JINMAO PROPERTY SERVICES CO., LIMITED
金 茂 物 業 服 務 發 展 股 份 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00816)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

HIGHLIGHTS

- For the six months ended 30 June 2023, the Group's total revenue was approximately RMB1,353.3 million, representing an increase of approximately RMB256.4 million or 23.4% as compared to that of approximately RMB1,096.9 million for the six months ended 30 June 2022.

- Gross profit of the Group for the six months ended 30 June 2023 amounted to approximately RMB357.4 million, representing an increase of approximately 0.4% as compared with approximately RMB356.0 million for the six months ended 30 June 2022.

- Profit of the Group for the six months ended 30 June 2023 amounted to approximately RMB148.5 million, representing a decrease of approximately 12.9% as compared with approximately RMB170.5 million for the six months ended 30 June 2022.

- Earnings per share attributable to ordinary equity holders of the Company for the six months ended 30 June 2023 was approximately RMB0.16 per share as compared to approximately RMB0.20 per share for the six months ended 30 June 2022.

- As of 30 June 2023, the contracted GFA of the Group was approximately 94.5 million sq.m. and the GFA under management of the Group was approximately 71.0 million sq.m., representing an increase of approximately 35.8% and 56.0%, respectively, as compared to that of 30 June 2022.

The board (the "**Board**") of directors (the "**Directors**") of Jinmao Property Services Co., Limited (the "**Company**" or "**our Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**", "**our Group**" or "**we**") for the six months ended 30 June 2023 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	**Six months ended 30 June 2023** *RMB'000* *(unaudited)*	2022 *RMB'000* *(unaudited)*
Revenue	*4*	**1,353,342**	1,096,888
Cost of sales		**(995,987)**	(740,852)
Gross profit		**357,355**	356,036
Other income and gains	*4*	**13,184**	8,915
Selling and distribution expenses		**(23,680)**	(17,930)
Administrative expenses		**(135,243)**	(116,937)
Other expenses		**(11,892)**	(7,264)
Finance costs		**(2,123)**	(565)
Profit before tax	*5*	**197,601**	222,255
Income tax expense	*6*	**(49,081)**	(51,730)
Profit for the period		**148,520**	170,525
Attributable to:			
Owners of the parent		**145,829**	169,153
Non-controlling interests		**2,691**	1,372
		148,520	170,525
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted (RMB)		**0.16**	0.20

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
PROFIT FOR THE PERIOD	**148,520**	170,525
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the Company	**(2,163)**	11,237
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**(2,163)**	11,237
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**146,357**	181,762
Attributable to:		
Owners of the parent	**143,666**	180,390
Non-controlling interests	**2,691**	1,372
	146,357	181,762

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	**30 June 2023** ***RMB'000*** ***(unaudited)***	31 December 2022 *RMB'000* *(audited)*
NON-CURRENT ASSETS			
Property, plant and equipment		**90,936**	90,507
Investment properties		**96,216**	94,207
Right-of-use assets		**24,412**	28,330
Goodwill		**249,122**	249,122
Intangible assets		**88,256**	91,713
Deferred tax assets		**9,274**	6,111
Other assets		**1,233**	1,238
		559,449	561,228
CURRENT ASSETS			
Inventories		**4,832**	4,391
Trade receivables	*9*	**1,030,269**	778,562
Prepayments, other receivables and other assets		**808,483**	611,460
Prepaid tax		**11,549**	27,280
Restricted cash		**1,169**	1,649
Cash and cash equivalents		**1,075,504**	1,018,958
		2,931,806	2,442,300
CURRENT LIABILITIES			
Trade payables	*10*	**594,803**	456,084
Other payables and accruals		**753,535**	664,286
Contract liabilities		**478,369**	370,373
Lease liabilities		**19,567**	15,664
Dividends payable		**141,720**	–
Tax payable		**25,993**	26,185
		2,013,987	1,532,592
NET CURRENT ASSETS		**917,819**	909,708
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,477,268**	1,470,936

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 30 June 2023

	30 June 2023 *RMB'000* *(unaudited)*	31 December 2022 *RMB'000* *(audited)*
NON-CURRENT LIABILITIES		
Lease liabilities	**82,081**	84,875
Deferred tax liabilities	**25,220**	25,835
	107,301	110,710
Net assets	**1,369,967**	1,360,226
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	**839,529**	839,529
Reserves	**510,694**	503,644
	1,350,223	1,343,173
Non-controlling interests	**19,744**	17,053
Total equity	**1,369,967**	1,360,226

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. CORPORATE AND GROUP 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 period, the Company and its subsidiaries (collectively the "**Group**") were involved in the provision of property management services and value-added services to non-property owners and community value-added services in the People's Republic of China (the "**PRC**").

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

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

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with HKAS 34 *Interim Financial Reporting.* The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

The financial information relating to the year ended 31 December 2022 that is included in the interim condensed consolidated statement of financial position as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company's auditors have reported on the financial statements for the year ended 31 December 2022. The auditor's report was unqualified; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

HKFRS 17	*Insurance Contracts*
Amendments to HKFRS 17	*Insurance Contracts*
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

(d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

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

Geographical information

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

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Revenue from contracts with customers	**1,347,053**	1,093,856
Revenue from other sources		
Gross rental income from investment properties operating leases:		
Fixed lease payments	**6,289**	3,032
	1,353,342	1,096,888

Revenue from contracts with customers

Disaggregated revenue information

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Types of services		
Property management services	**749,840**	540,667
Value-added services to non-property owners	**223,571**	310,375
Community value-added services	**373,642**	242,814
Total revenue from contracts with customers	**1,347,053**	1,093,856

An analysis of other income and gains is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Other income and gains		
Bank interest income	**6,147**	4,721
Fair value gain on investment properties	**2,009**	–
Tax incentives on value-added tax	**2,919**	2,032
Government grants	**1,956**	1,527
Others	**153**	635
	13,184	8,915

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Cost of services provided	**893,264**	695,059
Cost of goods sold	**102,723**	45,793
Depreciation of property, plant and equipment	**7,383**	7,566
Depreciation of right-of-use assets	**4,948**	5,122
Amortisation of intangible assets	**6,466**	2,611
Listing expenses	**–**	12,644
Fair value loss /(gain) on investment properties	**(2,009)**	436
Loss on disposal of property, plant and equipment, net	**31**	51
Impairment losses of financial assets:		
– Trade receivables	**9,909**	657
– Other receivables	**225**	1,136
Exchange differences, net	**865**	1,361
Rental expense		
Short-term leases and low-value leases	**5,963**	6,083

6. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2022: Nil).

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Current	**52,859**	51,840
Deferred	**(3,778)**	(110)
Total tax charge for the period	**49,081**	51,730

7. DIVIDENDS

Pursuant to the board of directors' resolution, the board did not recommend the payment of an interim dividend for the six-month period ended 30 June 2023 (six months ended 30 June 2022: Nil).

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 904,189,000 (six months ended 30 June 2022: 864,489,239) in issue during the six months ended 30 June 2023.

The weighted average number of ordinary shares during the six months ended 30 June 2022 was adjusted to reflect those 799,999,998 ordinary shares of the Company issued under the bonus issue occurred on 9 March 2022, as if the issuance of these additional shares under the bonus issue had been completed throughout the six months ended 30 June 2022.

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**145,829**	169,153

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2023 and 2022.

9. TRADE RECEIVABLES

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Related parties	**377,109**	401,597
Third parties	**679,257**	393,153
Trade receivables	**1,056,366**	794,750
Less: allowance for impairment of trade receivables	**(26,097)**	(16,188)
	1,030,269	778,562

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

	30 June 2023 *RMB'000* *(unaudited)*	31 December 2022 *RMB'000* *(audited)*
Within 1 year	**829,379**	690,550
1 to 2 years	**169,544**	74,873
2 to 3 years	**24,243**	6,267
Over 3 years	**7,103**	6,872
	1,030,269	778,562

10. TRADE PAYABLES

	30 June 2023 *RMB'000* *(unaudited)*	31 December 2022 *RMB'000* *(audited)*
Trade payables		
– Related parties	**3,335**	4,629
– Third parties	**591,468**	451,455
	594,803	456,084

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

	30 June 2023 *RMB'000* *(unaudited)*	31 December 2022 *RMB'000* *(audited)*
Within 1 year	**568,938**	433,224
1 to 2 years	**21,175**	16,578
2 to 3 years	**2,143**	3,877
Over 3 years	**2,547**	2,405
	594,803	456,084

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. We were ranked the 15th among the "Top 100 Property Management Companies in China" ("**中國物業服務百強企業**") by overall strength, and were recognised as a "Leading Enterprise in High-end Property Service in China" ("**中國高端物業服務領先企業**") and a "Leading Enterprise in Smart City Services in China" ("**中國智慧城市服務領先企業**"). We were ranked first in terms of growth rate of listed property enterprise in China in 2023 (**2023 中國上市物企增長速度第一名**) and in terms of growth potential of listed property management companies in China in 2023 (中國物業服務上市公司成長潛力第一名), according to China Property Think Tank (中物智庫) and China Index Academy.

Our history can be traced back to 1993 when we were 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 30 June 2023, our total contracted gross floor area (the "**GFA**") reached approximately 94.5 million sq.m., covering 75 cities across 23 provinces, municipalities and autonomous regions in China, and we managed 443 properties in China with a total GFA under management of approximately 71.0 million sq.m., including 276 residential communities and 167 non-residential properties.

Our property management services cover a wide range of property types, including residential communities, commercial and office properties primarily comprising office buildings and shopping malls, as well as public properties such as schools, government facilities and other public spaces. In addition to property management services, we also provide value-added services to non-property owners, including sales assistance services to property developers, consultancy, smart park, household repair 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

In the second half of 2023, it is expected that the macroeconomic policies will further strengthen the economic recovery, and the demand for high-quality property management and comprehensive facility services from market players such as society, residents and enterprises will also grow steadily. The property management industry will shift from the development logic of scale first to the sustainable development of pursuing long-term value. The structural contradiction between excess supply and insufficient high-quality supply in the industry will bring sustainable development opportunities for the Group, which has been focusing on its long-term quality-leading strategy. The Company will firmly adhere to its strategy and insist on excellent quality, quality growth, high efficiency and market recognition as our development approach.

First of all, we will adhere to the customer-centric approach, continue to consolidate the customer experience management system and quality management system, increase service innovation and R&D, and maintain our leading role in high-end property management and urban operation services sector. Secondly, we will further develop high-quality communities, commercial and office projects and government and enterprise customers in core cities, and continue to expand the market by our service quality and reputation influence; further expand the scope and speed of Sinochem Holdings Corporation Ltd.'s industrial ancillary services; and continued to explore the range of urban operation services, and promote the revenue growth of urban operation service projects under management through "re-negotiation". Thirdly, we will continue to improve the demand analysis models and types of service for residents, enterprises and urban service customers, strengthen the research and development capabilities of value-added service products and supply chain management, and create more sustainable and competitive service products. Fourthly, we will firmly invest in digitalisation. With our data sharing and mature technology, we will continue to promote resource sharing, company platform and service intelligence, and further delegation to front-line staff, enhance the delivery of customer service and company management to improve efficiency. Fifthly, we will establish an excellent operation system. On the basis of sufficient market benchmarking, we will review and refine our operation standard, business process, system documents and supporting tools, improve the rolling forecast and enhance the possibility of success as to improve our quality and efficiency. Sixthly, we will take advantage of our ESG management, fulfil its commitment to energy conservation, emission reduction and community friendliness, while protecting the good life and career development of the Company and customers with high-level security management.

FINANCIAL REVIEW

Revenue

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

The following table sets out the breakdown of our total revenue by business lines for the six months ended 30 June 2023 and 2022 respectively:

	For the six months ended 30 June				
	2023		2022		**Changes**
	RMB'000	*%*	*RMB'000*	*%*	*%*
Property management services	**749,840**	**55.4**	540,667	49.3	**38.7**
Value-added services to non-property owners	**223,571**	**16.5**	310,375	28.3	**-28.0**
Community value-added services[1]	**379,931**	**28.1**	245,846	22.4	**54.5**
Total	**1,353,342**	**100.0**	1,096,888	100.0	**23.4**

Note:

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

Revenue from property management services increased by approximately 38.7% to approximately RMB749.8 million for the six months ended 30 June 2023 from approximately RMB540.7 million for the six months ended 30 June 2022. This increase was mainly attributable to an increase in our GFA under management, which increased to approximately 71.0 million sq.m. as of 30 June 2023 from approximately 45.5 million sq.m. as of 30 June 2022, as a result of our business expansion.

Revenue from value-added services to non-property owners decreased by approximately 28.0% to approximately RMB223.6 million for the six months ended 30 June 2023 from approximately RMB310.4 million for the six months ended 30 June 2022. The decrease was primarily due to the decrease in revenue from the preliminary planning and design services and post-delivery services.

Revenue from community value-added services increased by approximately 54.5% to approximately RMB379.9 million for the six months ended 30 June 2023 from approximately RMB245.8 million for the six months ended 30 June 2022. This increase was primarily due to (i) the increase in revenue from platform services for interior decoration by approximately 113.7% from approximately RMB48.2 million for the six months ended 30 June 2022 to approximately RMB103.0 million for the six months ended 30 June 2023 as a result of our efforts in expanding the service team of platform services for interior decoration to explore existing businesses and expand various product types regarding platform services for interior decoration during the period; (ii) the increased revenue from real estate brokerage services, which increased from approximately RMB46.9 million for the six months ended 30 June 2022 to approximately RMB85.4 million for the six months ended 30 June 2023, representing a rise of 82.1%; and (iii) an increase in the number of properties under our management as a result of our expansion of business scale, with revenue from community space operation services increased by approximately 37.5% to RMB117.8 million for the six months ended 30 June 2023 from approximately RMB85.7 million for the six months ended 30 June 2022.

Cost of sales

Cost of sales increased by approximately 34.4% to approximately RMB996.0 million for the six months ended 30 June 2023 from approximately RMB740.9 million for the six months ended 30 June 2022. Such increase was in line with our growth in revenue for the period 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 0.4% to approximately RMB357.4 million for the six months ended 30 June 2023 from approximately RMB356.0 million for the six months ended 30 June 2022. For the six months ended 30 June 2023, the gross profit margin decreased by approximately 6.1 percentage points to approximately 26.4% for the six months ended 30 June 2023 from approximately 32.5% for the six months ended 30 June 2022, due to the decrease in revenue in the preliminary planning and design services and post-delivery services with higher gross profit margin.

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

	For the six months ended 30 June			
	2023		2022	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*
Property management services	**125,156**	**16.7**	92,782	17.2
Value-added services to non-property owners	**84,957**	**38.0**	148,367	47.8
Community value-added services[1]	**147,242**	**38.8**	114,887	46.7
	357,355	**26.4**	356,036	32.5

Note:

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

Gross profit margin for property management services was approximately 17.2% and 16.7%, respectively, for the six months ended 30 June 2022 and 30 June 2023, and such decrease was primarily due to the increase of cleaning, greening and maintenance costs in order to enhance our service quality during the period.

Gross profit margin from value-added services to non-property owners decreased to approximately 38.0% for the six months ended 30 June 2023 from approximately 47.8% for the six months ended 30 June 2022, primarily due to the decrease in revenue from the preliminary planning and design services and post-delivery services, which generally resulted in higher profit margins as compared to other value-added services we provided to the non-property owners.

Gross profit margin for community value-added services decreased to approximately 38.8% for the six months ended 30 June 2023 from approximately 46.7% for the six months ended 30 June 2022, primarily due to the significant expansion in scale of community value-added services during the period, which resulted in the increase in staffing and resources expenditures.

Other income and gains

Other income and gains include (i) bank interest income; (ii) gain on fair value changes; (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 increased by approximately RMB4.3 million or 48.3% from approximately RMB8.9 million for the six months ended 30 June 2022 to approximately RMB13.2 million for the six months ended 30 June 2023. Such increase was mainly due to the increase of bank interest income and gains on fair value changes generated from the appraised appreciation of the investment properties during the period.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 32.4% to approximately RMB23.7 million for the six months ended 30 June 2023 from approximately RMB17.9 million for the six months ended 30 June 2022. The increase was mainly due to: (i) the vigorous development of external business and the continuous increase in the number of properties developed by third parties under management during the period, and the increase in the scale of the market development department which resulted in a significant increase in relevant labour costs; and (ii) the significant increase in the revenue from community value-added services during the period, resulting in an increase in promotion expenses for property owners.

Administrative expenses

Administrative expenses increased by approximately 15.7% to approximately RMB135.2 million for the six months ended 30 June 2023 from approximately RMB116.9 million for the six months ended 30 June 2022. This increase was mainly attributable to an increase in staff costs as a result of our business expansion.

Finance costs

Finance costs increased by approximately 250.0% to approximately RMB2.1 million for the six months ended 30 June 2023 from approximately RMB0.6 million for the six months ended 30 June 2022. This increase was primarily due to the increase in interest expenses arising from lease liabilities.

Income tax expenses

Income tax expenses decreased by approximately 5.0% to approximately RMB49.1 million for the six months ended 30 June 2023 from approximately RMB51.7 million for the six months ended 30 June 2022. This decrease was primarily attributable to a decrease in pre-tax profit to approximately RMB197.6 million for the six months ended 30 June 2023 from approximately RMB222.3 million for the six months ended 30 June 2022.

Profit for the period

As a result of the foregoing, our profit for the period decreased by approximately 12.9% to approximately RMB148.5 million for the six months ended 30 June 2023 from approximately RMB170.5 million for the six months ended 30 June 2022 and net profit margin decreased to approximately 11.0% for the six months ended 30 June 2023 from approximately 15.5% for the six months ended 30 June 2022.

Property, plant and equipment

Property, plant and equipment mainly consists of electronic equipment, leasehold improvements, and furniture and office equipment. Our property, plant and equipment amounted to approximately RMB90.9 million and RMB90.5 million as of 30 June 2023 and 31 December 2022, respectively.

Investment properties

Our investment properties consist of car park spaces owned by our wholly-owned subsidiary Nanjing Ninggao International Property Consultancy Co., Ltd. ("**Nanjing Ninggao**") and commercial properties owned by our non-wholly owned subsidiary Nanjing Xinmao Asset Management Co., Ltd. ("**Nanjing Xinmao**"). Our investment properties increased from approximately RMB94.2 million as of 31 December 2022 to approximately RMB96.2 million as of 30 June 2023 mainly due to (i) the increase of fair value of the commercial properties of Nanjing Xinmao during the period, and (ii) the decreased fair value of the investment properties as the remaining term of the lease agreement of Nanjing Ninggao was shortened over a period of time.

Right-of-use assets

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by us. Assets arising from a lease are initially measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The right-of-use asset is depreciated over the shorter of the estimated asset's useful life and the lease term on a straight-line basis. Our right-of-use assets decreased from approximately RMB28.3 million as of 31 December 2022 to approximately RMB24.4 million as of 30 June 2023, mainly due to the depreciation of the right-of-use assets during the period.

Intangible assets

Our intangible assets mainly comprise the property management contracts of the acquirees and the software, information technology infrastructure and other smart management systems for properties under our management. Our intangible assets amounted to approximately RMB88.3 million and approximately RMB91.7 million as of 30 June 2023 and 31 December 2022, respectively, and such decrease was mainly due to the amortisation of property management contracts during the period.

Inventories

Our inventories mainly comprise consumables, spare parts and general merchandise. Our inventories amounted to approximately RMB4.8 million and approximately RMB4.4 million as of 30 June 2023 and 31 December 2022, respectively.

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 balance of which decreased from approximately RMB401.6 million as of 31 December 2022 to approximately RMB377.1 million as of 30 June 2023. Our trade receivables from third parties are primarily related to property management fees and the balance of which increased from approximately RMB393.2 million as of 31 December 2022 to approximately RMB679.3 million as of 30 June 2023. This was mainly attributable to an increase in our property management revenue as we expanded our business with an increase in our GFA under management during the six months ended 30 June 2023.

Prepayments, other receivables and other assets

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

We had prepayments, other receivables and other assets of approximately RMB612.7 million and approximately RMB809.7 million as of 31 December 2022 and 30 June 2023, respectively. Such increase was primarily attributable to the expansion in scale of carpark sales agency services, which resulted in the increase in the payment of performance guarantees.

Trade payables

Trade payables primarily represent our obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. The increase in trade payables from approximately RMB456.1 million as of 31 December 2022 to approximately RMB594.8 million as of 30 June 2023 was primarily due to the expansion of our business, reflecting an increase in the procurement of security and cleaning services and facilities and equipment maintenance services. Trade payables to related parties were in relation to procurement of information technology services, dining services and other goods and services from related parties.

Other payables and accruals

Other payables and accruals represent (i) amounts due to related parties; (ii) receipts on behalf of residents and tenants; (iii) deposits and temporary receipts primarily in relation to bidding and renovation; (iv) payroll and welfare payables; (v) other tax payables, and (vi) other payables relating to stored value cards that employees use in cafeterias. Our other payables and accruals amounted to approximately RMB753.5 million and RMB664.3 million as at 30 June 2023 and 31 December 2022, respectively.

Contingent liabilities

As at 30 June 2023, we did not have any outstanding guarantees or other material contingent liabilities.

Pledge of assets

As at 30 June 2023, none of the assets of our Group was pledged.

Foreign currency risk

The Group's principal activities are conducted in the PRC. Except for certain net proceeds raised from the listing in March 2022, which are denominated in Hong Kong dollars, the Group is not exposed to any significant risk directly related to foreign exchange fluctuations. Taking into account the potential RMB exchange rate fluctuations, we will continue to monitor our foreign exchange exposure and take prudent measures to reduce our foreign exchange risk. For the six months ended 30 June 2023, the Group did not use any financial instruments for hedging purposes.

Capital commitment and capital expenditure

As at 30 June 2023, the Group did not have any capital commitment.

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

Liquidity and capital resources, current assets and current ratio

In order to manage the Group's cash, maintain strong and healthy liquidity and ensure that the Group is well positioned to take advantage of future growth opportunities, the Group has adopted comprehensive treasury policies and internal control measures to review and monitor its financial resources and has maintained stable financial condition and sufficient liquidity throughout. As at 30 June 2023, the Group did not have any outstanding borrowings (31 December 2022: nil) or banking facilities (31 December 2022: nil).

As at 30 June 2023, the Group's cash and cash equivalents amounted to RMB1,075.5 million (31 December 2022: RMB1,019.0 million). The increase was mainly attributable to the net cash flows from operating activities. The Group's net cash flows from operating activities decreased to approximately RMB86.3 million for the six months ended 30 June 2023 from approximately RMB116.9 million for the six months ended 30 June 2022. The management believes that the Group has sufficient financial resources and future revenue to support the current working capital requirement and future expansion of the Group.

As at 30 June 2023, the Group's current assets amounted to approximately RMB2,931.8 million, representing an increase of approximately 20.0% as compared with approximately RMB2,442.3 million as at 31 December 2022. Current ratio as at 30 June 2023 was 1.46 times, representing a decrease as compared with 1.59 times as at 31 December 2022.

Use of proceeds from the Global Offering

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

Usage	% of total net proceeds	Planned allocation of net proceeds *HK$ million (approximately)*	Utilised net proceeds up to the date of this announcement *HK$ million (approximately)*	Unutilised net proceeds up to the date of this announcement *HK$ million (approximately)*	Expected timeline for full utilisation of the balance
(A) Pursue selective strategic investment and acquisition opportunities with companies engaged in property management, city operation services and/or community operations and to expand our business scale and solidify our leading industry position, including:					
(i) Acquire, invest in or cooperate with other property management companies and professional service providers in the upstream and downstream of city operation services which are suitable for and complementary to our business operations and strategies; and	50%	391.0	391.0[1]	–	Fully utilised[2]
(ii) Acquire or invest in companies which provide community products and services complementary to those of ours.	5%	39.1	–	39.1	By the end of 2024
(B) Upgrade our systems for smart management services and for the development of our smart communities and smart city solutions, aiming to offer a higher-quality living experience with more convenience for our property owners and residents and further enhance cost efficiency for our property management and city operation services.	22%	172.0	14.3	157.7	By the end of 2024
(C) Develop our community value-added services in an effort to diversify our service offering and enhance profitability.	13%	101.6	78.1	23.5	By the end of 2024
(D) Working capital and general corporate purpose.	10%	78.2	56.2	22.0	By the end of 2024

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

As at the date of this announcement, there has been no material change in the actual use of the net proceeds from the intended use.

Note 1: Equivalent to RMB315 million.

Note 2: The amount was fully utilised for the acquisition of 100% equity interests in Beijing Capital Property Services Limited. For details, please refer to the announcement of the Company dated 17 June 2022.

INTERIM DIVIDEND

No dividend was recommended by the Board for the six months ended 30 June 2023.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Company is comprised of Dr. Chen Jieping as chairman as well as Mr. Sincere Wong and Ms. Qiao Xiaojie as members. The audit committee has reviewed, together with the participation of the management, the unaudited interim results of the Group for the six months ended 30 June 2023 and the accounting principles and practices adopted by the Group, and discussed, among other things, internal control and risk management matters.

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

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group had 2,225 full-time employees (as at 30 June 2022: 2,674 full-time employees). For the six months ended 30 June 2023, the total staff costs were approximately RMB0.3 billion (for the six months ended 30 June 2022: approximately RMB0.3 billion).

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

The Group places a strong emphasis on recruiting high-quality personnel and provides employees with constant training programmes and career development opportunities. The Company strives to provide employees with due respect, trust and growth opportunities, and shares the achievements of corporate development with value creators through an efficient incentive system and a reasonable value distribution system. We continue to improve the T-MACS talent training system to enable employees to grow together with the Company.

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

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there were no other significant events that might affect the Group from 30 June 2023 and up to the date of this announcement.

CORPORATE GOVERNANCE CODE

Since its establishment, the Company has been committed to enhancing the level of its corporate governance. The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**Corporate Governance Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own corporate governance code. The principles of the Company's corporate governance are to promote effective internal control measures and to enhance the transparency and accountability of the Board to all the shareholders. The Company will continue to improve its corporate governance practices, focusing on maintenance and enhancement of the management quality of the Board, internal control and high transparency to shareholders, so as to increase the confidence of shareholders in the Company. The Company believes that good corporate governance is crucial to maintaining its long-term healthy and sustainable development and is vital for the interests of its shareholders.

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has adopted and complied with the principles and code provisions as set out in the Corporate Governance Code during the six months ended 30 June 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding Directors' dealings in the securities of the Company. The Company has made specific enquiry to all Directors and all Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2023.

The Company has also established written guidelines for securities transactions by employees who are likely to be in possession of inside information of the Company on terms no less exacting than the Model Code. No incident of non-compliance with such guidelines by relevant employees has been noted by the Company during the six months ended 30 June 2023.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jinmaowy.com). The interim report of the Company for the six months ended 30 June 2023 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

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

Hong Kong, 28 August 2023

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