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Beijing Capital Jiaye Property Services Co., Limited

北京京城佳業物業股份有限公司

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

(Stock Code: 2210)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL SUMMARY

For the six months ended 30 June 2022, total revenue of the Group was approximately RMB665.7 million, representing an increase of approximately 15.6% from RMB575.9 million in the same period in 2021.

For the six months ended 30 June 2022, the gross profit of the Group was approximately RMB156.6 million, representing an increase of approximately 10.1% from RMB142.2 million in the same period in 2021.

For the six months ended 30 June 2022, the profit for the period of the Group was approximately RMB53.1 million, representing an increase of approximately 15.7% from RMB45.9 million in the same period in 2021.

As of 30 June 2022, the Group had approximately 34.4 million sq.m. of area under its management, representing an increase of approximately 12.8% from approximately 30.5 million sq.m. as of 30 June 2021.

The board (the “**Board**”) of directors (the “**Directors**”) of Beijing Capital Jiaye Property Services Co., Limited (the “**Company**”) hereby announces the unaudited interim consolidated results of the Company and its subsidiaries (the “**Group**” or “**We**”) for the six months ended 30 June 2022, together with comparative figures for the six months ended 30 June 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022 – unaudited
(Expressed in Renminbi (“RMB”))

	Note	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
Revenue	4	665,694	575,897
Cost of sales		<u>(509,121)</u>	<u>(433,669)</u>
Gross profit		156,573	142,228
Other income	5	9,317	2,381
Administrative expenses		(88,412)	(80,212)
Selling expenses		(3,773)	(5,007)
Expected credit loss on trade and other receivables	6(d)	<u>(10,797)</u>	<u>(5,911)</u>
Profit from operations		62,908	53,479
Finance income	6(a)	10,449	7,609
Finance costs	6(b)	<u>(1,147)</u>	<u>(1,328)</u>
Profit before taxation	6	72,210	59,760
Income tax	7	<u>(19,113)</u>	<u>(13,872)</u>
Profit for the period		<u>53,097</u>	<u>45,888</u>

	<i>Note</i>	Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
Profit for the period		53,097	45,888
Other comprehensive income for the period			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit obligations		20	446
Income tax relating to remeasurement of defined benefit obligations		(5)	(112)
Equity investments at fair value through other comprehensive income (“FVOCI”) – net movement in fair value reserves		(30)	580
Income tax relating to equity investments at FVOCI – net movement in fair value reserves		7	(145)
Other comprehensive income for the period		(8)	769
Total comprehensive income for the period		53,089	46,657
Profit attributable to:			
Equity shareholders of the Company		52,437	44,839
Non-controlling interests		660	1,049
		53,097	45,888
Total comprehensive income attributable to:			
Equity shareholders of the Company		52,429	45,607
Non-controlling interests		660	1,050
		53,089	46,657
Earnings per share (RMB)	8	0.36	0.41

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022 – unaudited

(Expressed in RMB)

		At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Non-current assets			
Investment properties		107,370	105,230
Property, plant and equipment		53,041	33,637
Intangible assets		11,057	2,849
Other financial assets		95,697	95,727
Deferred tax assets		36,647	32,239
		<u>303,812</u>	<u>269,682</u>
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Current assets			
Inventories		5,768	5,645
Prepayments, trade and other receivables	9	595,344	462,465
Restricted cash		8,626	6,052
Cash and cash equivalents		1,023,699	1,087,296
		<u>1,633,437</u>	<u>1,561,458</u>
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Current liabilities			
Trade and other payables	10	851,799	732,113
Contract liabilities		227,441	273,682
Lease liabilities		2,309	3,428
Current taxation		11,854	16,558
		<u>1,093,403</u>	<u>1,025,781</u>
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Net current assets		<u>540,034</u>	<u>535,677</u>
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	<i>Note</i>	At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Total assets less current liabilities		843,846	805,359
Non-current liabilities			
Lease liabilities		1,027	1,469
Deferred tax liabilities		35,233	33,341
Defined benefit obligations		66,321	66,342
		<u>102,581</u>	<u>101,152</u>
NET ASSETS		<u>741,265</u>	<u>704,207</u>
CAPITAL AND RESERVES			
Share capital		146,667	146,667
Reserves		563,377	534,136
Total equity attributable to equity shareholders of the Company		710,044	680,803
Non-controlling interests		31,221	23,404
TOTAL EQUITY		<u>741,265</u>	<u>704,207</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

1 CORPORATION INFORMATION

The Company was established in the People's Republic of China (the "PRC") on 22 December 2020 as a joint stock company with limited liability. The address of the Company's registered office is Room 301, Building 34, Fahuananli, Dongcheng District, Beijing, the PRC. The Company's H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 November 2021.

The Group is primarily engaged in the provision of property management and related services in the PRC.

2 BASIS OF PREPARATION

This interim financial information set out below is derived from the unaudited interim financial report, which has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to this interim financial report for the current accounting period:

- Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are the provision of property management services, community value-added services and value-added services to non-property owners. Further details regarding the Group's principal activities are disclosed in Note 4(b).

(a) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

For property management services, the Group recognises revenue when the services are provided on monthly basis and recognises to which the Group has a right to invoice and that corresponds directly with the value of performance completed. The Group has elected the practical expedient not to disclose the remaining performance obligations for this type of contracts. The majority of the property management services do not have a fixed term.

For community value-added services and value-added services to non-property owners, they are rendered in short period of time and there is no significant unsatisfied performance obligation at the end of the reporting period.

(b) Segment reporting

The Directors of the Company have been identified as the Group's most senior executive management. Operating segments are identified on the basis of internal reports that the Group's most senior executive management reviews regularly in allocating resource to segments and in assessing their performances.

The Group's most senior executive management makes resources allocation decisions based on internal management functions and assesses the Group's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

No geographical segment analysis is shown as all of the Group's revenue are derived from activities in, and from customers located in the PRC and all of the Group's assets are situated in the PRC.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and disaggregation of revenue by major service lines is as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by timing of revenue recognition		
– Revenue recognised over time	656,021	569,621
Revenue from other sources		
– Rental income	9,673	6,276
	665,694	575,897
Disaggregated by service lines		
– Property management services	441,105	380,091
– Value-added services to non-property owners	81,597	67,516
– Community value-added services	142,992	128,290
	665,694	575,897

For the six months ended 30 June 2022, revenue from Beijing Urban Construction Group Co., Ltd. (“**BUCG**”) and its subsidiaries (together, the “**BUCG Group**”) contributed 20.5% of the Group’s revenue (six months ended 30 June 2021: 18.1%). Other than the BUCG Group, the Group’s customer base is diversified and none of them contributed 10% or more of the Group’s revenue during the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

5 OTHER INCOME

	<i>Note</i>	Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
Fair value gain of investment properties		2,140	390
Net gain on disposal of property, plant and equipment		(65)	(16)
Additional deduction of input value-added tax (“VAT”)	<i>(i)</i>	1,667	2,154
Net foreign exchange gains		4,666	–
Others		909	(147)
		9,317	2,381

Note :

- (i) Pursuant to Caishui [2019] No. 87 Announcement on Clarifying the VAT Weighted Deduction Policy for the Life Service Sector, taxpayers engaging in the provision of life services are allowed to deduct extra 15% of the deductible input VAT for the six months ended 30 June 2022.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after crediting/charging:

(a) Finance income

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Interest income on bank deposits	10,449	5,482
Interest income on receivables from related parties	—	2,127
	<u>10,449</u>	<u>7,609</u>

(b) Finance costs

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Interest on defined benefit obligations	1,051	903
Interest on lease liabilities	96	425
	<u>1,147</u>	<u>1,328</u>

(c) Staff costs

	Note	Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
Salaries, wages and other benefits		191,858	183,405
Expenses recognised in respect of defined benefit retirement plans		445	2,105
Contributions to defined contribution retirement plan	(i)	<u>16,792</u>	<u>16,455</u>
		<u>209,095</u>	<u>201,965</u>

Note :

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

(d) Other items

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Amortisation cost of intangible assets	361	239
Depreciation charge		
– Owned property, plant and equipment	4,863	3,316
– Other properties leased for own use carried at cost	2,100	2,204
Bank charges	677	694
Expected credit loss on trade and other receivables		
– Trade receivables	10,837	5,911
– Other receivables	(40)	–
Auditors' remuneration		
– Audit services	800	19
Listing expenses	–	482

7 INCOME TAX

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Current tax – PRC Corporate Income Tax		
Provision for the period	23,191	15,700
Deferred tax		
Origination and reversal of temporary differences	(4,078)	(1,828)
	<u>19,113</u>	<u>13,872</u>

Note :

The provision for PRC Corporate Income Tax for the six months ended 30 June 2022 is calculated at 25% of the estimated assessable profits for the period (six months ended 30 June 2021: 25%), except for one subsidiary of the Group, Beijing Urban Construction Chongqing Property Management Co., Ltd. (“Chongqing Property”).

Chongqing Property, as the enterprise engaged in state encouraged industries established in the specified western regions, was taxed at a preferential income tax rate of 15% pursuant to Caishui [2011] No. 58 Notice on Issues Concerning Relevant Tax Policies to In-depth Implementation of the Western Development Strategy and Announcement [2012] No.12 Public Announcement on Corporate Income Tax Issues Relating to In-depth Implementation of the Western Development Strategy.

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB52,437,000 (six months ended 30 June 2021: RMB44,839,000) and the weighted average of 146,667,200 ordinary shares (six months ended 30 June 2021: 110,000,000 shares) in issue during the interim period.

Diluted earnings per share were the same as the basic earnings per share as the Group had no dilutive potential shares for the six months ended 30 June 2022 and 2021.

9 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Trade receivables		
– related parties	150,333	114,900
– third parties	431,743	296,641
	<u>582,076</u>	<u>411,541</u>
Less: allowance for trade receivables	(72,419)	(61,582)
	<u>509,657</u>	<u>349,959</u>
Other receivables due from related parties	2,056	2,274
Dividends receivable	1,550	1,550
Deposits	5,962	2,190
Other receivables	13,417	9,797
Less: allowance for other receivables	(1,033)	(1,073)
	<u>21,952</u>	<u>14,738</u>
Financial assets measured at amortised cost	531,609	364,697
Prepayments		
– related parties	19,318	19,288
– third parties	31,802	68,548
Input VAT to be deducted	12,615	9,932
	<u>595,344</u>	<u>462,465</u>

Trade receivables are primarily related to revenue generated from property management and services provided to community and non-property owners.

As at 30 June 2022, other receivables due from related parties are unsecured and interest-free.

All trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables based on the date of revenue recognition which is the same as the due date, and net of allowance for impairment of trade receivables is as follows:

	At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Within 1 year	376,090	248,649
1 to 2 years	89,009	71,331
2 to 3 years	28,443	16,620
3 to 4 years	9,331	6,284
4 to 5 years	2,138	3,123
Over 5 years	4,646	3,952
	<u>509,657</u>	<u>349,959</u>

10 TRADE AND OTHER PAYABLES

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Trade payables		
– related parties	40,948	47,637
– third parties	285,985	181,040
	<u>326,933</u>	<u>228,677</u>
Amounts due to related parties (<i>Note (i)</i>)	25,401	25,323
Accrued payroll and other benefits	24,544	21,338
Other taxes and charges payable	27,968	16,278
Dividends payable	5,797	–
Deposits (<i>Note (ii)</i>)	76,010	77,431
Amounts due to property owners	14,378	14,378
Receipts on behalf of property owners and tenants (<i>Note (iii)</i>)	69,512	58,847
Housing maintenance funds payable (<i>Note (iv)</i>)	216,834	216,332
Amounts due to property developers	13,812	13,812
Other payables and accruals	50,610	59,697
	<u>524,866</u>	<u>503,436</u>
	<u>851,799</u>	<u>732,113</u>

Notes :

- (i) Starting from 2020, the Group received refurbishment payment from a tenant on behalf of fellow subsidiaries of BUCC, which provide refurbishment services to such tenant. As a result, the amount due to related parties at 30 June 2022 also included the refurbishment payment of RMB16,624,000 (31 December 2021: RMB16,624,000).
- (ii) Deposits mainly represent the deposits paid by the property owners and tenants for property management and refurbishment.
- (iii) Receipts on behalf of property owners and tenants mainly represent utility charges received from residents on behalf of utility companies and operation income on public facilities received on behalf of property owners.
- (iv) Housing maintenance funds payable mainly represents the housing maintenance funds Beijing Uni.-Construction Beiyu Property Service Co., Ltd. (“**Beiyu Property**”) received from Beijing Uni.-Construction Group Co., Ltd. (“**BUCC**”). Pursuant to related regulations and instructions from BUCC, Beiyu Property received the housing maintenance funds from BUCC in connection with the transfer of property management service on certain residential properties, which are properties built prior to the adoption of public housing maintenance fund policy issued by related government authorities in the 1990’s. The funds are to be used along with the repair and overhaul of related properties in accordance with related regulations and instructions from BUCC.
- (v) All the trade and other payables (including amounts due to related parties) are expected to be settled within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Within 1 year	300,708	200,715
1 to 2 years	12,105	7,814
2 to 3 years	1,217	3,611
Over 3 years	12,903	16,537
	326,933	228,677

11 DIVIDENDS

- (i) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period:

	Six months ended 30 June 2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved during the following interim period, of RMB15.81 cents per ordinary share (six months ended 30 June 2021: nil)	23,188	–

The aggregate amount of the final dividend declared during the six months ended 30 June 2022 amounted to RMB23,188,000, and has been fully paid by the end of July 2022.

- (ii) The Directors of the Company do not recommend the payment of an interim dividend attributable to the six months ended 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

As the first state-owned property management enterprise in Beijing listed on the Main Board of the Stock Exchange, the Group has been actively integrated into the national development strategy since its establishment, strives to practice society primary-level governance, and is known as the “red housekeeper” of the capital city with strong protection, precise operation and maintenance, and the pursuit of excellence, and is committed to building “a provider of China’s best-in-class urban and lifestyle services”.

Faced with the adverse effects of the recurrence of the COVID-19 pandemic, the Group actively coordinated the prevention and control of the pandemic and the development of production and operation, and made every effort to promote the implementation of the strategy of “expanding scale, increasing efficiency, strengthening management and building brand”. As a result, all indicators maintained steady growth, positive results were achieved in external market expansion, and joint venture cooperation and acquisitions progressed in an orderly manner. Especially in the process of the COVID-19 pandemic emergency security construction and the capital service task, the mission of the property management staff is interpreted by practical action, and the “Beijing Service” property management brand is highlighted by rising to the challenge.

As of 30 June 2022, the Group ranked 21st among China’s Top 100 Property Management Companies according to the data of China Index Research Institute, and was awarded “2022 China’s Top 100 Property Management Companies Leading in Satisfaction”, “China’s Socially Responsible Property Management Services Enterprise of the Year in 2022”, “China Property Management Services Enterprise Featured Brand in 2022 – Property Management Services for Construction Sites”, “China Property Management Services Enterprise Featured Brand in 2022 – Leading the Innovative Development of Hutong Property Services”, and “China Property Management Services Enterprise Featured Brand in 2022 – Urban Service Street Management Property”, etc..

As of 30 June 2022, the Group had expanded its presence to 12 cities in 12 provinces and municipalities directly under the central government, with a total contract management project area of approximately 36.4 million sq.m. covered by a total of 220 contract management projects, and a total project area under management of approximately 34.4 million sq.m. covered by 209 projects under management.

The Group’s revenue comes from three main service lines: (i) property management services; (ii) value-added services to non-property owners; and (iii) value-added services to community.

Property management services – accounting for approximately 66.3% of total revenue

For the six months ended 30 June 2022, the Group's revenue from property management services was approximately RMB441.1 million, representing an increase of approximately 16.1% as compared to the same period in 2021, mainly due to the increase in the area and number of projects under management of the Group.

The following table sets forth a breakdown of the Group's area and number of projects under management by project source for the dates indicated:

Project source	As of 30 June					
	2022		2021			
	Area under management <i>sq.m. '000</i>	%	The number of projects under management	Area under management <i>sq.m. '000</i>	%	The number of projects under management
BUCG and its joint ventures or associates	19,514	56.7	129	18,237	59.8	120
Third parties	14,905	43.3	80	12,277	40.2	63
Total	34,419	100.0	209	30,514	100.0	183

As leading national construction and development groups, the sound development and support of the controlling shareholders, namely, BUCG, Beijing Urban Construction Investment & Development Co., Ltd. and Beijing Uni.-Construction Group Co., Ltd., have brought continuous business increment to the Group. As of 30 June 2022, the area of the Group's projects under management was approximately 34.4 million sq.m. and the area of projects under management from BUCG and its joint ventures or associates was approximately 19.5 million sq.m. The area of projects under management from third parties was approximately 14.9 million sq.m..

We continue to enhance our efforts in market development, take multiple measures to carry out marketing work, give full play to our own advantages, consolidate the advantages of our location in the Beijing-Tianjin-Hebei region, and expand across the national market. In the first half of 2022, we achieved a newly-signed area of approximately 2.9 million sq.m. and a new contract value of approximately RMB163.9 million.

The Group achieved continuous increase in market expanding in the first half of 2022, and the main measures include: first, further deepening cooperation with existing "large customers", expanding the cooperation scope and cooperation field, achieving an increase in management scale and management efficiency, and following this measure, the Group undertook the A5 and C6 urban sub-center projects; second, actively participating in government procurement and market competition, following this measure, the Group undertook the People's Theatre of the National Peking Opera Company and the Shouhou Dajia Pension Property in addition to traditional business; and third, actively responding to the "military-civilian integration" strategy and deeply participating in the socialization services of military logistics support.

The Group accelerated its diversification and multi-business development strategy to promote the expansion of commercial and public properties and other properties, particularly government office service, military camp management, etc. on the basis of the steady growth of residential management scale. As at 30 June 2022, the area under management of non-residential properties was approximately 11.4 million sq.m., representing approximately 33.0% in the management scale of the Group and a year-on-year increase of approximately 24.8%. During the period, the management revenue from non-residential properties amounted to approximately RMB217.9 million, representing a year-on-year increase of approximately 28.1% over 2021, and the proportion in the total revenue from property management services increased by 4.6 percentage points year-on-year to approximately 49.4%.

The following table sets forth a breakdown of the Group's revenue, area under management and number of projects under management by property type for the periods or dates indicated:

Project type	2022					2021				
	Six months ended 30 June 2022		As of 30 June 2022			Six months ended 30 June 2021		As of 30 June 2021		
	Revenue		Area under management		Number of projects under management	Revenue		Area under management		Number of projects under management
	RMB'000	%	sq.m.'000	%		RMB'000	%	sq.m.'000	%	
Residential properties	223,200	50.6	23,063	67.0	134	209,920	55.2	21,414	70.2	120
Non-residential properties	217,905	49.4	11,356	33.0	75	170,171	44.8	9,100	29.8	63
Total	441,105	100.0	34,419	100.0	209	380,091	100.0	30,514	100.0	183

As the “red housekeeper” of the capital, the Company renewed its efforts to refine its property service standard and quality control system, promote informatization, and empower business systems to build the property service brand of “Beijing Service” during the period.

In respect of residential properties, based on the concept of modern, personalized, specialized and family-oriented property service, the Group is committed to integrating the spiritual and cultural needs of property owners in the building of a harmonious society. During the period, the Group improved its operation efficiency through standardized services and customized value-added service system to optimize the service quality. The Company continues with project management training, and enhances the professional quality of project personnel and service quality and efficiency. As of 30 June 2022, the area of the residential properties under management of the Group was approximately 23 million sq.m., accounting for approximately 67.0% of the total area under management of the Group. For the six months ended 30 June 2022, the revenue from management service for residential properties amounted to approximately RMB223.2 million, representing an increase of approximately 6.3% as compared to the same period in 2021 and accounting for approximately 50.6% of the Group's total revenue from property management service.

During the period, through the acquisition of Beijing Zhuolian Property Management Co., Ltd. (“**Zhuolian Property**”), the Group harvested new high-end commercial projects such as Asia Financial Center, Beitou Investment Building* (北投投資大廈) and Beitou Shopping Park* (北投購物公園). As of 30 June 2022, the area of commercial property projects under the management of the Group was approximately 2 million sq.m.

In respect of hutong properties, the Group promotes the integration of property services into social governance, fully demonstrating the characteristics of hutong. The Group is committed to improving the safety and well-being of the residents through a government-led, multi-faceted and interactive model of property services governance. The Group continues exploring and making progress in the shift from neighborhood management to urban service management. As of 30 June 2022, the number of hutong projects under the management of the Group was six, with a total of 272 hutongs and approximately 6.6 million sq.m. of area under management.

In respect of public and other properties, the Group provides an integrated logistics service solution, while taking into account high security, demanding and high standard characteristics of management over public properties. The Group constantly expands its presence across multiple sectors, including urban scenic spots, government office buildings, urban public facilities and so on. As of 30 June 2022, the area of public property projects and other property projects under the management of the Group was approximately 2.7 million sq.m.

Value-added services to non-property owners: accounting for approximately 12.2% of total revenue

Value-added services to non-property owners mainly include (i) tenant sourcing and management services; (ii) sales office and display unit management and delivery services; (iii) landscape engineering services; (iv) engineering operations and maintenance services; and (v) engineering services at construction sites.

The following table sets forth a breakdown of revenue from value-added services to non-property owners of the Group by service type for the periods indicated:

Service type	Six months ended 30 June			
	2022		2021	
	Revenue RMB'000	Percentage of revenue %	Revenue RMB'000	Percentage of revenue %
Tenant sourcing and management services	36,980	45.3	29,947	44.4
Sales office and display unit management and delivery services	22,902	28.1	21,866	32.4
Engineering operations and maintenance services	12,971	15.9	9,032	13.4
Others	8,744	10.7	6,671	9.8
Total	81,597	100.0	67,516	100.0

For the six months ended 30 June 2022, the Group's revenue from value-added services to non-property owners amounted to approximately RMB81.6 million, representing an increase of approximately 20.9% over the same period in 2021. This increase was primarily due to the increase in the number of projects of tenant sourcing and management services and projects of sales office and display unit management and delivery services as well as the rapid growth in engineering operations and maintenance services.

With many years of experience in sales office and display unit management and delivery services, the Group successively provided high quality services for renowned property sales offices, joined Union International Concierge Organization, and embedded perfect service philosophy of Concierge, bringing “Satisfactory and Surprising” quality service experience to customers. In the first half of 2022, seven new sales office service projects were added. The Group adopted personalized customization services based on the characteristics of projects, created happy lifestyle scenes for the future and brought good property purchase experience to buyers with high quality on-site services, thus facilitating the completion of transactions.

Engineering operation and maintenance services include engineering operation services, daily repair and maintenance management, and engineering renovation for buildings and facilities. We reduce energy consumption and carbon emissions through technological renovation and management improvement. Through the development of annual repair and maintenance management plans for overall engineering services, we maintain building equipment and facilities to ensure that they operate under optimal conditions and minimize the probability of breakdowns.

In engineering services at construction sites, we undertook 11 new projects by increasing marketing efforts in the first half of 2022, and there were 23 construction property projects under management in aggregate. We conducted in-depth research on the characteristics and service mode of construction site property management, and formed the “Property Management Standard for Construction Sites”. In respect of engineering service at construction sites, we established a good coordination and synergy with the engineering segment of BUCG Group, which was replicated and applied within the Group effectively and was expected to bring a considerable business increment.

Value-added services to communities: accounting for approximately 21.5% of total revenue

The Group provides value-added services to communities, including (i) heat energy supply services, (ii) carpark space operation services, (iii) catering services, (iv) property leasing services, (v) home decoration management services, and (vi) real estate brokerage services.

The following table sets forth a breakdown of revenue from value-added services to communities of the Group by service type for the periods indicated:

Service type	2022		2021	
	Revenue RMB'000	Percentage of revenue %	Revenue RMB'000	Percentage of revenue %
Heat energy supply services	75,644	52.9	77,836	60.7
Carpark space operation services	21,881	15.3	21,730	16.9
Catering services	32,563	22.8	14,942	11.6
Others	12,904	9.0	13,782	10.8
Total	142,992	100.0	128,290	100.0

For the six months ended 30 June 2022, the Group's revenue from value-added services to communities amounted to approximately RMB143.0 million, representing an increase of approximately 11.5% over the same period in 2021, primarily due to (i) the expansion of the Group's management scale and the growth of service users; and (ii) the constant improvement of catering services.

Heat energy supply services: The revenue from heat energy supply services reached approximately RMB75.6 million, accounting for approximately 52.9% of total revenue from value-added services to communities. As of 30 June 2022, the Group has been responsible for the operation of heat energy supply of ten heat generation plants (30 projects) in Beijing, with a heating area of approximately 4.1 million sq.m. and serving about 42,000 households. Through advanced technology transformation and scientific and technological application, including the renewal of heating equipment burners and intelligent regulation of heat energy supply management, we continue to reduce carbon emissions and practice the national concept of ecological and environmental protection, so as to achieve energy-saving and efficient heat energy supply services, and become a warm service provider for customers.

Carpark space operation services: The revenue from carpark space operation services reached approximately RMB21.9 million, accounting for approximately 15.3% of total revenue from value-added services to communities. The Group operates and manages carpark space in properties under management, and provides targeted operation solutions such as order management, operation, and charge management. The Group makes good use of intelligent parking systems to save operation and labor costs, improve charging efficiency, and achieve cost reduction and efficiency increase.

Catering services: The revenue from catering services reached approximately RMB32.6 million, accounting for approximately 22.8% of total revenue from value-added services to communities. The Group has a strong and professional project catering management team who strictly abides by the national regulations on food safety management, keeps pace with the times, and constantly innovates and studies all kinds of dishes, to provide customers with a clean and comfortable dining environment.

Future Prospect

Going forward, the Group will cement its development confidence and maintain the courage to brave difficulties on the basis of clear strategic positioning, objectives and paths, to strengthen the foundation internally and expand the market externally. We remain committed to attaching sufficient importance to performance growth and standardized governance and to basic business improvement and new track layout, concentrating efforts in regions and special services. By doing this, we aim to advance the high-quality development in a multi-dimensional way and better reward the shareholders for their support for and trust in the Group !

FINANCIAL REVIEW

Revenue

The following table sets out the breakdown of revenue by service lines during the indicated periods:

	Six months ended 30 June				
	2022		2021		Growth rate
	<i>RMB'000</i>	Percentage of revenue %	<i>RMB'000</i>	Percentage of revenue %	
Property management services	441,105	66.3	380,091	66.0	13.3
Value-added services to non-property owners	81,597	12.2	67,516	11.7	20.9
Value-added services to communities	142,992	21.5	128,290	22.3	19.6
Total	665,694	100.0	575,897	100.0	15.6

For the six months ended 30 June 2022, the total revenue of the Group was approximately RMB665.7 million, representing an increase of approximately 15.6% from approximately RMB575.9 million for the same period in 2021, primarily due to (i) an increase in revenue due to the continuous expansion of the Group's business scale; and (ii) the rapid development of value-added services of the Group during the period.

Cost of Sales

For the six months ended 30 June 2022, the cost of sales of the Group was approximately RMB509.1 million, representing an increase of approximately 17.4% from approximately RMB433.7 million for the same period in 2021. This increase was primarily due to more staff costs and outsourcing costs as a result of the increasing areas under management and projects under management of the Group.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of the gross profit and gross profit margin of the Group by service lines during the indicated periods:

	Six months ended 30 June					
	2022			2021		
	Gross profit (RMB'000)	Gross profit ratio %	Gross profit margin %	Gross profit (RMB'000)	Gross profit ratio %	Gross profit margin %
Property management services	98,000	62.6	22.2	88,639	62.3	23.3
Value-added services to non-property owners	38,828	24.8	47.6	33,477	23.5	49.6
Value-added services to communities	19,745	12.6	13.8	20,112	14.2	15.7
Total	156,573	100.0	23.5	142,228	100.0	24.7

For the six months ended 30 June 2022, the gross profit margin of property management services of the Group was approximately 22.2% (the six months ended 30 June 2021: approximately 23.3%), the gross profit margin of value-added services to non-property owners of the Group was approximately 47.6% (the six months ended 30 June 2021: approximately 49.6%), and the gross profit margin of value-added services to communities of the Group was approximately 13.8% (the six months ended 30 June 2021: approximately 15.7%). During the reporting period, the gross profit margin of each service line of the Group was basically flat with the same period in 2021.

Administrative Expenses

For the six months ended 30 June 2022, the total administrative expenses of the Group were approximately RMB88.4 million, representing an increase of approximately 10.2% from approximately RMB80.2 million for the same period in 2021, primarily due to (i) the increase in employee compensation compared to the same period in 2021 due to the adjustment to the social security base; and (ii) the increase in audit fees and consulting fees after the listing of the Company in November 2021.

Other Income

For the six months ended 30 June 2022, other income was approximately RMB9.3 million, representing an increase of approximately 291.3% from approximately RMB2.4 million for the same period in 2021, primarily due to the change in fair value of investment properties and the foreign exchange gains.

Profit for the Period

For the six months ended 30 June 2022, the profit for the period of the Group was approximately RMB53.1 million, representing an increase of approximately 15.7% from approximately RMB45.9 million in the same period in 2021. The profit for the period attributable to the shareholders of the Group was approximately RMB52.4 million, representing an increase of approximately 16.9% from approximately RMB44.8 million in the same period in 2021; the net profit margin was approximately 8.0%, basically flat with the same period in 2021. The increase in profit for the period was primarily due to (i) an increase in revenue as a result of the continuous expansion of the Group's management scale; and (ii) the effective costs control of the Group for the period.

Current Assets and Capital Structure

The Group maintained an excellent financial position and adequate liquidity for the six months ended 30 June 2022. As at 30 June 2022, the current assets were approximately RMB1,633.4 million, representing an increase of approximately 4.6% from approximately RMB1,561.5 million as at 31 December 2021.

As of 30 June 2022, the Group's cash and cash equivalents amounted to approximately RMB1,023.7 million, representing a decrease of approximately 5.8% from approximately RMB1,087.3 million as at 31 December 2021, primarily due to the expansion of our management scale.

As of 30 June 2022, the total equity of the Group amounted to approximately RMB741.3 million, representing an increase of approximately 5.3% from approximately RMB704.2 million as at 31 December 2021, primarily due to the profit contribution achieved during the period.

As of 30 June 2022, the Group's debt-to-asset ratio was approximately 61.7%, representing an increase of approximately 0.2 percentage points from approximately 61.5% as at 31 December 2021. The debt-to-asset ratio refers to the ratio of total liabilities to total assets.

Property, Plant and Equipment

Our property, plant and equipment primarily consist of buildings, properties leased for own use, office and other equipment. As at 30 June 2022, the Group's property, plant and equipment amounted to approximately RMB53.0 million, representing an increase of approximately RMB19.4 million from approximately RMB33.6 million as at 31 December 2021, primarily due to the increase in the purchase of container houses, electronic office equipment and leasehold for the Group's business operations.

Investment Properties

Our investment properties primarily include our investment in real estate properties. As at 30 June 2022, the Group's leased assets and investment properties amounted to approximately RMB107.4 million, representing an increase of approximately RMB2.2 million from approximately RMB105.2 million as at 31 December 2021, primarily due to the change in the fair value of the Group's investment properties.

Prepayments, Trade and other Receivables

As of 30 June 2022, prepayments, trade and other receivables amounted to approximately RMB595.3 million, representing an increase of approximately RMB132.8 million from approximately RMB462.5 million as at 31 December 2021, primarily due to the expansion of our management scale.

Other receivables of the Group mainly comprised payments on behalf of customers and deposits paid for the provision of property management services. Other receivables of the Group increased from approximately RMB14.7 million as of 31 December 2021 to approximately RMB22.0 million as of 30 June 2022, primarily due to the increase of deposits and other receivables.

Trade and Other Payables

As of 30 June 2022, trade and other payables amounted to approximately RMB851.8 million, representing an increase of approximately RMB119.7 million from approximately RMB732.1 million as at 31 December 2021, which was primarily due to increased costs arising from the increasing scale of business and outstanding payment terms.

Other payables of the Group mainly comprised housing maintenance funds payable, payables to related parties and deposits received from landlords and tenants for renovation and utilities. Other payables of the Group increased from approximately RMB503.4 million as at 31 December 2021 to approximately RMB524.9 million as at 30 June 2022, along with the development of our business.

Capital Expenditure

Our capital expenditure was approximately RMB13.9 million for the six months ended 30 June 2022 (approximately RMB16.3 million for the year ended 31 December 2021), which was mainly used for the purchase of container houses as well as office and other equipment.

Borrowing

As at 30 June 2022, the Group did not have any borrowings or bank loans.

Pledge of Assets

As at 30 June 2022, the Group did not have any pledge on its assets.

Significant Investments, Material Acquisitions and Disposals and Future Plans

For the six months ended 30 June 2022, the Group did not have any significant investments, material acquisitions and disposals. However, the Group has the following acquisition and investment.

On 29 April 2022, the Company entered into equity transfer agreements on the acquisition of 60% equity interest in Zhuolian Property at a consideration of RMB7.8 million. The acquisition was completed during the reporting period. Zhuolian Property thus became a subsidiary of the Company and its financial results were consolidated into the consolidated financial statements of the Group. For details, please refer to the announcement of the Company dated 29 April 2022.

On 11 May 2022, the Company entered into a promoters agreement with Sanya Tourism Group Commercial Operation Management Co., Ltd. (三亞旅文集團商業運營管理有限公司) to establish a joint venture company, namely Jiaye Tourism (Hainan) City Service Co., Ltd. (佳業旅文(海南)城市服務有限責任公司) (“**Jiaye Tourism**”), with a registered capital of RMB10.0 million, of which the Company contributed RMB5.1 million in cash to hold 51% equity interest in Jiaye Tourism. For details, please refer to the announcement of the Company dated 11 May 2022.

In addition, except for the expansion plans disclosed in the sections headed “Business” and “Future Plans and Use of Proceeds” in the Company’s prospectus dated 29 October 2021 (the “**Prospectus**”), there were no significant investments or acquisition of capital assets authorised by the Board as of the date of this announcement, and the Group will continue to identify new opportunities for business development.

The Proceeds from the Listing

The Company's H shares were successfully listed on the Stock Exchange on 10 November 2021, and 36,667,200 H shares were issued. After deducting underwriting fees and related expenses, the net proceeds from the listing (the "Net Proceeds") were approximately HK\$246.91 million.

As of 30 June 2022, the Net Proceeds were used as planned. The portion of the Net Proceeds that had not been used were placed as interest-bearing deposits with domestic bank account for proceeds. The Company intends to use the Net Proceeds in accordance with the method and schedule set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

As at 30 June 2022, details of the use of the Net Proceeds of the Group were as follows:

Purposes	Percentage of total amount	Planned use of net proceeds	Actual use of proceeds	Unused amount	Actual use of proceeds	Unused amount	Expected timeline for full utilization of the remaining proceeds
			as of 31 December 2021	as of 31 December 2021	as of 30 June 2022	as of 30 June 2022	
		HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	
Strategic investment and acquisition	60%	148.15	-	148.15	9.33	138.82	On or before 31 December 2024
Development of value-added services	25%	61.73	-	61.73	-	61.73	On or before 31 December 2024
- Expanding tenant sourcing and management services	15%	37.04	-	37.04	-	37.04	On or before 31 December 2024
- Diversifying community value-added services	10%	24.69	-	24.69	-	24.69	On or before 31 December 2024
Developing and upgrading our information technology infrastructure and intelligent equipment	10%	24.69	-	24.69	-	24.69	On or before 31 December 2024
- Upgrading the internal operation system	4%	9.88	-	9.88	-	9.88	On or before 31 December 2024
- Promoting the application of IoT technologies	3%	7.41	-	7.41	-	7.41	On or before 31 December 2024
- Upgrading our intelligent lifestyle service platform for property owners and residents	3%	7.41	-	7.41	-	7.41	On or before 31 December 2024
Working capital and for general corporate purposes	5%	12.35	-	12.35	4.47	7.88	On or before 31 March 2023
Total	100%	246.91	-	246.91	13.8	233.11	

Contingent Liabilities

As at 30 June 2022, the Group did not have any material contingent liabilities.

Foreign Exchange Risk

The Group conducts its business in Renminbi. Our foreign exchange transactions mainly came from the proceeds from the listing and payment of professional fees denominated in Hong Kong dollars. As at 30 June 2022, the principal non-RMB assets were cash and cash equivalents of approximately HK\$3.8 million (equivalent to approximately RMB3.2 million). The Group is not expected to be subject to any significant risk relating to fluctuations in exchange rates. The Group has not adopted any foreign currency hedging policies for now. Notwithstanding all these, the Group will continue to keep track of the foreign exchange risk and take prudent measures to mitigate it, and take appropriate action where necessary.

Subsequent Events

Save as disclosed in this announcement, no significant events subsequent to 30 June 2022 and up to the date of this announcement that might have a material impact on the Group's operating and financial performance need to be disclosed.

Employees and Benefit Policy

As at 30 June 2022, the Group had 2,138 employees (as at 31 December 2021: 2,051 employees). The Group has established a market-based, competitive and performance-oriented remuneration plan with reference to market standards and employee performance and contributions in order to encourage value creation of employees. The Group also provides employees with employee benefits including pension funds, medical insurance, work injury insurance, maternity insurance, unemployment insurance and housing provident fund. The Group places a strong emphasis on recruiting high-quality personnel and provides employees with continuous training programs and career development opportunities. Through creating talent teams including senior management, project managers, project junior staff and professionals, the Group provides more comprehensive job training for our employees.

Compliance with the Corporate Governance Code

The Company has adopted the code provisions of the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance. The Company has complied with all the applicable code provisions of the Corporate Governance Code during the six months ended 30 June 2022.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as a code of conduct for securities transactions by the Directors and supervisors (the “**Supervisors**”) of the Company. The Company has made specific enquiries to all Directors and Supervisors and they all have confirmed that they had complied with the Model Code during the six months ended 30 June 2022.

Purchase, Sale or Redemption of the Listed Securities of the Company

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Public Float

Based on the published information and to the knowledge of the Directors, as of the six months ended 30 June 2022 and as at the date of this announcement, the Company maintained sufficient public float in compliance with the Listing Rules.

Accounts Review

The Company established an audit committee (the “**Audit Committee**”) in compliance with Appendix 14 to the Listing Rules, with its working rules in writing. The Audit Committee, authorized by the Board, is responsible for reviewing and supervising the Group's financial reporting, risk management and risk control systems, and assisting the Board in performing its audit responsibilities of the Group. The Audit Committee, together with the management of the Company, have reviewed the accounting principles and practice adopted by the Group, and also discussed issues related to financial reporting, including the review of the Group's unaudited interim results for the six months ended 30 June 2022. The Audit Committee is of the opinion that such statements comply with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

Interim Dividend

The Board does not recommend the declaration of the interim dividend for the six months ended 30 June 2022 (as of the six months ended 30 June 2021: nil).

Publication of Interim Results and Interim Report

The interim results announcement of the Group for the six months ended 30 June 2022 has been published on the websites of the Company (www.bcjps.com) and the Stock Exchange (www.hkexnews.hk). The interim report of the Group for the six months ended 30 June 2022, containing all the information required by the Listing Rules, will be dispatched to the shareholders of the Company and be published on the above websites in due time.

By order of the Board
Beijing Capital Jiaye Property Services Co., Limited
Zhang Weize
Chairman

Beijing, the PRC, 30 August 2022

As at the date of this announcement, the Board consists of Mr. Zhang Weize, Mr. Yang Jun, Mr. Luo Zhou and Mr. Yao Xin as executive Directors, Mr. Xie Ping and Mr. Mao Lei as non-executive Directors, and Mr. Cheng Peng, Mr. Kong Weiping and Mr. Kong Chi Mo as independent non-executive Directors.

* *For identification purposes only*