ended 31 December 2021.
- Adjusted net profit (profit for the year excluding listing expenses and foreign exchange loss) of the Group for the year ended 31 December 2022 amounted to approximately RMB380.4 million, representing an increase of 95.0% as compared with approximately RMB195.1 million for the year ended 31 December 2021.
- Earnings per share attributable to ordinary equity holders of the Company for the year ended 31 December 2022 was RMB0.38 per share as compared to RMB0.22 per share for the year ended 31 December 2021.
- As of 31 December 2022, the contracted GFA of the Group was approximately 80.8 million sq.m. and the GFA under management of the Group was approximately 56.9 million sq.m., representing an increase of approximately 40.3% and 56.3%, respectively, as compared to that as of 31 December 2021.
- The Board recommends the payment of a final dividend of HK\$0.17 per share for the year ended 31 December 2022.

The board (the “**Board**”) of directors (the “**Directors**”) of Jinmao Property Services Co., Limited (the “**Company**”) announces the consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”, “our **Group**” or “**we**”) for the year ended 31 December 2022, with comparative figures for the year ended 31 December 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
REVENUE	4	2,436,035	1,515,525
Cost of sales		<u>(1,702,165)</u>	<u>(1,045,491)</u>
Gross profit		733,870	470,034
Other income and gains	4	46,074	45,512
Selling and distribution expenses		(54,028)	(14,688)
Administrative expenses		(239,513)	(209,351)
Other expenses, net		(38,509)	(9,665)
Finance costs	6	<u>(1,583)</u>	<u>(33,707)</u>
PROFIT BEFORE TAX	5	446,311	248,135
Income tax expense	7	<u>(104,890)</u>	<u>(69,124)</u>
PROFIT FOR THE YEAR		<u>341,421</u>	<u>179,011</u>
Attributable to:			
Owners of the parent		336,002	177,977
Non-controlling interests		<u>5,419</u>	<u>1,034</u>
		<u>341,421</u>	<u>179,011</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted		<u>0.38</u>	<u>0.22</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>341,421</u>	<u>179,011</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the Company	<u>39,580</u>	<u>254</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u><u>39,580</u></u>	<u><u>254</u></u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>381,001</u>	<u>179,265</u>
Attributable to:		
Owners of the parent	375,582	178,231
Non-controlling interests	<u>5,419</u>	<u>1,034</u>
	<u><u>381,001</u></u>	<u><u>179,265</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*31 December 2022*

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		90,507	54,704
Investment properties		94,207	9,379
Right-of-use assets		28,330	32,473
Goodwill		249,122	–
Intangible assets		91,713	6,392
Deferred tax assets		6,111	4,708
Other receivables and other assets		1,238	2,693
		<hr/>	<hr/>
Total non-current assets		561,228	110,349
CURRENT ASSETS			
Inventories		4,391	4,523
Trade receivables	<i>10</i>	778,562	414,477
Prepayments, other receivables and other assets		611,460	267,293
Prepaid tax		27,280	7,513
Restricted cash		1,649	1,278
Cash and cash equivalents		1,018,958	553,619
		<hr/>	<hr/>
Total current assets		2,442,300	1,248,703
CURRENT LIABILITIES			
Trade payables	<i>11</i>	456,084	170,944
Other payables and accruals		664,286	629,830
Contract liabilities		370,373	313,937
Lease liabilities		15,664	8,972
Tax payable		26,185	4,359
		<hr/>	<hr/>
Total current liabilities		1,532,592	1,128,042
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*31 December 2022*

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
NET CURRENT ASSETS	<u>909,708</u>	<u>120,661</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,470,936</u>	<u>231,010</u>
NON-CURRENT LIABILITIES		
Lease liabilities	84,875	25,342
Deferred tax liabilities	<u>25,835</u>	<u>1,687</u>
Total non-current liabilities	<u>110,710</u>	<u>27,029</u>
Net assets	<u><u>1,360,226</u></u>	<u><u>203,981</u></u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	839,529	66,947
Reserves	<u>503,644</u>	<u>128,450</u>
	1,343,173	195,397
Non-controlling interests	<u>17,053</u>	<u>8,584</u>
Total equity	<u><u>1,360,226</u></u>	<u><u>203,981</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

General Information

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

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

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

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

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

3. OPERATING SEGMENT INFORMATION

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

Geographical information

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

Information about major customers

For the years ended 31 December 2022, RMB710,824,000 (2021: RMB525,971,000) of revenue were derived from the ultimate holding company and its subsidiaries. Other than the revenue from the ultimate holding company and its subsidiaries, no revenue derived from sales to a single customer or a group of customers under common control amounted to 10% or more of the Group's revenue for the year ended 31 December 2022 (2021: Nil).

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>	2,429,290	1,509,746
<i>Revenue from other sources</i>		
Gross rental income from investment properties operating leases:		
Fixed lease payments	6,745	5,779
	<u>2,436,035</u>	<u>1,515,525</u>

Revenue from contracts with customers

Disaggregated revenue information

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<u>Types of services</u>		
Property management services	1,206,859	823,229
Value-added services to non-property owners	584,619	506,724
Community value-added services	637,812	179,793
	<u>2,429,290</u>	<u>1,509,746</u>

An analysis of other income and gains is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<u>Other income and gains</u>		
Fair value gain on investment properties	18,356	–
Bank interest income	12,068	3,433
Loan interest income	–	32,408
Tax incentives on value-added tax	8,523	7,042
Government grants*	6,168	2,102
Others	959	527
	<u>46,074</u>	<u>45,512</u>

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

5. PROFIT BEFORE TAX

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Cost of services provided and cost of goods sold	1,702,165	1,045,491
Depreciation of property, plant and equipment	18,121	9,631
Depreciation of right-of-use assets	10,972	9,253
Amortisation of intangible assets	10,968	3,102
Listing expenses	12,644	16,048
Auditors' remuneration	3,200	254
Fair value loss/(gain) on investment properties	(18,356)	1,211
Loss on disposal of items of property, plant and equipment, net*	274	510
Penalties*^	42	3,384
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	491,813	385,251
Pension scheme contributions	42,912	35,243
Equity-settled share option expense	(729)	1,237
	<u>533,996</u>	<u>421,731</u>
Foreign exchange loss*	26,375	–
Impairment losses/(write-back of impairment losses) of financial assets*:		
– Trade receivables	10,695	2,262
– Other receivables	(2,411)	1,831
Rental expense		
Short-term leases and low-value leases	10,845	9,663
Impairment of inventories*	<u>48</u>	<u>467</u>

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

^ The penalties for the year ended 31 December 2021 were the fines charged by relevant local government authorities for unauthorised mark-up of electricity fee charged to the tenants and property owners of the Group.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on other borrowings	–	32,737
Interest on lease liabilities	<u>1,583</u>	<u>970</u>
	<u>1,583</u>	<u>33,707</u>

7. INCOME TAX

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

Except one (2021: Nil) PRC subsidiary is located in western cities and subject to a preferential income tax rate of 15%, the income tax provision of the Group in respect of its operation in Mainland China was calculated at the tax rate of 25% (2021: 25%) on the assessable profits for the reporting period, if applicable, based on the existing legislation, interpretations and practice in respect thereof.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current	104,210	71,541
Deferred	<u>680</u>	<u>(2,417)</u>
Total tax charge for the year	<u>104,890</u>	<u>69,124</u>

8. DIVIDENDS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Proposed final – HK17 cents (2021: Nil) per ordinary share	<u>133,894</u>	<u>–</u>

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

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 884,611,036 (2021: 800,000,000) in issue during the year, as adjusted to reflect those 799,999,998 ordinary shares of the Company issued under the bonus issue occurred on 9 March 2022, as if the issuance of these additional shares under the bonus issue had been completed throughout the years ended 31 December 2022 and 2021.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	336,002	177,977
Shares	Number of shares	
	2022	2021
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	884,611,036	800,000,000

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

10. TRADE RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Related parties	401,597	281,135
Third parties	393,153	139,225
Trade receivables	794,750	420,360
Less: Allowance for impairment of trade receivables	(16,188)	(5,883)
	778,562	414,477

Trade receivables mainly represent receivables from property management services and other related services to property developers. For trade receivables from property management services, the Group charges property management fees on a monthly or quarterly basis and the payment is generally due upon the issuance of demand notes. For trade receivables from other services to property developers, the Group's trading terms with its customers are mainly on credit and the credit period is generally 90 to 180 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. Other than trade balances due from Sinochem Holdings and its subsidiaries, the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The amounts due from the related parties are repayable on credit terms similar to those offered to other major customers of the Group.

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	690,550	377,319
1 to 2 years	74,873	22,743
2 to 3 years	6,267	11,247
Over 3 years	6,872	3,168
	<u>778,562</u>	<u>414,477</u>

11. TRADE PAYABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables		
– Related parties	4,629	4,440
– Third parties	451,455	166,504
	<u>456,084</u>	<u>170,944</u>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	433,224	163,366
1 to 2 years	16,578	4,106
2 to 3 years	3,877	532
Over 3 years	2,405	2,940
	<u>456,084</u>	<u>170,944</u>

Trade payables are unsecured, interest-free and normally settled within 90 days.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

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

Our history can be traced back to 1993 when we were established as a subsidiary of Sinochem Group Co. Ltd. (“**Sinochem Group**”) to provide property management services in Beijing, the PRC for properties developed by the predecessor of China Jinmao Holdings Group Limited (“**China Jinmao**”) and its subsidiaries (“**Jinmao Group**”). China Jinmao, our controlling shareholder, is a leading comprehensive property developer in China, and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”, stock code: 00817). Over the years, we provided a full spectrum of property management services to a broad range of properties, and we have established a nationwide business in China, with a strong focus on high-end properties in core cities. As of 31 December 2022, our total contracted gross floor area (the “**GFA**”) reached approximately 80.8 million sq.m., covering 68 cities across 24 provinces, municipalities and autonomous regions in China, and we managed 382 properties in China with a total GFA under management of approximately 56.9 million sq.m., including 241 residential communities and 141 non-residential properties.

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

FUTURE OUTLOOK

Future development plans

The Group continues to build a good life where new type of towns grow vigorously, inhabiting and flourishing on the earth. Property services are indispensable to the people's aspiration for a better life, as well as the prosperity and growth of cities. In our persistent business practice and industry thinking, we firmly believe that the ultimate goal of property services is to realize the future residences and city dreams through high-quality services.

Looking ahead to 2023, positive macroeconomic factors will be released at a faster pace. The demands for high-quality life services, professional commercial enterprise services and refined urban management will grow steadily, and the growth trend in core city clusters and new first- and second-tier cities will become more prominent. The Group has deployed community life services, commercial enterprise services and urban operation services in core cities, and has established a good customer reputation and market foundation with its outstanding quality.

In 2023, the Group will adhere to a “High, Comprehensive, Innovative and Fast” strategy, give full play to its moat advantage of quality services and urban operation services, earnestly execute every contract and promise, continuously improve its own governance capabilities and fulfill its commitment to high-quality development. First of all, we will insist on the customer-centric development concept, continue to implement the “high virtuous circle” development logic and further give play to the Company's advantages in customer research, service design, customer experience management and service product innovation to consolidate the customer experience management system and quality management system continuously, so as to deliver high-quality property management services to the communities, enterprises, businesses, cities and governmental customers in a stable manner. Second, we will insist on high-quality market expansion, continue to build a differentiated competitive barrier, focus on core cities, core markets and core tracks, put more resources to the market, make full use of the good reputation of the projects under management, further increase the density of regional projects, further increase the scale of commercial enterprise services and urban services, further strengthen resource coordination with Sinochem Group and China Jinmao, select quality targets for merger and acquisition to quickly strengthen the Group's capabilities and expand its management scale. Third, we will persist in building a value-added service ecology oriented to customer needs, and extend the boundaries of life services, home decoration services and asset services to provide upstream property developers, commercial enterprises, government authorities and terminal users with more convenient and efficient solutions to diversified service demands and drive the Company's revenues from value-added businesses to grow steadily by enriching service content, lifting service standards and improving business modes. Fourth, we will insist on investing in brand building, continue to build our moat of reputation and optimize our product branding system, further strengthen our brand advantages in high-quality services, city operation services and commercial enterprise services, and deepen the reputation of our customers in the cities we have entered, so as to enhance our reputation influence, competitiveness and brand premium capacity. Fifth, we will adhere to the

people-oriented approach to achieve the common growth of employees and the enterprise. The Company will launch three systematic projects, namely, “human resources supply chain, human resources value chain and human resources ecological chain”, further strengthen talent training and reserves, increase the capacity density of management talents, skilled talents, professional talents and new business talents, strengthen the cultural identity of employees, and continuously improve human efficiency; further enhance employee loyalty and service power of customer interface, continuously create a broad development space for employees, and promote employees to share, create and grow with the enterprise. Sixth, the Company will insist on seeking benefits from management and continue to promote the improvement of grassroots governance capabilities. The Company will carry forward the special project of “lean management”, continue its work involving integration of business and finance, procedure optimization and operation benchmark management, reinforce supply chain management and construction, and further reduce the business costs and sales management expenses through continuous investment in digitalization and management innovation. We will carry out a special campaign on grassroots governance. Themed on “problem-oriented, systematic thinking, lean and efficient and well-disciplined”, the campaign aims at self-improvement throughout the Group, promotes learning from each other to make up for deficiencies, and focuses on advancing grassroots employees’ abilities to offer services and solve problems. We will embed the high-performance culture of “making it better” into every smallest business unit to ensure every key strategic initiative will be implemented precisely.

The Group takes the ESG management as its long-term strategic task, and the Company has established an ESG management architecture comprising the Board of Directors, strategy and ESG committee, ESG workgroup, as well as many other departments and segments, and the ESG work has been fully integrated into the Company’s governance system. In 2023, the Company will shoulder corporate social responsibility together with its partners, drive the sustainable development targets of ESG to be implemented, and insist on the long-termism to create everlasting values for customers, shareholders, society and employees.

FINANCIAL REVIEW

Revenue

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

The following table sets out the breakdown of our total revenue by business lines for the years ended 31 December 2022 and 2021 respectively:

	2022		2021		Changes
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	%
Property management services	1,206,859	49.5	823,229	54.3	46.6
Value-added services to non-property owners	584,619	24.0	506,724 ⁽²⁾	33.4 ⁽²⁾	15.4⁽²⁾
Community value-added services ⁽¹⁾	644,557	26.5	185,572 ⁽²⁾	12.3 ⁽²⁾	247.3⁽²⁾
Total	<u>2,436,035</u>	<u>100.0</u>	<u>1,515,525</u>	<u>100.0</u>	60.7

Notes:

- (1) Includes gross rental income from investment properties operating leases.
- (2) In 2022, due to the change in the management structure of the Company, the car parking lots sales agency services were included in the management of the community value-added section, and certain comparative information has been reclassified to conform with the presentation of the financial information for the year ended 31 December 2022.

Revenue from property management services increased by approximately 46.6% to approximately RMB1,206.9 million in 2022 from approximately RMB823.2 million in 2021. This increase was mainly attributable to an increase in our GFA under management, which increased to approximately 56.9 million sq.m. as of 31 December 2022 from approximately 36.4 million sq.m. as of 31 December 2021, as a result of our business expansion.

Revenue from value-added services to non-property owners increased by approximately 15.4% to approximately RMB584.6 million in 2022 from approximately RMB506.7 million in 2021. The increase was primarily due to (i) the increase in revenue from post-delivery services as the floor area under our management increased, and (ii) the increase in revenue from sales assistance services as the number of managed properties increased to 382 as of 31 December 2022 from 175 as of 31 December 2021.

Revenue from community value-added services increased by approximately 247.3% to approximately RMB644.6 million in 2022 from approximately RMB185.6 million in 2021. The increase was primarily due to (i) the increase in revenue from community living services by approximately 594.0% from approximately RMB24.9 million in 2021 to approximately RMB172.8 million in 2022 as a result of the increase in the number of properties under management with the expansion of business scale, (ii) the increase in revenue from platform services for interior decoration by approximately 1,090.2% from approximately RMB11.2 million in 2021 to approximately RMB133.3 million in 2022 as a result of our efforts in building a service team of platform services for interior decoration to explore existing businesses and expand various product types regarding platform services for interior decoration during the year; and (iii) the increased revenue from real estate brokerage services, which increased from approximately RMB38.1 million in 2021 to approximately RMB153.8 million in 2022, representing a rise of 303.7%.

Cost of sales

Cost of sales increased by approximately 62.8% to approximately RMB1,702.2 million for the year ended 31 December 2022 from approximately RMB1,045.5 million for the year ended 31 December 2021. Such increase was in line with our growth in revenue for the year and was primarily due to the increase in the number of properties under our management.

Gross profit and gross profit margin

Gross profit increased by 56.1% to approximately RMB733.9 million for the year ended 31 December 2022 from approximately RMB470.0 million for the year ended 31 December 2021. Our overall gross profit margin decreased to approximately 30.1% for the year ended 31 December 2022 from approximately 31.0% for the year ended 31 December 2021 primarily due to the increase in expenditures on product development and promotion as a result of the vigorous expansion of community value-added business during the year.

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

	2022	Gross profit margin	2021	Gross profit margin
	Gross profit RMB'000	%	Gross profit RMB'000	%
Property management services	203,248	16.8	149,941	18.2
Value-added services to non-property owners	270,499	46.3	229,358 ⁽²⁾	45.3 ⁽²⁾
Community value-added services ⁽¹⁾	<u>260,123</u>	40.4	<u>90,735⁽²⁾</u>	48.9 ⁽²⁾
Total	<u><u>733,870</u></u>	30.1	<u><u>470,034</u></u>	31.0

Notes:

- (1) Includes gross rental income from investment properties operating leases.
- (2) In 2022, due to the change in the management structure of the Company, the car parking lots sales agency services were included in the management of the community value-added section, and certain comparative information has been reclassified to conform with the presentation of the financial information for the year ended 31 December 2022.

The gross profit margin of property management services for the year ended 31 December 2022 was approximately 16.8%, representing a decrease of 1.4 percentage points as compared to that of approximately 18.2% for the year ended 31 December 2021, which was mainly due to the increase in investments in pandemic prevention measures as a result of the recurrence of the COVID-19 pandemic during the year.

Gross profit margin from value-added services to non-property owners increased to approximately 46.3% for the year ended 31 December 2022 from approximately 45.3% for the year ended 31 December 2021, primarily due to the increase in revenue from the preliminary planning and design services and post-delivery services, which generally resulted in higher profit margins as compared to other value-added services we provided to the non-property owners.

Gross profit margin for community value-added services decreased to approximately 40.4% for the year ended 31 December 2022 from approximately 48.9% for the year ended 31 December 2021, primarily due to the significant expansion in scale of community value-added services during the year, which resulted in the increase in staffing and resources expenditures.

Other income and gains

Other income and gains include (i) gains on fair value changes; (ii) bank interest income; (iii) loan interest income; (iv) tax incentives on value-added tax; (v) government grants; (vi) others such as late fees charged to customers who failed to make timely payments. Our other income and gains increased by approximately RMB0.6 million or 1.3% from approximately RMB45.5 million for the year ended 31 December 2021 to approximately RMB46.1 million for the year ended 31 December 2022. Such increase was mainly due to gains on fair value changes generated from the appraised appreciation of the investment properties during the year.

Selling and distribution expenses

Selling and distribution expenses increased to approximately RMB54.0 million for the year ended 31 December 2022, representing an increase of 267.3% from approximately RMB14.7 million for the year ended 31 December 2021. The significant increase was due to an increase in the number of sales and distribution employees by approximately 103.1% from 65 employees as at 31 December 2021 to 132 employees as at 31 December 2022 and the related increase in labour costs and administrative expenses, which was in line with our continuously significant expansion of our property services business developed by independent third parties in 2022.

Administrative expenses

Administrative expenses increased to approximately RMB239.5 million for the year ended 31 December 2022, representing an increase of approximately 14.4% from approximately RMB209.4 million for the year ended 31 December 2021. This increase was mainly attributable to an increase in staff costs primarily as a result of our business expansion.

Finance costs

Finance costs decreased by approximately 95.3% to approximately RMB1.6 million for the year ended 31 December 2022 from approximately RMB33.7 million for the year ended 31 December 2021. This decrease was primarily due to our repayment in 2021 of the asset-based securities arrangement entered into in 2018.

Income tax expenses

Income tax expenses increased by approximately 51.8% to approximately RMB104.9 million for the year ended 31 December 2022 from approximately RMB69.1 million for the year ended 31 December 2021. This increase was primarily attributable to an increase in pre-tax profit to approximately RMB446.3 million for the year ended 31 December 2022 from approximately RMB248.1 million for the year ended 31 December 2021.

Profit for the year

As a result of the foregoing, our profit for the year increased by approximately 90.7% to approximately RMB341.4 million for the year ended 31 December 2022 from approximately RMB179.0 million for the year ended 31 December 2021 and net profit margin increased to approximately 14.0% for year ended 31 December 2022 from approximately 11.8% for the year ended 31 December 2021.

Property, plant and equipment

Property, plant and equipment mainly consists of electronic equipment, leasehold improvements, and furniture and office equipment. Property, plant and equipment increased from approximately RMB54.7 million as of 31 December 2021 to approximately RMB90.5 million as of 31 December 2022, primarily due to leasehold improvements and the purchase of electronic equipment, office equipment and IoT equipment for our business operations.

Investment properties

Our investment properties consist of car park spaces owned by our wholly-owned subsidiary Nanjing Ninggao International Property Consultancy Co., Ltd. (“**Nanjing Ninggao**”) and commercial property owned by our non-wholly owned subsidiary Nanjing Xinmao Asset Management Co., Ltd. (“**Nanjing Xinmao**”). Our investment properties increased from approximately RMB9.4 million as of 31 December 2021 to approximately RMB94.2 million as of 31 December 2022 mainly due to (i) the lease of commercial property by Nanjing Xinmao, forming investment properties of approximately RMB85.8 million during the year, and (ii) the decreased fair value of the investment properties as the remaining term of the lease agreement of Nanjing Ninggao was shortened over a period of time.

Right-of-use assets

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by us. Assets arising from a lease are initially measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The right-of-use asset is depreciated over the shorter of the estimated asset’s useful life and the lease term on a straight-line basis. Our right-of-use assets decreased from approximately RMB32.5 million as of 31 December 2021 to approximately RMB28.3 million as of 31 December 2022, mainly due to the depreciation of the right-of-use assets.

Intangible assets

Our intangible assets mainly comprise the contractual right of the acquiree and the software, information technology infrastructure and other smart management systems for properties under our management. Our intangible assets increased from approximately RMB6.4 million as of 31 December 2021 to approximately RMB91.7 million as of 31 December 2022 mainly due to the contractual right generated from the acquisition completed during the reporting period.

Inventories

Our inventories mainly comprise consumables, spare parts and general merchandise. Our inventories amounted to approximately RMB4.4 million and RMB4.5 million as of 31 December 2022 and 31 December 2021, respectively, and the decrease was mainly due to the normal consumption of inventories.

Trade receivables

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

Our trade receivables from related parties are primarily related to value-added services to non-property owners, the gross carrying amount of which increased from approximately RMB281.1 million as of 31 December 2021 to approximately RMB401.6 million as of 31 December 2022 along with the increase in revenue from our value-added services to non-property owners. Our trade receivables from third parties are primarily related to property management fees, the gross carrying amount of which increased from approximately RMB139.2 million as of 31 December 2021 to approximately RMB393.2 million as of 31 December 2022. This was mainly attributable to an increase in our property management revenue as we expanded our business with an increase in our GFA under management during the year ended 31 December 2022.

Prepayments, other receivables and other assets

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

We had prepayments, other receivables and other assets of approximately RMB270.0 million and approximately RMB612.7 million as of 31 December 2021 and 2022, respectively. Such increase was primarily attributable to the expansion in scale of real estate brokerage services, which resulted in the increase in the payment of performance guarantees.

Trade payables

Trade payables primarily represent our obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. The increase in trade payables to third parties from approximately RMB166.5 million as of 31 December 2021 to approximately RMB451.5 million as of 31 December 2022 was primarily due to the expansion of our business, reflecting an increase in the procurement of security and cleaning services and facilities and equipment maintenance services. Trade payables to related parties were in relation to procurement of information technology services, dining services and other goods and services from related parties.

Other payables and accruals

Other payables and accruals represent (i) amounts due to related parties; (ii) receipts on behalf of residents and tenants; (iii) deposits and temporary receipts primarily in relation to bidding and renovation; (iv) payroll and welfare payables; (v) other tax payables, and (vi) other payables relating to stored value cards that employees use in cafeterias. Our other payables and accruals amounted to approximately RMB664.3 million and approximately RMB629.8 million as at 31 December 2022 and 31 December 2021, respectively.

Contingent liabilities

As at 31 December 2022, we did not have any outstanding guarantees or other material contingent liabilities.

Pledge of assets

As at 31 December 2022, none of the assets of our Group was pledged.

Foreign currency risk

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

Capital commitment and capital expenditure

As at 31 December 2022, the Group did not have any material commitment.

The Group's capital expenditure for the year ended 31 December 2023 is expected to be funded mainly by proceeds from the Global Offering (as defined below) and working capital generated from the operating activities of the Group.

Liquidity and capital resources, current assets and current ratio

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

As at 31 December 2022, the Group's cash and cash equivalents amounted to approximately RMB1,019.0 million (31 December 2021: RMB553.6 million). The increase was mainly attributable to the proceeds from the Global Offering (as defined below). The Group's net cash flows from operating activities decreased to approximately RMB154.1 million for the year ended 31 December 2022 from approximately RMB347.4 million for the year ended 31 December 2021. The management believes that the Group has sufficient financial resources and future revenue to support the current working capital requirement and future expansion of the Group.

As at 31 December 2022, the Group's current assets amounted to approximately RMB2,442.3 million, representing an increase of approximately 95.6% as compared with approximately RMB1,248.7 million as at 31 December 2021. Current ratio as at 31 December 2022 was approximately 1.59 times, representing an increase as compared with 1.11 times as at 31 December 2021.

Use of proceeds from the Global Offering

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

Usage	% of total net proceeds	Planned allocation of net proceeds <i>HK\$ million (approximately)</i>	Utilized net proceeds up to the date of this announcement <i>HK\$ million (approximately)</i>	Unutilized net proceeds up to the date of this announcement <i>HK\$ million (approximately)</i>	Expected timeline for full utilization of the balance
(A) Pursue selective strategic investment and acquisition opportunities with companies engaged in property management, city operation services and/or community operations and to expand our business scale and solidify our leading industry position, including:					
(i) Acquire, invest in or cooperate with other property management companies and professional service providers in the upstream and downstream of city operation services which are suitable for and complementary to our business operations and strategies; and	50%	391.0	391.0 ¹	–	Fully utilized ²
(ii) Acquire or invest in companies which provide community products and services complementary to those of ours.	5%	39.1	–	39.1	By the end of 2024
(B) Upgrade our systems for smart management services and for the development of our smart communities and smart city solutions, aiming to offer a higher-quality living experience with more convenience for our property owners and residents and further enhance cost efficiency for our property management and city operation services.	22%	172.0	14.3	157.7	By the end of 2024
(C) Develop our community value-added services in an effort to diversify our service offering and enhance profitability.	13%	101.6	78.1	23.5	By the end of 2024
(D) Working capital and general corporate purpose.	10%	78.2	–	78.2	By the end of 2024

The net proceeds are currently held in bank deposits and will continue to be applied in the manner consistent with the proposed allocations in the Prospectus. For further information, please refer to the section headed “Future Plans and Use of Proceeds” in the Prospectus. As at the date of this announcement, there has been no material change in the actual use of the net proceeds from the intended use.

Note 1: Equivalent to RMB315 million.

Note 2: The amount was fully utilized for the acquisition of 100% equity interests in Beijing Capital Property Services Limited (“**Beijing Capital Services**”) during the period as detailed in the section headed “SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES”.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the “**2022 AGM**”) will be held on Monday, 5 June 2023 and the notice of 2022 AGM will be published and despatched to the shareholders in the manner as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) in due course.

The register of members of the Company will be closed from Wednesday, 31 May 2023 to Monday, 5 June 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. For the purpose of determining the entitlement to attend and vote at the 2022 AGM, all transfer document accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 30 May 2023.

DIVIDEND

The Board recommends the payment of a final dividend of HK\$0.17 per ordinary share of the Company for the year ended 31 December 2022. The final dividend is subject to approval by the shareholders of the Company (the “**Shareholders**”) at the 2022 AGM, which is expected to be paid on or around Monday, 21 August 2023 to the Shareholders whose names appear on the register of members of the Company after the close of business on Wednesday, 14 June 2022.

The register of members of the Company will be closed from Monday, 12 June 2023 to Wednesday, 14 June 2023, both days inclusive, during which period no transfer of shares of the Company will be registered for the purpose of determining the list of shareholders entitled to receive the proposed final dividend. Shareholders who wish to receive the proposed final dividend must lodge all transfer document accompanied by the relevant share certificates with the Company’s share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Friday, 9 June 2023.

AUDIT COMMITTEE

The Audit Committee of the Company, comprising Dr. Chen Jieping as chairman, Mr. Sincere Wong and Ms. Qiao Xiaojie as members, has reviewed, together with the participation of the management, the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the annual results and the consolidated financial statements of the Group for the year ended 31 December 2022.

AUDITOR

The auditor for the consolidated financial statements of the Group for the year ended 31 December 2022 is Ernst & Young. The Board proposed to re-appoint it as the Company’s auditor for the year 2023 and a resolution for its re-appointment as the auditor of our Company will be proposed at the 2022 AGM.

SCOPE OF WORK OF AUDITORS ON ANNUAL RESULTS ANNOUNCEMENT

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

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

Save for the Global Offering (including the partial exercise of the over-allotment option), neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

SUFFICIENCY OF PUBLIC FLOAT

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

EMPLOYEES AND REMUNERATION POLICIES

As of 31 December 2022, the Group had 2,614 full-time employees (as of 31 December 2021: 2,658 full-time employees), of which the proportion of female employees was 37.3%, and the proportion of female managers among managers was 28.9%. We recognize the importance of gender diversity. In terms of recruitment, we do not treat people differently due to their differences in social status such as gender, sexual orientation and marital status, and ensure that the recruitment process is fair, objective and open and we will continue to step up measures to promote and strengthen gender diversity at all levels of the Company. During the reporting period, the Board was not aware of any mitigating factors or circumstances that made achieving gender diversity for all employees, including senior management, more challenging or less relevant. The total staff costs for the year ended 31 December 2022 were approximately RMB0.5 billion (2021: approximately RMB0.4 billion).

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

The Group places a strong emphasis on recruiting high-quality personnel and provides employees with constant training programmes and career development opportunities. The Company has formulated relevant systems such as “Employee Training Management Standards”, and established a multi-dimensional training system for employees in diverse business areas at varying development stages with characteristics of different job positions, encouraging multi-channel development of employees and committed to the development of talent pool. In 2022, a total of 2,614 employees received trainings, with the coverage rate of employee trainings of 100%, which ensured the general employees’ ability to perform their duties and increased the management level of management cadres at all levels, thus providing timely and effective support for the Company’s business development.

The Company will continue to improve the talent management system, offer talent support and mechanism guarantee for the Company’s innovation and transformation, and provide our employees with comprehensive career development channels and broad development potential for their growth in an effort to achieve enhancement in both corporate value and employee value.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS ACQUISITIONS

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

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

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

Acquisition of Beijing Capital Services

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

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

Save as disclosed in this announcement, there were no other significant investments held, material acquisitions or disposals of associates and joint ventures by the Company and the Company did not have other plans authorised by the Board for material investments or additions of capital assets during the year ended 31 December 2022 and up to the date of this announcement.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No significant events affecting the Group occurred after 31 December, 2022 and up to the date of this announcement.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions of the Corporate Governance Code (the "**Corporate Governance Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with code provisions set out in the Corporate Governance Code from the Listing Date up to 31 December 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding Directors' dealings in the securities of the Company. The Company has made specific enquiry to all Directors and all Directors have confirmed that they have complied with the Model Code from the Listing Date up to 31 December 2022.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jinmaowy.com). The annual report of the Company for the year ended 31 December 2022 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

By order of the Board
Jinmao Property Services Co., Limited
Jiang Nan
Chairman

Hong Kong, 24 March 2023

As at the date of this announcement, the executive Directors are Mr. Xie Wei and Ms. Zhou Liye; the non-executive Directors are Mr. Jiang Nan (Chairman), Ms. He Yamin and Ms. Qiao Xiaojie; and the independent non-executive Directors are Dr. Chen Jieping, Dr. Han Jian and Mr. Sincere Wong.