

金科智慧服務集團 股份有限公司

Jinke Smart Services Group Co., Ltd.

股份代號 9666.HK

Stock Code 9666.HK

(於中華人民共和國註冊成立的股份有限公司)

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



Jinke 金科服务

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2024

INTERIM REPORT

中 期 報 告



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Mr. Xia Shaofei (*Chairman*)

Non-Executive Directors

Mr. Xu Guofu

Mr. Wu Xiaoli

Ms. Lin Ke

Mr. Shi Cheng

Mr. Qi Shihao

Independent Non-Executive Directors

Ms. Yuan Lin

Ms. Xiao Huilin

Mr. Tung Woon Cheung Eric

SUPERVISORS

Mr. Yu Yong

Mr. Luo Ruifeng

Ms. Ren Wenjuan

JOINT COMPANY SECRETARIES

Ms. Xu Yuanyuan

Mr. Lau Kwok Yin

AUTHORIZED REPRESENTATIVES

Mr. Xia Shaofei

Mr. Lau Kwok Yin

AUDIT COMMITTEE

Mr. Tung Woon Cheung Eric (*Chairman*)

Mr. Wu Xiaoli

Ms. Yuan Lin

Ms. Xiao Huilin

Mr. Shi Cheng

REMUNERATION COMMITTEE

Ms. Yuan Lin (*Chairlady*)

Mr. Xu Guofu

Mr. Wu Xiaoli

Ms. Xiao Huilin

Mr. Tung Woon Cheung Eric

NOMINATION COMMITTEE

Mr. Xia Shaofei (*Chairman*)

Mr. Wu Xiaoli

Ms. Yuan Lin

Ms. Xiao Huilin

Mr. Tung Woon Cheung Eric

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Xu Guofu (*Chairman*)

Mr. Xia Shaofei

Ms. Yuan Lin

Ms. Xiao Huilin

Mr. Tung Woon Cheung Eric

HEADQUARTERS IN THE PRC

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CORPORATE INFORMATION

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16 Harcourt Road
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

LEGAL ADVISOR AS TO HONG KONG LAWS

Sidley Austin

PRINCIPAL BANKS

Industrial and Commercial Bank of China,
Chongqing Longhu Branch

China Merchants Bank, Chongqing Branch,
Jinke Shierfang Sub-branch

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STOCK CODE

09666

HONORS AND MAJOR EVENTS



2024 Outstanding IFM Service Companies in China



2024 Top 10 among the TOP 100 Property Management Companies in China in Terms of Comprehensive Strength



2024 TOP 100 Property Management Companies in Terms of Service Quality



2024 TOP 100 Property Management Companies in China in Terms of Leading Satisfaction



2024 China's Outstanding Education Properties Management Enterprise



2024 TOP 10 Property Service Companies in Wuxi in Terms of Comprehensive Strength

HONORS AND MAJOR EVENTS

1

Delighted to See the Future!

Jinke Service launching a Brand New Corporate Service Brand

On January 24, Jinke Service held a press conference on the 2024 brand strategy in Chongqing where it presented the fruitful results of the 2023 annual service to all shareholders, customers and owners, and launched the new corporate service brand – Golden Joy Services. Through the upgrading of new service, Jinke Service will bring all-scenario, full-cycle and integrated service experience to more high-quality customers.



2

Practicing the Social Responsibility of Responsible Corporate For the 8th year of the Jinke Grand Community Volunteer Day, we have been together

The well-being of the world takes more efforts for joint safeguarding. Since February this year, Jinke Service has launched the 2024 Jinke Grand Community Volunteer Plan in over 100 cities across the country, including Chongqing, Beijing, Wuxi, Suzhou, Chengdu, Changsha and Wuhan, with the theme of "We have been together for the 8th Year". It launched the "Green Protection Program", the "Faint-light Transmission Program" and the "Care for the Elderly Program", with a focus on public welfare themes such as green Earth, the growth of children, and the care for the elderly. The total number of participants was nearly 10,000. We spread love and warmth to more people in need through the series of measures.



3

Ingenuity is Far-reaching!

Jinke Service National Capability Competition Ended Successfully

In March, the Jinke Service • Capability Competition of "Ingenuity for the Future and Intensive Cultivation" was launched nationwide, and the national finals was held in Chongqing on April 19. The competition adopted the "2+4+1" model, that is, through the "2" major trial of professional knowledge and skills, it responded to the "4" service scenarios of customer service, safety, engineering and environment, and focused on the "1" core dimension of customer experience. A comprehensive high-standard service level inspection is carried out after, and the professional skills and comprehensive strength of the contestants and their teams are comprehensively tested in combination with the actual service conditions. This competition is not only a big training, but also a learning and competition between Jinke service regions. Only by constantly refining service details and improving professional capabilities can we create a better life with "Care + Joy" services.



HONORS AND MAJOR EVENTS



4

Adhering to the principle of long-term and high-quality development, Jinke Services has ranked among the top 10 in the industry for nine consecutive years

On April 18, the “2024 Top 100 Property Management Companies in China” was officially released. Jinke Services ranked among the Top 10 Property Management Companies in China for the ninth consecutive years, successfully ranked among the top eight. It also took the top two place in the lists of “Leading Property Management Companies in terms of Customer Satisfaction Rate” and “Leading Property Management Companies in terms of Service Quality”. At the same time, Jinke Services was also received awarded various honors including IFM Service Excellent Companies (No. 1), Leading Chinese Property Service Enterprise in Technology Enablement (No. 3), Hospital Property Service Excellent Companies (No. 2), Education Property Service Excellent Companies (No. 3) and many other honors, and ranked first in Chongqing and Wuxi.

Building New Quality Service Capabilities! Jinke Services and Chongqing Nan'an Jointly Create a Beautiful City

On May 21, Jinke Services and Jiangnan Development Group (江南發展集團), a key state-owned enterprise in Chongqing Nan'an District, solemnly signed an agreement to jointly establish the “Jiangnan Jinyue” urban service platform at the signing event ceremony for investment promotion of the 2024 “Western China International Fair for Investment and Trade (WCIFIT)”. In the future, by capitalizing on property comprehensive services, smart city services, community life services and group catering services, the two parties will focus on “Service+”, “Innovation+” and “Smart+” and jointly build “Jiangnan Jinyue” into a nationally renowned and Chongqing’s leading urban comprehensive service operator.

5



6

Leading the National Fitness Boom 2024 Jinke Services Sports Season for 10,000 People Ignites Neighborhood Sports Enthusiasm

In the first half of June, the 2024 Neighborhood Sports Season for 10,000 people in Jinke grand community came to a close. This sports feast with the theme of “Come on, good neighbor! Joyful 2024” was tailor-made for the property owners by Jinke Services, aiming to lead the national fitness boom through professional competitions and parent-child fun sports. This sports season covered hundreds of Jinke Services communities in Chongqing, Changsha, Wuhan, Chengdu, Xi’an, Zhengzhou, Jiangsu and other cities, with tens of thousands of hard-core property owners participating.



CHAIRMAN'S STATEMENT

In 2024, despite the gradual recovery of the macro economy, there still existed numerous difficulties and challenges to promote the development of the industry, and the complexity, severity and uncertainty of the external environment continued to increase. The real estate industry continues to undergo significant changes. The significant decreases in house purchase demand and the sales of new houses facilitated the shift of the development direction of the property management industry from developing new markets to focusing on existing markets and increasingly intensified the industry competition. The noticeable domestic consumption downgrade caused certain impacts on diversified businesses such as shopping, catering and home decoration as well as the collection of property management fees. In the future, the industry will enter a new stage of quality and efficiency improvement, large-scale and coordinated development. Only those provide high-quality services can earn good reputation among customers and acquire more high-quality customers. We must either be the first in the industry or be the one-firm in the industry.

Despite the high pressure on the development of the industry and the market has shifted from incremental to existing competition, Jinke Services has been committed to transforming to high-quality development and sustainable operation and strives to improve corporate capabilities and ecology. As a leading, high-quality third-party comprehensive service provider in the PRC, Jinke Services has been firmly implementing the development strategy of "Service + Technology, Service + Ecosystem" and adhering to long-termism and the customer-centered and the employee-first value to be an enterprise with the sense of social responsibility. Over the past 25 years, we have developed a community of shared beautiful life with property owners and strove to spread the ESG concept from enterprises to communities and the society.

We firstly put forward the idea of neighborhood culture across the country and deeply integrated the construction of a harmonious and amicable community into its endogenous development. In light of our efforts in creating the neighborhood culture and the construction of a harmonious and amicable community over 16 years, we have gained a high reputation among millions of property owners, which enables us to continuously maintain the leading position in the industry in terms of satisfaction and fee collection rates. We insisted on the Better Homes Plan (美好家園計劃) and developed a strong popularity and market effects. We continued to promote the reform of mechanization of manpower and the intellectualization of machinery and empowered property management to reduce costs and increase efficiency and continuously improve the fineness of management and the service efficiency through digital and intelligent technology upgrades. We adhered to strategies on the penetration of the neighborhood culture, the renovation of better homes and empowerment with digital and intelligent technology, thereby facilitating our business expansion in residential services.

In terms of corporate services, we closely focused on acquiring high-quality customer resources to provide customers with superior services. We continued to provide enterprise and public institution customers with professional and efficient comprehensive services, made full use of corporate resources to build an IFM service ecosystem, and won various honors, such as China's IFM Excellent Service Enterprise. As a leader in the development of the group catering business in the property industry, we serve large financial institutions, corporate headquarters, universities and colleges, large hospitals and other customers. We currently provide catering services to more than 250,000 diners each day.

We are committed to building a leading local catering services platform for consumers. We continue to promote the rapid implementation of "hotel + catering, hotel + tourism and hotel + platforms" to achieve customer attraction through hotels and accelerate the acquisition of high-quality projects, continuously enhancing the "self-development" capability.

CHAIRMAN'S STATEMENT

In the future, we will aim to achieve steady growth, put emphasis on stability and seek progress while maintaining stability, and attach great importance to the Group's healthy cash flow and the quality and efficiency of operation. Additionally, we will unswervingly implement the development strategy of "Service + Technology, Service + Ecosystem" and fully upgrade residential services into neighborhood property services. For corporate services, we will focus on public area services and logistics services and build the corporate logistics service system covering the full industrial chains of IFM. We will continue to strengthen the empowerment of "Service + Technology". On the one hand, we will assist the government through digital economy and Cloud City 100 to coordinate the building of an ecosystem and market development. On the other hand, we will further enhance the service and management capability to further optimize management cost and improve management efficiency. We will continue to build the synergy of "Service + Ecosystem".

At present, we are going through major changes in the industry. In the face of the current harsh macroeconomic environment, pessimists tend to think of the worst, predicting and planning for the worst possible future scenarios, and preparing for it in advance while optimists think of the best, expect and believe the best, and strive for it (悲觀者正確, 但樂觀者前行). We will maintain a clear business philosophy, achieve long-term goals by going forward stably, and forge ahead with stable performance.

Xia Shaofei

Chairman

Jinke Smart Services Group Co., Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group is China's leading, high-quality third party comprehensive service provider in the PRC and ranked the first in the Southwestern China Region. We have a multi-format, and comprehensive service product matrix covering residential buildings, mid-to-high end commercial office buildings, industrial parks, schools, hospitals, public construction, and urban services. Through our four growth curves "SCLT", namely, (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 our industry-leading overall strength and brand influence, the Group was recognized by the China Index Academy ("CIA") as the "Top 10 among the Top 100 China Property Management Companies in terms of Overall Strength" (中國物業服務百強企業綜合實力 Top10) and the "Top 10 among the Top 100 China Property Management Companies in terms of Service Scale" (中國物業服務百強企業服務規模 Top10) for nine consecutive years, and the Group's market share in central and western China Region has ranked the first for eight consecutive years. In 2024, with high service capabilities, we were awarded the "Top 3 of both the Top 100 Property Management Companies in China in Customer Satisfaction Rate" (中國物業服務百強滿意度領先企業) and the "Top 100 Property Management Companies in China in Service Quality" (中國物業服務百強服務質量領先企業). Relying on our multi-format and comprehensive service capabilities, we were awarded the Excellent Service Enterprise by Integrated Facility Management ("IFM") for Listed China Property Management Companies and the Leading Chinese Property Service Enterprise in Technology Enablement by the CIA. We insisted on our urban density strategy and were awarded one of the "Top 10 Property Service Companies in Comprehensive Strength" (物業服務企業綜合實力 Top10) in Chongqing, Wuxi, Chengdu, and Zhengzhou by the CIA.

Since 2024, the Group has, on the one hand, remained steadfast in the unshakable foundation of "Service + Ecosystem, Service + Technology"; on the other hand, we insisted on upgrading and transformation and resolutely implemented our business strategy that "revenue shall generate profit and profit shall contain cash flow." We firmly implement our market-oriented and independent development model, with property management at its heart, and constantly improve our service capabilities and product strength. We aim to make progress while maintaining stability, pursuing high-quality, sustainable development. We firmly believe that great changes in the industry is not only a crisis but also an opportunity. We are confident that albeit with competition in the existing market, we will become a top-notch third-party comprehensive service provider in China.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK AND FUTURE PLANS

In the first half of 2024, China's economy as a whole continued to rebound and improve, but still faced the triple pressures of "shrinking demand, overcapacity, and weakening expectations." China's real estate market is still transforming, with the sales area of new properties, investment in new real estate development, and the new construction area continuing to decline, and market confidence weakening. Most real estate enterprises face increasingly severe cash flow shortages, some face acute debt risks, with a significant decline in solvency, and some are actively exploring judicial reorganization to resolve their debt crises.

The property management industry is shifting to a new landscape. Though faced with a shrinking incremental market, fiercer competition in the existing market, pressure on the collection rate, and real estate receivables related risks, property management companies are proactively transforming themselves, reverting to the focus on service quality and operational quality and efficiency, instead of the GFA under management, leading to benign competition and thus the healthy development of the industry.

Looking ahead, we are fully confident in the long-term prospects of the property management industry, which will continue to develop on improvements in specialization, scale, technology, and independence, and the advantages of "rigid demand + long cycles are highlighted." There is still plenty of space for the existing market and value-added services, as property owners' demand for high-quality services and people's aspirations for a better life remain unchanged. We believe that we can achieve sound and steady growth and accelerate sustainable, high-quality development through our comprehensive service product matrix, industry-leading service capability and brand strength, and multi-chain ecological synergies.

Focusing on the existing market and service quality and enhancing regional density and brand image.

Service capability is the cornerstone of our businesses, and quality is the guarantee for service capability. We will continue to center around customer satisfaction and diversified customer needs, iterating various service offerings, strengthening our ability to provide high-quality services in multiple formats, enhancing customer experience, and helping customers achieve the asset preservation and appreciation. We will concentrate superior resources to target the broad existing market in key regions, strengthen the construction of market expansion channels, implement the "grid-based street community" expansion strategy, and carry out the "Better Homes Plan" (美好家園計劃) to improve quality, focusing on expanding existing quality communities and pursuing high-quality, efficient scale growth through reasonable short-term investment. We will continue to voluntarily exit projects with negative contributions in non-core regions for the sustainable and healthy development of the Group. We will also continue to focus on advantageous areas, deeply cultivate core cities in Southwest China and along the Yangtze River, as well as promote development, reduce costs, and improve quality and efficiency with management density, so as to further consolidate our leading position in core markets. We will keep improving our differentiation and distinctiveness in brand communication, building a differentiated brand operations, management and control system, enhancing brand perception, and continuously improving brand image and property owner stickiness by targeting different customer groups, business models, and customer needs.

MANAGEMENT DISCUSSION AND ANALYSIS

Strengthening operational capability and ecological synergies and entrenching business enablement and diversified growth.

With local catering services the second growth line of our strategic development, we will focus on light asset operations of catering and hotel management services as well as cultural, sports and tourism, improving our capacities in products, services, and operations and forming a new growth model on complementary resources. We will continue to strengthen our specialized multi-brand catering services development model covering “high-end catering services, comprehensive group catering services, and hotel catering services,” emphasizing the coordinated development of group catering plus property services for enterprises and public institutions by creating an ecosystem centered on group catering + non-residential property services, and providing one-stop comprehensive logistics services for enterprise and public institution customers. We will continue to dig deep into big client resources, comprehensively enhance our supply chain management capability, create a benign supply chain ecosystem, cut costs, improve efficiency, and provide enterprises and public institutions with a new model of quality logistics and comprehensive IFM services, thus realizing a new model of win-win cooperation and long-term development.

Optimizing management efficiency and organizational dividends, innovating technologies empowerment, and incentivizing employees.

The Group is dedicated to building a more efficient and dynamic organization and management system. We keep iterating management systems such as the Financial Intelligence Cloud, the Digital Operations Center, and the Jinke Butler system, improving basic underlying data management, refining underlying data granularity, and using data analysis to promote development, prevent risks, and improve efficiency, thus helping operational decision-making. We are streamlining our organizational structure, transitioning from group control to group enablement, strengthening vertical management of our core businesses, effectively combining business development and implementation, and improving the HR effectiveness of frontline employees. We keep carrying out technological reforms, cutting costs and increasing efficiency through technological enablement, optimizing transformation in areas such as intelligent IoT and smart energy management, and promoting technological innovation on employee share ownership to better enable business development. We are improving our long-term stock incentive mechanism to stimulate employees’ shareholder spirit. Meanwhile, we encourage an internal partnership mechanism for innovative businesses to cultivate the sense of ownership for key employees. We are deploying in new growth areas to breathe new life into business development.

Emphasizing shareholder returns and social responsibilities and pursuing long-term dividend payouts and steady development.

The Group upholds the ESG concept of sustainable development, deeply integrates long-termism into our culture, actively builds a virtuous cycle centered on employees and customers, and continuously fulfills our social responsibilities. We attach high importance to shareholder returns, and will actively explore a provident fund compensation plan in accordance with the latest provisions of the Company Law of the PRC to further facilitate dividend payouts after undistributed profits turn positive. We plan to increase the dividend distribution ratio to no less than 60%. We believe the Group will rise again soon, and reciprocate our shareholders’ trust with healthy results and stable cash dividends. We have the largest repurchase write-off amount among all H-share property management companies. We believe that our current share price is undervalued, and will at our discretion continue to repurchase our shares based on market conditions. We are confident that a clear business strategy will bring us a new dynamic.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

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

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

	For the six months ended 30 June			
	2024		2023	
	(RMB'000)	%	(RMB'000)	%
Space property management services	2,048,071	85.0	2,029,877	82.4
– <i>Property management services</i>	2,011,030	98.2	1,944,682	95.8
– <i>Value-added services to non-property owners</i>	37,041	1.8	85,195	4.2
Local catering services	214,164	8.9	242,134	9.8
Community value-added services	129,500	5.4	159,997	6.5
Smart living technology solutions	18,420	0.7	32,833	1.3
Total	2,410,155	100.0	2,464,841	100.0

For the six months ended 30 June 2024, the total revenue of the Group amounted to approximately RMB2,410.2 million, representing a slight decrease of approximately 2.2% compared to the same period in 2023. The details of change of revenue by business lines are set out as below:

- (i) Revenue from space property management services increased steadily by approximately 0.9% to approximately RMB2,048.1 million for the Period from approximately RMB2,029.9 million in the same period in 2023. Among which, (a) revenue from property management services increased by approximately 3.4% from approximately RMB1,944.7 million for the same period in 2023 to approximately RMB2,011.0 million, mainly due to the high quality development of the Group's property management services, with a steady increase in saturation revenue from new projects despite a slight decrease in GFA under management for the Period; (b) revenue from value-added services to non-property owners continued to decrease significantly by approximately 56.5% from approximately RMB85.2 million for the same period in 2023 to approximately RMB37.0 million, which was primarily due to the increasingly severe liquidity crisis of the real estate industry. The Group took the initiative to significantly reduce the sales assistance services it provided to real estate developers including Jinke Property Group during the Period, only providing services with guaranteed returns or those necessary for guaranteed delivery of buildings;

MANAGEMENT DISCUSSION AND ANALYSIS

- (ii) Revenue from local catering services decreased by approximately 11.6% to approximately RMB214.2 million for the Period from approximately RMB242.1 million in the same period of 2023, mainly due to: (a) affected by the macro environment, consumption weakened amid fiercer competition in the group catering and hotel markets, leading to lower revenue from catering and hotel management services; (b) based on prudent considerations, the Group proactively scaled back on some catering services for which returns were not guaranteed;
- (iii) Revenue from community value-added services for the Period decreased by approximately 19.1% to approximately RMB129.5 million from approximately RMB160.0 million in the same period of 2023, mainly due to: (a) the Group targeted community value-added services, focused on sustainable businesses with guaranteed cash flows, and changed most of its businesses from self-operations to a platform model, resulting in a decline in revenue; (b) affected by the macroeconomy, consumer demand weakened, with lower overall demand for community value-added services;
- (iv) Revenue from smart living technology solutions decreased by approximately 43.9% to approximately RMB18.4 million for the Period from approximately RMB32.8 million in the same period of 2023, mainly due to the fact that affected by the macro environment, demand for such services decreased, while payment collection got difficult, making the Group scale back on such services and prioritize technology enablement and cost reduction and efficiency improvement for its main business.

Revenue from space property management services

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

High-quality growth in revenue generated from property management services

We provide comprehensive services for urban multi-dimensional spaces with ubiquitous five-star care. As the earliest market-oriented and independent third-party property management provider in the industry, we continuously improve our business management ideas and service concepts, offering higher quality service experience to accumulate industry-leading property owner satisfaction and good market reputation, helping us achieve industry-leading market competitiveness. Nowadays, we have formed a comprehensive service product matrix covering residential buildings, mid-to-high end commercial office buildings, industrial parks, schools, hospitals, public construction, and urban services, contributing to our high-quality and healthy development.

As at 30 June 2024, the Group has completed a national strategic layout in 30 provinces and 174 cities in the PRC. We managed a total of 918 residential projects and 361 non-residential projects, and the number of property owners served increased continuously. As at 30 June 2024, the GFA under management of the Group was approximately 247.7 million sq.m., of which approximately 51.3% was attributable to Independent Third Parties, which demonstrated the Group's market-oriented and independent development capabilities. The GFA under management in the core area of Southwestern China Region reached approximately 131.7 million sq.m., accounting for approximately 53.1% of the GFA under management and representing a steady increase of approximately 1.5 percentage points from the same period in 2023, entrenching our regional density advantage. As at 30 June 2024, the total contracted GFA was approximately 326.3 million sq.m., with approximately 61.2% attributable to Independent Third Parties.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group resolutely implemented the business idea of “revenue shall generate profit and profit shall contain cash flow,” focused on its principal businesses of property management services, and strove for progress while maintaining stability as the main focus. In the first half of 2024, the Group remained cautious on opportunities arising from market-oriented expansion. During the Period, the Group obtained new property management service contracts with a total saturated income of over RMB200 million, and the newly added GFA under management was approximately 10.0 million sq.m., of which the newly added residential GFA under management was approximately 7.2 million sq.m., about 66.0% came from Independent Third Parties. In terms of the existing market, the Better Homes Plan obtained 10 high-quality projects, with a newly added GFA under management of approximately 2.5 million sq.m.. The Group’s service and brand capabilities were fully recognized by the market.

The Group is firmly committed to the path of sustainable development. During the Period, it continued to withdraw from the Projects which were of low quality, low collection rate and negative contribution. During the Period, the Group exited from the projects with a total GFA of approximately 29.9 million sq.m. under its management, including the projects that cannot be guaranteed for payment collection and those that the Group voluntarily unlocked the entrusted management and exited, thus effectively preventing them from continuing to make negative contributions and jeopardizing the Group’s long-term development. We believe that the voluntary withdrawal from those projects making negative contributions is the only way to achieve high-quality and sustainable development. Although the GFA under management of the Group dropped slightly during the Period, the Group’s revenue from property management services rose steadily by 3.4%, highlighting the achievement of the Group’s high-quality development.

In terms of mergers and acquisitions, we believe that the valuation of industry mergers and acquisitions has gradually returned to rationality. With sufficient cash on hand, the Group will continue to pay attention to mergers and acquisitions opportunities in property service projects. We will focus on independent third party boutique property targets in the core areas of our management, and achieve high-quality scale growth brought about by mergers and acquisitions through conducting more detailed due diligence on the potential risks of the target companies and considering the impact of goodwill and integration costs arising from acquisitions in the longer term.

Benefiting from the Group’s new development model of the comprehensive logistics services of IFM and catering services, the Group’s annual saturation revenue of projects increased steadily, with approximately 2.8 million sq.m. of newly added GFA under management of non-residential projects during the Period, of which over 6 projects were synergy business of IFM models. The synergies between the businesses further emerged, and a moat was gradually established for the Group’s non-residential business expansion.

As of 30 June 2024, the average unit property management fee of the Group was RMB2.15 per sq.m./month (31 December 2023: RMB2.18 per sq.m./month). The Group attached great importance to payment collection in businesses and has established a long-term management and control mechanism for payment collection. The Group’s resident properties’ collection rate remained high at 87.3% for the Period (30 June 2023: 84.5%).

MANAGEMENT DISCUSSION AND ANALYSIS

The table below indicates the changes for our contracted GFA and GFA under management for the six months ended 30 June 2024 and 2023 respectively:

	For the six months ended 30 June			
	2024		2023	
	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 period	350,876	267,615	359,822	254,538
New engagements ⁽¹⁾	8,930	9,983	18,456	24,888
– Properties developed by Jinke Property Group and its joint ventures and associates	905	2,854	455	6,714
– Properties developed by Independent Third Parties	7,801	6,753	9,987	11,269
– Properties took over upon mergers & acquisitions ⁽²⁾	224	376	8,014	6,905
– Residential properties	5,828	7,210	9,734	16,325
– Non-residential properties	3,102	2,773	8,722	8,563
Terminations ⁽³⁾	<u>(33,550)</u>	<u>(29,867)</u>	<u>(16,081)</u>	<u>(13,938)</u>
	<u>326,256</u>	<u>247,731</u>	<u>362,197</u>	<u>265,488</u>

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) During the Period, the new GFA acquired was mainly due to the continuous delivery of projects acquired in the previous phase.
- (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 also includes the projects that the Group voluntarily unlocked the entrusted management and exited; and (c) passive termination of property management service contracts, which are due to the impact of the macro-economy, where some property developers or asset holders either chose to stop paying for the relevant service fees due to the breakdown of their financial chains, or chose to terminate the professional property services and replace them with self-management, or were caught up in the public opinion of the slow delivery of the phased projects which were in a state of dilapidation, which had a far-reaching negative impact on the development of the Group's subsequent services.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the Group's revenue derived from properties developed by Independent Third Parties accounted for approximately 48.2% of our total revenue from property management services, representing a slight decrease of approximately 0.6 percentage points as compared to the same period in 2023. Such decrease was mainly in response to changes in the industry. The Group insisted on high-quality sustainable development, and most of the projects with negative contributions from management were due to third-party properties.

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

	As at or for the six months ended 30 June			
	2024		2023	
	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⁾	101,803	885,358	97,725	853,335
Properties developed by Jinke Property Group's joint ventures and associates ⁽²⁾	18,835	156,366	16,597	142,091
Properties developed by Independent Third Parties ⁽³⁾	98,528	736,094	110,174	774,778
Properties took over upon mergers & acquisitions ⁽⁴⁾	28,565	233,212	40,992	174,478
Total	247,731	2,011,030	265,488	1,944,682

Notes:

- (1) Refer to properties developed by the Jinke Property Group through its wholly-owned subsidiaries or properties jointly developed by the Jinke Property Group and other property developers (excluding properties developed by the Jinke Property Group's joint ventures and associates) in which the Jinke Property Group held a controlling interest.
- (2) Refer to properties developed by the Jinke Property Group's joint venture and associates, in which the Jinke Property Group did not hold a controlling interest.
- (3) Refer to properties solely developed by third party property developers independent from the Jinke Property Group. Properties developed by Independent Third Parties include government-owned buildings and other public properties.
- (4) Refer to properties acquired through a property right transaction to gain control of the acquired party and then incorporated into the Group's operation and management.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, a majority of the Group's revenue from property management services was derived from residential properties, which accounted for approximately 81.4% of the Group's total revenue from property management services, representing an increase of approximately 2.7 percentage points as compared to the same period in 2023. With relatively good stability and anti-risk ability, the residential properties have the characteristics of "rigid demand + long-term cycle" and are the ballast for our sustainable development. At the same time, we aimed at the vast residential stock market, and relied on our high-quality service and brand capabilities to actively obtain existing high-quality residential projects. According to the macro environment and changes in the industry, we have continued to improve our standards for non-residential business expansion and regard the solvency of major property owners as an important entry condition. The GFA under management of the non-residential sector decreased slightly as of 30 June 2024, amounting to approximately 38.2 million sq.m..

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

	As at or for the six months ended 30 June			
	2024		2023	
	GFA under management (sq.m.'000)	Revenue (RMB'000)	GFA under management (sq.m.'000)	Revenue (RMB'000)
Residential properties	209,488	1,636,416	217,447	1,529,253
Non-residential properties				
– Commercial properties and office buildings	2,450	46,207	3,397	44,002
– Public institutions, enterprises and other properties	12,945	191,658	14,457	214,378
– Industrial parks	10,809	80,034	9,725	87,146
– Urban services	12,039	56,715	20,462	69,903
Subtotal	<u>38,243</u>	<u>374,614</u>	<u>48,041</u>	<u>415,429</u>
Total	<u><u>247,731</u></u>	<u><u>2,011,030</u></u>	<u><u>265,488</u></u>	<u><u>1,944,682</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

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

	As at or for the six months ended 30 June			
	2024		2023	
	GFA under management (sq.m. '000)	Revenue (RMB'000)	GFA under management (sq.m. '000)	Revenue (RMB'000)
Southwestern China Region ⁽¹⁾	131,665	1,160,950	136,906	1,071,676
Eastern and Southern China Region ⁽²⁾	57,638	428,053	60,872	416,493
Central China Region ⁽³⁾	39,613	245,284	44,123	278,343
Other regions ⁽⁴⁾	18,815	176,743	23,587	178,170
Total	247,731	2,011,030	265,488	1,944,682

Notes:

- (1) Provinces, municipalities and autonomous regions in which the Group provides property management services to projects in the Southwestern China Region include Sichuan province, Guizhou province, Yunnan province, Tibet Autonomous Region and Chongqing municipality.
- (2) Provinces, municipalities and autonomous regions in which the Group provides property management services to projects in the Eastern and Southern China Region include Jiangsu province, Zhejiang province, Fujian province, Jiangxi province, Shandong province, Anhui province, Guangdong province, Hainan province, Guangxi Zhuang Autonomous Region and Shanghai municipality.
- (3) Provinces, municipalities and autonomous regions in which the Group provides property management services to projects in the Central China Region include Henan province, Hubei province and Hunan province.
- (4) Provinces, municipalities and autonomous regions in which the Group provides property management services to projects in other regions include Hebei province, Shanxi province, Shaanxi province, Gansu province, Qinghai province, Liaoning province, Inner Mongolia Autonomous Region, Ningxia Hui Autonomous Region, Xinjiang Uyghur Autonomous Region, Beijing and Tianjin municipalities.

Revenue from value-added services to non-property owners

We provide value-added services to major property owners primarily in the form of (i) sales assistance services; (ii) pre-delivery services; and (iii) consultancy and other services. The Group continued to proactively reduce the number of projects for which it provided sales assistance services in the first half of 2024, due to the continued impact of the downturn of the real estate industry, whereby real estate developers were in an increasingly severe liquidity crisis and the number of new projects for sale continued to decline, and to focus on third-party sales assistance services with guaranteed cash flow and return or business that must be taken over to ensure the delivery of the properties. During the Period, revenue of approximately RMB37.0 million was realized, representing a year-on-year decrease of approximately 56.5% as compared to approximately RMB85.2 million for the same period in 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	For the six months ended 30 June			
	2024		2023	
	(RMB'000)	%	(RMB'000)	%
Sales assistance services	14,562	39.3	51,159	60.0
Pre-delivery services	11,147	30.1	24,192	28.4
Consultancy and other services	11,332	30.6	9,844	11.6
Total	37,041	100.0	85,195	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 (e.g. food supply chain services for items such as rice, flour, grain and oil). Revenue from local catering services was approximately RMB214.2 million in the first half of 2024, representing a decrease of approximately 11.6% over the same period in 2023.

Since 2024, consumption continues to be weak as affected by the macro environment, when the Group's revenue from catering services decreased by approximately 11.3% to approximately RMB141.4 million as compared to the same period in 2023. During the Period, in the face of the more competitive catering service market, the Group continued to enhance its product strength and competitiveness, and has established a differentiated multi-brand matrix covering "high-end catering services, comprehensive group catering services and hotel catering services", providing customers with differentiated products by targeting different customer groups. As at the end of the Period, the Group has had more than 70 catering service projects under management, many of which were collaborative management of catering services and basic property services or hotel services. The synergies between the businesses continued to emerge. The ability to expand for catering services and market competitiveness increase steadily. The Company has built a unique second growth point for Jinke Services.

The Group's hotel management services have nearly 20 years of experience in the operation and management of high-star hotels and a professional team, and owns boutique hotel brands such as "Jinke Grand Hotel" (金科大酒店), "Shengjia" (聖嘉) and "Ruijing" (瑞晶), operating a number of mid-to-high-end hotels in core areas of Chongqing and Suzhou. We have possessed industry-leading hotel management and light asset operation capabilities, and room occupancy rates of many of our hotels have been increasing. During the Period, affected by the intense competition in the travelling market, the Group has adopted the strategy of exchanging price for volume. Revenue from hotel management services was approximately RMB63.6 million, representing a decrease of approximately 15.7% as compared to the same period in 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition, based on our fast-growing catering service customer base and food ingredient procurement volume, we have continued to integrate and optimize our food ingredient supply chain system, giving full play to our advantages in large-scale procurement and overlaying technological means to achieve refined management and control, to enhance the freshness of food ingredients and reduce the rate of wastage, and to provide food ingredient supply chain services for internal and external customers for the projects. Revenue for the Period was approximately RMB9.2 million.

	For the six months ended 30 June			
	2024		2023	
	(RMB'000)	%	(RMB'000)	%
Catering services	141,402	66.0	159,408	65.8
Hotel management services	63,607	29.7	75,472	31.2
Catering supply chain services	9,155	4.3	7,254	3.0
Total	214,164	100.0	242,134	100.0

Revenue from community value-added services

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

Under the influence of factors such as weaker-than-expected recovery of the domestic economy, weaker market confidence and contraction in consumer demand, the overall business demand for community value-added services was on a downward trend. The Group adjusted the business mode of community value-added services based on the business growth potential and maturity. Most of its businesses were converted to platform model. For self-operated businesses, it only maintained core businesses such as asset operation and home improvement services. The Group further reduced its investment in community value-added services and focused on sustainable businesses with high demand and high repeated purchase rate. At the same time, affected by the sluggish performance of the real estate market, the demand for the Group's home improvement business and leasing and sales business continued to decline. During the Period, revenue from community value-added services was approximately RMB129.5 million, representing a decrease of approximately 19.1% as compared to the same period in 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	For the six months ended 30 June			
	2024		2023	
	(RMB'000)	%	(RMB'000)	%
Home-living services	5,952	4.6	10,933	6.8
Community management services	108,400	83.7	115,323	72.1
Home-decoration services	6,261	4.8	7,089	4.4
Asset operation services	8,887	6.9	26,652	16.7
Total	129,500	100.0	159,997	100.0

Revenue from smart living technology solutions

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

In the first half of 2024, due to the downward pressure on the economy, the liquidity crisis in the real estate sector and the decrease of the solvency of large customers, the Group continued to phase out its business of smart sales assistance services, smart solutions and software development to some real estate developers and enterprise and public institution customers who had difficulties in making repayments. During the Period, the revenue from the Group's smart living technology solutions decreased by approximately 43.9% to approximately RMB18.4 million from approximately RMB32.8 million in the same period of 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

COST OF SALES

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

The cost of sales of the Group increased by approximately 4.9% from approximately RMB2,154.8 million for the six months ended 30 June 2023 to approximately RMB2,260.6 million for the six months ended 30 June 2024, the increase in which was mainly due to the increase in the number of projects under management of the Group and the increase in the salaries and benefits of certain front-line employees of the Group.

GROSS PROFIT AND GROSS PROFIT MARGIN

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

	For the six months ended 30 June			
	2024		2023	
	Gross profit (RMB'000)	Gross profit margin %	Gross profit (RMB'000)	Gross profit margin %
Space property management services	362,294	17.7	421,052	20.7
– Property management services	358,573	17.8	406,551	20.9
– Value-added services to non-property owners	3,721	10.0	14,501	17.0
Local catering services	25,187	11.8	43,573	18.0
Community value-added services	75,691	58.4	92,352	57.7
Smart living technology solutions	1,036	5.6	6,535	19.9
Total	464,208	19.3	563,512	22.9

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit of the Group decreased by approximately 17.6% from approximately RMB563.5 million for the six months ended 30 June 2023 to approximately RMB464.2 million for the six months ended 30 June 2024. Gross profit margin of the Group decreased by 3.6 percentage points to approximately 19.3% for the six months ended 30 June 2024 from approximately 22.9% for the same period in 2023.

During the Period, gross profit from space property management services decreased slightly by approximately 14.0% to approximately RMB362.3 million from approximately RMB421.1 million for the same period in 2023, and gross profit margin decreased by 3.0 percentage points to approximately 17.7% from approximately 20.7% for the same period in 2023, among which: (i) gross profit from property management services decreased by approximately 11.8% from approximately RMB406.6 million for the same period in 2023 to approximately RMB358.6 million, and gross profit margin decreased by 3.1 percentage points to approximately 17.8% from approximately 20.9% for the same period in 2023. Such decreases were primarily attributable to (a) the Group negotiated with some customers to reduce or exempt the property fees for vacant property management fees and vacant parking space which could not be recovered; (b) the increase in one-off expenses incurred by the Group as a result of the Group's proactive withdrawal from certain negative contribution projects in adherence to the business philosophy of "revenue shall generate profit and profit shall contain cash flow"; (c) the amortization expenses of the Group of intangible assets and customer relationship arising from mergers and acquisitions of property companies; (ii) the gross profit of value-added services to non-property owners significantly decreased from approximately RMB14.5 million for the same period in 2023 to approximately RMB3.7 million for the Period, and gross profit margin decreased from approximately 17.0% for the same period in 2023 to approximately 10.0% for the Period. Such decreases were primarily due to that the Group adhered to the path of high-quality development and took the initiative to significantly reduce the number of projects in relation to provision of sales assistance services to real estate developers in liquidity crisis during the Period. At the same time, in line with the national policy of "guaranteeing the delivery of buildings and stabilizing people's livelihood" (保交樓、穩民生), the Group still provided the necessary services for these projects guaranteeing the delivery of buildings, which had a lower gross profit margin of this business.

Gross profit from local catering services decreased by approximately 42.2% to approximately RMB25.2 million for the Period from approximately RMB43.6 million for the corresponding period in 2023, and gross profit margin decreased by 6.2 percentage points to approximately 11.8% for the Period from approximately 18.0% for the corresponding period in 2023, which was mainly attributable to (i) facing intense competition in the catering services and hotel management markets, the Group exchanged price for volume, resulting in a decrease in gross profit margin; and (ii) the amortization of the Group's initial investment in catering services and hotel management services, resulting in an increase in costs.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit of community value-added services decreased from approximately RMB92.4 million to approximately RMB75.7 million for the Period, and the gross profit margin slightly increased from approximately 57.7% for the same period in 2023 to approximately 58.4% for the six months ended 30 June 2024. It was mainly due to (a) the impact of a weaker-than-expected economic recovery and the decline in consumer demand that had led to a general decline in the demand for community value-added services, with a more significant decline in asset operation services (such as housing, parking space rental and sales business); (b) most of the Group's community value-added services businesses were converted to a platform mode, with a slight increase in gross profit margin.

Gross profit of smart living technology solutions was approximately RMB1.0 million for the six months ended 30 June 2024, with gross profit margin decreased to approximately 5.6%. It was mainly due to that smart living technology prioritized the internal technology empowerment of the Group to achieve the purpose of reducing costs and increasing efficiency, and the external business is mainly to build a digital economy public affairs platform, with its business gross profit margin low.

OTHER INCOME

Other income of the Group decreased by approximately 62.5% from approximately RMB78.9 million for the six months ended 30 June 2023 to approximately RMB29.6 million for the six months ended 30 June 2024, which was primarily due to the Group (as the lender) provided a loan of RMB1,500 million (annual interest rate of 8.6%) to Jinke Property Group (as the borrower), as the Group made a significant amount of impairment provision for this loan at the end of 2023, the net amount of the loan decreased, resulting in a decrease in its interest income.

OTHER LOSSES – NET

The Group's other net losses primarily consist of impairment of goodwill and compensation losses. The Group recorded other net loss in the amount of approximately RMB35.5 million for the six months ended 30 June 2024 as compared to the other net losses of approximately RMB3.1 million for the six months ended 30 June 2023, which was mainly due to the Group's continuous impairment of the goodwill recorded by the property management companies acquired during the historical period on a prudent basis as affected by 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) office expenses; (iv) bank and other payment platforms charges; (v) depreciation and amortization; (vi) research and development expenses for the development of the Group's smart living technology solutions; and (vii) others, which mainly include professional fee, recruiting costs and advertising expenses. Administrative expenses of the Group increased by approximately 20.6% from approximately RMB252.2 million for the six months ended 30 June 2023 to approximately RMB304.3 million for the six months ended 30 June 2024, which were primarily because (i) the number of senior employees of the Group continued to increase; and (ii) travelling and entertainment expenses increased due to the business development of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

INTANGIBLE ASSETS

The Group's intangible assets primarily consist of customer relationship, goodwill and software patent. The intangible assets of the Group decreased by approximately 5.6% from approximately RMB614.0 million as at 31 December 2023 to approximately RMB579.5 million as at 30 June 2024, mainly due to the amortization and impairment of approximately RMB35.5 million made by the Group during the Period in customer relationship, goodwill and software intangible assets arising from acquisitions during the historical periods.

LOAN RECEIVABLE

Loan receivable of the Group represents the loan in the principal amount of RMB1,500 million provided to Jinke Property. The loan receivable of the Group decreased from approximately RMB372.2 million as of 31 December 2023 to approximately RMB303.6 million as at 30 June 2024, mainly due to the impact of the latest progress of judicial reorganization of Jinke Property Group and the macroeconomic environment taken into consideration by the Group, and the Group made a further impairment provision of approximately RMB79.4 million for loan receivable during the Period.

TRADE AND BILL RECEIVABLES

Carrying balance of trade and bill receivables of the Group increased by approximately 4.4% from approximately RMB2,931.4 million as at 31 December 2023 to approximately RMB3,060.3 million as at 30 June 2024, and provision for impairment of trade and bill receivables increased by approximately 12.0% from approximately RMB1,385.0 million as at 31 December 2023 to approximately RMB1,550.5 million as at 30 June 2024. After provision for impairment of trade receivables was made, the net amount mainly consists of property fees receivables from third-party owners in relation to the property management services of the Group. The Group has established a long-term management and control mechanism for payment collection, and will further strengthen special work of settlement of property fees collection.

TRADE AND BILL PAYABLES

Trade and bill payables primarily represent the Group's obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers, including service fees and cost of materials. Trade and bill payables of the Group decreased by approximately 14.0% from approximately RMB1,123.6 million as at 31 December 2023 to approximately RMB966.2 million as at 30 June 2024, mainly because the Group scales down in the payment cycle of trade payables from the third party in order to obtain lower service prices from suppliers.

CONTRACT LIABILITIES

Contract liabilities primarily consist of advances of property management fees and other service fees. The Group's contract liabilities decreased by 13.2% from approximately RMB880.7 million as at 31 December 2023 to approximately RMB764.3 million as at 30 June 2024, mainly due to the provision of property management services to private property owners during the Period, who have prepaid for their properties.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND CAPITAL RESOURCES

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

Cash Position

As at 30 June 2024, the Group had cash and cash equivalents of approximately RMB1,785.1 million (31 December 2023: approximately RMB2,905.5 million).

Term Deposits

As at 30 June 2024, the Group had term deposits of approximately RMB683.3 million (31 December 2023: approximately RMB220.0 million).

Cash Flows

For the six months ended 30 June 2024, the Group's net cash outflow from operating activities was approximately RMB323.0 million, as compared to a net cash outflow from the operating activities of approximately RMB68.6 million for the same period in 2023, which was mainly attributable to (i) the Group gradually scales down in the payment cycle from the suppliers in order to obtain lower service prices in the future, and the payment to suppliers increased in the Period; (ii) the Group usually conducts special collection of property fees in the second half of each year.

For the six months ended 30 June 2024, the Group's net cash outflow from investing activities was approximately RMB720.1 million, as compared to a net cash outflow from the Group's investing activities of approximately RMB89.6 million for the same period in 2023, mainly due to the increase in term deposits and purchase of financial assets with low risk.

For the six months ended 30 June 2024, the net cash outflow from the Group's financing activities was approximately RMB77.5 million, as compared to a net cash outflow from the Group's financing activities of approximately RMB60.3 million for the same period in 2023. Such change was mainly due to the increase in expenses for the Group's share repurchase.

INDEBTEDNESS

Borrowings

As at 30 June 2024, the Group had nil borrowings (31 December 2023: Nil).

GEARING RATIO

As the Group had nil borrowings as at 30 June 2024, the net gearing ratio (as calculated by total interest-bearing bank borrowings as at the end of respective periods divided by total equity as at the same date) was nil as at 30 June 2024 (31 December 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 30 June 2024, the Group did not have any pledged assets (31 December 2023: Nil).

FOREIGN EXCHANGE RISKS

The Group's businesses are primarily denominated in RMB, which is the functional currency of the Group companies. Foreign currency transaction included mainly receipts of proceeds from the Listing on the Main Board of the Stock Exchange and payment of professional fees, which are denominated in Hong Kong dollars, and a subsidiary which is mainly denominated in United States dollars. As at 30 June 2024, the cash and cash equivalents of approximately RMB8.7 million and RMB0.2 million denominated in HK\$ and US\$, the term deposit of approximately RMB6.1 million denominated in US\$. Fluctuation of the exchange rates of RMB against foreign currency has a limited impact on the Group's results of operations.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no contingent liabilities (31 December 2023: Nil).

COMMITMENTS

As at 30 June 2024, the Group did not have any capital commitments (31 December 2023: Nil).

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

For the six months ended 30 June 2024, 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 30 June 2024, the Group utilized approximately HK\$4,768.1 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 and the announcement on the further change in use of proceeds from the global offering dated 22 December 2023 (the "Third Announcement").

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth details of the revised use and allocation of net proceeds as at 30 June 2024:

	Planned use of net proceeds disclosed in the Third Announcement		Unutilised net proceeds as at 1 January 2024	Actual use of net proceeds during the six months ended 30 June 2024	Unutilised net proceeds as at 30 June 2024	Expected timeline of the intended use of proceeds
	HK\$'million	approximately %				
	HK\$'million	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	56.2%	1,341.3	2,471.2	1,275.4	
(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%	1,138.7	964.1	1,068.0	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%	202.6	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%	-	841.1	4.8	On or before December 2025

MANAGEMENT DISCUSSION AND ANALYSIS

	Planned use of net proceeds disclosed in the Third Announcement		Unutilised net proceeds as at 1 January 2024 <i>HK\$million</i>	Actual use of net proceeds during the six months ended 30 June 2024 <i>HK\$million</i>	Unutilised net proceeds as at 30 June 2024 <i>HK\$million</i>	Expected timeline of the intended use of proceeds
	<i>HK\$million</i>	<i>approximately %</i>				
(b) Upgrading the systems of the Group for digitization and smart management	170.9	2.6%	86.2	89.1	81.8	
(i) Developing and upgrading hardware and software	70.8	1.1%	–	70.8	–	–
(ii) Developing and improving the Group's intelligent management systems	100.1	1.5%	86.2	18.3	81.8	On or before December 2024
(c) Further developing the value-added services of the Group	1,199.0	18.0%	283.5	915.5	283.5	
(i) Strategically developing the Group's upstream and downstream services	1,196.9	18.0%	283.5	913.4	283.5	On or before December 2024
(ii) Upgrading hardware and developing smart community	2.1	0.03%	–	2.1	–	–
(d) General business operations and working capital	666.1	10.0%	10.3	655.7	10.4	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%	206.3	627.0	56.2	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%	189.4	9.8	185.4	On or before December 2024
Total	6,660.9	100%	2,117.0	4,768.1	1,892.8	

Note: (i) The figures have been subject to rounding adjustments. Therefore, the total amount of each category may not equal the arithmetic total of the relevant sub-category.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the section headed “Use of Net Proceeds from the Listing” in this report, the Group has no other future plans for material investments and capital assets as at 30 June 2024.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2024, the Group had approximately 12,377 employees (30 June 2023: 12,661 employees). During the Period, the staff cost recognised as expenses by the Group amounted to approximately RMB985.8 million (30 June 2023: approximately RMB894.3 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 including salary, bonus and various allowances. In general, the Group determines employees’ salaries based on each employee’s qualification, position and seniority. The Group has designed a periodic review system to assess the performance of its employees, which forms the basis of its determination on salary raise, bonus and promotion. As required by the relevant PRC laws and regulations, the Group makes contributions to social insurance fund (including pension fund, medical insurance, unemployment insurance, work-related injury insurance, and maternity insurance) and housing provident fund for the benefit of its PRC employees. In order to retain talents for achieving the Group’s strategic and operational goals, the Company has adopted the share award schemes on 30 December 2022 and 30 March 2023 respectively, which are discretionary schemes of the Company and constitutes share award schemes funded by existing Shares under the Chapter 17 of the Listing Rules.

The Group provides systematic and extensive training programs to its employees and knowledge of industry quality standards and work place safety standards to enhance their technical and service skills. In addition, the Group provides orientation trainings to new hires, introducing them to its corporate culture, procuring them to adapt to teamwork and showing them videos to visually demonstrate its service standards and procedures. Each of the fresh graduate employees is also assigned an experienced manager to serve as their mentors, who provide tailored coaching and guidance. The Group provides online training courses and regular seminars on various aspects of its business operations, such as quality control and customer relationship management, to its employees.

SUBSEQUENT EVENTS

As at the date of this report, no material events were undertaken by the Group after 30 June 2024.

CORPORATE GOVERNANCE

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

AUDIT COMMITTEE

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

The primary duties of the Audit Committee are to (i) review and supervise the financial reporting process and internal control system of the Group, risk management and internal audit; (ii) provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board. The Audit Committee consists of five members, namely Mr. Tung Woon Cheung Eric, Mr. Wu Xiaoli, Ms. Yuan Lin, Mr. Shi Cheng and Ms. Xiao Huilin. The chairman of the Audit Committee is Mr. Tung Woon Cheung Eric, who is an independent non-executive Director and is a Hong Kong Certified Public Accountant and a U.S. licensed practice Certified Public Accountant and possesses the appropriate professional and accounting qualifications as required under Rule 3.21 of the Listing Rules.

REVIEW OF INTERIM REPORT

The Audit Committee has discussed with the management and the external auditor of the Company and has reviewed the unaudited condensed consolidated interim results of the Group and the interim report of the Company for the six months ended 30 June 2024. The Audit Committee and the Company's management have also reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to risk management, internal control and financial reporting. The Audit Committee has agreed with the management of the Company on the unaudited interim results of the Group and the interim report of the Company for the six months ended 30 June 2024. The interim results of the Group for the six months ended 30 June 2024 have not been audited but have been reviewed by PricewaterhouseCoopers, the external auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

OTHER INFORMATION

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30 June 2024, the interests and short positions of the Directors, Supervisors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code are set out below:

Interests and Short Position of the Directors, Supervisors and Chief Executive of the Company in the Shares and Underlying Shares of the Company and its Associated Corporations

Interest in the Company

Name	Nature of Interest	Interest in Shares ⁽¹⁾	Percentage holding (approx.)
Xia Shaofei (夏紹飛)	Beneficial owner	210,000 (L)	0.03%
Han Qiang (韓強)	Beneficial owner	120,000 (L)	0.02%

Note:

(1) The letter "L" denotes the person's long position in the Shares.

Save as disclosed above, as at 30 June 2024, none of the Directors, Supervisors and chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

INTERESTS OF PERSONS OTHER THAN THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at 30 June 2024, the following persons, other than a Director, Supervisor or chief executive of the Company, had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of interest	Class of Shares	Shares or underlying Shares held in the relevant class of Shares Number ⁽¹⁾	Percentage (approx.)	Percentage of the total issued share capital of the Company (approx.)
Boyu Group, LLC ⁽²⁾⁽³⁾	Interest of corporation controlled by you	H Shares	389,123,846 (L)	62.38	62.38
Mr. Tong Xiaomeng (童小蒙) ⁽²⁾⁽³⁾	Interest of corporation controlled by you	H Shares	389,123,846 (L)	62.38	62.38
XYXY Holdings Ltd. ⁽²⁾⁽³⁾	Interest of corporation controlled by you	H Shares	389,123,846 (L)	62.38	62.38
Boyu Capital Fund V, L.P. ⁽²⁾⁽³⁾	Interest of corporation controlled by you	H Shares	384,643,646 (L)	61.66	61.66
Boyu Capital Fund V, Pte Ltd ⁽²⁾⁽³⁾	Interest of corporation controlled by you	H Shares	384,643,646 (L)	61.66	61.66
Boyu Capital General Partner V, Ltd. ⁽²⁾⁽³⁾	Interest of corporation controlled by you	H Shares	384,643,646 (L)	61.66	61.66
Jubilant Season Limited ⁽²⁾⁽³⁾	Interest of corporation controlled by you	H Shares	384,643,646 (L)	61.66	61.66
Jubilant Springtime, LP ⁽²⁾⁽³⁾	Interest of corporation controlled by you	H Shares	384,643,646 (L)	61.66	61.66
Jubilant Summer Limited ⁽²⁾⁽³⁾	Interest of corporation controlled by you	H Shares	384,643,646 (L)	61.66	61.66
Jubilant Winter Limited ⁽²⁾⁽³⁾	Interest of corporation controlled by you	H Shares	384,643,646 (L)	61.66	61.66
Broad Gongga Investment Pte Ltd ⁽⁴⁾	Interest of corporation controlled by you/Person having a security interest in shares/A concert party to an agreement to buy shares described in s.317(1)(a)	H Shares	306,701,375 (L)	49.16	49.16

OTHER INFORMATION

Name of Shareholder	Nature of interest	Class of Shares	Shares or underlying Shares held in the relevant class of Shares		Percentage of the total issued share capital of the Company (approx.)
			Number ⁽¹⁾	Percentage (approx.)	
Top Yingchun Investment IV Ltd ⁽²⁾	Interest of corporation controlled by you/Person having a security interest in shares/A concert party to an agreement to buy shares described in s.317(1)(a)	H Shares	306,701,375 (L)	49.16	49.16
Jubilant Autumn Limited ⁽³⁾	Interest of corporation controlled by you	H Shares	77,942,271 (L)	12.49	12.49
Thematic Bridge Investment Pte. Ltd.	Beneficial owner	H Shares	77,942,271 (L)	12.49	12.49
Jinke Property ⁽⁴⁾	Beneficial owner/A concert party to an agreement to buy shares described in s.317(1)(a)	H Shares	306,701,375 (L)	49.16	49.16
Tianjin Hengye Meihao Management Consulting Partnership (Limited Partnership)* (天津恒業美好管理諮詢合夥企業(有限合夥)) ("Tianjin Hengye") ⁽⁵⁾	Beneficial owner	H Shares	50,516,464 (L)	8.10	8.10
Chongqing Jinhetong Trading Co., Ltd. (重慶金合通商貿有限公司) ("Chongqing Jinhetong") ⁽⁵⁾	Interest in a controlled corporation	H Shares	50,516,464 (L)	8.10	8.10
Zhang Yuan (張原) ⁽⁵⁾	Interest in a controlled corporation	H Shares	50,516,464 (L)	8.10	8.10
Hainan Shi Wa Private Equity Fund Management Co., Ltd.* (海南希瓦私募基金管理有限責任公司) ("Hainan Shiwa") ⁽⁶⁾	Investment manager	H Shares	39,100,200 (L)	6.27	6.27
Liang Hong (梁宏) ⁽⁶⁾	Other	H Shares	39,169,600 (L)	6.28	6.28
CITIC Securities Company Limited	Beneficial owner	H Shares	35,000,000 (L)	5.61	5.61

OTHER INFORMATION

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares or underlying Shares.
- (2) Broad Gongga Investment Pte. Ltd. is held as to 100% by Top Yingchun Investment IV Ltd, which is in turn held as to 71.43% by Jubilant Summer Limited, a company held as to 100% by Jubilant Springtime, LP. Jubilant Winter Limited held 100% interests in Jubilant Springtime, LP as its limited partner. Jubilant Season Limited is the general partner of Jubilant Springtime, LP. Both of Jubilant Winter Limited and Jubilant Season Limited are held as to 100% by Boyu Capital Fund V, Pte, Ltd, which is in turn held as to 100% by Boyu Capital Fund V L.P. The general partner of Boyu Capital Fund V L.P. is Boyu Capital General Partner V, Ltd., which in turn held as to 100% by Boyu Group, LLC. Boyu Group, LLC is held as to 45.70% by XYXY Holdings Ltd., a company held as to 100% by Mr. Tong Xiaomeng. By virtue of the SFO, each of Top Yingchun Investment IV Ltd, Jubilant Summer Limited, Jubilant Springtime, LP, Jubilant Winter Limited, Jubilant Season Limited, Boyu Capital Fund V, Pte, Ltd, Boyu Capital Fund V L.P., Boyu Capital General Partner V, Ltd., Boyu Group, LLC, XYXY Holdings Ltd. and Mr. Tong Xiaomeng are deemed to be interested in the Shares held by Broad Gongga Investment Pte. Ltd.
- (3) Thematic Bridge Investment Pte. Ltd. is 100% owned by Jubilant Autumn Limited, which is in turn 85.71% owned by Jubilant Summer Limited. Jubilant Summer Limited is 100% owned by Jubilant Springtime, LP. Jubilant Springtime, LP is managed by its general partner, Jubilant Season Limited and has one limited partner, Jubilant Winter Limited. Both Jubilant Season Limited and Jubilant Winter Limited are 100% owned by Boyu Capital Fund V, Pte, Ltd. Boyu Capital Fund V, Pte, Ltd is 100% owned by Boyu Capital Fund V L.P. Boyu Capital Fund V L.P. is managed by the Boyu Group, LLC. By virtue of the SFO, each of Jubilant Autumn Limited, Jubilant Summer Limited, Jubilant Springtime, LP, Jubilant Winter Limited, Jubilant Season Limited, Boyu Capital Fund V, Pte, Ltd, Boyu Capital Fund V L.P., Boyu Capital General Partner V, Ltd., Boyu Group, LLC, XYXY Holdings Ltd. and Mr. Tong Xiaomeng are deemed to be interested in the Shares held by Thematic Bridge Investment Pte. Ltd..
- (4) Pursuant to a concert party agreement entered into between Jinke Property and Broad Gongga Investment Pte. Ltd. dated 15 December 2021, each of them is deemed to be interested in the Shares that the other person is interested in under section 317 of the SFO. Shenzhen Jinke Industrial Investment Fund Management Co., Ltd., a wholly-owned subsidiary of Jinke Property, holds 97,000 Shares.
- (5) The general partner of Tianjin Hengye is Chongqing Jinhong, which is wholly owned by Zhang Yuan. By virtue of the SFO, Chongqing Jinhong and Zhang Yuan are deemed to be interested in the Shares held by Tianjin Hengye.
- (6) According to the public information available, 39,100,200 Shares and 3,855,100 Shares were held by Hainan Shiwa and Shanghai Shiwa Private Fund Management Centre L.P.* (上海希瓦私募基金管理中心(有限合伙)) (“Shanghai Shiwa”) as manager, respectively, for the private equity investment funds managed by them. The ultimate controller of Hainan Shiwa and Shanghai Shiwa is Liang Hong.

Save as disclosed above, the Directors are not aware of any person (other than the Director, Supervisor or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO.

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OF THE COMPANY

As at the date of this interim report, save as disclosed in this interim report, there were no changes in information of the Directors, Supervisors or chief executive of the Company that were required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2024, the Company repurchased a total of 6,261,000 H Shares on the Stock Exchange at a total consideration of approximately HK\$54,126,007. 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. The details of the H Shares repurchased were as follows.

Month of repurchases	Number of H Shares repurchased	Highest price per H Shares (HK\$)	Lowest price per H Shares (HK\$)	Aggregate consideration (HK\$)
January 2024	200,000	9.52	9.38	1,894,402
April 2024	436,200	9.28	8.38	3,893,547
May 2024	1,413,300	10.00	8.80	13,153,695
June 2024	4,211,500	9.19	7.85	35,184,363
Total	<u>6,261,000</u>			<u>54,126,007</u>

Note: The Company also repurchased a total of 19,696,600 H Shares on the Stock Exchange in July 2024 at a total consideration of approximately HK\$125,446,753. As at the date of the interim results announcement of the Company dated 26 August 2024, a total of 25,957,600 H Shares repurchased by the Company during the six months ended June 2024 and July 2024, of which 6,061,000 shares were cancelled on 12 July 2024 and 200,000 shares were cancelled on 2 February 2024. As of the date of the interim results announcement of the Company dated 26 August 2024, there are 19,696,600 shares outstanding and the total number of issued shares of the Company is 617,760,900 shares. For details, please refer to the next day disclosure returns of the Company dated 2 February 2024, 12 July 2024 and 25 July 2024.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares (as defined in the Listing Rules)) during the Period. As of 30 June 2024, the Company did not hold treasury shares.

THE LOAN

Reference is made to the announcement and circular of the Company dated 29 July 2022 and 1 August 2022 respectively in relation to the loan agreement (the "Loan Agreement") entered into between the Company as lender and Jinke Property as borrower dated 29 July 2022. Pursuant to the Loan Agreement, the Company has advanced RMB1,500 million (the "Loan") to Jinke Property at an interest rate of 8.6% per annum with a fixed term commencing from the date of drawdown and ending on 20 December 2024.

OTHER INFORMATION

The Group has a long and stable cooperative relationship with the Jinke Property Group. When providing the Loan, the Directors were given an understanding that the progress of certain property development projects, which represented a small portion of the Jinke Property Group's portfolio of property development projects as a whole, was adversely affected by the impact of the COVID-19 pandemic and the Loan Agreement would give the Jinke Property Group more flexibility in the deployment of its overall short to medium term working capital to facilitate the timely delivery of its projects under development which may otherwise take longer to deliver due to the reallocation and deployment of capital required. By entering into the Loan Agreement, the Jinke Property Group will be able to ensure the construction and delivery of properties projects under development which the Group will in turn be engaged to provide property management services for after those properties are delivered. This is beneficial to the long-term development of the Group.

As Jinke Property Group failed to repay the principal amount and accrued interest in accordance with the Loan Agreement, the Company has taken legal action to the court in the PRC. On 29 March 2024, the Chongqing No. 1 Intermediate People's Court issued the Letter of Civil Mediation on Disputes over Loan Agreement in favor of the Company. The Company will continue to monitor the situation and take further action in due course.

INTERIM DIVIDEND

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

Xia Shaofei

Chairman and Executive Director

Chongqing, the PRC, 26 August 2024

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Jinke Smart Services Group Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 39 to 90, which comprises the interim condensed consolidated statement of financial position of Jinke Smart Services Group Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2024 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting."

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 August 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>Note</i>		
Revenue	6	2,410,155	2,464,841
Cost of sales	7	<u>(1,945,947)</u>	<u>(1,901,329)</u>
Gross profit		464,208	563,512
Selling and marketing expenses	7	(10,375)	(1,242)
Administrative expenses	7	(304,254)	(252,217)
Net impairment losses on financial assets	22(c)	(332,787)	(146,659)
Other income	9	29,579	78,936
Other losses -net	10	<u>(35,456)</u>	<u>(3,086)</u>
Operating (loss)/profit		(189,085)	239,244
Finance income	11	16,848	23,002
Finance costs	11	(5,895)	(5,295)
Finance income-net	11	10,953	17,707
Share of net profits of associates and joint ventures accounted for using the equity method	14	11,213	9,301
Impairment loss on investment in an associate	14	<u>(17,727)</u>	<u>–</u>
(Loss)/profit before income tax		(184,646)	266,252
Income tax expenses	12	<u>(5,655)</u>	<u>(50,168)</u>
(Loss)/profit and total comprehensive income for the period		<u>(190,301)</u>	<u>216,084</u>
(Loss)/profit and total comprehensive income attributable to:			
– Owners of the Company		(194,430)	189,479
– Non-controlling interests		<u>4,129</u>	<u>26,605</u>
		<u>(190,301)</u>	<u>216,084</u>
(Losses)/earnings per share (expressed in RMB per share)			
– Basic and diluted (losses)/earnings per share	13	<u>(0.32)</u>	<u>0.29</u>

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	As at 30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2023 <i>RMB'000</i> <i>(Audited)</i>
Assets			
Non-current assets			
Property, plant and equipment	15	153,737	162,297
Right-of-use assets	15,17	213,325	256,916
Investment properties	16	13,676	18,859
Goodwill	18	309,968	324,681
Other intangible assets	18	269,516	289,297
Investments in associates and joint ventures	14	189,625	187,594
Other receivables	22	79,536	80,271
Prepayments for acquisition of equity interests	22	7,187	14,219
Term deposits	25	500,613	120,000
Financial assets at fair value through profit or loss ("FVPL")	26	45,317	45,317
Deferred income tax assets		531,645	490,941
		<u>2,314,145</u>	<u>1,990,392</u>
Current assets			
Inventories	19	28,054	28,452
Other assets	20	14,220	11,673
Loan receivable	21	303,553	372,200
Trade and bill and other receivables and prepayments	22	1,983,890	2,093,827
Financial assets at FVPL	26	144,862	3,000
Restricted cash	23	339,646	152,238
Term deposits	25	182,673	100,000
Cash and cash equivalents	24	1,785,129	2,905,545
		<u>4,782,027</u>	<u>5,666,935</u>
Total assets		<u><u>7,096,172</u></u>	<u><u>7,657,327</u></u>
Equity			
Equity attributable to owners of the Company			
Share capital	27	623,822	639,479
Other reserves	28	5,419,447	5,428,993
Accumulated losses	28	(2,184,968)	(1,990,538)
		<u>3,858,301</u>	4,077,934
Non-controlling interests		<u>9,410</u>	<u>19,313</u>
Total equity		<u><u>3,867,711</u></u>	<u><u>4,097,247</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	As at 30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2023 <i>RMB'000</i> <i>(Audited)</i>
Liabilities			
Non-current liabilities			
Lease liabilities	17	92,312	97,417
Financial instruments issued to investors	32	45,950	44,989
Deferred income tax liabilities		42,228	44,871
		<u>180,490</u>	<u>187,277</u>
Current liabilities			
Financial liabilities at fair value through profit or loss	26	38,435	38,435
Trade and bill and other payables	30	2,185,619	2,372,376
Lease liabilities	17	16,701	26,515
Contract liabilities	31	764,348	880,682
Current income tax liabilities		42,868	54,795
		<u>3,047,971</u>	<u>3,372,803</u>
Total liabilities		<u>3,228,461</u>	<u>3,560,080</u>
Total equity and liabilities		<u><u>7,096,172</u></u>	<u><u>7,657,327</u></u>

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

The condensed consolidated interim financial information on pages 39 to 90 were approved by the Board of Directors on 26 August 2024 and were signed on its behalf.

Mr. Xia Shaofei
Chairman & Executive Director

Mr. Yan Lingyang
Chief Financial Officer

Mr. Qi Shihao
Non-executive Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non-controlling interests	Total equity	
	Share capital	Other reserves	Accumulated losses	Total			
	<i>RMB' 000</i> <i>(Note 27)</i>	<i>RMB' 000</i> <i>(Note 28)</i>	<i>RMB' 000</i>	<i>RMB' 000</i>			
	<i>Note</i>						
Balance at 1 January 2023 (Audited)		652,848	5,713,435	(1,039,500)	5,326,783	73,582	5,400,365
Comprehensive income							
Profit for the period		–	–	189,479	189,479	26,605	216,084
Transactions with owners of the Company							
Cancellation of shares		(1,557)	1,557	–	–	–	–
Contribution from non-controlling shareholders of subsidiaries		–	–	–	–	1,186	1,186
Acquisition of additional interests in subsidiaries		–	38	–	38	(1,488)	(1,450)
Share-based compensation		–	1,614	–	1,614	–	1,614
Dividends declared to non-controlling interests		–	–	–	–	(3,775)	(3,775)
Repurchase of shares of the Company		–	(26,766)	–	(26,766)	–	(26,766)
Purchase of shares in connection with share award scheme		–	(16,387)	–	(16,387)	–	(16,387)
Disposals of subsidiaries		–	–	–	–	400	400
Balance at 30 June 2023 (Unaudited)		651,291	5,673,491	(850,021)	5,474,761	96,510	5,571,271
Balance at 1 January 2024 (Audited)		639,479	5,428,993	(1,990,538)	4,077,934	19,313	4,097,247
Comprehensive income							
Loss for the period		–	–	(194,430)	(194,430)	4,129	(190,301)
Transactions with owners of the Company							
Cancellation of shares		(15,657)	15,657	–	–	–	–
Contribution from non-controlling shareholders of subsidiaries		–	–	–	–	80	80
Acquisition of additional interests in subsidiaries		–	(100)	–	(100)	(840)	(940)
Share-based compensation		–	24,814	–	24,814	–	24,814
Dividends declared to non-controlling interests		–	–	–	–	(7,294)	(7,294)
Repurchase of shares of the Company		–	(49,396)	–	(49,396)	–	(49,396)
Purchase of shares in connection with share award scheme		–	(521)	–	(521)	–	(521)
Return of capital to non-controlling interests		–	–	–	–	(1,960)	(1,960)
Disposals of subsidiaries	34	–	–	–	–	(3,715)	(3,715)
Deregistration of subsidiaries		–	–	–	–	(303)	(303)
Balance at 30 June 2024 (Unaudited)		623,822	5,419,447	(2,184,968)	3,858,301	9,410	3,867,711

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Six months ended 30 June	
	Note	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash used in operations		(279,604)	(24,482)
Interest received		16,848	23,002
Income tax paid		(60,200)	(67,149)
Net cash used in operating activities		(322,956)	(68,629)
Cash flows from investing activities			
Purchases of property, plant and equipment		(21,567)	(20,037)
Purchase of other intangible assets	18	(959)	(1,120)
Proceeds from disposal of right of use assets		41,213	–
Proceeds from disposal of other assets		2,478	1,130
Proceeds from disposal of property, plant and equipment and other intangible assets		1,701	2,672
Proceeds from disposal of an investment property		–	11,500
Proceeds from disposal of financial assets at FVPL		135,368	–
Advance from disposal of right of use assets		1,603	–
Acquisition of financial assets at FVPL		(271,012)	(3,000)
Capital injection to associates and joint ventures	14	(13,188)	(4,187)
Dividends received from investment accounted for using the equity method	14	4,643	1,000
Acquisition of subsidiaries (net of cash and cash equivalents acquired)		–	(45,732)
Receipt of performance guarantee deposits for acquisition of equity interests		12,000	–
Repayment of loans from a joint venture		8,000	–
Increase in restricted cash due to litigation over acquisitions of equity interests		(84,180)	–
Increase in term deposits		(457,303)	–
Disposal of subsidiaries (net of cash and cash equivalents disposed)	34	(4,685)	(4,606)
Prepayments for acquisition of properties		–	(2,540)
Settlement of outstanding considerations payable for business combinations in prior years		(43,950)	(28,127)
Increase in performance guarantee deposits for a joint venture		(33,000)	–
Deregistration of an associate		–	736
Rental income from finance lease		2,783	2,699
Net cash used in investing activities		(720,055)	(89,612)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2024	2023
Note	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Dividends paid to non-controlling interests	(6,762)	(3,775)
Principal elements and interest elements of lease payments	(17,701)	(13,988)
Acquisition of additional interests in subsidiaries	(940)	(1,450)
Capital contribution from non-controlling interests	80	1,186
Purchase of shares for share award scheme	(521)	(16,365)
Purchase of shares for cancellation	(49,396)	(25,899)
Return of capital to non-controlling interests	(1,960)	–
Increase in restricted cash for purchase of shares	(300)	–
Net cash used in financing activities	(77,500)	(60,291)
Net decrease in cash and cash equivalents	(1,120,511)	(218,532)
Cash and cash equivalents at beginning of period	2,905,545	3,069,784
Exchange gains on cash and cash equivalents	95	219
Cash and cash equivalents at end of period	1,785,129	2,851,471

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 No. 484-1 Panxi Road, Shimahe 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. As at 30 June 2024, Boyu Group owned 36.24% of the total issued share capital of the Company.

On 26 December 2023, 35,000,000 shares of the Company beneficially owned by Jinke Property had been transferred to a third-party as a result of an enforcement of judicial ruling against Jinke Property. 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. As at 30 June 2024, Jinke Property owned 26.13% of the total issued share capital of the Company.

This condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the board of directors (the “Board”) on 26 August 2024.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34 “Interim Financial Reporting.”

The condensed consolidated interim financial information does not include all the notes of the type normally included in annual financial statements. Accordingly, this information is to be read in conjunction with the annual report for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), and any public announcement made by the Company during the interim reporting period.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings, the adoption of new and amended HKFRSs effective for the financial period beginning on 1 January 2024 below.

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the financial period beginning on 1 January 2024:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants
HKFRS 16 (Amendments)	Lease liability in sale and leaseback
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The adoption of these standards and the new accounting policies disclosed did not have any significant impact on the Group’s accounting policies and did not require retrospective adjustments.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ACCOUNTING POLICIES *(Continued)*

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

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

		Effective for annual periods beginning on or after
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 SEGMENT INFORMATION

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

During the six months ended 30 June 2024 and 2023, 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 six months ended 30 June 2024 and 2023, all the segments are domiciled in the PRC and all the revenue are derived in the PRC, and the segments are principally engaged in the provision of similar services to similar customers. All operating segments of the Group were aggregated into a single operating segment.

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

As at 30 June 2024, cash and cash equivalents of Hong Kong dollars (“HK\$”) 4,000 (equivalent to RMB3,700) and United States dollars (“US\$”) 6,000 (equivalent to RMB43,000), and term deposit of US\$860,000 (equivalent to RMB6,129,000) were temporarily deposited in the Group’s bank accounts in Hong Kong. Except for this, all of the Group’s assets are situated in the Mainland of PRC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 REVENUE

Revenue mainly comprises proceeds from space property management services, local catering services, community value-added services and smart living technology solutions. An analysis of the Group's revenue by category for the six months ended 30 June 2024 and 2023 was as follows:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Recognized over time		
– Space property management services	2,048,071	2,029,877
– Local catering services	9,129	9,204
– Community value-added services	114,367	119,686
– Smart living technology solutions	15,967	27,590
	<u>2,187,534</u>	<u>2,186,357</u>
Recognized at a point in time		
– Local catering services	205,035	232,930
– Community value-added services	15,133	40,311
– Smart living technology solutions	2,453	5,243
	<u>222,621</u>	<u>278,484</u>
	<u><u>2,410,155</u></u>	<u><u>2,464,841</u></u>

For the six months ended 30 June 2024 and 2023, revenue from the Jinke Property Group contributed 1% and 3% of the Group's revenue, respectively. Other than the Jinke Property Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 EXPENSES BY NATURE

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Employee benefit expenses (Note 8)	985,754	894,309
Greening and cleaning expenses	408,633	413,819
Security charges	261,133	249,749
Utilities	149,925	132,621
Maintenance costs	108,068	118,703
Consumables, food and beverages	49,301	80,075
Depreciation and amortization charges	48,726	40,174
Professional fee	25,315	16,129
Travelling and entertainment expenses	21,971	19,336
Community activities expenses	17,957	9,028
Office expenses	17,746	22,974
Cost of goods sold	17,578	16,690
Taxes and other levies	10,393	9,380
Raw materials	9,809	10,356
Bank and other payment platforms charges	9,620	8,702
Software and IT service fee	5,726	1,748
Short-term lease expenses	5,281	7,449
Impairment charges of investment properties (Note 16)	4,803	–
Audit services		
– Audit services	2,556	2,172
– Non-audit services	486	1,845
Others	99,795	99,529
	<hr/>	<hr/>
Total cost of sales, selling and marketing expenses and administrative expenses	<u>2,260,576</u>	<u>2,154,788</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 EMPLOYEE BENEFIT EXPENSES

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Wages, salaries and bonuses	783,609	712,648
Share-based payments	16,675	1,614
Social insurance expenses and housing benefits (Note (a))	151,233	150,464
Other employee benefits (Note (b))	34,237	29,583
	<u>985,754</u>	<u>894,309</u>

(a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

(b) Other employee benefits mainly include meal, housing allowances and holiday benefits.

9 OTHER INCOME

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest income from loans to related parties (Note 35(b))	10,994	59,627
Government grants (Note (a))	10,117	11,857
Interest income from term deposits	5,983	–
Interest income on finance lease	2,428	1,816
Value-added tax ("VAT") deductible (Note (b))	–	5,099
Others	57	537
	<u>29,579</u>	<u>78,936</u>

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

(b) VAT deductible mainly included additional deduction of input value-added tax applicable to certain subsidiaries based on the VAT policy and the policy terminated on 31 December 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 OTHER LOSSES – NET

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Impairment of goodwill (Note 18)	(14,713)	–
Loss on provision of compensation	(8,035)	–
Impairment of prepayments	(7,032)	–
Net foreign exchange (losses)/gains	(1,506)	1,787
(Losses)/gains on disposal of subsidiaries (Note 34)	(435)	2,067
Gains/(losses) on disposal of long-term assets and other asset	9,095	(3,560)
Gains on early termination of lease contracts	962	2,236
Fair value gains on financial assets at FVPL (Note 26)	898	–
Others	(14,690)	(5,616)
	<u>(35,456)</u>	<u>(3,086)</u>

11 FINANCE INCOME – NET

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Finance income		
Interest income from bank deposits	<u>16,848</u>	<u>23,002</u>
Finance costs		
Interest expense of lease liabilities	(3,404)	(4,352)
Others	<u>(2,491)</u>	<u>(943)</u>
	<u>(5,895)</u>	<u>(5,295)</u>
Finance income – net	<u>10,953</u>	<u>17,707</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 INCOME TAX EXPENSES

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current income tax		
– PRC corporate income tax	51,701	76,554
Deferred income tax		
– PRC corporate income tax	(46,046)	(26,386)
	5,655	50,168

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

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
(Loss)/profit before income tax	(184,646)	266,252
Tax charge at effective rate applicable to profits in the respective group entities	(37,480)	30,569
Tax effects of:		
– Expenses not deductible for tax purposes	5,710	3,332
– Tax effect of super deduction	(755)	(558)
– Effect of income not subject to income tax	(1,847)	(641)
– The impact of change in tax rate applicable to subsidiaries	1,297	5,036
– Tax losses and deductible temporary differences for which no deferred tax asset was recognized	33,401	12,430
– Under-provision in respect of prior years	5,329	–
Total income tax expenses	5,655	50,168

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 INCOME TAX EXPENSES *(Continued)*

Hong Kong profits tax

No Hong Kong profits tax was applicable to the Group for the period ended 30 June 2024. There was a subsidiary incorporated in Hong Kong. No Hong Kong profit tax was provided for this Hong Kong subsidiary as there was no estimated taxable profits that was subject to Hong Kong profits tax during the period ended 30 June 2024 (six months ended 30 June 2023: same).

PRC corporate income tax

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

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

Certain operations of the Group in the PRC were qualified as “Small Low-Profit Enterprise” and taxed at reduced tax rate of 20% from 1 January 2008. During the period ended 30 June 2024, 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 (LOSSES)/EARNINGS PER SHARE

- (a) The basic (losses)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares during the six months ended 30 June 2024 and 2023.

The share award scheme (Note 29) granted and remained unexercised are not included in the calculation of diluted (losses)/earnings per share because performance conditions has not been met at the end of the reporting period.

Diluted (losses)/earnings 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 six months ended 30 June 2024 and 2023, the Company had share-based awards (Note 29). For the six months ended 30 June 2024 and 2023, these potential ordinary shares were not included in the calculation of (losses)/earnings per share as their inclusion would be anti-dilutive. Accordingly, diluted (losses)/earnings per share for the six months ended 30 June 2024 is the same as basic (losses)/earnings per share.

	Six months ended 30 June	
	2024 <i>(Unaudited)</i>	2023 <i>(Unaudited)</i>
(Loss)/profit attributable to owners of the Company (RMB' 000)	(194,430)	189,479
Weighted average number of ordinary shares (in thousands)	<u>613,041</u>	<u>645,919</u>
Basic and diluted (losses)/earnings per share for (loss)/profit attributable to the owners of the Company during the period (expressed in RMB per share)	<u>(0.32)</u>	<u>0.29</u>

14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	Six months ended 30 June	
	2024 <i>RMB'000</i> <i>(Unaudited)</i>	2023 <i>RMB'000</i> <i>(Unaudited)</i>
Opening carrying amount	187,594	180,106
Additions	13,188	4,187
Share of net profits	11,213	9,301
Dividends received	(4,643)	(1,000)
Deregistration of an associate	–	(736)
Impairment (Note (a))	<u>(17,727)</u>	<u>–</u>
Closing carrying amount	<u>189,625</u>	<u>191,858</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(Continued)*

- (a) As at 30 June 2024 and 31 December 2023, the Company invested in 44.44% equity interests in Chongqing Jinke Jiefu Education Technology Co. Ltd. as an associate. Chongqing Jinke Jiefu Education Technology Co. Ltd. and its subsidiaries are collectively regarded as the “Jiefu Education.” Jiefu Education is engaged in kindergarten business in Chongqing and Hunan.

A business valuation was performed for the underlying assets of Jiefu Education as the Management believes that the profitability of the kindergarten business may fall short of expectations in the long term as the fertility rate continues to decline.

The recoverable amount is the higher of an asset’s fair value less costs of disposal and its value-in-use.

Management has engaged an independent external valuer to assist in performing impairment assessments for investment in associate of Jiefu Education. Based on the impairment assessments performed, as at 30 June 2024, the recoverable amount of investment in Jiefu Education amounting to approximately RMB122,036,000 was less than its carrying value amounting to approximately RMB139,763,000. Hence, the Group made impairment provision on the investment in the associate of Jiefu Education amounting to RMB17,727,000.

As at 30 June 2024, the recoverable amount is determined based on value-in-use using discounted cash flow method. The key assumptions are discount rates, forecasted number of students and future fees charged per student. Management estimates a discount rate of 13.1% using a pre-tax rate that reflects current market assessment of time value and the specific risks relating to the Jiefu Education. The most up-to-date forecasted number of students used in determining the recoverable amount is 6,800~7,500 per year based on Management’s estimation. The growth rate of fees per student is 0%~2%, which is based on inflation growth forecasts.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Property, plant and equipment						Subtotal	Right-of-use assets (Note 17)	Total
	Buildings	Equipment and machinery	Vehicles	Furniture	Leasehold improvements	Construction in progress			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024 (Audited)									
Cost	57,640	102,518	10,677	3,164	113,040	4,143	291,182	302,406	593,588
Accumulated depreciation	(3,602)	(55,759)	(5,131)	(2,337)	(36,956)	-	(103,785)	(45,490)	(149,275)
Accumulated Impairment charge	-	-	-	-	(25,100)	-	(25,100)	-	(25,100)
Net book amount	54,038	46,759	5,546	827	50,984	4,143	162,297	256,916	419,213
Six months ended 30 June 2024 (Unaudited)									
Opening net book amount	54,038	46,759	5,546	827	50,984	4,143	162,297	256,916	419,213
Additions	-	2,108	112	38	3,176	3,097	8,531	3,182	11,713
Transfer	-	466	-	-	2,715	(3,181)	-	-	-
Disposal of subsidiaries	-	(54)	(585)	(17)	(227)	-	(883)	(211)	(1,094)
Disposals	-	(545)	(9)	(4)	(1,115)	-	(1,673)	(33,491)	(35,164)
Depreciation charge	(1,051)	(5,449)	(815)	(115)	(7,105)	-	(14,535)	(13,071)	(27,606)
Closing net book amount	52,987	43,285	4,249	729	48,428	4,059	153,737	213,325	367,062
As at 30 June 2024 (Unaudited)									
Cost	57,640	103,580	10,023	3,166	116,692	4,059	295,160	270,357	565,517
Accumulated depreciation	(4,653)	(60,295)	(5,774)	(2,437)	(43,164)	-	(116,323)	(57,032)	(173,355)
Accumulated Impairment charge	-	-	-	-	(25,100)	-	(25,100)	-	(25,100)
Net book amount	52,987	43,285	4,249	729	48,428	4,059	153,737	213,325	367,062

No property, plant and equipment is restricted or pledged as security for liabilities as at 30 June 2024 (31 December 2023: nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 INVESTMENT PROPERTIES

	Land and buildings <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2024 (Audited)			
Cost	4,937	20,013	24,950
Accumulated depreciation	(229)	(748)	(977)
Accumulated impairment	(688)	(4,426)	(5,114)
	<u>4,020</u>	<u>14,839</u>	<u>18,859</u>
Net book amount			
Six months ended 30 June 2024 (Unaudited)			
Opening net book amount	4,020	14,839	18,859
Depreciation charge	(80)	(300)	(380)
Disposals	-	-	-
Impairment	(688)	(4,115)	(4,803)
	<u>3,252</u>	<u>10,424</u>	<u>13,676</u>
Closing net book amount			
As at 30 June 2024 (Unaudited)			
Cost	4,937	20,013	24,950
Accumulated depreciation	(309)	(1,048)	(1,357)
Accumulated impairment	(1,376)	(8,541)	(9,917)
	<u>3,252</u>	<u>10,424</u>	<u>13,676</u>
Net book amount			

Investment properties, principally nursery properties freehold or held under leases, are held for rental yields or for capital appreciation or both and are not occupied by the Group.

As at 30 June 2024 and 31 December 2023, the fair values of investment properties approximate their net book amounts.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 LEASES

Amounts recognized in the statement of financial position

	As at 30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2023 <i>RMB'000</i> <i>(Audited)</i>
Right-of-use assets		
Properties (Note 15)	<u>213,325</u>	<u>256,916</u>
Lease liabilities		
Current	16,701	26,515
Non-current	<u>92,312</u>	<u>97,417</u>
	<u>109,013</u>	<u>123,932</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 INTANGIBLE ASSETS

	Goodwill <i>RMB'000</i>	Customer relationship <i>RMB'000</i>	Software and others <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2024 (Audited)				
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
Six months ended 30 June 2024 (Unaudited)				
Opening net book amount	324,681	257,763	31,534	613,978
Additions	–	–	959	959
Amortization	–	(15,253)	(5,487)	(20,740)
Impairment (Note (a))	(14,713)	–	–	(14,713)
Closing net book amount	309,968	242,510	27,006	579,484
As at 30 June 2024 (Unaudited)				
Cost	755,192	305,059	56,456	1,116,707
Accumulated amortization	–	(62,549)	(29,450)	(91,999)
Accumulated impairment	(445,224)	–	–	(445,224)
Net book amount	309,968	242,510	27,006	579,484

No intangible asset is restricted or pledged as security for liabilities as at 30 June 2024 (31 December 2023: nil).

(a) Impairment tests for Goodwill

Management performed an impairment assessment on the goodwill as at 30 June 2024. The recoverable amount of the property management business and catering business operated by the acquired subsidiaries have been assessed by an independent valuer or the management and determined based on value-in-use (“VIU”) calculations. The calculations used cash flow projections based on financial budgets covering a five-year period approved by management.

As at 30 June 2024, the recoverable amount of the cash-generating unit (“CGU”) in Sichuan Tongyong Property Services Co., Ltd. (“Tongyong Services”) and Zhuzhou High Tech Smart Property Service Co., Ltd. (“Zhuzhou High Tech”) is RMB84,223,000 and RMB7,023,000, respectively.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 INTANGIBLE ASSETS *(Continued)*

(a) Impairment tests for Goodwill *(Continued)*

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

	Six months ended 30 June 2024	
	Tongyong Services	Zhuzhou High Tech
Compound annual growth rate of revenue during the projection period (%)	0.00%-0.05%	-8.98%-0.16%
Earnings before interest, tax, depreciation and amortisation (“EBITDA”) margin during the projection period (%)	31.7%	7.3%-7.8%
Long term growth rate (%)	0%	0%
Pre-tax discount rate (%)	17.0%	19.6%

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.

As at 30 June 2024, the recoverable amounts of Tongyong Services and Zhuzhou High Tech were determined based on VIU calculations. The impairment charge of RMB14,713,000 recognized during the period of which RMB5,883,000 related to the CGU of Tongyong Services, and RMB8,830,000 to the CGU of Zhuzhou High Tech.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 INVENTORIES

	As at 30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2023 <i>RMB'000</i> <i>(Audited)</i>
Merchandise goods	13,009	14,063
Consumables	8,782	9,528
Raw materials	6,263	4,861
	<u>28,054</u>	<u>28,452</u>

20 OTHER ASSETS

	As at 30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2023 <i>RMB'000</i> <i>(Audited)</i>
Parking lots	17,208	20,132
Residential and commercial properties	10,874	7,762
Less: allowance for impairment	<u>(13,862)</u>	<u>(16,221)</u>
	<u>14,220</u>	<u>11,673</u>

The Group held a small number of parking lots of certain properties it managed for ultimate sales purpose, but the sales of these parking lots is not the part of the Group's core business and the Group does not intend to engage in such business in the future.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 LOAN RECEIVABLE

	As at 30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2023 <i>RMB'000</i> <i>(Audited)</i>
Loan to a related party		
– A related party (Note 35(d))	<u>1,634,644</u>	<u>1,623,908</u>
Less: allowance for impairment of loan receivable	<u>(1,331,091)</u>	<u>(1,251,708)</u>
	<u>303,553</u>	<u>372,200</u>
Loan to a related party		
Beginning of the period	372,200	1,386,666
Interest charged	10,736	118,299
Loss allowance charged	<u>(79,383)</u>	<u>(1,132,765)</u>
	<u>303,553</u>	<u>372,200</u>

Loan 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 30 June 2024 was RMB1,901,362,000 (31 December 2023: RMB2,067,090,000), which has been valued by an independent professional valuer.

In March 2023, Jinke Property was default in repaying the Loan. In February 2024, Jinke Property submitted the bankruptcy reorganization application to the Fifth Intermediate People’s Court of Chongqing, and then the court accepted the bankruptcy reorganization application on 22 April 2024.

Management assessed the provision for impairment of the Loan by considering scenarios weightings, recovery rate of possible bankruptcy reorganization or liquidation and other factors. Management considered the allowance for impairment of the Loan provided at 30 June 2024 is appropriate, and the allowance of the Loan will be subject to the subsequent scenarios weightings, possible bankruptcy reorganization plan and macroeconomic variables.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 TRADE AND BILL AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2023 <i>RMB'000</i> <i>(Audited)</i>
Trade receivables (Note (a))		
– Third parties	2,345,616	2,235,628
– Related parties (Note 35(d))	697,736	676,314
	<u>3,043,352</u>	<u>2,911,942</u>
Less: allowance for impairment of trade receivables	(1,535,098)	(1,369,516)
	<u>1,508,254</u>	<u>1,542,426</u>
Bill receivables		
– Third parties	1,449	4,018
– Related parties (Note 35(d))	15,450	15,450
	<u>16,899</u>	<u>19,468</u>
Less: allowance for impairment of bill receivables	(15,450)	(15,450)
	<u>1,449</u>	<u>4,018</u>
Other receivables		
– Third parties	730,027	757,983
– Related parties (Note 35(d))	498,515	510,588
	<u>1,228,542</u>	<u>1,268,571</u>
Less: allowance for impairment of other receivables	(859,586)	(815,726)
	<u>368,956</u>	<u>452,845</u>
Prepayments		
– Third parties	57,318	57,957
– Related parties (Note 35(d))	4,659	7,184
	<u>61,977</u>	<u>65,141</u>
Finance lease receivables (Note (b))		
– Third parties	1,760	2,386
– Related parties (Note 35(d))	79,520	79,249
	<u>81,280</u>	<u>81,635</u>
Input VAT to be deducted	48,697	42,252
Total	<u>2,070,613</u>	<u>2,188,317</u>
Less: non-current portion of other receivables		
– Finance lease receivables (Note (b))	(79,536)	(80,271)
Less: non-current portion of prepayments	(7,187)	(14,219)
Current portion of trade and bill and other receivables and prepayments	<u>1,983,890</u>	<u>2,093,827</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 TRADE AND BILL AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

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

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

- (b) Included in the other receivables balance are the finance lease receivables with aggregate carrying amount of approximately RMB81,280,000 (31 December 2023: RMB81,635,000). Certain leased properties were classified as finance leases as the terms of the lease transfer substantially all the risks and rewards incidental to lessees. Amounts due from lessees under finance leases are recognised as finance lease receivables which included in the non-current and current other receivables amounting to approximately RMB79,536,000 and RMB1,744,000 (31 December 2023: RMB80,271,000 and RMB1,364,000), respectively.

As at 30 June 2024 and 31 December 2023 the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2023 <i>RMB'000</i> <i>(Audited)</i>
Up to 1 year	1,245,991	1,311,561
Over 1 year	<u>1,797,361</u>	<u>1,600,381</u>
	<u><u>3,043,352</u></u>	<u><u>2,911,942</u></u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2024, a provision of RMB1,535,098,000 was made against the gross amounts of trade receivables (31 December 2023: RMB1,369,516,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 TRADE AND BILL AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

- (c) The movement of loss allowance for trade receivables, loan receivable, other receivables and finance lease receivables and bill receivables are as follows:

	Trade receivables <i>RMB'000</i>	Loan receivable, other receivables and finance lease receivables <i>RMB'000</i>	Bill receivables <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	1,369,516	2,067,434	15,450	3,452,400
Provision for loss allowance recognized in profit or loss	198,401	134,386	–	332,787
Receivables written off during the period as uncollectible	(15,020)	(11,067)	–	(26,087)
Others	(17,799)	(76)	–	(17,875)
At 30 June 2024	<u>1,535,098</u>	<u>2,190,677</u>	<u>15,450</u>	<u>3,741,225</u>

23 RESTRICTED CASH

	As at 30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2023 <i>RMB'000</i> <i>(Audited)</i>
Deposits for bank acceptance notes and performance guarantee	236,160	136,305
Frozen accounts for litigations (Note (a))	<u>103,486</u>	<u>15,933</u>
	<u>339,646</u>	<u>152,238</u>

- (a) The Company is currently in litigation with several former shareholders of a target company that was originally planned to be acquired regarding potential mergers and acquisitions. Considering that both the Company and these original shareholders are defendants and plaintiffs in the lawsuit, and the case is still under trial. The Company has made corresponding considerations in the expected handling of liabilities accrued in the interim report. The restricted cash of frozen accounts for litigations with the balance of RMB103,486,000 including RMB84,180,000 was related to this litigation matter.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

24 CASH AND CASH EQUIVALENTS

	As at 30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2023 <i>RMB'000</i> <i>(Audited)</i>
Cash at banks, payment platforms and on hand (Note (a))		
– Denominated in RMB	1,776,283	2,891,490
– Denominated in HK\$	8,692	7,904
– Denominated in US\$	154	6,151
	<u>1,785,129</u>	<u>2,905,545</u>

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

25 TERM DEPOSITS

	As at 30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2023 <i>RMB'000</i> <i>(Audited)</i>
Term deposits held at the banks with original maturity over three months	683,286	220,000
Less: amount included under “current assets”	<u>(182,673)</u>	<u>(100,000)</u>
	<u>500,613</u>	<u>120,000</u>

As at 30 June 2024, the term deposits held at the banks were dominated in RMB, with original maturity over three months have annual interest rates ranging from 2.2% to 4.7% (31 December 2023: 2.2% to 3.0%).

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours’ notice with no loss of interest.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

26 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2024 and 31 December 2023 on a recurring basis:

At 30 June 2024

	Level 1 <i>RMB'000</i> <i>(Unaudited)</i>	Level 3 <i>RMB'000</i> <i>(Unaudited)</i>	Total <i>RMB'000</i> <i>(Unaudited)</i>
Recurring fair value measurements			
Financial assets			
Financial assets at FVPL			
Public money market fund products and wealth management products	87,376	53,000	140,376
Listed stocks	4,486	–	4,486
Fund with limited life (i)	–	45,317	45,317
	91,862	98,317	190,179
Financial liabilities			
Contingent consideration payable (ii)	–	38,435	38,435
	–	38,435	38,435

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

26 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Fair value hierarchy *(Continued)*

At 31 December 2023

	Level 1 <i>RMB'000</i> <i>(Audited)</i>	Level 3 <i>RMB'000</i> <i>(Audited)</i>	Total <i>RMB'000</i> <i>(Audited)</i>
Recurring fair value measurements			
Financial assets			
Financial assets at FVPL			
Fund with limited life (i)	–	45,317	45,317
Wealth management products	–	3,000	3,000
	–	48,317	48,317
Financial liabilities			
Contingent consideration payable (ii)	–	38,435	38,435

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the period.

The Group did not measure any financial assets at fair value on a non-recurring basis as at 30 June 2024.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

26 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Fair value hierarchy (Continued)

- (i) Fund with limited life comprise investment in unlisted companies. The fair value of the investment is determined using the latest round financing, i.e., the prior transaction price or the third-party pricing information.

The investment consideration was determined with reference to the fair value of those unlisted entities. If the fair value of the investment had been 5% higher/lower, the loss before income tax for the period ended 30 June 2024 and 31 December 2023 would have been approximately RMB2,266,000 lower/higher.

- (ii) Pursuant to the acquisition agreements, the acquired entity Shuchuan Services owns a number of property management projects which are contracted but undelivered. The contingent consideration arrangement requires the Group to pay the former owner of Shuchuan Services the consideration of contracted but undelivered projects depending on the performance of these projects when those projects are actual delivered.

A third-party appraiser has been engaged to evaluate the fair value of the contingent consideration on the acquisition date and contingent consideration is recognised as financial liabilities at FVPL in the consolidated balance sheet.

- (b) The following table presents the changes in financial instruments at fair values for six months ended 30 June 2024 and 30 June 2023.

	Financial assets at FVPL				Financial liabilities for contingent consideration payable RMB'000
	Level 1		Level 3		
	Listed stocks RMB'000	Public market money fund RMB'000	Fund with limited life RMB'000	Wealth management products RMB'000	
Opening balance as at					
1 January 2024	–	–	45,317	3,000	(38,435)
Additions	4,528	136,012	–	135,000	–
Net fair value gains/(losses)					
on financial assets at FVPL	(42)	940	–	–	–
Investment income	–	1,253	–	146	–
Disposal	–	(50,829)	–	(85,146)	–
Closing balance as at					
30 June 2024	<u>4,486</u>	<u>87,376</u>	<u>45,317</u>	<u>53,000</u>	<u>(38,435)</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

26 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

- (c) The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements and how a reasonable possible change in the input would affect the fair values:

Description	Fair value at 30 June 2024 <i>RMB'000</i>	Unobservable input	Range (probability- weighted average)	Relationship of unobservable inputs to fair value
Wealth management products	53,000	Expected interest rate per annum	3.24%-6.8%	A change in expected interest rate per annum +/- 10% results in a change in fair value by RMB182,400
Contingent consideration payable	38,435	Expected discount rate	3.45%	An increase/decrease in discount rate by 1% results in a decrease/increase in fair value by RMB558,000/574,000

27 SHARE CAPITAL

	Number of ordinary shares	Share capital <i>RMB'000</i>
Issued and fully paid		
As at 1 January 2023	652,848,100	652,848
Cancellation of shares	<u>(13,369,000)</u>	<u>(13,369)</u>
As at 31 December 2023	<u>639,479,100</u>	<u>639,479</u>

	Number of ordinary shares	Share capital <i>RMB'000</i>
Issued and fully paid		
As at 1 January 2024	639,479,100	639,479
Cancellation of shares (Note 28(b))	<u>(15,657,200)</u>	<u>(15,657)</u>
As at 30 June 2024	<u>623,821,900</u>	<u>623,822</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

28 RESERVES

	Shares held for		Share-based		Statutory reserves	Total other reserves	Accumulated losses	Total reserves
	Treasury shares	share award scheme	Capital reserves	compensation reserves				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023 (Audited)	-	(100,156)	5,679,029	-	134,562	5,713,435	(1,039,500)	4,673,935
Profit for the period	-	-	-	-	-	-	189,479	189,479
Cancellation of shares	15,763	-	(14,206)	-	-	1,557	-	1,557
Acquisition of additional interests in subsidiaries	-	-	38	-	-	38	-	38
Repurchase of shares of the Company	(26,766)	-	-	-	-	(26,766)	-	(26,766)
Share-based compensation	-	-	-	1,614	-	1,614	-	1,614
Purchase of shares in connection with share award scheme	-	(16,387)	-	-	-	(16,387)	-	(16,387)
Balance at 30 June 2023 (Unaudited)	(11,003)	(116,543)	5,664,861	1,614	134,562	5,673,491	(850,021)	4,823,470
Balance at 1 January 2024 (Audited)	(137,584)	(145,520)	5,562,919	14,616	134,562	5,428,993	(1,990,538)	3,438,455
Loss for the period	-	-	-	-	-	-	(194,430)	(194,430)
Cancellation of shares (Note (b))	139,303	-	(123,646)	-	-	15,657	-	15,657
Acquisition of additional interests in subsidiaries	-	-	(100)	-	-	(100)	-	(100)
Repurchase of shares of the Company (Note (b))	(49,396)	-	-	-	-	(49,396)	-	(49,396)
Share-based compensation (Note 29)	-	-	-	24,814	-	24,814	-	24,814
Purchase of shares in connection with share award scheme	-	(521)	-	-	-	(521)	-	(521)
Balance at 30 June 2024 (Unaudited)	(47,677)	(146,041)	5,439,173	39,430	134,562	5,419,447	(2,184,968)	3,234,479

- (a) In accordance with relevant rules and regulations in the PRC, the PRC Group entities are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective Group entities.
- (b) During the period ended 30 June 2024, the Company repurchased 6,261,000 of its own shares from the market and 15,657,200 shares were subsequently cancelled (2023: 13,369,000). The shares were acquired at prices ranging from HK\$7.85 to HK\$10.00, with an average price of HK\$8.66 per share, totalling HK\$54,239,000 (equivalent to approximately RMB49,396,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

29 SHARE-BASED COMPENSATION

- (a) On 30 December 2022, the Board of the Company approved a scheme under which shares would be purchased on the Stock Exchange by the Company and grant to employees for no cash consideration. In June 2023, the Company granted an aggregate of 4,290,000 shares to employees. Pursuant to the terms of the share award scheme, the shares granted are subject to certain service and performance conditions.

The share award scheme is administered by the Group's Employee Share Trust. When the shares granted are exercised, the trust transfers the appropriate amount of shares to the employee.

The shares granted to the grantees will be vested based on the following rates on the first HKEX trading date twelve months after the date of grant to eligible participants, taking into consideration that the vesting conditions above are satisfied in the relevant financial year: (i) 30% of the total number of the shares will be vested in the financial year in which the share are granted (the "Grant Year"); (ii) 30% of the total number of the shares will be vested in the financial year immediately following the Grant Year; and (iii) 40% of the total number of the shares will be vested in the second financial year after the Grant Year. If the vesting conditions above have not been fulfilled during the relevant financial year, the corresponding share granted will lapse.

Movement in the number of shares granted to directors and employees are as follows:

	Average price per share	Number of shares
As at 1 January 2024		4,260,000
Forfeited	HK\$11.60	<u>(80,000)</u>
As at 30 June 2024		<u>4,180,000</u>

For the six months ended 30 June 2024, the Group recorded share-based compensation in administrative expenses of RMB11,720,000 (six months ended 30 June 2023: RMB1,614,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

29 SHARE-BASED COMPENSATION (Continued)

- (b) On 30 March 2023, the Board of the Company approved a scheme under which shares would be purchased on the Stock Exchange by the Company and granted to employees or non-employees for no cash consideration. In December 2023, the Company granted an aggregate of 2,967,500 shares, of which 1,983,279 were granted to non-employees. Pursuant to the terms of the share award scheme, the shares granted are subject to performance contribution.

The shares granted to non-employees were accounted for as equity-settled awards. Awards granted to non-employees are recognized over the period the service is provided and measured at the average share price over that period until the date the service is completed.

The shares granted to the grantees will be vested on the first HKEX trading date twelve months after the date of grant to eligible participants.

Movement in the number of shares granted to employees and non-employees are as follows:

	Average price per share	Number of shares
As at 1 January 2024	HK\$10.96	2,967,500
Granted		<u>—</u>
As at 30 June 2024	HK\$10.96	<u>2,967,500</u>

For the six months ended 30 June 2024, the Group recorded share-based compensation in administrative expenses of RMB13,094,000 for the share award scheme, among which RMB8,139,000 was recorded for the shares granted to non-employees.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 TRADE AND BILL AND OTHER PAYABLES

	As at 30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2023 <i>RMB'000</i> <i>(Audited)</i>
Trade payables (Note (b))		
– Third parties	773,083	996,020
– Related parties (Note 35(d))	15,889	17,032
	<u>788,972</u>	<u>1,013,052</u>
Bill payables		
– Third parties	169,515	105,572
– Related parties (Note 35(d))	7,718	4,995
	<u>177,233</u>	<u>110,567</u>
Other payables		
– Third parties	842,045	864,543
– Related parties (Note 35(d))	74,213	64,282
	<u>916,258</u>	<u>928,825</u>
Accrued payroll	232,461	248,303
Other taxes payables	68,792	71,629
Amounts received in advance	1,903	–
	<u>303,156</u>	<u>319,932</u>
	<u><u>2,185,619</u></u>	<u><u>2,372,376</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 TRADE AND BILL AND OTHER PAYABLES *(Continued)*

- (a) As at 30 June 2024 and 31 December 2023, the carrying amounts of trade and bill and other payables approximated their fair values.
- (b) As at 30 June 2024 and 31 December 2023, the ageing analysis of the trade payables based on invoice date were as follows:

	As at 30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2023 <i>RMB'000</i> <i>(Audited)</i>
Up to 1 year	650,900	944,673
Over 1 year	<u>138,072</u>	<u>68,379</u>
	<u><u>788,972</u></u>	<u><u>1,013,052</u></u>

31 CONTRACT LIABILITIES

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

	As at 30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2023 <i>RMB'000</i> <i>(Audited)</i>
Space property management services	737,974	856,406
Local catering services	14,172	12,297
Community value-added services	6,632	8,278
Smart living technology solutions	<u>5,570</u>	<u>3,701</u>
	<u><u>764,348</u></u>	<u><u>880,682</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

32 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

	As at 30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2023 <i>RMB'000</i> <i>(Audited)</i>
Financial liabilities at amortized cost		
Financial instruments issued to investors	<u>45,950</u>	<u>44,989</u>

In January 2022, Chongqing Tianzhihuiqi Technology Co., Ltd. (“Tianqi Technology”) entered into agreements with employee investors and institutional investors and issued financial instruments of Tianqi Technology with preference rights (“Tianqi Technology Financial Instruments”).

The primary preference rights of Tianqi Technology Financial Instruments are as follows:

Redemption Rights

If Tianqi Technology fails to complete an initial public offering before 31 December 2027, any investor of Tianqi Technology Financial Instruments may require Tianqi Technology to redeem any or all of the then outstanding equity interests held by such investor at the redemption price which represent the purchase price, plus an interest at an annual rate of 5% calculating from the issuance date to the payment date, less any retained profits collected by such investor.

Liquidation Preferences

In the event of any (i) liquidation; (ii) dissolution; (iii) winding up or termination of business of Tianqi Technology; (iv) any merge and acquisition, reorganization, equity transferring or other transaction of Tianqi Technology, with any person or any corporate, in which leads Jinke Services to loss control of Tianqi Technology immediately after such transaction, whether voluntary or involuntary; (v) a sale, lease, transfer, or other disposition, in a single transaction or series of transactions, of all or substantially all of the assets of the Tianqi Technology (including sale licence to any third party), whether voluntary or involuntary, distributions to shareholders of Tianqi Technology shall be made in the following manner (after satisfaction of all creditors’ claims and claims that may be preferred by law):

If the assets and funds available for distribution is sufficient, each institutional investor and employee investor of Tianqi Technology Financial Instruments shall be entitled to receive the amount equal to 100% of the applicable purchase price of such Tianqi Technology Financial Instruments, plus the corresponding share of retained profits of Tianqi Technology, prior and in preference to any distribution of any of the assets or surplus funds of Tianqi Technology to Jinke Services, the holders of ordinary equity interests.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

32 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS *(Continued)*

Liquidation Preferences *(Continued)*

If the assets and funds available for distribution shall be insufficient to permit the payment to such investors of the full preferred preference amount, the liquidation preference amount will be distributed rateably to the institutional investors of Tianqi Technology Financial Instruments in accordance with their relative shareholding.

After distributing or paying in full the liquidation preference amount to all of the institutional investors of Tianqi Technology Financial Instruments, the remaining assets of Tianqi Technology available for distribution, if any, shall be distributed all of the employee investors, based on their relative shareholding on a pro-rata basis. Finally, residual assets and funds will be distributed to Jinke Services.

On 26 July 2024, the Group made the resolution to redeem all of the then outstanding equity interests from such investors of Tianqi Technology Financial Instrument with a totalling amount of RMB46,040,000, after taking consideration of the termination of initial public offering plan for Tianqi Technology.

The effective interest rate of the liability component is 4.32%. The movements of the liability component of Tianqi Technology Financial Instruments are set out as below:

	From 1 January 2024 to 30 June 2024 <i>RMB'000</i>
Carrying amount at of 1 January 2024	44,989
Accrued interest	961
	<hr/>
Carrying amount at 30 June 2024	<u>45,950</u>

33 DIVIDENDS

The Board resolved not to declare any interim dividend for the six months ended 30 June 2024 (30 June 2023: nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

34 DISPOSAL OF SUBSIDIARIES

During the period ended 30 June 2024, the Group disposed of interests in several subsidiaries to third parties. Details of the disposals are as follows:

	Total <i>RMB'000</i>
Disposal considerations	
Cash received	1,497
Outstanding and included in other receivables	<u>2,111</u>
Total disposal considerations	<u>3,608</u>
Total net assets of subsidiaries disposed of	(7,758)
Less: non-controlling interests disposed of	<u>3,715</u>
	<u>(4,043)</u>
Losses on disposals	<u>(435)</u>
Cash proceeds from disposals, net of cash disposed of	
Cash considerations received	1,497
Less: cash and cash equivalents in the subsidiaries disposed of	<u>(6,182)</u>
Net cash outflow on disposals	<u><u>(4,685)</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship
Jinke Property Group	Has significant influence over Jinke Services
Chongqing Jinjiahe Property Development Co., Ltd.* 重慶金佳禾房地產開發有限公司	Joint venture of Jinke Property
Chongqing Kunxiang Yutang Property Development Co., Ltd.* 重慶昆翔譽棠房地產開發有限公司	Joint venture of Jinke Property
Chongqing Pinjinyue Property Development Co., Ltd.* 重慶品錦悅房地產開發有限公司	Joint venture of Jinke Property
Chongqing Xidao Property Development Co., Ltd.* 重慶西道房地產開發有限公司	Joint venture of Jinke Property
Henan Jinshangbaishi Enterprises Co., Ltd.* 河南金上百世置業有限公司	Joint venture of Jinke Property
Henan Zhongshu Enterprises Co., Ltd.* 河南中書置業有限公司	Joint venture of Jinke Property
Chongqing Xilianjin Property Development Co., Ltd.* 重慶西聯錦房地產開發有限公司	Joint venture of Jinke Property
Xuchang Jinyao Property Co., Ltd.* 許昌金耀房地產有限公司	Joint venture of Jinke Property
Shijiazhuang Jinke Property Development Co., Ltd.* 石家莊金科房地產開發有限公司	Joint venture of Jinke Property
Hebei Guokong Lancheng Property Development Co., Ltd.* 河北國控藍城房地產開發有限公司	Joint venture of Jinke Property
Changzhou Jinke Property Development Co., Ltd.* 常州金科房地產開發有限公司	Joint venture of Jinke Property
Fujian Hilton Holiday Hotel Co., Ltd.* 福建希爾頓假日大酒店有限公司	Joint venture of Jinke Property
Chongqing Jinke Junzhi Property Development Co., Ltd.* 重慶市金科駿志房地產開發有限公司	Joint venture of Jinke Property
Dalian Hongkun Enterprises Co., Ltd.* 大連弘坤實業有限公司	Joint venture of Jinke Property
Shijiazhuang Jinke Tianyao Property Development Co., Ltd.* 石家莊金科天耀房地產開發有限公司	Joint venture of Jinke Property

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Name and relationship with related parties *(Continued)*

Name	Relationship
Changzhou Baijun Property Development Co., Ltd.* 常州百俊房地產開發有限公司	Joint venture of Jinke Property
Nanjing Yuhong Property Development Co., Ltd.* 南京裕鴻房地產開發有限公司	Joint venture of Jinke Property
Chongqing Bijinhui Property Development Co., Ltd.* 重慶市碧金輝房地產開發有限公司	Joint venture of Jinke Property
Chongqing Jinjianglian Property Development Co., Ltd.* 重慶金江聯房地產開發有限公司	Joint venture of Jinke Property
Chongqing Meichengjin Property Development Co., Ltd.* 重慶美城金房地產開發有限公司	Joint venture of Jinke Property
Shanghai Longjun Property Development Co., Ltd.* 上海瓏竣房地產開發有限公司	Joint venture of Jinke Property
Guangxi Tangpeng Investment Co., Ltd.* 廣西唐鵬投資有限公司	Joint venture of Jinke Property
Chongqing Jinnan Shengtang Property Development Co., Ltd.* 重慶金南盛唐房地產開發有限公司	Joint venture of Jinke Property
Dalian Fengmao Enterprises Co., Ltd.* 大連豐茂置業有限公司	Joint venture of Jinke Property
Qingdao Hengmei Real Estate Co., Ltd.* 青島恒美置業有限公司	Joint venture of Jinke Property
Chongqing Wisler Construction Co., Ltd.* 重慶威斯勒建設有限公司	Joint venture of Jinke Property
Shangrao Kesong Enterprises Co., Ltd.* 上饒市科頌置業有限公司	Joint venture of Jinke Property
Chongqing Jinyuhui Real Estate Development Co., Ltd.* 重慶金煜輝房地產開發有限公司	Joint venture of Jinke Property
Liuzhou Luzhai Jinrun Real Estate Development Co., Ltd.* 柳州鹿寨金潤房地產開發有限公司	Joint venture of Jinke Property
Guigang Yuegui Real Estate Development Co., Ltd.* 貴港悅桂房地產開發有限公司	Joint venture of Jinke Property

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Jiujiang Huadi Jinda Real Estate Co., Ltd.* 九江華地金達房地產有限公司	Joint venture of Jinke Property
Chongqing Jinjiahai Real Estate Development Co., Ltd.* 重慶金嘉海房地產開發有限公司	Joint venture of Jinke Property
Taicang Zhuorun Real Estate Development Co., Ltd.* 太倉卓潤房地產開發有限公司	Joint venture of Jinke Property
Beijing Jinke Jinbi Real Estate Co., Ltd.* 北京金科金碧置業有限公司	Joint venture of Jinke Property
Changsha Jingke Real Estate Co., Ltd.* 長沙景科置業有限公司	Joint venture of Jinke Property
Chongqing Jinmeiyuan Real Estate Development Co., Ltd.* 重慶金美園房地產開發有限公司	Joint venture of Jinke Property
Xinmi Shouli Real Estate Co., Ltd.* 新密首利置業有限公司	Joint venture of Jinke Property
Shenyang Junhan Real Estate Development Co., Ltd.* 瀋陽駿瀚房地產開發有限公司	Joint venture of Jinke Property
Dalian Jinke Jiuli Real Estate Development Co., Ltd.* 大連金科九裡房地產開發有限公司	Joint venture of Jinke Property
Zhuzhou Jingke Real Estate Co., Ltd.* 株洲景科置業有限公司	Joint venture of Jinke Property
Suqian Tongjinhong Real Estate Co., Ltd.* 宿遷市通金弘置業有限公司	Joint venture of Jinke Property
Sishui Jinmengquan Real Estate Development Co., Ltd.* 泗水金孟泉房地產開發有限公司	Joint venture of Jinke Property
Guizhou Longli Tianchen Real Estate Development Co., Ltd.* 貴州龍裡天宸房地產開發有限公司	Joint venture of Jinke Property
Hunan Jinke Jingchao Industry Development Co., Ltd.* 湖南金科景朝產業發展有限公司	Joint venture of Jinke Property
Foshan Jinji Real Estate Development Co., Ltd.* 佛山市金集房地產開發有限公司	Joint venture of Jinke Property
Wuhan Yejin Real Estate Development Co., Ltd.* 武漢業錦房地產開發有限公司	Joint venture of Jinke Property

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Dalian Jinheng Yaohui Real Estate Development Co., Ltd.* 大連金恒耀輝房地產開發有限公司	Joint venture of Jinke Property
Tianjin Junye Gongchuang Real Estate Co., Ltd.* 天津駿業共創置業有限公司	Joint venture of Jinke Property
Wuhan Yeshuo Real Estate Development Co., Ltd.* 武漢業碩房地產開發有限公司	Joint venture of Jinke Property
Guangxi Huixian Real Estate Co., Ltd.* 廣西匯賢置業有限公司	Joint venture of Jinke Property
Chongqing Lanbo Bay Real Estate Co., Ltd.* 重慶藍波灣置業有限公司	Joint venture of Jinke Property
Yulin Longhe Country Garden Real Estate Development Co., Ltd.* 玉林市龍河碧桂園房地產開發有限公司	Joint venture of Jinke Property
Nanning Qingzhou Real Estate Development Co., Ltd.* 南寧晴洲房地產開發有限公司	Joint venture of Jinke Property
Dalian Jinkun Real Estate Development Co., Ltd.* 大連金坤房地產開發有限公司	Joint venture of Jinke Property
Chongqing Bangtai Rongfeng Real Estate Development Co., Ltd.* 重慶邦泰蓉峰房地產開發有限公司	Joint venture of Jinke Property
Chongqing Jinjunrui Real Estate Development Co., Ltd.* 重慶金俊瑞房地產開發有限公司	Joint venture of Jinke Property
Zhengzhou Qianshang Real Estate Co., Ltd.* 鄭州千上置業有限公司	Joint venture of Jinke Property
Zhumadian City Bisheng Real Estate Co., Ltd.* 駐馬店市碧盛置業有限公司	Joint venture of Jinke Property
Dalian Jinhongji Real Estate Development Co., Ltd.* 大連金泓基房地產開發有限公司	Joint venture of Jinke Property
Chongqing Yingtai Boyuan Real Estate Co., Ltd.* 重慶盈泰博遠置業有限公司	Joint venture of Jinke Property
Guizhou Huasheng Yongxin Real Estate Co., Ltd.* 貴州華勝永信置業有限公司	Joint venture of Jinke Property

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Name and relationship with related parties *(Continued)*

Name	Relationship
Shanxi Yunheng Property Development Co., Ltd.* 山西運恒房地產開發有限公司	Joint venture of Jinke Property
Huaian Jinji Property Service Co., Ltd.* 淮安金吉物業服務有限公司	Joint venture of Jinke Property
Jian Jincheng Property Development Co., Ltd.* 吉安金晨房地產開發有限公司	Joint venture of Jinke Property
Chongqing Jincheng Jinyu Real Estate Development Co., Ltd.* 重慶金宸錦宇房地產開發有限公司	Joint venture of Jinke Property
Jinan Jinke Xicheng real estate development Co., Ltd.* 濟南金科西城房地產開發有限公司	Joint venture of Jinke Property
Huaian Jinji Real Estate Co., Ltd.* 淮安金吉置業有限公司	Joint venture of Jinke Property
Hunan Baize Property Management Co., Ltd.* 湖南白澤物業管理有限公司	Joint venture of Jinke Services
Wuhan Wenfu Jinju Wisdom Service Management Co., Ltd.* 武漢文服金聚智慧服務管理有限公司	Joint venture of Jinke Services
Shanghai Jinyue Le Fang Commercial Management Co., Ltd.* 上海金悅樂方商業管理有限公司	Joint venture of Jinke Services
Chongqing Jinyue Le Fang Commercial Management Co., Ltd.* 重慶金悅樂方商業管理有限公司	Joint venture of Jinke Services
Shanghai Jinyue Longji Business Management Co., Ltd.* 上海金悅隆際商業經營管理有限公司	Joint venture of Jinke Services
Chongqing Jinke Xinci Business Management Co., Ltd.* 重慶金科鑫磁商業管理有限公司	Joint venture of Jinke Services
Gansu Jinya Intelligent Life Service Co., Ltd.* 甘肅金雅智慧生活服務有限公司	Joint venture of Jinke Services
Chongqing Jinyue Huolian Commercial Management Co., Ltd.* 重慶金悅火鏈商業管理有限公司	Joint venture of Jinke Services

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Neijiang Jinchun Wisdom Property Service Co., Ltd.* 內江市金宸智慧物業服務有限公司	Associate of Jinke Services
Urumqi Tianjierenhe Labor Dispatching Co., Ltd.* 烏魯木齊天潔仁和勞務派遣有限公司	Associate of Jinke Services
Renhuai Chengke Property Service Co., Ltd.* 仁懷市城科物業服務有限公司	Associate of Jinke Services
Beijing Yitu Exit-entry Service Co., Ltd.* 北京壹途因私出入境服務有限公司	Associate of Jinke Services
Chongqing Tianhuitong Technology Co., Ltd.* 重慶天匯通科技有限公司	Associate of Jinke Services
Jiangxi Jinke Haimian City Smart Service Co., Ltd.* 江西金科海綿城市智慧服務有限公司	Associate of Jinke Services
Chongqing Jinke Jiefu Education Technology Co., Ltd.* 重慶市金科傑夫教育科技有限公司	Associate of Jinke Services
Nanning Weikai Intelligent Property Services Co., Ltd.* 南寧威凱智慧物業服務有限公司	Associate of Jinke Services
Chongqing Jinrui Smart Life Service Co., Ltd.* 重慶金瑞智慧生活服務有限公司	Associate of Jinke Services
Leshan High-tech Investment Smart City Operation Property Management Co., Ltd.* 樂山高新投智慧城市運營物業管理有限公司	Associate of Jinke Services
Chongqing Jinjia Huike Technology Co., Ltd.* 重慶金家惠客科技有限責任公司	Associate of Jinke Services
Luquan Four Seasons Living Profit Property Management Co., Ltd.* 祿勸四季活利物業管理有限公司	Associate of Jinke Services
Chongqing Jiangnan Jinyue Smart City Operation Management Co., Ltd.* 重慶市江南金悅智慧城市運營管理有限公司	Associate of Jinke Services

* The English name of the related parties represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Provision of services		
– Jinke Property Group	28,060	71,934
– Joint ventures of Jinke Property	5,142	12,549
– Joint ventures and associates of Jinke Services	14,499	2,173
	<u>47,701</u>	<u>86,656</u>
Purchase of goods and services		
– Jinke Property Group	67	237
– Joint ventures of Jinke Property	880	14
– Joint ventures and associates of Jinke Services	19,300	7,585
	<u>20,247</u>	<u>7,836</u>
Interest income from loans to a related party		
– Jinke Property Group	10,128	59,627
– A Joint venture of Jinke Services	866	–
	<u>10,994</u>	<u>59,627</u>
Interest expense for lease liabilities		
– Jinke Property Group	818	1,174
Settlement of lease liabilities		
– Jinke Property Group	7,158	3,891

All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS *(Continued)*

(c) Key management compensation

Compensations for key management other than those for directors and supervisors is set out below.

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Salaries and other short-term employee benefits	3,533	2,389
Share-based payments	2,342	243
Discretionary Bonuses	876	–
Contribution to pension scheme	52	53
	<u>6,803</u>	<u>2,685</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS *(Continued)*

(d) Balances with related parties

	As at 30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2023 <i>RMB'000</i> <i>(Audited)</i>
Trade receivables		
– Jinke Property Group	639,204	617,278
– Joint ventures of Jinke Property	44,364	49,524
– Joint ventures and associates of Jinke Services	14,168	9,512
	<u>697,736</u>	<u>676,314</u>
Bill receivables		
– Jinke Property Group	<u>15,450</u>	<u>15,450</u>
Loans to a related party		
– Jinke Property Group	<u>1,634,644</u>	<u>1,623,908</u>
Other receivables		
– Jinke Property Group (i)	467,529	473,227
– Joint ventures of Jinke Property	6,970	6,963
– Joint ventures and associates of Jinke Services	24,016	30,398
	<u>498,515</u>	<u>510,588</u>
Finance lease receivables		
– An associates of Jinke Services	<u>79,520</u>	<u>79,249</u>
Prepayments		
– Jinke Property Group	<u>4,659</u>	<u>7,184</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS (Continued)

(d) Balances with related parties (Continued)

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables		
– Jinke Property Group	3,006	2,956
– Joint ventures of Jinke Property	–	6
– Joint ventures and associates of Jinke Services	12,883	14,070
	<u>15,889</u>	<u>17,032</u>
Bill Payables		
– A joint venture of Jinke Services	7,718	4,995
	<u>7,718</u>	<u>4,995</u>
Other payables		
– Jinke Property Group	71,689	62,501
– Joint ventures of Jinke Property	1,997	1,514
– Joint ventures and associates of Jinke Services	527	267
	<u>74,213</u>	<u>64,282</u>
Contract liabilities		
– Jinke Property Group	3,397	4,172
– Joint ventures of Jinke Property	685	685
– An associates of Jinke Services	24	3
	<u>4,106</u>	<u>4,860</u>
Guarantee provided		
– Joint ventures of Jinke Services (ii)	53,000	20,000
	<u>53,000</u>	<u>20,000</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

35 RELATED PARTY TRANSACTIONS *(Continued)*

(d) Balances with related parties *(Continued)*

Above trade receivables, bill receivables, trade payables, bill payables and contract liabilities due from/to related parties are trade in nature, while the other receivables and other payables due from/to related parties, except performance guarantee deposits and collection of parking lots sales on behalf of the Jinke Property Group, are non-trade in nature.

Other payables due to related parties are unsecured, interest-free and repayable on demand.

- (i) The balance mainly represented the refundable deposits for proposed acquisition of the entity under common control and for other related party transactions which are trade in nature to Jinke Property Group.
- (ii) For the six months ended 30 June 2024, the Company provided guarantee of RMB33,000,000 for the performance in leasing business of a joint venture of Jinke Services, which leased the entire office building from third party property owner and used for subsequent sublease operation and property management.

36 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this report, there were no other material subsequent events took place after 30 June 2024 and up to the date of this report.

GLOSSARY AND DEFINITION

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

“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China
“Company” or “Jinke Services”	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)
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code contained in Part 2 of 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
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates (within the meaning of the Listing Rules)
“Jinke Property”	Jinke Property Group Co., Ltd.* (金科地產集團股份有限公司), a joint stock company with limited liability established in the PRC on 29 March 1994, listed on the Shenzhen Stock Exchange (stock code: 000656.SZ)
“Jinke Property Group”	Jinke Property and its subsidiaries

GLOSSARY AND DEFINITION

“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
“Period”	the six months ended 30 June 2024
“Prospectus”	the prospectus of the Company dated 5 November 2020
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“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
“US\$”	United States dollars, the lawful currency in the United States of America
“%”	per cent

* For identification purpose only

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