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## **Jiayuan Services Holdings Limited**

### **佳源服務控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1153)**

## **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020**

### **FINANCIAL HIGHLIGHTS**

- Revenue in 2020 was approximately RMB615.1 million, representing an increase of approximately 35.2% as compared to approximately RMB454.9 million in 2019.
- Gross profit in 2020 was approximately RMB187.1 million, representing an increase of approximately 72.2% as compared to approximately RMB108.7 million in 2019.
- Gross profit margin in 2020 was approximately 30.4% compared with that of approximately 23.9% in 2019.
- Net profit of the Group in 2020 was approximately RMB70.0 million, representing an increase of approximately 39.3% as compared to approximately RMB50.2 million in 2019.
- Core net profit of the Group (i.e. before the deduction of listing expenses in relation to the listing of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 9 December 2020) in 2020 was approximately RMB97.1 million, representing an increase of approximately 93.3% as compared to approximately RMB50.2 million in 2019. Core net profit margin in 2020 was approximately 15.8% compared with that of approximately 11.0% in 2019.
- Basic earnings per share attributable to owners of the Company in 2020 was RMB14 cents per share compared with that of approximately RMB11 cents per share in 2019.
- As at 31 December 2020, the contracted gross floor area (“GFA”) of the Group was approximately 49.7 million square meter (“sq.m.”), representing an increase of approximately 28.0% as compared to approximately 38.8 million sq.m. as at 31 December 2019.
- As at 31 December 2020, the GFA under management of the Group was approximately 31.5 million sq.m., representing an increase of approximately 20.7% as compared to approximately 26.1 million sq.m. as at 31 December 2019.
- The Board proposed to declare a final dividend of HKD64 cents per ten ordinary shares of the Company for the year ended 31 December 2020 (2019: Nil).

The board (the “Board”) of directors (the “Directors”) of Jiayuan Services Holdings Limited (the “Company” or “Jiayuan Services”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2020 with comparative figures for the year ended 31 December 2019 as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2020	2019
	Note	RMB'000	RMB'000
<b>Revenue</b>	4	<b>615,096</b>	454,891
Cost of services and sales	5	<u>(427,970)</u>	<u>(346,197)</u>
<b>Gross profit</b>		<b>187,126</b>	108,694
Other income and expenses, net	6	<b>4,746</b>	1,715
Other gains and loss, net		<b>434</b>	–
Impairment losses on financial assets		<b>(9,615)</b>	(4,942)
Selling and marketing expenses	5	<b>(10,041)</b>	(7,400)
Administrative expenses	5	<b>(71,042)</b>	(29,313)
Finance costs		<b>(119)</b>	(19)
Share of results of investments accounted for using the equity method		<u><b>1,318</b></u>	<u>(431)</u>
<b>Profit before taxation</b>		<b>102,807</b>	68,304
Income tax expense	7	<u><b>(32,839)</b></u>	<u>(18,090)</u>
<b>Profit and total comprehensive income for the year</b>		<u><b>69,968</b></u>	<u>50,214</u>
<b>Profit and total comprehensive income attributable to:</b>			
– Owners of the Company		<b>65,426</b>	50,214
– Non-controlling interests		<u><b>4,542</b></u>	<u>–</u>
		<u><b>69,968</b></u>	<u>50,214</u>
<b>Earnings per share attributable to owners of the Company</b> (expressed in RMB per share)			
– Basic	8	<b>0.14</b>	0.11
– Diluted	8	<u><b>0.14</b></u>	<u>0.11</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2020	2019
	Note	RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		18,847	14,633
Right-of-use assets		2,323	2,831
Intangible assets		34,186	35,683
Investments accounted for using the equity method		1,838	6,524
Deferred income tax assets		17,815	11,285
		<u>75,009</u>	<u>70,956</u>
<b>Current assets</b>			
Inventories		501	880
Trade and other receivables	10	246,483	738,439
Restricted bank deposits		1,219	1,559
Cash and cash equivalents		617,771	37,644
		<u>865,974</u>	<u>778,522</u>
<b>Total assets</b>		<u><b>940,983</b></u>	<u><b>849,478</b></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	11	5,128	–
Reserves		496,055	151,148
		<u>501,183</u>	<u>151,148</u>
<b>Non-controlling interests</b>		<u>17,056</u>	<u>10,157</u>
<b>Total equity</b>		<u><b>518,239</b></u>	<u><b>161,305</b></u>

		As at 31 December	
		2020	2019
	Note	RMB'000	RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		384	1,187
Deferred income tax liabilities		4,445	5,207
		<u>4,829</u>	<u>6,394</u>
<b>Current liabilities</b>			
Contract liabilities		88,232	77,326
Trade and other payables	12	305,472	576,565
Lease liabilities		1,707	1,336
Current income tax liabilities		22,504	26,552
		<u>417,915</u>	<u>681,779</u>
<b>Total liabilities</b>		<u>422,744</u>	<u>688,173</u>
<b>Total equity and liabilities</b>		<u><u>940,983</u></u>	<u><u>849,478</u></u>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION AND REORGANISATION

### 1.1 General information

The Company was incorporated in the Cayman Islands on 5 March 2020 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is at the office of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. On 9 December 2020, the Company's shares were listed on the Main Board of the Stock Exchange by way of initial public offering (the "Listing").

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are principally engaged in the provision of property management services, value-added services to property developers and community value-added services in the People's Republic of China (the "PRC").

The intermediate holding company of the Company is Jiayuan International Group Limited ("Jiayuan International"), an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on the Stock Exchange. Jiayuan International is ultimately controlled by Mr. Shum Tin Ching ("Mr. Shum").

These consolidated financial statements for the year ended 31 December 2020 are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 29 March 2021.

### 1.2 History and Reorganisation of the Group

Prior to the incorporation of the Company and the completion of the Reorganisation as described below, the business of the Group was operated through Zhejiang Jiayuan Property Services Group Company Limited ("Zhejiang Jiayuan Services") and its subsidiaries in the PRC. Zhejiang Jiayuan Services is indirectly owned by Chuangyuan Development Limited ("Chuangyuan Development"), a subsidiary of Chuangyuan Holdings Limited ("Chuangyuan Holdings"), which in turn is indirectly owned by Jiayuan International.

#### ***Reorganisation***

In preparation for the Listing of the Company's shares on the Stock Exchange, a reorganisation (the "Reorganisation") was undertaken pursuant to which Chuangyuan Development and its subsidiaries, engaged in the business of the Group, were transferred to the Company. The Reorganisation mainly involved the following:

- Upon the incorporation of the Company on 5 March 2020, one fully-paid ordinary share was issued to the initial subscriber at par and was transferred to Chuangyuan Holdings, a subsidiary of Jiayuan International, at par on the same day. Upon completion of such transfer, the Company was wholly-owned by Chuangyuan Holdings.
- On 9 April 2020, the Company acquired the entire equity interest in Chuangyuan Development from Chuangyuan Holdings, at a consideration of allotment and issue of 99 ordinary shares of the Company at Hong Kong Dollar ("HKD") 0.01 each to Chuangyuan Holdings. Upon completion of the shares allotment and issue, Chuangyuan Development became wholly-owned by the Company.

Upon completion of the Reorganisation, the Company became the holding company of Chuangyuan Development and the companies now comprising the Group.

## 2 BASIS OF PREPARATION

The principal accounting policies applied in the preparation of the consolidated financial statements are in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention.

### (a) New and amended standards adopted by the Group

The Group has applied new and amended standards effective for the financial period beginning on 1 January 2020. The adoption of these new and revised standards does not have any significant impact on the consolidated financial statements of the Group.

### (b) New and amended standards and interpretations not yet adopted

Certain new or revised accounting standards, amendments and interpretations to existing standards have been published that are not effective in current year and have not been early adopted by the Group.

		<b>Effective for the financial year beginning on or after</b>
Amendments to HKFRS 16	COVID-19 Related Rent Concessions	1 June 2020
Amendments to HKFRS 9, HKAS 39, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase Two	1 January 2021
Accounting Guideline 5 (Revised)	Merger accounting for common control combinations	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Cost of Fulfilling a Contract	1 January 2022
Annual improvements	Annual Improvements 2018-2020 Cycle	1 January 2022
HKFRS 17	Insurance Contract	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current	1 January 2023
HK Interpretation 5 (2020)	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, amendments and interpretations, certain of which are relevant to the Group’s operations. According to the preliminary assessment made by the directors of the Company, no significant impact on the financial performance and position of the Group is expected when they become effective.

### 3 SEGMENT INFORMATION

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

The Group is principally engaged in the provision of property management services, value-added services to property developers and community value-added services in the PRC. CODM reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entities of the Group are domiciled in the PRC and all of the Group’s revenue were derived in the PRC during the year.

### 4 REVENUE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
<b>Types of services</b>		
Property management services	507,595	365,635
Value-added services to property developers	72,783	67,499
Community value-added services	34,718	21,757
	<u>615,096</u>	<u>454,891</u>
<b>Revenue is recognised:</b>		
– Over time	606,104	447,204
– At a point in time	8,992	7,687
	<u>615,096</u>	<u>454,891</u>

For the years ended 31 December 2020 and 2019, revenue from the companies controlled and jointly controlled by Mr. Shum contributed 13% and 17% of the Group’s revenue, respectively. Other than these companies, none of the Group’s customers contributed 10% or more of the Group’s revenue during the year.

## 5 EXPENSES BY NATURE

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Employee benefit expenses	332,884	273,747
Maintenance expenses	39,945	30,833
Cleaning and security expenses	28,337	17,403
Listing expenses	27,085	–
Utilities expenses	26,562	22,219
Depreciation and amortisation charges	11,118	2,908
Office and communication expenses	9,837	7,584
Advertising and promotion expenses	6,210	3,777
Travelling and entertainment expenses	5,280	4,525
Taxes and surcharges	4,205	3,480
Greening and gardening expenses	3,892	5,526
Bank charges	3,432	1,245
Cost of inventories sold	3,259	3,758
Auditor's remuneration		
– Annual audit services	2,280	–
– Non audit services	100	–
Housekeeping and catering	1,170	1,689
Professional service fees	1,152	1,119
Short-term lease expenses	1,143	463
Other expenses	1,162	2,634
	<u>509,053</u>	<u>382,910</u>
Total cost of services and sales, selling and marketing expenses and administrative expenses	<u>509,053</u>	<u>382,910</u>

## 6 OTHER INCOME AND EXPENSES, NET

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Government grant	3,660	592
Value-added tax refund	2,161	1,134
Car park handling fee income	487	1,454
Interest income		
– on bank deposits	66	48
– on amounts due from related parties	51	124
– on advances to a third party	–	1,192
Late fees and penalties	(2,096)	(3,235)
Others	417	406
	<u>4,746</u>	<u>1,715</u>
	<u>4,746</u>	<u>1,715</u>



## 7 INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Current income tax	40,191	21,721
Deferred income tax	(7,352)	(3,631)
	<u>32,839</u>	<u>18,090</u>

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from the Cayman Islands income tax.

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit generated in Hong Kong for the year (2019: Nil).

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rates (i.e. ranging from 5% to 25%) on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

## 8 EARNINGS PER SHARE – BASIC AND DILUTED

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year. The number of ordinary shares used for such purpose is based on the assumption that the Reorganisation and the capitalisation issuance of shares have been in effect on 1 January 2019.

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company (RMB'000)	<u>65,426</u>	<u>50,214</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>459,452</u>	<u>450,000</u>
Basic earnings per share (RMB)	<u>0.14</u>	<u>0.11</u>

## 8 EARNINGS PER SHARE – BASIC AND DILUTED (Continued)

### (b) Diluted earnings per share

The calculation of the diluted earnings per share amount is based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year ended 31 December 2020 adjusted by the potential additional shares to be issued for the over-allotment option granted.

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company ( <i>RMB'000</i> )	<u>65,426</u>	<u>50,214</u>
Weighted average number of ordinary shares in issue (in thousands)	459,452	450,000
Shares to be issued for over-allotment option (in thousands)	<u>6</u>	<u>–</u>
	<u>459,458</u>	<u>450,000</u>
Diluted earnings per share (RMB)	<u>0.14</u>	<u>0.11</u>

## 9 DIVIDENDS

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2020 of HKD64 cents per ten ordinary shares, in an aggregate amount of approximately HKD39,150,000, approximately RMB32,968,000 (2019: Nil), taking into account 611,709,000 (2019: Nil) ordinary shares in issue at the reporting date, has been proposed by the Board of Directors on 29 March 2021 and is subject to the approval by the shareholders of the Company (the “Shareholders”) in the forthcoming annual general meeting. The final dividend proposed has not been recognised as a liability in these consolidated financial statements.

## 10 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables ( <i>a</i> )	213,338	125,631
Other receivables ( <i>b</i> )	27,986	604,452
Prepayments	<u>5,159</u>	<u>8,356</u>
Trade and other receivables, net	<u>246,483</u>	<u>738,439</u>

**10 TRADE AND OTHER RECEIVABLES (Continued)****(a) Trade receivables**

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	243,213	146,279
Less: allowance for impairment	(29,875)	(20,648)
	<u>213,338</u>	<u>125,631</u>

No credit term is granted to customers. The aging analysis of the trade receivables based on invoice date was as follows:

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
0-60 days	72,868	37,120
61-180 days	51,933	22,623
181-365 days	62,387	62,470
1-2 years	42,304	10,923
2-3 years	4,915	6,764
3-4 years	4,457	3,363
4-5 years	2,066	1,703
More than 5 years	2,283	1,313
	<u>243,213</u>	<u>146,279</u>

**(b) Other receivables**

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Other receivables		
– Deposits and payments made on behalf of customers	23,329	19,370
– Amounts due from related parties	–	544,009
– Advances to a third party	–	38,542
– Others	5,045	2,531
	<u>28,374</u>	<u>604,452</u>
Less: allowance for impairment	(388)	–
	<u>27,986</u>	<u>604,452</u>

## 11 SHARE CAPITAL

	Number of ordinary shares	Nominal value of shares HKD'000	Equivalent nominal value of shares RMB'000
<b>Authorised</b>			
5 March 2020 (date of incorporation) (a)	39,000,000	390	348
Increase in authorised share capital (a)	<u>1,961,000,000</u>	<u>19,610</u>	<u>16,847</u>
At 31 December 2020	<u><u>2,000,000,000</u></u>	<u><u>20,000</u></u>	<u><u>17,195</u></u>
<b>Issued and fully paid</b>			
Issued on the date of incorporation (b)	1	–	–
Issued in connection with the Reorganisation (c)	99	–	–
Issued upon listing (d)	150,000,000	1,500	1,262
Issued in connection with the capitalisation (e)	<u>449,999,900</u>	<u>4,500</u>	<u>3,866</u>
At 31 December 2020	<u><u>600,000,000</u></u>	<u><u>6,000</u></u>	<u><u>5,128</u></u>

- (a) The Company was incorporated in the Cayman Islands on 5 March 2020 with authorised share capital of HKD390,000 divided into 39,000,000 ordinary shares of HKD0.01 each. According to the sole shareholder resolutions passed on 21 October 2020, the authorised share capital of the Company was increased from HKD390,000 to HKD20,000,000 divided into 2,000,000,000 shares by the creation of an additional 1,961,000,000 shares.
- (b) Upon the incorporation of the Company, one share was issued and allotted to an initial subscriber who is an independent third party, which was then transferred to Chuangyuan Holdings on the same date.
- (c) Pursuant to the Reorganisation, on 9 April 2020, the Company acquired 100% of the issued shares in Chuangyuan Development from Chuangyuan Holdings. In consideration of such acquisition, the Company issued and allotted 99 shares to Chuangyuan Holdings.
- (d) On 9 December 2020, upon the Listing, the Company issued 150,000,000 new ordinary shares at the price of HKD3.86 per share, and raised gross proceeds of approximately HKD579,000,000 (equivalent to approximately RMB486,964,000).
- (e) According to the sole shareholder resolutions passed on 21 October 2020 and with the share premium amount of the Company being credited as a result of the issue of shares pursuant to the Listing, the Company capitalised HKD4,499,999 standing to the credit of the share premium account by applying such sum in paying up in full at par 449,999,900 shares for issue and allotment to Chuangyuan Holdings (the “Capitalisation”).

## 12 TRADE AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables (a)	<u>23,822</u>	<u>15,981</u>
Other payables		
– Utility and other payables	40,810	43,960
– Owners' maintenance fund	37,836	32,764
– Deposits received	69,320	58,302
– Consideration payable for business combinations	285	27,753
– Amounts due to related parties	–	304,200
– Listing expenses and share issuance costs payable	18,743	–
– Payroll payable	87,515	69,150
– Other tax payables	12,802	9,474
– Others	14,339	14,981
	<u>281,650</u>	<u>560,584</u>
	<u><b>305,472</b></u>	<u><b>576,565</b></u>

(a) The ageing analysis of trade payables based on the invoice date was as follows:

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
0-60 days	17,307	10,722
61-180 days	1,710	2,142
181-365 days	1,760	662
more than 1 year	3,045	2,455
	<u>23,822</u>	<u>15,981</u>

## CHAIRMAN'S STATEMENT

To the Shareholders,

On behalf of the Board of Directors, I am pleased to present the financial performance of the Group for the year ended 31 December 2020.

In 2020, the sudden Novel Coronavirus (“COVID-19”) epidemic is a big challenge for the property management industry. In order to guard the last line of defense at the door of the owners, nearly 6,000 employees of the Group in various projects across the country devoted huge manpower and resources and took up the responsibility of fighting the epidemic as a warrior, turning the community into the strongest fortress for epidemic prevention and control. As a result, the Group was awarded the honor of “Group with Outstanding Performance in Prevention and Control of the COVID-19 Epidemic” by the People’s Government of Nanhu District, Jiaxing City, and many employees were awarded the honors of provincial-level outstanding individuals in anti-epidemic work.

The year of 2020 also witnessed the rapid development of the industry. Rooted in the Yangtze River Delta, the Group further promoted deep urban cultivation, established a leading market position in Zhejiang Province, and was highly recognised in the Yangtze River Delta region. Over 16 years of operation, the Group has gradually grown from a leading regional property management service provider to an established comprehensive property management service provider with national presence.

For the year ended 31 December 2020, the Group recorded a total revenue of approximately RMB615.1 million, with a year-on-year increase of approximately 35.2%. The gross profit amounted to approximately RMB187.1 million, with a year-on-year increase of approximately 72.2%. The Group’s gross profit margin was approximately 30.4%. Net profit of the Group amounted to approximately RMB70.0 million, showed a year-on-year increase of approximately 39.3% with a net profit margin of approximately 11.4%.

With optimal and high-quality services and long-term accumulated reputation, the scale of management of the Group has also achieved rapid growth. For the year ended 31 December 2020, the Group had a total contracted GFA of approximately 49.7 million sq.m., with a year-on-year increase of approximately 28.0%. Relying on comprehensive strength and brand influence, the Group has also been further recognised in the industry. The Group won a number of awards from the China Index Academy in 2020, including the 35th among 2020 Top 100 Property Management Companies (2020中國物業服務百強企業35位), 13th among the 2020 Leading Growth Enterprises of the Top 100 Property Management Service Providers in China (2020中國物業服務百強成長性領先企業13位), 2020 Specialised Operational Leading Brand of China Property Service Companies (2020中國物業服務專業化運營領先品牌企業), 2020 Noteworthy Property Management Companies in the Capital Market (2020值得資本市場關注的物業服務企業), 2020 East China Market-leading Enterprise for Property Services (2020華東區域物業服務市場地位領先企業), 2020 Excellent Management Team in China’s Property Management Industry (2020中國物業管理行業優秀管理團隊).

Adhering to the vision of “Build a Beautiful Life with Heartfelt Services” (用心服務,共築美好), Jiayuan Services brought property owners scene-style experience through the “six services” of “security”, “cleaning”, “greening”, “maintenance”, “elderly care” and “child care”, as well as the exclusive “Jiayuan Five Sense Services” (佳源五感服務), and transformed the complex operation process into a simple and easy-to-operate on-site effect, so as to continuously improve and enhance the service quality, and lead the improvement of the customer’s quality of life with the leading service quality.

The Group is committed to providing property owners and residents with more convenient and reliable services using modern technologies. By iteratively upgrading “Jiayou Life” (佳優生活) service system, the Group can be able to provide all-aged, all-round extended services and customised services to continuously improve and innovate to enhance and provide property owners with better service quality. The Group will extend its services to, among others, online and onsite services in community retail, management fee payment, repair and maintenance service booking, remote access control, feedbacks and complaints to build a livable and healthy happy community, and create a happy and peaceful life. The Group gained a customer satisfaction score of 82.8 in 2020, higher than the property management industry average for the 2020 Residential Satisfaction of Urban Residents in China of 78.5, according to a survey conducted by China Index Academy, an authoritative third party.

Looking forward to 2021, it is a new journey and a new start. The Group is a witness of development and a practitioner of service innovation. The Group will continue to promote high-quality development with the strategic plan of “One District, Two Wings and Three Clusters” (一區兩翼三群), quickly promote the business expansion of the Northeast, Northwest and Southwest regional clusters from point to area, so that more property owners can enjoy the beauty of property management services, and make “Jiayou Life” a happy life for property owners, and create sustainable and long-term value for the society and the Shareholders. Believe Jiayuan, and you will seize a bright future!

**Jiayuan Services Holdings Limited**

**Zhu Hongge**

*Chairman of the Board and Executive Director*

## MANAGEMENT DISCUSSION AND ANALYSIS

### Market Review

Looking back to 2020, it is a historic year for the entire property management industry: faced with the COVID-19 epidemic raging around the world, the property management companies have actively assumed their social responsibilities and united the community to build the first line of defense against the epidemic, the entire society has a deeper understanding of the value of property management companies; the competition among property management companies in different fields has also been intensifying. Urban services, commercial operations, community pensions, and community retail have all become important areas for property management companies to continuously explore service boundaries with the support of national policies of the PRC, and the value of property management companies is constantly being reconstructed; 2020 is also a year when the number of property management companies listed on the market hit a record. Preference of capital in property management companies is obvious to all, but the valuations of different property management companies in the secondary market have also shown a distinct trend of differentiation. The valuation of the overall sector has also undergone a round of significant adjustments and capital tends to return to rationality.

### Business Review

On 9 December 2020 (the “Listing Date”), the Company’s shares were listed on the Main Board of the Stock Exchange. Under the background of the great development of the industry, the Company, as a new listed company, has achieved steady growth in performance.

In 2020, the total revenue of the Group was approximately RMB615.1 million, with a year-on-year increase of approximately 35.2%. The gross profit of the Group was approximately RMB187.1 million, with a year-on-year increase of approximately 72.2%. The net profit for the year was approximately RMB70.0 million, with a year-on-year increase of approximately 39.3%, of which the net profit attributable to owners of the Company reached approximately RMB65.4 million, with a year-on-year increase of approximately 30.3%. Basic earnings per share was RMB0.14, with a year-on-year increase of approximately 27.6%. Primarily benefited from standardised operations, effective cost control and the economies of scale, the Group’s profitability was significantly enhanced in 2020. In addition, due to the regulatory supportive policies issued by the local governments in response to the COVID-19 epidemic such as the deduction or exemption of payment of social insurance fees, the overall gross profit margin of the Group increased by approximately 6.5 percentage points compared with that in 2019, reaching approximately 30.4%. The core net profit of the Group (i.e. before the deduction of listing expenses) in 2020 reached approximately RMB97.1 million, representing an increase of approximately 93.3% as compared with the core net profit of approximately RMB50.2 million in 2019. Core net profit margin in 2020 was approximately 15.8% compared with that of approximately 11.0% in 2019.



In terms of the property management service business, in 2020, the revenue of property management service of the Group was approximately RMB507.6 million, with a year-on-year increase of approximately 38.8%. As at 31 December 2020, the Group's GFA under management reached approximately 31.5 million sq.m., with a year-on-year increase of approximately 20.7%, and the contracted GFA reached approximately 49.7 million sq.m., with a year-on-year increase of approximately 28.0%. Although the Group postponed mergers and acquisitions activities due to the listing plan, by leveraging on good service quality and market reputation, the Group has further expanded its management territory through endogenous growth, single project expansion, and cooperation through joint ventures, among which the GFA under management from third-party developers was approximately 10.5 million sq.m., with a year-on-year increase of approximately 34.4%, accounting for about 33.4% of the total GFA under management. The proportion of the area under management by third parties continued to increase steadily from approximately 30.0% in 2019. In 2020, the gross profit of the property management service business was approximately RMB151.3 million, with a year-on-year increase of approximately 80.6%, and the gross profit margin significantly increased by approximately 6.9 percentage points to approximately 29.8%. The revenue of property management service business accounted for approximately 82.5% of the total revenue, and the gross profit of the property management service business accounted for approximately 80.8% of the overall gross profit. The property management service business remains to be the major source of income and profit for the Group. The increase in the scale of the property management service business was mainly due to the increase in the GFA under management and the average property management fee.

In terms of value-added services to property developers, in 2020, the Group's revenue from value-added services to property developers was approximately RMB72.8 million, with a year on-year increase of approximately 7.8%. The gross profit of this business segment reached approximately RMB21.7 million, with a year-on-year increase of approximately 25.6%, and the gross profit margin increased by approximately 4.2 percentage points to approximately 29.8% compared with that in 2019. The revenue of value-added services to property developers accounted for approximately 11.9% of the total revenue, representing a decrease of approximately 3 percentage points from approximately 14.8% in 2019. The gross profit of value-added services to property developers business accounted for approximately 11.6% of overall gross profit. The increase in the scale of value-added services to property developers business was mainly due to the increase in venue services items.

In terms of community value-added services, in 2020, the revenue of community value-added services was approximately RMB34.7 million, with a year-on-year increase of approximately 59.6%. The gross profit margin of this business segment reached approximately RMB14.1 million, with a year-on-year increase of approximately 85.3%, and the gross profit margin increased by approximately 5.6 percentage points to approximately 40.7% compared with that in 2019. The total revenue of community value-added service business accounted for approximately 5.6% of the total revenue, which also increased steadily from approximately 4.8% in 2019. The gross profit of the community value-added service business accounted for approximately 7.6% of the overall gross profit. The increase in the scale of community value-added services was mainly due to (i) the increase in the Group's projects under management; and (ii) the provision of targeted and diversified value-added services after digging deeper into the needs of property owners.

## **Impacts of the COVID-19 epidemic**

The COVID-19 epidemic brought severe challenges to the property management industry in 2020, but it also brought new opportunities to the industry. In response to the COVID-19 epidemic, the Group has implemented epidemic prevention plans and enhanced hygiene and precautionary measures across the Group's office premises and properties under management. For the year ended 31 December 2020, the total cost of the Group's purchase of anti-epidemic supplies reached approximately RMB1.4 million. After taking into account the medical and cleaning supplies distributed by local governments and related subsidy policies (such as reducing social insurance orders), the Board believes that the additional costs associated with the enhanced measures will not have a material adverse impact on the financial performance and financial position of the Group.

For the year ended 31 December 2020, the Group was relatively less affected by the spread of the COVID-19 in the area under management, and there was no delay in the delivery of related projects. Therefore, the impact of COVID-19 epidemic on the Group's operations and finances is minimal.

The COVID-19 epidemic has also increased the level of trust and reliance by many property owners on the services of property management companies, and promoted the development of value-added services offered by property management companies such as, among others, delivery services, purchasing service, house cleaning and disinfecting services. During the period of COVID-19 epidemic, the Group has provided convenience for home quarantine for customers who need to be isolated and observed, and has provided services for assisting home quarantine customers in purchasing daily supplies. In the Yangtze River Delta region, the regional macroeconomic development plans and talent attraction plans in the long run remain unchanged, and thus after the COVID-19 epidemic is effectively controlled, the outlook for the demand of residential and commercial properties and related property management services in the Yangtze River Delta region and Zhejiang province will remain positive. The COVID-19 provides an opportunity for the rapid development of property management business in the later period.

## FINANCIAL REVIEW

### Revenue

The revenue of the Group derives from three business segments: (i) property management services; (ii) value-added services to property developers; and (iii) community value-added services. The revenue of the Group increased by approximately 35.2% from approximately RMB454.9 million in 2019 to approximately RMB615.1 million in 2020.

The following table sets forth the details of the Group's revenue by business segments for the years indicated:

	2020		Year ended 31 December 2019		Changes	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property management services	<b>507,595</b>	<b>82.5</b>	365,635	80.4	141,960	38.8
Value-added services to property developers	<b>72,783</b>	<b>11.9</b>	67,499	14.8	5,284	7.8
Community value-added services	<b>34,718</b>	<b>5.6</b>	21,757	4.8	12,961	59.6
	<b><u>615,096</u></b>	<b><u>100.0</u></b>	<b><u>454,891</u></b>	<b><u>100.0</u></b>	<b><u>160,205</u></b>	<b><u>35.2</u></b>

### Property management services

Revenue from property management services increased by approximately 38.8% from approximately RMB365.6 million for the year ended 31 December 2019 to approximately RMB507.6 million for the year ended 31 December 2020, primarily attributable to (i) the increase in GFA under management; and (ii) the increase in the average property management fee.

### Value-added services to property developers

Revenue from value-added services to property developers increased by approximately 7.8% from approximately RMB67.5 million for the year ended 31 December 2019 to approximately RMB72.8 million for the year ended 31 December 2020, primarily attributable to the increase in the number of venue services items and new projects delivered.

### Community value-added services

Revenue from community value-added services increased by approximately 59.6% from approximately RMB21.8 million for the year ended 31 December 2019 to approximately RMB34.7 million for the year ended 31 December 2020, primarily due to the increase in value-added service retail content items and the increase in the number of residents to whom the Group provided community value-added services.

## Cost of services and sales

The cost of services and sales consists of (i) employee benefit expenses; (ii) maintenance expenses; (iii) expenses for utility; (iv) cleaning and security expenses; (v) greening and gardening expenses; (vi) taxes and surcharges; (vii) office and communication expenses; and (viii) other expenses such as depreciation and amortisation.

Cost of services and sales increased by approximately 23.6% from approximately RMB346.2 million for the year ended 31 December 2019 to approximately RMB428.0 million for the year ended 31 December 2020, primarily due to the increase in salary base as a result of an increase of the employees and staff resulting from business expansion.

## Gross profit and gross profit margin

The gross profit of the Group increased by approximately 72.2% from approximately RMB108.7 million for the year ended 31 December 2019 to approximately RMB187.1 million for the year ended 31 December 2020, which was mainly due to the increase in revenue of the Group as a result of the increase in business scale.

The gross profit margin increased from approximately 23.9% for the year ended 31 December 2019 to approximately 30.4% for the year ended 31 December 2020. Such increase was primarily due to (i) the increase in the gross profit margin of property management services, which accounted for a higher portion of revenue; and (ii) the deduction or exemption of payment of social insurance contributions as a result of the regulatory supportive policies issued by the local governments in response to the COVID-19 epidemic.

The following table sets forth the details of the Group's gross profit and gross profit margin by business segments for the years indicated:

	For the year ended 31 December			
	2020		2019	
	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %
Property management services	151,275	29.8	83,775	22.9
Value-added services to property developers	21,715	29.8	17,289	25.6
Community value-added services	14,136	40.7	7,630	35.1
<b>Total</b>	<b>187,126</b>	<b>30.4</b>	<b>108,694</b>	<b>23.9</b>

## **Property management services**

The gross profit margin of property management services increased from approximately 22.9% for the year ended 31 December 2019 to approximately 29.8% for the year ended 31 December 2020, which was mainly due to the combined effect of (i) the increase in the average property management fee from RMB1.32 per sq.m. per month for the year ended 31 December 2019 to RMB1.37 sq.m. per month for the year ended 31 December 2020; (ii) economies of scale as a result of the business expansion; (iii) the implementation of cost-saving measures, such as application of automated tools, advanced technology and standardisation of procedures; and (iv) the deduction or exemption of payment of social insurance contributions as a result of the regulatory supportive policies issued by the local governments in response to the COVID-19 epidemic.

## **Value-added services to property developers**

The gross profit margin of value-added services to property developers increased from approximately 25.6% for the year ended 31 December 2019 to approximately 29.8% for the year ended 31 December 2020, primarily due to (i) the increase in pre-planning and design consulting service fees for the year ended 31 December 2020; and (ii) to a lesser extent, attributable to the deduction or exemption of payment of social insurance contributions as a result of the regulatory supportive policies issued by the local governments in response to the COVID-19 epidemic.

## **Community value-added services**

The gross profit margin of community value-added services increased from approximately 35.1% for the year ended 31 December 2019 to approximately 40.7% for the year ended 31 December 2020, primarily due to (i) the benefit from the economies of scale achieved as the Group provided value-added services to an increasing number of projects; and (ii) the Group's continued efforts to diversify the service offerings.

## **Other income and expenses, net**

Other net income increased from approximately RMB1.7 million for the year ended 31 December 2019 to approximately RMB4.7 million for the year ended 31 December 2020 mainly due to (i) the increase in government grants for staff retention and property management industry as a result of the regulatory supportive policies issued by the local governments in response to the COVID-19 epidemic; and (ii) value-added tax refund as a result of the tax regulations on value-added tax deductions issued in April 2019, which allows the taxpayers in the home-living service industries to enjoy additional 10% input value-added tax deduction.

## **Selling and marketing expenses**

Selling and marketing expenses increased from approximately RMB7.4 million for the year ended 31 December 2019 to approximately RMB10.0 million for the year ended 31 December 2020, representing an increase of approximately 35.7%, mainly as a result of increased advertising expenses and employee benefit expenses which was in line with the business expansion of the Group.

## **Administrative expenses**

Administrative expenses increased from approximately RMB29.3 million for the year ended 31 December 2019 to approximately RMB71.0 million for the year ended 31 December 2020, representing an increase of approximately 142.4%. The increase in administrative expenses was mainly attributable to (i) listing expenses of approximately RMB27.1 million for the year; (ii) the increase in employee benefit expenses for management and administrative staff as a result of the increase in the headcount of management staff for business expansion and steady growth in average salary of senior management; and (iii) the increase in depreciation and amortisation as a result of business expansion.

## **Finance costs**

Finance costs represented interest expenses on lease liabilities due to the adoption of HKFRS 16.

## **Income tax expenses**

Income tax expenses were approximately RMB32.8 million for the year ended 31 December 2020, representing an increase of approximately 81.5%, from approximately RMB18.1 million for the year ended 31 December 2019. The increase in income tax expenses was in line with the increase in profit before tax for the year.

## **Profit and total comprehensive income for the year**

As a result of the foregoing, the profit and total comprehensive income for the year increased from approximately RMB50.2 million for the year ended 31 December 2019 to approximately RMB70.0 million for the year ended 31 December 2020.

The profit and total comprehensive income attributable to owners of the Company for the year increased from approximately RMB50.2 million for the year ended 31 December 2019 to approximately RMB65.4 million for the year ended 31 December 2020.

## **Property and equipment**

The property and equipment of the Group increased from approximately RMB14.6 million as at 31 December 2019 to approximately RMB18.8 million as at 31 December 2020, representing an increase of approximately 28.8%, mainly due to the purchase of office equipment and motor vehicles which was in line with business expansion.

## **Intangible assets**

The intangible assets of the Group comprise property management contracts and goodwill resulting from equity acquisition and the purchase of software.

The intangible assets of the Group decreased from approximately RMB35.7 million as at 31 December 2019 to approximately RMB34.2 million as at 31 December 2020, representing a decrease of approximately 4.2%, mainly due to the amortisation of property management contracts during the year.

### **Trade and other receivables**

Trade receivables mainly arise from provision of property management services, value-added services to property developers and community value-added services. Trade receivables of the Group, net of allowance for impairment, increased from approximately RMB125.6 million as at 31 December 2019 to approximately RMB213.3 million as at 31 December 2020, representing an increase of approximately 69.8%. Such increase was primarily due to (i) the increasing number of property management projects managed by the Group; and (ii) the increase in average property management fee charged by the Group.

Other receivables mainly consist of deposits and payments made on behalf of customers, amounts due from related parties and advances to a third party. Other receivables, net of allowance for impairment decreased significantly from approximately RMB604.5 million as at 31 December 2019 to approximately RMB28.0 million because the amounts due from related parties amounted to approximately RMB544.0 million as at 31 December 2019 and the advances to a third party amounted to approximately RMB38.5 million as at 31 December 2019 were repaid during the year ended 31 December 2020.

### **Trade and other payables**

Trade payables represent the obligations to pay for goods and services acquired in the ordinary course of business from sub-contractors. Trade payables increased from approximately RMB16.0 million as at 31 December 2019 to approximately RMB23.8 million as at 31 December 2020, representing an increase of approximately 49.1%. Such increase was mainly due to the increase in sub-contracting costs as a result of the increase in property projects under the Group's management during the year, which was in line with the business expansion of the Group.

Other payables mainly represent (i) amounts due to related parties; (ii) payroll payable; (iii) deposits received such as performance bond, retention deposits from property owners, decoration deposits and tender bond; and (iv) utility and other payables such as the receipts from residents and related parties which the Group collected on their behalf and were payable to relevant suppliers. Other payables decreased from approximately RMB560.6 million as at 31 December 2019 to approximately RMB281.7 million, mainly due to the settlement of amounts due to related parties amounted to approximately RMB304.2 million as at 31 December 2019 during the year ended 31 December 2020.

### **Contract liabilities**

Contract liabilities mainly arise from property management fee received upfront as of the beginning of a billing cycle but not recognised as revenue. Contract liabilities increased from approximately RMB77.3 million as at 31 December 2019 to approximately RMB88.2 million as at 31 December 2020, primarily due to the increase in the number of properties managed by the Group as a result of overall business growth.

## **Liquidity, financial and capital resources**

As at 31 December 2020, the total cash and cash equivalents and restricted bank deposits of the Group amounted to approximately RMB617.8 million and approximately RMB1.2 million, respectively. As at 31 December 2019, the total cash and cash equivalents and restricted bank deposits of the Group amounted to approximately RMB37.6 million and approximately RMB1.6 million, respectively. Significant increase was mainly due to (i) the net proceeds raised by the Group from its Global Offering (as defined in the Company's prospectus dated 27 November 2020 (the "Prospectus")) on 9 December 2020; (ii) the net effect of the settlements of amounts due from related parties amounted to approximately RMB544.0 million as at 31 December 2019 and amounts due to related parties amounted to approximately RMB304.2 million as at 31 December 2019, during the year ended 31 December 2020.

The Group maintained a sound financial position. As at 31 December 2020, the Group's net current assets amounted to approximately RMB448.1 million while the Group's net current assets amounted to approximately RMB96.7 million as at 31 December 2019. As at 31 December 2020, the Group's current ratio (current assets/current liabilities) was approximately 2.07 while the Group's current ratio was approximately 1.14 as at 31 December 2019.

Except for advances made to a third party as at 31 December 2019, the Group did not have any loans and borrowings as at 31 December 2020.

## **Future plans and prospects**

In the future, along with the "Notice on Strengthening and Improving Residential Property Management" (《關於加強和改進住宅物業管理的通知》) jointly issued by the Ministry of Housing and Urban-Rural Development of the PRC and others, the national policies of the PRC will become more friendly to the property management industry, and the social value of property management enterprises will also increase, but the competition as a result of convergence in the industry will also become more intense. Therefore, only differentiated development can be the path for going further and better.

Focusing on 2021, the Company's management team will adhere to the strategic layout of "deep plowing in the Greater East Region and rising in the southwest, northwest, and northeast urban agglomerations", continuously expand the scale of business, enrich the business portfolio and improve the project coverage in the region through stable endogenous growth, active mergers and acquisitions activities, single project expansion and equity cooperation in parallel; keep up with the development of the times, combine intelligent operation and professional personnel services, create high-quality on-site effects while reducing costs, and convey the warmth of the Group in high-efficiency services; have a broader and deeper understanding of the industry changes, continue to innovate service concepts and methods, meet the diversified needs of the property owners, and go all out to create a better life for the property owners so that the Shareholders can enjoy a higher premium.

## **Capital commitments**

As at 31 December 2020, the Group did not have any material capital commitments.

## **Contingent liabilities**

As at 31 December 2020, the Group did not have any material contingent liabilities.

## **Pledge of assets**

As at 31 December 2020, none of the assets of the Group were pledged.



## **MAJOR RISKS AND UNCERTAINTIES**

The main risks and uncertainties faced by the Group are set forth below. Such factors are not exhaustive and therefore other risks and uncertainties may also exist.

### **Industry risks**

The operation of the Group may be affected by the regulatory landscape of the PRC property management industry and related measures. In particular, any price control policies of the PRC government in relation to property management fees. The PRC government may also promulgate new laws and regulations related to other aspects of the Group's industry. This could increase the compliance and operational costs of the Group, thereby materially and adversely affecting the business, financial condition and results of operations of the Group. A significant portion of the Group's operations are concentrated in the Yangtze River Delta region. The Group is susceptible to any adverse development in government policies or business environment (including the level of economic activities and the future regional development prospects) in that region. The business performance of the Group depends on the total GFA under management and the number of projects under management. The Group has been seeking to expand the Group's business since the Group's inception through organic growth as well as acquisitions of and investment in other companies. However, the expansion plans of the Group may be affected by the economic condition in general of the PRC, market prospects and development. The Group cannot guarantee that the Group will be able to grow its business as planned.

### **Business risks**

The Group's profitability depends on its ability to estimate or control the costs in performing our property management services. The Group's profit margin and operating results may be significantly and adversely affected by the increase in labor costs, sub-contracting costs and other operating costs. The Group may not be able to collect property management fees from property owners, residents and property developers and as a result, the Group's business, financial position and results of operations may be materially and adversely affected. The Group cannot guarantee that it is able to renew its existing property management service contracts on favorable terms. There is no guarantee that the Group would be able to find other business opportunities and enter into alternative property management service contracts on favorable terms, or at all.

### **Foreign exchange risk**

Almost all of the Group's operating activities are carried out in PRC with most of the transactions denominated in RMB. The major foreign currency source of the Group is the net proceeds received following the successful listing on the Stock Exchange as at 9 December 2020, all of which were denominated in HKD. The Directors expected that the RMB exchange rate would not have a material adverse effect on the operations of the Group. The Group will closely monitor the fluctuations of the RMB exchange rate and adopt prudent measures to reduce potential foreign exchange risk. As at 31 December 2020, the Group did not engage in hedging activities for managing the foreign exchange risk.

## **Interest rate risk**

As at 31 December 2020, the Group did not have material interest-bearing assets and liabilities and the Directors expected that the operation of the Group will be independent from changes in interest rates.

## **SIGNIFICANT INVESTMENT HELD**

The Group had no significant investment held as at 31 December 2020.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

Saved as disclosed in note 1.2 to the consolidated financial statements, the Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2020.

## **EMPLOYEES AND REMUNERATION POLICY**

The Group had 5,993 full-time employees as at 31 December 2020. The total staff costs for the year ended 31 December 2020 were approximately RMB332.9 million. Employees' remuneration package includes salary, performance bonus and other welfare subsidies. The remuneration of employees is determined in accordance with the Group's remuneration and welfare policies, the employees' positions, performance, company profitability, industry level and market environment.

## **STAFF TRAINING AND DEVELOPMENT**

Leveraging on the three-level training mechanism of the headquarters, group and enterprise, the Group insists on implementing the school recruitment and management training program, the training of new recruits, and the talent training for reserving corporate general managers and project managers, and also combining the needs of property development and the career plan of employees to organise on-site trainings on various professional skills, general qualities, management capabilities, corporate culture, on-site practical operations in order to improve the overall quality and work capabilities of employees and meet the needs of industry development.

Under the influence of the COVID-19 epidemic in 2020, the Group's various online trainings have been combined with that of offline. Online training mainly consists of courses such as management theory, operation guidelines, and management systems. Offline training is mainly related to business operation skills. More than 1,000 annual trainings were held, with a total of 12,000 class hours, and more than 26,000 participants during the year ended 31 December 2020.

## **COMPLIANCE WITH LAWS AND REGULATIONS**

The Board places emphasis on the Group's policies and practices on compliance with legal and regulatory requirements. External legal advisers are engaged to ensure transactions and businesses performed by the Group are within the applicable law framework. Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time. The Group continues to comply with the relevant laws and regulations such as the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), and other applicable laws and regulations. Based on information available, the Directors take the view that the Group has complied with the relevant laws and regulations that have a significant impact on the operations of the Group during the year ended 31 December 2020.

## **EVENTS AFTER THE END OF THE REPORTING PERIOD**

The over-allotment option as described in the Prospectus (the “Over-allotment Option”) has been partially exercised on 31 December 2020 in respect of an aggregate of 11,709,000 shares out of 22,500,000 shares, at the exercise price of HKD3.86 per over-allotment share, raising net proceeds of approximately HKD43.5 million after deducting the underwriting commissions and other estimated expenses payable by the Company. Listing of and dealings in such over-allotment shares commenced on the Main Board of the Stock Exchange on 6 January 2021.

Save as disclosed above, the Group does not have significant events after the end of the reporting period.

## **PROCEEDS FROM THE GLOBAL OFFERING**

The Company was listed on the Main Board of the Stock Exchange on 9 December 2020 and issued 150,000,000 new shares under the Global Offering. On 31 December 2020, Haitong International Securities Company Limited, as the Stabilising Manager (as defined in the Prospectus), partially exercised the Over-allotment Option in respect of an aggregate of 11,709,000 shares. Listing of and dealings in the over-allotment shares commenced on the Main Board of the Stock Exchange on 6 January 2021. After deducting the underwriting fees and commissions, the net proceeds received by the Company from the Global Offering and the partial exercise of Over-allotment Option (the “net proceeds”) amounted to approximately HKD517.5 million and HKD43.5 million, respectively.

As at 31 December 2020, the Group had not yet utilised the net proceeds and it is expected that the Group will utilise the net proceeds in the manner consistent with the purposes as stated in the Prospectus as follows:

- approximately 70% will be used to pursue selective strategic investment and acquisition opportunities and to further develop strategic cooperation;
- approximately 8% will be used to enrich and expand the Company’s service offerings;
- approximately 12% will be used to invest in intelligent operational and internal management system to enhance service quality and customer experience;
- approximately 10% will be used for working capital and other general corporate purposes.

## **DIVIDEND**

The Board proposed to declare a final dividend of HKD64 cents per ten ordinary shares for the year ended 31 December 2020 (2019: Nil), payable to the Shareholders whose names appear on the register of members of the Company (the “Register of Members”) on Friday, 18 June 2021. Subject to approval by the Shareholders of the payment of final dividend at the forthcoming annual general meeting of the Company to be held on Wednesday, 9 June 2021, the proposed final dividend will be paid to the Shareholders on or about Friday, 9 July 2021.

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting of the Company will be held on Wednesday, 9 June 2021 (the “AGM”) and the Notice of AGM will be published and despatched in the manner as required by the Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the Shareholders’ eligibility to attend and vote at the AGM and entitlement to the final dividend, the Register of Members will be closed in accordance with the following timetable:

(i) For determining the Shareholders’ eligibility to attend and vote at the AGM:

- |  |  |
|--|--|
| (a) Latest time to lodge transfer documents for registration | 4:30 pm on Thursday,<br>3 June 2021  |
| (b) Closure of Register of Members                           | Friday, 4 June 2021 to<br>Wednesday, 9 June 2021<br>(both dates inclusive) |

(ii) For determining entitlement to the final dividend:

- |  |   |
|--|---|
| (a) Latest time to lodge transfer documents for registration | 4:30 pm on Wednesday,<br>16 June 2021                                       |
| (b) Closure of Register of Members                           | Thursday, 17 June 2021 to<br>Friday, 18 June 2021<br>(both dates inclusive) |
| (c) Record date  | Friday, 18 June 2021  |

During the above closure periods, no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, and to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than the relevant latest time set out above.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed securities during the year ended 31 December 2020.

## **CORPORATE GOVERNANCE PRACTICES**

The Company and its management are committed to maintaining good corporate governance with an emphasis on the principles of transparency, accountability and independence to all Shareholders. The Company believes that good corporate governance is an essence for a continual growth and enhancement of the Shareholders' value. Throughout the year under review, the Company has applied the principles of and complied with the code provisions stipulated in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Listing Rules during the period from the Listing Date up to the date of this announcement with the exception of code provision A.2.1 which is explained below. The Company periodically reviews its corporate governance practices with reference to the latest development of corporate governance. The Directors will use their best endeavors to procure the Company to continue to comply with the CG Code.

Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual. Mr. Zhu Hongge is the chairman and the chief executive officer of the Company. Under the leadership of Mr. Zhu Hongge, the Board works efficiently and performs its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions are made in consultation with members of the Board and relevant Board committee, and there are three independent non-executive Directors on the Board offering independent perspective, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

The Board will continue to review and consider splitting the roles of chairman and chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

## **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 the Company's code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code for the period from the Listing Date up to the date of this announcement.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a sufficient public float for the period from the Listing Date up to the date of this announcement.

## **AUDIT COMMITTEE**

As at 31 December 2020, the Audit Committee of the Company (the “Audit Committee”) has three members, comprising three independent non-executive Directors, namely Mr. Wong Kwok Yin (Chairman of the Audit Committee), Ms. Liang Yunxu and Mr. Wang Huimin. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting matters including a review of the annual results and the audited consolidated financial statements for the year ended 31 December 2020 of the Group.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the Group’s the consolidated statement of comprehensive income, the consolidated statement of financial position, and the related notes thereto as set out in this results announcement have been agreed by the Company’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2020. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

The Company’s annual results announcement is published on the website of the Stock Exchange at <http://www.hkexnews.hk> and the Company’s website at <http://jy-fw.cn>.

The annual report of the Company for the year ended 31 December 2020 containing the information required by Appendix 16 of the Listing Rules will be despatched to the Shareholders in due course.

By order of the Board  
**Jiayuan Services Holdings Limited**  
**Mr. Zhu Hongge**  
*Chairman*

Hong Kong, 29 March 2021

*As at the date of this announcement, the executive Directors are Mr. Zhu Hongge and Ms. Mu Liyuan; the non-executive Directors are Mr. Huang Fuqing and Mr. Pang Bo; and the independent non-executive Directors are Ms. Liang Yunxu, Mr. Wang Huimin and Mr. Wong Kwok Yin.*