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JINMAO PROPERTY SERVICES CO., LIMITED

金茂物業服務發展股份有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0816)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

HIGHLIGHTS

- For the year ended 31 December 2021, the Group's total revenue was approximately RMB1,515.5 million, representing an increase of approximately RMB571.3 million or 60.5% as compared to that of approximately RMB944.2 million for the year ended 31 December 2020.
- Gross profit of the Group for the year ended 31 December 2021 amounted to approximately RMB470.0 million, representing an increase of approximately 100.2% as compared with approximately RMB234.8 million for the year ended 31 December 2020.
- Profit attributable to the owners of the Company for the year ended 31 December 2021 amounted to approximately RMB179.0 million, representing an increase of approximately 132.2% as compared with approximately RMB77.1 million for the year ended 31 December 2020.
- Adjusted net profit (profit for the year excluding listing expense) of the Group for the year ended 31 December 2021 amounted to approximately RMB195.1 million, representing an increase of 153.0% as compared with approximately RMB77.1 million for the year ended 31 December 2020.
- Earnings per share attributable to ordinary equity holders of the Company for the year ended 31 December 2021 was RMB0.22 per share as compared to RMB0.10 per share for the year ended 31 December 2020.
- As of 31 December 2021, the contracted GFA of the Group was approximately 57.6 million sq.m. and the GFA under management of the Group was approximately 36.4 million sq.m., representing an increase of approximately 42.2% and 105.6%, respectively, as compared to that of 31 December 2020.

The board (the “**Board**”) of directors (the “**Directors**”) of Jinmao Property Services Co., Limited (the “**Company**”) announces the consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”, “**our Group**” or “**we**”) for the year ended 31 December 2021, with comparative figures for the year ended 31 December 2020, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Revenue	4	1,515,525	944,210
Cost of sales		<u>(1,045,491)</u>	<u>(709,421)</u>
Gross profit		470,034	234,789
Other income and gains	4	45,512	74,908
Selling and distribution expenses		(14,688)	(1,808)
Administrative expenses		(209,351)	(134,920)
Other expenses, net		(9,665)	(1,258)
Finance costs	6	<u>(33,707)</u>	<u>(64,186)</u>
Profit before tax	5	248,135	107,525
Income tax expense	7	<u>(69,124)</u>	<u>(30,401)</u>
Profit for the year		<u>179,011</u>	<u>77,124</u>
Attributable to:			
Owners of the parent		177,977	77,124
Non-controlling interests		<u>1,034</u>	<u>–</u>
		<u>179,011</u>	<u>77,124</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted		<u>0.22</u>	<u>0.10</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>179,011</u>	<u>77,124</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the Company	<u>254</u>	<u>–</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u><u>254</u></u>	<u><u>–</u></u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>179,265</u>	<u>77,124</u>
Attributable to:		
Owners of the parent	178,231	77,124
Non-controlling interests	<u>1,034</u>	<u>–</u>
	<u><u>179,265</u></u>	<u><u>77,124</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		54,704	33,615
Investment properties		9,379	10,590
Right-of-use assets		32,473	15,970
Intangible assets		6,392	7,084
Deferred tax assets		4,708	2,457
Other receivables and other assets		2,693	941,593
		<hr/>	<hr/>
Total non-current assets		110,349	1,011,309
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		4,523	5,199
Trade receivables	<i>10</i>	414,477	203,713
Prepayments, other receivables and other assets		267,293	644,196
Prepaid tax		7,513	–
Restricted cash		1,278	–
Cash and cash equivalents		553,619	270,818
		<hr/>	<hr/>
Total current assets		1,248,703	1,123,926
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	<i>11</i>	170,944	112,036
Other payables and accruals		629,830	520,641
Contract liabilities		313,937	206,391
Interest-bearing borrowings		–	144,000
Lease liabilities		8,972	5,572
Tax payable		4,359	22,735
		<hr/>	<hr/>
Total current liabilities		1,128,042	1,011,375
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*31 December 2021*

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
NET CURRENT ASSETS	120,661	112,551
TOTAL ASSETS LESS CURRENT LIABILITIES	231,010	1,123,860
NON-CURRENT LIABILITIES		
Other payables	–	123,657
Interest-bearing borrowings	–	936,992
Lease liabilities	25,342	12,224
Deferred tax liabilities	1,687	1,853
Total non-current liabilities	27,029	1,074,726
Net assets	203,981	49,134
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	66,947	–*
Reserves	128,450	49,134
	195,397	49,134
Non-controlling interests	8,584	–
Total equity	203,981	49,134

* The amount is less than RMB1,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

General Information

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

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

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

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

Prior to the incorporation of the Company and the completion of the reorganisation as described below (the “**Reorganisation**”), the Listing Business was operated through various subsidiaries in the PRC.

In preparation for the listing of the Company’s shares on the Main Board of the Stock Exchange, the Reorganisation was undertaken, pursuant to which the Listing Business was transferred to the Company. For further details with regard to the Reorganisation, please see “History, Reorganisation and Corporate Structure” in the prospectus of the Company dated 25 February 2022 (the “**Prospectus**”).

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements of the Group have been prepared as if the Group had always been in existence throughout both years presented, rather than from the date when the Company became the holding company pursuant to the Reorganisation.

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16
Amendment to HKFRS 16

Interest Rate Benchmark Reform – Phase 2

*Covid-19-Related Rent Concessions beyond 30 June 2021
(early adopted)*

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

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSS

The Group has not applied the following new and revised HKFRSSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework¹</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
HKFRS 17	<i>Insurance Contracts²</i>
Amendments to HKFRS 17	<i>Insurance Contracts^{2,5}</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current^{2,4}</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies²</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates²</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction²</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use¹</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract¹</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 ¹

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ No mandatory effective date yet determined but available for adoption

⁴ As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

⁵ As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Group is in the process of making an assessment of the impact of these new and revised HKFRSSs upon initial application. So far, the Group considers that, these new and revised HKFRSSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

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

Geographical information

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

Information about major customers

For the years ended 31 December 2021, RMB525,971,000 (2020: RMB260,668,000) of revenue were derived from the ultimate holding company and the fellow subsidiaries. Other than the revenue from the ultimate holding company and the fellow subsidiaries, no revenue derived from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the year ended 31 December 2021 (2020: Nil).

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>	1,509,746	940,323
<i>Revenue from other sources</i>		
Gross rental income from investment properties operating leases:		
Fixed lease payments	<u>5,779</u>	<u>3,887</u>
	<u>1,515,525</u>	<u>944,210</u>

Revenue from contracts with customers

Disaggregated revenue information

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<u>Types of services</u>		
Property management services	823,229	567,481
Value-added services to non-property owners	539,271	294,401
Community value-added services	<u>147,246</u>	<u>78,441</u>
Total revenue from contracts with customers	<u>1,509,746</u>	<u>940,323</u>

An analysis of other income and gains is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<u>Other income and gains</u>		
Bank interest income	3,433	1,313
Loan interest income	32,408	63,750
Tax incentives on value-added tax	7,042	5,458
Government grants	2,102	3,364
Others	<u>527</u>	<u>1,023</u>
	<u>45,512</u>	<u>74,908</u>

5. PROFIT BEFORE TAX

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of services provided	1,045,491	709,421
Depreciation of property, plant and equipment	9,631	5,369
Depreciation of right-of-use assets	9,253	3,750
Amortisation of intangible assets	3,102	1,795
Listing expenses	16,048	–
Auditors' remuneration	254	137
Fair value loss on investment properties*	1,211	1,050
Loss on disposal of items of property, plant and equipment, net*	510	17
Penalties* [^]	3,384	15
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	385,251	308,755
Pension scheme contributions	35,243	5,323
Equity-settled share option expense	1,237	3,185
	<u>421,731</u>	<u>317,263</u>
Impairment losses/(write-back of impairment losses) of financial assets*:		
– Trade receivables	2,262	372
– Other receivables	1,831	(196)
Rental expense		
Short-term leases and low-value leases	9,663	8,473
Impairment of inventories*	<u>467</u>	<u>–</u>

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

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

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on other borrowings	32,737	63,750
Interest on lease liabilities	970	436
	<u>33,707</u>	<u>64,186</u>

7. INCOME TAX

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

The income tax provision of the Group in respect of its operation in Mainland China was calculated at the tax rate of 25% on the assessable profits for the reporting period, if applicable, based on the existing legislation, interpretations and practice in respect thereof.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current	71,541	31,384
Deferred	<u>(2,417)</u>	<u>(983)</u>
Total tax charge for the year	<u><u>69,124</u></u>	<u><u>30,401</u></u>

8. DIVIDENDS

No dividends have been paid or declared by board of directors of the Company during the year ended 31 December 2021.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 800,000,000 (2020: 800,000,000) in issue during the year, as adjusted for the assumption that 799,999,998 ordinary shares of the Company issued under the bonus issue occurred after the reporting period, as if these additional shares issued under the bonus issue had been completed throughout the years ended 31 December 2021 and 2020.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	<u>177,977</u>	<u>77,124</u>
Shares	Number of shares	
	2021	2020
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	800,000,000	800,000,000

On 10 March 2022, the shares of the Company were listed on the Stock Exchange, and in connection with the Company's listing, 101,411,500 new shares of the Company were issued and allotted at the offer price of HK\$8.14 per share. The transactions occur after the end of the reporting period and that would have changed significantly the number of ordinary shares of the Company outstanding at the end of the reporting period if those transactions had occurred before the end of the reporting period.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

10. TRADE RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Related parties	281,135	129,148
Third parties	<u>139,225</u>	<u>78,186</u>
Trade receivables	<u>420,360</u>	<u>207,334</u>
Less: allowance for impairment of trade receivables	<u>(5,883)</u>	<u>(3,621)</u>
	<u>414,477</u>	<u>203,713</u>

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

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

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 year	377,319	172,392
1 to 2 years	22,743	26,192
2 to 3 years	11,247	2,667
Over 3 years	<u>3,168</u>	<u>2,462</u>
	<u>414,477</u>	<u>203,713</u>

11. TRADE PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables		
– Related parties	4,440	687
– Third parties	<u>166,504</u>	<u>111,349</u>
	<u>170,944</u>	<u>112,036</u>

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 year	163,366	107,183
1 to 2 years	4,106	1,459
2 to 3 years	532	1,665
More than 3 years	<u>2,940</u>	<u>1,729</u>
	<u>170,944</u>	<u>112,036</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

We are a fast-growing upscale property management and city operation service provider in China. According to China Index Academy, we are an industry-leading company in terms of multiple indicators in the three dimensions of scope of service, service standards and service fees. In 2021, we were ranked the 17th among the “Top 100 Property Management Companies in China” (“中國物業服務百強企業”) by overall strength, and were recognized as a “Leading Enterprise in Property Technology Empowerment in China” (“中國物業科技賦能領先企業”) and a “Leading Enterprise in Smart City Services in China” (“中國智慧城市服務領先企業”), according to China Index Academy. We were ranked first in the “2021 Top 10 High-End Property Service Force Enterprises in China” (“2021 高端物業服務力 TOP10 企業”), according to CRIC Research.

Our history can be traced back to 1993 when we was established as a subsidiary of Sinochem Group Co., Ltd to provide property management services in Beijing, the PRC for properties developed by the predecessor of China Jinmao Holdings Group Limited (“**China Jinmao**”) and its subsidiaries. China Jinmao, our controlling shareholder, is a leading comprehensive property developer in China, and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”, stock code: 00817). Over the years, we provide a full spectrum of property management services to a broad range of properties, and we have established a nationwide business in China, with a strong focus on high-end properties in core cities. As of 31 December 2021, our total contracted gross floor area (“**GFA**”) reached approximately 57.6 million sq.m., covering 48 cities across 22 provinces, municipalities and autonomous regions in China, and we managed 175 properties in China with a total GFA under management of approximately 36.4 million sq.m., including 113 residential communities and 62 non-residential properties.

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

Future Outlook

We will continue to focus on selecting major cities for our further growth and development. We will strive to develop and enhance our systemic capability of providing premium services and to enhance our branding in the industry. Moving towards lean management and technology empowerment, we aim to further expand our community value-added services and promote our city operation services. We strive to become one of the most competitive upscale comprehensive property management and city operation service providers in China. Our Group plans to strengthen our position in the property management service industry by implementing the following strategies:

- (i) Further expand and diversify our portfolio under management through various channels, achieving economies of scale.
- (ii) Continue to focus on selected major cities with high growth potential, optimize our premium services and further improve our brand recognition and influence.
- (iii) Further develop a wide variety of distinguished new value-added services to diversify our sources of income and to increase our customer loyalty.
- (iv) Continue to enhance our technological capabilities, thereby increasing service quality and operational efficiency.
- (v) Continue to improve our talent training and incentive mechanisms to support sustainable and rapid growth of our business.

FINANCIAL REVIEW

Revenue

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

The following table sets out the breakdown of our total revenue by business lines for the years ended 31 December 2021 and 2020 respectively:

	2021		2020		Changes
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	%
Property management services	823,229	54.3	567,481	60.1	45.1
Value-added services to non-property owners	539,271	35.6	294,401	31.2	83.2
Community value-added services ⁽¹⁾	153,025	10.1	82,328	8.7	85.9
Total	<u>1,515,525</u>	<u>100.0</u>	<u>944,210</u>	<u>100.0</u>	60.5

Note:

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

Revenue from property management services increased by approximately 45.1% to approximately RMB823.2 million in 2021 from approximately RMB567.5 million in 2020. This increase was mainly attributable to an increase in our GFA under management, which increased to approximately 36.4 million sq.m. as of 31 December 2021 from approximately 17.7 million sq.m. as of 31 December 2020, as a result of our business expansion.

Revenue from value-added services to non-property owners increased by approximately 83.2% to approximately RMB539.3 million in 2021 from approximately RMB294.4 million in 2020. The increase was primarily due to the increase in revenue from the preliminary planning and design services and post-delivery services as we have expanded our service offerings.

Revenue from community value-added services increased by approximately 85.9% to approximately RMB153.0 million in 2021 from approximately RMB82.3 million in 2020. This increase was primarily due to (i) an increase in the number of properties under our management as a result of our expansion of business scale, which increased to 175 as of 31 December 2021 from 97 as of 31 December 2020; and (ii) increased revenue from community space operation services and community living services, as a result of the increased GFA under our management, which increased to approximately 36.4 million sq.m. as of 31 December 2021 from approximately 17.7 million sq.m. as of 31 December 2020.

Cost of sales

Cost of sales increased by approximately 47.4% to approximately RMB1,045.5 million for the year ended 31 December 2021 from approximately RMB709.4 million for the year ended 31 December 2020. Such increase was in line with our growth in revenue for the year and was primarily due to the increase in the number of properties under our management.

Gross profit and gross profit margin

Gross profit increased by approximately 100.2% to approximately RMB470.0 million for the year ended 31 December 2021 from approximately RMB234.8 million for the year ended 31 December 2020. Our overall gross profit margin increased to approximately 31.0% for the year ended 31 December 2021 from approximately 24.9% for the year ended 31 December 2020 primarily due to the contribution from our new value-added service offerings such as preliminary planning and design services and post-delivery services which typically generate a higher profit margin.

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

	2021		2020	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Property management services	149,941	18.2	100,978	17.8
Value-added services to non-property owners	258,491	47.9	101,170	34.4
Community value-added services ⁽¹⁾	61,602	40.3	32,641	39.6
Total	<u>470,034</u>	31.0	<u>234,789</u>	24.9

Note:

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

Gross profit margin for property management services increased slightly to approximately 18.2% for the year ended 31 December 2021 from approximately 17.8% for the year ended 31 December 2020, primarily attributable to our enhanced economies of scale and improved cost-saving measures and operational efficiency.

Gross profit margin for value-added services to non-property owners increased to approximately 47.9% for the year ended 31 December 2021 from approximately 34.4% for the year ended 31 December 2020 primarily due to the expanded service offerings including preliminary planning and design services and post-delivery services, which typically generate higher profit margins compared to other value added services we offered to the non-property owners.

Gross profit margin for community value-added services increased slightly to approximately 40.3% for the year ended 31 December 2021 from approximately 39.6% for the year ended 31 December 2020, primarily due to an increase in revenue contribution from community space operation services which generally generate a higher gross profit margin as we can utilize our existing resources from the provision of property management services and incur less direct cost, in particular, staff cost.

Other income and gains

Other income and gains include (i) bank interest income; (ii) loan interest income; (iii) tax incentives on value-added tax; (iv) government grants; and (v) others such as late fees charged to customers who failed to make timely payments. Our other income and gains decreased by approximately RMB29.4 million or 39.3% from approximately RMB74.9 million for the year ended 31 December 2020 to approximately RMB45.5 million for the year ended 31 December 2021. Such decrease was mainly due to the decreased loan interest income as a subsidiary of China Jinmao repaid a loan extended by us using the proceeds from the asset-based securities (“ABS”) arrangement entered into by us in 2018.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 716.7% to approximately RMB14.7 million for the year ended 31 December 2021 from approximately RMB1.8 million for the year ended 31 December 2020. The significant increase was because (i) we incurred less selling and distribution expenses in 2020 as a result of the decreased selling and marketing activities during the COVID-19 outbreak in 2020; and (ii) the number of our selling distribution staff increased by approximately 364.3% from 14 as of 31 December 2020 to 65 as of 31 December 2021, which was in line with our increased efforts to expand business into properties developed by independent third parties starting from 2021.

Administrative expenses

Administrative expenses increased by approximately 55.2% to approximately RMB209.4 million for the year ended 31 December 2021 from approximately RMB134.9 million for the year ended 31 December 2020. This increase was mainly attributable to (i) an increase in staff costs primarily as a result of our business expansion, and (ii) an increase in our listing expenses of approximately RMB16.0 million.

Finance costs

Finance costs decreased by approximately 47.5% to approximately RMB33.7 million for the year ended 31 December 2021 from approximately RMB64.2 million for the year ended 31 December 2020. This decrease was primarily due to the decreased interest on the ABS arrangement entered into by us in 2018 as we have repaid the principal during the year ended 31 December 2021.

Income tax expenses

Income tax expenses increased by approximately 127.3% to approximately RMB69.1 million for the year ended 31 December 2021 from approximately RMB30.4 million for the year ended 31 December 2020. This increase was primarily attributable to an increase in pre-tax profit to approximately RMB248.1 million for the year ended 31 December 2021 from approximately RMB107.5 million for the year ended 31 December 2020.

Profit for the year

As a result of the foregoing, our profit for the year increased by approximately 132.2% to approximately RMB179.0 million for the year ended 31 December 2021 from approximately RMB77.1 million for the year ended 31 December 2020 and net profit margin increased to approximately 11.8% for the year ended 31 December 2021 from approximately 8.2% for the year ended 31 December 2020.

Property, plant and equipment

Property, plant and equipment mainly consists of electronic equipment, leasehold improvements, and furniture and office equipment. Property, plant and equipment increased from approximately RMB33.6 million as of 31 December 2020 to approximately RMB54.7 million as of 31 December 2021, primarily due to the procurement of electronic equipment, office equipment and IoT equipment for our business operations.

Investment properties

Our investment properties consist of car park spaces owned by our wholly-owned subsidiary Nanjing Ninggao International Property Consultancy Co., Ltd. Our investment properties decreased from approximately RMB10.6 million as of 31 December 2020 to approximately RMB9.4 million as of 31 December 2021 mainly due to the decreased fair value of the car park spaces as the remaining term of the lease agreement was shortened over a period of time.

Right-of-use assets

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by us. Assets arising from a lease are initially measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The right-of-use asset is depreciated over the shorter of the estimated asset's useful life and the lease term on a straight-line basis. Our right-of-use assets increased from approximately RMB16.0 million as of 31 December 2020 to approximately RMB32.5 million as of 31 December 2021, mainly due to the increased number of property leases as a result of the increasing demand for employee dormitories and office properties as we expanded our business.

Intangible assets

Our intangible assets comprise software, information technology infrastructure and other smart management systems for properties under our management. Our intangible assets decreased from approximately RMB7.1 million as of 31 December 2020 to approximately RMB6.4 million as of 31 December 2021 mainly due to amortization during the year.

Inventories

Our inventories mainly comprise consumables, spare parts and general merchandise. The decrease from approximately RMB5.2 million as of 31 December 2020 to approximately RMB4.5 million as of 31 December 2021 was primarily attributable to the impairment of long-aged inventory amounting to approximately RMB0.5 million.

Trade receivables

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

Our trade receivables from related parties are primarily related to value-added services to non-property owners, the balances of which increased from approximately RMB129.1 million as of 31 December 2020 to approximately RMB281.1 million as of 31 December 2021 along with the increase in revenue from our value-added services to non-property owners. Our trade receivables from third parties are primarily related to property management fees and the balances of which increased from approximately RMB78.2 million as of 31 December 2020 to approximately RMB139.2 million as of 31 December 2021. This was mainly attributable to an increase in our property management revenue as we expanded our business with an increase in our GFA under management during the year ended 31 December 2021.

Prepayments, other receivables and other assets

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

We had current portion of prepayments, other receivables and other assets of approximately RMB644.2 million and approximately RMB267.3 million as of 31 December 2020 and 2021, respectively. Such decrease was primarily attributable to the settlement of the balances due from related parties. Non-current portion of other receivables and other assets decreased from approximately RMB941.6 million as of 31 December 2020 to approximately RMB2.7 million as of 31 December 2021 mainly attributable to repayment of approximately RMB937.0 million due from related parties.

Trade payables

Trade payables primarily represent our obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. The increase in trade payables to third parties from approximately RMB111.3 million as of 31 December 2020 to approximately RMB166.5 million as of 31 December 2021 was primarily due to the expansion of our business, reflecting an increase in the procurement of security and cleaning services and facilities and equipment maintenance services. Trade payables to related parties were in relation to procurement of information technology services, dining services and other goods and services from related parties.

Other payables and accruals

Other payables and accruals represent (i) amounts due to related parties; (ii) receipts on behalf of residents and tenants; (iii) deposits and temporary receipts primarily in relation to bidding and renovation; (iv) payroll and welfare payables; (v) other tax payables, and (vi) other payables relating to stored value cards that employees use in cafeterias. Our other payables and accruals amounted to approximately RMB629.8 million and RMB644.3 million as at 31 December 2021 and 31 December 2020, respectively. The dividend payable included in non-current other payables as of 31 December 2020 was reclassified to amounts due to related parties in current other payables as of 31 December 2021 according to the resolutions of the board of directors of Sinochem Jinmao Property Management (Beijing) Co., Ltd on 23 November 2021.

Indebtedness

As at 31 December 2021, we had no outstanding borrowings (31 December 2020: RMB1,081.0 million). Our Group did not have any banking facilities as at 31 December 2021 and we had lease liabilities of approximately RMB34.3 million as at 31 December 2021 (31 December 2020: RMB17.8 million).

Contingent liabilities

As at 31 December 2021, we did not have any outstanding guarantees or other material contingent liabilities.

Pledge of assets

As at 31 December 2021, none of the assets of our Group was pledged.

Capital commitment and capital expenditure

As at 31 December 2021, the Group did not have any capital commitment.

The Group's capital expenditure for the year ending 31 December 2022 is expected to be financed mainly by proceeds from the Global Offering (as defined below) and working capital generated from the operating activities of the Group.

Liquidity and capital resources

The Group has adopted comprehensive treasury policies and internal control measures to review and monitor its financial resources and has maintained stable financial condition and sufficient liquidity throughout.

As at 31 December 2021, the Group's cash and cash equivalents amounted to approximately RMB553.6 million, representing an increase of approximately 104.4% as compared with approximately RMB270.8 million as at 31 December 2020. This was primarily attributable to the increased net cash flows from operating activities as a result of our expansion of business scale. The Group's net cash flows from operating activities increased to approximately RMB347.4 million for the year ended 31 December 2021 from approximately RMB136.2 million for the year ended 31 December 2020.

As of 31 December 2021, the Group had no bank borrowings (31 December 2020: RMB144.0 million of current interest-bearing borrowing and approximately RMB937.0 million of non-current interest-bearing borrowing). The management believes that the Group's financial resources and future revenue will be sufficient to support the current working capital requirement and future expansion of the Group.

Use of proceeds from the Global Offering

The Company was successfully listed on the Main Board of the Stock Exchange following the completion of issue of 101,411,500 new shares. After deducting the underwriting fees and relevant expenses, assuming the over-allotment option is not exercised, net proceeds from the Global Offering amounted to approximately HK\$759.6 million. Since the Listing on the Stock Exchange only took place on 10 March 2022 (the "**Listing Date**"), the net proceeds have not been used. Such proceeds will be applied in the manner consistent with that in the prospectus of the Company dated 25 February 2022 (the "**Prospectus**"):

- approximately 55% will be used to pursue selective strategic investment and acquisition opportunities with companies engaged in property management, city operation services and/or community operations and to expand our business scale and solidify our leading industry position;
- approximately 22% will be used to upgrade our systems for smart management services and for the development of our smart communities and smart city solutions, aiming to offer a higher-quality living experience with more convenience for our property owners and residents and further enhance cost efficiency for our property management and city operation services;
- approximately 13% will be used to further develop our community value-added services in an effort to diversify our service offering and enhance profitability; and
- approximately 10% will be used for working capital and general corporate purpose.

The over-allotment option will expire on 1 April 2022. As at the date of this announcement, over-allotment option has not been exercised. If the over-allotment option is exercised in full, we will receive additional net proceeds of approximately HK\$120.8 million for 15,211,500 offer shares to be issued upon the exercise of the over-allotment option.

The net proceeds is currently held in bank deposits and it is intended that it will be applied in the manner consistent with the proposed allocations in the Prospectus. For further information, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the “**2021 AGM**”) will be held on Thursday, 2 June 2022 and the notice of 2021 AGM will be published and despatched to the shareholders in the manner as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) in due course.

DIVIDEND

No dividend was recommended by the Board for the year ended 31 December 2021.

AUDIT COMMITTEE

The audit committee of the Company, comprising Dr. Chen Jieping as chairman as well as Mr. Sincere Wong and Ms. Qiao Xiaojie as members, has reviewed, together with the participation of the management, the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the annual results and the consolidated financial statements of the Group for the year ended 31 December 2021.

AUDITORS

The auditors for the consolidated financial statements of our Group for the year ended 31 December 2021 is Ernst & Young. The Board proposed to re-appoint them as the Company’s auditors for the year 2022 and a resolution for their re-appointment as the auditors of our Company will be proposed at the 2021 AGM.

SCOPE OF WORK OF AUDITORS ON ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Company’s auditors, Ernst & Young, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

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

As the Company’s shares were not listed on the Stock Exchange as at 31 December 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2021.

SUFFICIENCY OF PUBLIC FLOAT

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had 2,658 full-time employees (as at 31 December 2020: 1,897 full-time employees). For the year ended 31 December 2021, the total staff costs were approximately RMB0.4 billion (2020: approximately RMB0.3 billion).

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

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

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

As at 31 December 2021, save for the right-of-use assets recognised as investment properties in accordance with HKFRS 16 in respect of various lease agreements, details of which are set out in the Prospectus, the Group has no other significant investments or significant acquisitions, and has no disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2021.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

On 10 March 2022, the Company was listed on the Main Board of the Stock Exchange with the global offering of ordinary shares of the Company, including, a public offering in Hong Kong of 10,142,000 shares and an international offering of 91,269,500 shares, in each case at a price of HK\$8.14 per share (collectively the "Global Offering"). The net proceeds from the Global Offering, assuming that the over-allotment option is not exercised, amounting to approximately HK\$759.6 million (after deduction of underwriting fees and commissions and other estimated expenses in connection with the Global Offering).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 30 May 2022 to Thursday, 2 June 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. For the purpose of determining the entitlement to attend and vote at the 2021 AGM, all transfer document accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Friday, 27 May 2022.

CORPORATE GOVERNANCE CODE

As the Company was not a listed company during the year ended 31 December 2021, the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”) was not applicable to the Company during that period, but has been applicable to the Company since the Listing Date. The Board has reviewed the Company’s corporate governance practices and is satisfied that the Company has been in compliance with code provisions set out in the Corporate Governance Code since the Listing Date.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding Directors’ dealings in the securities of the Company. As the Company’s shares were not listed on the Stock Exchange during the year ended 31 December 2021, related rules under the Model Code that Directors shall observe do not apply to the Company for the year ended 31 December 2021. The Company has made specific enquiry to all Directors and all Directors have confirmed that they have complied with the Model Code since the Listing Date.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jinmaowy.com). The annual report of the Company for the year ended 31 December 2021 containing all the information required by the Listing Rules will be despatched to the Company’s shareholders and available on the above websites in due course.

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

Hong Kong, 25 March 2022

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