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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2021 was approximately RMB386.8 million, representing an increase of approximately 38.0% as compared to the corresponding period of approximately RMB280.3 million in 2020.
- Gross profit for the six months ended 30 June 2021 was approximately RMB121.7 million, representing an increase of approximately 41.7% as compared to the corresponding period of approximately RMB85.9 million in 2020.
- Gross profit margin for the six months ended 30 June 2021 was approximately 31.5% compared with that of approximately 30.6% in the corresponding period in 2020.
- Net profit of the Group for the six months ended 30 June 2021 was approximately RMB60.9 million, representing an increase of approximately 68.0% as compared to the corresponding period of approximately RMB36.3 million in 2020.
- The basic and diluted earnings per share attributable to owners of the Company for the six months ended 30 June 2021 was RMB10 cents per share compared with that of RMB8 cents per share in the corresponding period in 2020.
- As at 30 June 2021, the contracted gross floor area (“GFA”) of the Group was approximately 58.0 million square meter (“sq.m.”), representing an increase of approximately 16.7% as compared to approximately 49.7 million sq.m. as at 31 December 2020.
- As at 30 June 2021, the GFA under management of the Group was approximately 38.3 million sq.m., representing an increase of approximately 21.6% as compared to approximately 31.5 million sq.m. as at 31 December 2020.

The board (the “Board”) of directors (the “Directors”) of Jiayuan Services Holdings Limited (the “Company”) is pleased to announce the consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021 with comparative figures for the corresponding period of the preceding financial year as follows:

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	<i>Note</i>	Six months ended 30 June	
		2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
Revenue	4	386,844	280,254
Cost of services and sales	7	(265,126)	(194,357)
Gross profit		121,718	85,897
Other income and expenses, net	5	4,781	2,636
Other gains and loss, net	6	(2,543)	–
Impairment losses on financial assets		(7,996)	(4,004)
Selling and marketing expenses	7	(5,099)	(3,495)
Administrative expenses	7	(29,016)	(30,453)
Finance costs		(139)	(49)
Share of results of investments accounted for using the equity method		(99)	1,596
Profit before taxation		81,607	52,128
Income tax expense	8	(20,689)	(15,869)
Profit and total comprehensive income for the period		60,918	36,259
Profit and total comprehensive income attributable to:			
– Owners of the Company		60,070	35,653
– Non-controlling interests		848	606
		60,918	36,259
Earnings per share attributable to owners of the Company (expressed in RMB per share)			
Basic and diluted	9	0.10	0.08

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	<i>Note</i>	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property and equipment		23,354	18,847
Right-of-use assets		1,919	2,323
Intangible assets	<i>11</i>	142,021	34,186
Investments accounted for using the equity method		5,739	1,838
Deferred income tax assets		24,242	17,815
		<u>197,275</u>	<u>75,009</u>
Current assets			
Inventories		364	501
Trade and other receivables	<i>12</i>	359,494	246,483
Restricted bank deposits	<i>13</i>	1,219	1,219
Short-term deposits	<i>13</i>	65,000	–
Cash and cash equivalents	<i>13</i>	561,765	617,771
		<u>987,842</u>	<u>865,974</u>
Total assets		<u>1,185,117</u>	<u>940,983</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>14</i>	5,225	5,128
Reserves		560,945	496,055
		<u>566,170</u>	<u>501,183</u>
Non-controlling interests		<u>15,839</u>	<u>17,056</u>
Total equity		<u>582,009</u>	<u>518,239</u>

	<i>Note</i>	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		67	384
Deferred income tax liabilities		10,526	4,445
Bank borrowings	<i>16</i>	44,115	–
Other payables	<i>15</i>	25,679	–
		<u>80,387</u>	<u>4,829</u>
Current liabilities			
Contract liabilities		117,374	88,232
Trade and other payables	<i>15</i>	360,261	305,472
Lease liabilities		1,640	1,707
Current income tax liabilities		29,381	22,504
Bank borrowings	<i>16</i>	14,065	–
		<u>522,721</u>	<u>417,915</u>
Total liabilities		<u>603,108</u>	<u>422,744</u>
Total equity and liabilities		<u>1,185,117</u>	<u>940,983</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION AND BASIS OF PREPARATION

1.1 General Information

Jiayuan Services Holdings Limited (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 of Hong Kong Limited (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”).

This interim financial information for the six months ended 30 June 2021 (“Interim Financial Information”) is presented in Renminbi (“RMB”), unless otherwise stated, and has been approved for issue by the Board of Directors on 25 August 2021.

1.2 Basis of preparation

This Interim Financial Information has been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34, ‘Interim Financial Reporting’. This Interim Financial Information should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2020 (“2020 Financial Statements”), which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those as described in the 2020 Financial Statements. Income tax expense was recognised based on management’s estimate of the annual income tax rate expected for the full financial year.

The Group has applied new and amended standards effective for the financial period beginning on 1 January 2021. The adoption of these new and revised standards does not have any significant impact on the consolidated financial statements of the Group.

3 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by chief operating decision-maker (“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 Group’s customers include property owners, property developers, residents and tenants (collectively “Customers”). The major operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group’s revenue were derived in the PRC during the periods.

As at 30 June 2021 and 31 December 2020, all of the non-current assets were located in the PRC.

4 REVENUE

	Six months ended 30 June	
	2021 <i>RMB’000</i> (Unaudited)	2020 <i>RMB’000</i> (Audited)
Types of services		
Property management services	310,060	236,650
Value-added services to property developers	49,619	30,450
Community value-added services	27,165	13,154
	<u>386,844</u>	<u>280,254</u>
Revenue is recognised:		
– Over time	380,692	275,705
– At a point in time	6,152	4,549
	<u>386,844</u>	<u>280,254</u>

None of the Group’s Customers contributed 10% or more of the Group’s revenue for the six months ended 30 June 2021 and 2020.

5 OTHER INCOME AND EXPENSES, NET

	Six months ended 30 June	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Government grants	2,655	2,253
Value-added tax refund	1,206	1,249
Car park handling fee income	81	96
Interest income		
– on bank deposits	835	42
– on amounts due from related parties	–	51
Late fees	(28)	(1,440)
Others	32	385
	<u>4,781</u>	<u>2,636</u>

6 OTHER GAINS AND LOSS, NET

	Six months ended 30 June	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Exchange loss	2,543	–

7 EXPENSES BY NATURE

	Six months ended 30 June	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Employee benefit expenses	211,290	154,426
Utilities expenses	20,417	12,571
Maintenance expenses	18,657	12,819
Cleaning and security expenses	15,854	12,942
Depreciation and amortisation charges	6,767	4,668
Office and communication expenses	6,746	4,361
Travelling and entertainment expenses	3,375	2,455
Advertising and promotion expenses	2,963	1,916
Greening and gardening expenses	2,579	1,724
Taxes and surcharges	2,185	1,817
Bank charges	2,015	874
Cost of inventories sold	1,912	1,652
Housekeeping and catering	1,460	811
Professional service fees	1,301	543
Short-term lease expenses	649	398
Listing expenses	–	13,451
Other expenses	1,071	877
	<u>299,241</u>	<u>228,305</u>
Total cost of services and sales, selling and marketing expenses and administrative expenses		

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Current income tax	27,746	18,436
Deferred income tax	(7,057)	(2,567)
	<u>20,689</u>	<u>15,869</u>

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from 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 six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

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

9 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 respective periods. The number of ordinary shares used for such purpose is based on the assumption that the reorganisation and the capitalisation issuance have been effective on 1 January 2020.

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Audited)
Profit attributable to owners of the Company (RMB'000)	<u>60,070</u>	<u>35,653</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>611,386</u>	<u>450,000</u>
Basic earnings per share (RMB)	<u>0.10</u>	<u>0.08</u>

(b) Diluted earnings per share

For the six months ended 30 June 2021 and 2020, diluted earnings per share equal basic earnings per share as there were no dilutive potential shares in both periods.

10 DIVIDENDS

The Board of Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: nil).

The 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 RMB32,596,000 (2019: Nil), was approved at the Annual General Meeting on 9 June 2021 and was paid in cash in July 2021.

11 INTANGIBLE ASSETS

	Property management contracts RMB'000	Goodwill RMB'000	Software RMB'000	Total RMB'000
Six months ended 30 June 2021 (Unaudited)				
Opening net book amount	17,547	14,859	1,780	34,186
Acquisition of a subsidiary	26,850	83,645	–	110,495
Amortisation	(2,544)	–	(116)	(2,660)
Closing net book amount	<u>41,853</u>	<u>98,504</u>	<u>1,664</u>	<u>142,021</u>
At 30 June 2021 (Unaudited)				
Cost	48,124	98,504	1,780	148,408
Accumulated amortisation	(6,271)	–	(116)	(6,387)
Net book amount	<u>41,853</u>	<u>98,504</u>	<u>1,664</u>	<u>142,021</u>
Six months ended 30 June 2020 (Audited)				
Opening net book amount	20,824	14,859	–	35,683
Amortisation	(1,759)	–	–	(1,759)
Closing net book amount	<u>19,065</u>	<u>14,859</u>	<u>–</u>	<u>33,924</u>
At 30 June 2020 (Audited)				
Cost	21,034	14,859	–	35,893
Accumulated amortisation	(1,969)	–	–	(1,969)
Net book amount	<u>19,065</u>	<u>14,859</u>	<u>–</u>	<u>33,924</u>

12 TRADE AND OTHER RECEIVABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade receivables (a)	320,679	213,338
Other receivables (b)	34,359	27,986
Prepayments	4,456	5,159
	<hr/>	<hr/>
Trade and other receivables, net	359,494	246,483
	<hr/> <hr/>	<hr/> <hr/>

(a) Trade receivables

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade receivables	363,042	243,213
Less: allowance for impairment	(42,363)	(29,875)
	<hr/>	<hr/>
	320,679	213,338
	<hr/> <hr/>	<hr/> <hr/>

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
0-60 days	101,477	72,868
61-180 days	91,875	51,933
181-365 days	72,229	62,387
1-2 years	67,441	42,304
2-3 years	15,760	4,915
3-4 years	6,862	4,457
4-5 years	3,967	2,066
More than 5 years	3,431	2,283
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	363,042	243,213
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12 TRADE AND OTHER RECEIVABLES (continued)*(b)* Other receivables

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Other receivables		
– Deposits and payments made on behalf of Customers	28,707	23,329
– Others	<u>6,236</u>	<u>5,045</u>
	34,943	28,374
Less: allowance for impairment	<u>(584)</u>	<u>(388)</u>
	<u>34,359</u>	<u>27,986</u>

13 RESTRICTED BANK DEPOSITS, SHORT-TERM DEPOSITS AND CASH AND CASH EQUIVALENTS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Cash at banks and on hand	627,984	618,990
Less: Restricted bank deposits <i>(b)</i>	(1,219)	(1,219)
Less: Short-term deposits <i>(c)</i>	<u>(65,000)</u>	<u>–</u>
Cash and cash equivalents	<u>561,765</u>	<u>617,771</u>
Cash at banks and on hand are dominated in:		
HKD	191,446	465,040
RMB	<u>436,538</u>	<u>153,950</u>
	<u>627,984</u>	<u>618,990</u>

(a) The above bank balances carry interest at variable rates with an average interest rate of 0.35% (for the six months end 30 June 2020: 0.3%) per annum.

(b) Renovation guarantee deposits received from Customers were deposited in restricted bank accounts according to the requirements of the local government authorities.

(c) The terms of the deposits were ranging from three months to one year, and carrying interests at an interest rate of 1.69% per annum.

14 SHARE CAPITAL

	Number of ordinary shares	Nominal value of shares <i>HKD'000</i>	Equivalent nominal value of shares <i>RMB'000</i>
Authorised			
At 5 March 2020 (date of incorporation)	39,000,000	390	348
Increase in authorised share capital	<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>
Issued and fully paid			
Issued on the date of incorporation	1	–	–
Issued in connection with reorganisation	<u>99</u>	<u>–</u>	<u>–</u>
At 30 June 2020	<u><u>100</u></u>	<u><u>–</u></u>	<u><u>–</u></u>
At 1 January 2021	600,000,000	6,000	5,128
Shares issued pursuant to the over-allotment	<u>11,709,000</u>	<u>117</u>	<u>97</u>
At 30 June 2021	<u><u>611,709,000</u></u>	<u><u>6,117</u></u>	<u><u>5,225</u></u>

Note:

On 9 December 2020, upon the Listing, the Company issued 150,000,000 new ordinary shares with par value HKD0.01 each at HKD3.86 per share (the “Public Offering”), and raised gross proceeds of HKD579,000,000 (equivalent to approximately RMB486,964,000).

On 6 January 2021, the Company issued 11,709,000 ordinary shares with par value of HKD0.01 each at HKD3.86 per share to public pursuant to an over-allotment option granted in conjunction with the Public Offering. Gross proceeds from the issue were HKD45,197,000 (equivalent to approximately RMB37,513,000).

15 TRADE AND OTHER PAYABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade and other payables under current liabilities		
Trade payables (a)	<u>35,102</u>	<u>23,822</u>
Other payables		
– Utility and other payables (b)	48,894	40,810
– Owners' maintenance fund (c)	44,202	37,836
– Deposits received	82,358	69,320
– Listing expenses and share issuance costs payable	–	18,743
– Payroll payable	92,727	87,515
– Other taxes payables	10,177	12,802
– Dividend payable (Note 10)	32,596	–
– Consideration payable for business combinations	–	285
– Others	14,205	14,339
	<u>325,159</u>	<u>281,650</u>
	<u>360,261</u>	<u>305,472</u>
Other payables under non-current liabilities		
Other payables		
– Consideration payable for business combinations	<u>25,679</u>	<u>–</u>

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
0-60 days	23,590	17,307
61-180 days	4,279	1,710
181-365 days	3,528	1,760
more than 1 year	<u>3,705</u>	<u>3,045</u>
	<u>35,102</u>	<u>23,822</u>

(b) The amounts represented receipts from Customers to settle their utility bills and other charges on their behalf.

(c) The amounts represented various proceeds received on behalf of the property owners.

16 BANK BORROWINGS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Bank loans		
– secured and guaranteed	58,180	–
Less: amounts due within one year or on demand shown under current liabilities	<u>(14,065)</u>	<u>–</u>
Amount shown under non-current liabilities	<u>44,115</u>	<u>–</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Market review

Looking back the first half of 2021, property management industry remained to be a popular industry in the market. Series of national supportive policies have been launched and property management was first mentioned in the outlines of “the 14th Five-Year Plan” and the Long-Range Objectives Through the Year 2035. The healthy, sustainable and orderly industry development, the integration into community-level social governance as well as the establishment of a landscape with shared construction, governance and usage have become the requirements of development positions and management of the property management industry on the national level. As the capitalisation trend continues to be boosted and benefited by the high performance growth expectation, the share prices of Hong Kong stocks in the property management sector significantly outperformed the Hang Seng Index with price-to-earnings ratio being significantly higher than the market average and the total market capitalisation of enterprises in the sector reached historical high levels, and another round of listing peak is expected in the second half of the year. The mergers and acquisitions activities within the industry continued to be active with major mergers and acquisitions took place from time to time. The industrial concentrations were further enhanced and featured by the obvious trend of diversified mergers and acquisitions that shores up of weakness and focuses on synergy.

Business review

As at 30 June 2021, the Group had 303 property management projects with contracted GFA of approximately 58.0 million sq.m., representing an increase of approximately 44.3% and 43.9%, respectively as compared with that of 210 property management projects with contracted GFA of approximately 40.3 million sq.m. in the corresponding period in 2020. As at 30 June 2021, the Group had GFA under management of approximately 38.3 million sq.m., representing an increase of approximately 38.5% as compared with that of GFA under management of approximately 27.6 million sq.m. in the corresponding period in 2020. The increase in contracted GFA and the GFA under management was attributable to the business expansion of the Group through organic growth and acquisition of a subsidiary, Shanghai Baoji Property Management Co., Ltd. (“Shanghai Baoji”).

The revenue of the Group for the six months ended 30 June 2021 was approximately RMB386.8 million, representing an increase of approximately 38.0% as compared to the corresponding period of approximately RMB280.3 million in 2020. The gross profit of the Group for the six months ended 30 June 2021 was approximately RMB121.7 million, representing an increase of approximately 41.7% as compared to the corresponding period of approximately RMB85.9 million in 2020. The gross profit margin of the Group for the six months ended 30 June 2021 was approximately 31.5% compared with that of approximately 30.6% in the corresponding period in 2020. The net profit of the Group for the six months ended 30 June 2021 was approximately RMB60.9 million, representing an increase of approximately 68.0% as compared to the corresponding period of approximately RMB36.3 million in 2020.

In terms of the property management service business, for the six months ended 30 June 2021, the revenue of property management service of the Group was approximately RMB310.0 million, representing an increase of approximately 31.0%. By leveraging on good service quality and market reputation, the Group has further expanded its management territory through endogenous growth, single project expansion and acquisition of property management companies. The revenue of property management service business accounted for approximately 80.2% of the total revenue of the Group, and the gross profit of the property management service business accounted for approximately 76.3% of the overall gross profit of the Group. The property management service business remains to be the major source of income and profit generating segment of 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, for the six months ended 30 June 2021, the Group's revenue from value-added services to property developers was approximately RMB49.6 million, representing an increase of approximately 63.0%. The gross profit of this segment reached approximately RMB16.4 million, representing an increase of approximately 64.6%, and the gross profit margin increased steadily by approximately 0.3 percentage points to approximately 33.1% as compared with that in the corresponding period in 2020. The revenue of value-added services to property developers accounted for approximately 12.8% of the total revenue of the Group, representing an increase of approximately 1.9 percentage points from approximately 10.9% as compared with that in the corresponding period in 2020. The gross profit of value-added services to property developers accounted for approximately 13.5% of overall gross profit of the Group. The increase in the scale of value-added services to property developers was mainly due to the increase in revenue from sales management services and preliminary planning and design consultancy services as a result of the increased number of properties delivered during the period.

In terms of community value-added services, for the six months ended 30 June 2021, the revenue of community value-added services was approximately RMB27.2 million, representing an increase of approximately 106.5%. The gross profit of this segment reached approximately RMB12.4 million, representing an increase of approximately 133.5%. The gross profit margin increased to approximately 45.7% for the six months ended 30 June 2021, compared with that of approximately 40.4% in the corresponding period in 2020. The total revenue of community value-added service business accounted for approximately 7.0% of the total revenue of the Group and increased steadily from approximately 4.7% in the corresponding period in 2020. The gross profit of the community value-added service accounted for approximately 10.2% of the overall gross profit of the Group. The increase in the scale of community value-added services was mainly due to (i) the increase in revenue from home-living services including waste cleaning services and home maintenance services as well as in the sales of groceries as a result of the increased GFA under management and the number of residents to whom the Group provided community value-added services as a result of the increased GFA under management through organic growth and the acquisition of Shanghai Baoji in April 2021; and (ii) the increase in revenue from common area value-added services due to the increased revenue from assisting property owners with rental of common area and advertising in common area.

Future plans and prospects

Recently, the Novel Coronavirus ("COVID-19") pandemic has resurged in some areas. Looking forward, the battle against the COVID-19 pandemic will become normalised, which will pose challenges and opportunities for the property management services enterprises. In the second half of 2021, the Group will adhere to the regional penetration as a main driver for development, coupled with key development strategies featuring "strengthened direct expansion, improved mergers and acquisitions as well as enhanced cooperation", and lay a key focus on the community-level organisation that forges a strong ability in operation and governance, fully strengthen the degree of bidding and tendering participation for single project in the market, and actively seek for mergers and acquisitions targets that have industrial synergy advantages with a larger room for profit potential, and return to the origins that focus on the development of property management services. The Group will also insist on the quality service as its core competitiveness, and remain committed to its mission of "devoted service, better communities with common effort, giving back to the owners", and will continually optimise operational process via strict performance standard, personnel quality improvement, enhancement of ability of smart property management services, improve the level of functional management of facilities and equipment, promote integrated development of online and offline service. The Group will strictly follow the consumption upgrading orientation and fully utilise the innate advantage of being close to the owners to continuously promote the extension of the boundary and connotation of property management services, thus to strive to enhance owner's value-added services and promote operational efficiency for enterprises, while bringing efficient life experience with convenience to the owners.

FINANCIAL REVIEW

Revenue

The revenue of the Group derives from three types of services: (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 38.0% from approximately RMB280.3 million for the period ended 30 June 2020 to approximately RMB386.8 million for the period ended 30 June 2021.

The following table sets forth the details of the Group's revenue by types of services for the periods indicated:

	2021		Period ended 30 June 2020		Changes	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property management services	310,060	80.2	236,650	84.4	73,410	31.0
Value-added services to property developers	49,619	12.8	30,450	10.9	19,169	63.0
Community value-added services	27,165	7.0	13,154	4.7	14,011	106.5
	<u>386,844</u>	<u>100.0</u>	<u>280,254</u>	<u>100.0</u>	<u>106,590</u>	<u>38.0</u>

Property management services

Revenue from property management services increased by approximately 31.0% from approximately RMB236.7 million for the period ended 30 June 2020 to approximately RMB310.1 million for the period ended 30 June 2021, primarily attributable to (i) the increase in GFA under management as a result of business expansion through organic growth; (ii) the increase in the average property management fee; and (iii) the contribution from the strategic acquisition of the 100% equity interest of the subsidiary, Shanghai Baoji, in April 2021.

Value-added services to property developers

Revenue from value-added services to property developers increased by approximately 63.0% from approximately RMB30.5 million for the period ended 30 June 2020 to approximately RMB49.6 million for the period ended 30 June 2021, primarily attributable to the increase in revenue from sales management services and preliminary planning and design consultancy services as a result of the increased number of properties delivered during the period.

Community value-added services

Revenue from community value-added services increased by approximately 106.5% from approximately RMB13.2 million for the period ended 30 June 2020 to approximately RMB27.2 million for the period ended 30 June 2021, primarily due to (i) the increase in revenue from home-living services including waste cleaning services and home maintenance services as well as in the sales of groceries as a result of the increased GFA under management and the number of residents to whom the Group provided community value-added services as a result of the increased GFA under management through organic growth and the acquisition of Shanghai Baoji in April 2021; and (ii) the increase in revenue from common area value-added services due to the increased revenue from assisting property owners with rental of common area and advertising in common area.

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 36.4% from approximately RMB194.4 million for the period ended 30 June 2020 to approximately RMB265.1 million for the period ended 30 June 2021, primarily due to the increase in salary as a result of increased number of employees and staff resulting from business expansion through organic growth and strategic acquisition.

Gross profit and gross profit margin

The gross profit of the Group increased by approximately 41.7% from approximately RMB85.9 million for the period ended 30 June 2020 to approximately RMB121.7 million for the period ended 30 June 2021, 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 30.6% for the period ended 30 June 2020 to approximately 31.5% for the period ended 30 June 2021. Such increase was primarily due to (i) the increase in the average property management fee relative to that for the same period last year; and (ii) the continuous implementation of cost measure as a result of improvement in the operation process.

The following table sets forth the details of the Group's gross profit and gross profit margin by types of services for the periods indicated:

	For the six months ended 30 June			
	2021		2020	
	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %
Property management services	92,889	30.0	70,609	29.8
Value-added services to property developers	16,408	33.0	9,968	32.7
Community value-added services	12,421	45.7	5,320	40.4
	<u>121,718</u>	<u>31.5</u>	<u>85,897</u>	<u>30.6</u>

Property management services

The gross profit margin of property management services increased from approximately 29.8% for the period ended 30 June 2020 to approximately 30.0% for the period ended 30 June 2021, which was mainly due to the combined effect of (i) the increase in the average property management fee from RMB1.43 per sq.m. per month for the period ended 30 June 2020 to RMB1.51 per sq.m. per month for the period ended 30 June 2021; (ii) economies of scale as a result of the business expansion; and (iii) the implementation of cost-saving measures, such as application of automated tools, advanced technology and standardisation of procedures.

Value-added services to property developers

The gross profit margin of value-added services to property developers increased from approximately 32.7% for the period ended 30 June 2020 to approximately 33.0% for the period ended 30 June 2021, primarily due to the increase in revenue from preliminary planning and design consultancy services during the six months ended 30 June 2021.

Community value-added services

The gross profit margin of community value-added services increased from approximately 40.4% for the period ended 30 June 2020 to approximately 45.7% for the period ended 30 June 2021, 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 increasing number of residents to be served in the community; and (ii) the Group's continued efforts to diversify the service offerings.

Other income and expenses, net

The other income and expenses (net) of the Group increased by 81.4% from approximately RMB2.6 million for the period ended 30 June 2020 to approximately RMB4.8 million for the period ended 30 June 2021, which was primarily attributable to the underpaid income tax incurred during the period ended 30 June 2020 while no such underpayment was noted during the period ended 30 June 2021.

Selling and marketing expenses

Selling and marketing expenses increased from approximately RMB3.5 million for the period ended 30 June 2020 to approximately RMB5.1 million for the period ended 30 June 2021, representing an increase of approximately 45.9%, 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 decreased from approximately RMB30.5 million for the period ended 30 June 2020 to approximately RMB29.0 million for the period ended 30 June 2021, representing a decrease of approximately 4.7%. The decrease in administrative expenses was due to the combined effect of (i) the one-off listing expenses of approximately RMB13.5 million incurred for the period ended 30 June 2020; and the effect was partially offset by the (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 during the period; and (iii) the increase in depreciation and amortisation as a result of business expansion during the period.

Finance costs

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

Income tax expenses

Income tax expenses were approximately RMB15.9 million for the period ended 30 June 2020, representing an increase of approximately 30.3%, to approximately RMB20.7 million for the period ended 30 June 2021. The increase in income tax expenses was in line with the increase in profit before tax for the period.

Profit and total comprehensive income for the period

As a result of the foregoing, the profit and total comprehensive income for the period increased from approximately RMB36.3 million for the period ended 30 June 2020 to approximately RMB60.9 million for the period ended 30 June 2021. The profit and total comprehensive income attributable to owners of the Company for the period increased from approximately RMB35.7 million for the six months ended 30 June 2020 to approximately RMB60.1 million for the period ended 30 June 2021.

Property and equipment

The property and equipment of the Group increased from approximately RMB18.8 million as at 31 December 2020 to approximately RMB23.4 million as at 30 June 2021, representing an increase of approximately 23.9%, mainly due to the additions of approximately RMB2.9 million on property and equipment and the additions of approximately RMB5.0 million on property and equipment due to the acquisition of the subsidiary, Shanghai Baoji, in April 2021 and the effect was partially offset by the depreciation charge during the period.

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 increased significantly from approximately RMB34.2 million as at 31 December 2020 to approximately RMB142.0 million as at 30 June 2021, mainly attributable to the increase in property management contracts and goodwill of approximately RMB26.9 million and RMB83.6 million, respectively, as a result of the acquisition of the subsidiary, Shanghai Baoji, in April 2021.

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 RMB213.3 million as at 31 December 2020 to approximately RMB320.7 million as at 30 June 2021, representing an increase of approximately 50.4%. Such increase was primarily due to (i) the increasing number of property management projects managed by the Group during the period; and (ii) the increase in average property management fee charged by the Group during the period.

Other receivables mainly consist of deposits and payments made on behalf of Customers and advances to employee for catering, employee pension insurance, housing provident fund and medical insurance. Other receivables, net of allowance for impairment increased from approximately RMB28.0 million as at 31 December 2020 to approximately RMB34.4 million as at 30 June 2021, was in line with the increase in the GFA under management as a result of business expansion and the increased number of projects delivered.

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 RMB23.8 million as at 31 December 2020 to approximately RMB35.1 million as at 30 June 2021, representing an increase of approximately 47.4%, which was in line with the increasing business scale and business expansion of the Group.

Other payables mainly represent (i) dividend payable; (ii) payroll payable; (iii) deposits received such as performance deposits, retention deposits from property owners, decoration deposits and tender deposits; (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; and (v) consideration payable for business combination. Other payables increased from approximately RMB281.7 million as at 31 December 2020 to approximately RMB325.2 million as at 30 June 2021 was mainly due to (i) the consideration payable for the acquisition of the subsidiary, Shanghai Baoji, of approximately RMB25.7 million as at 30 June 2021; and (ii) the dividend payable of approximately RMB32.6 million as at 30 June 2021 for the final dividend in respect of the year ended 31 December 2020 of HKD64 cents per ten ordinary share.

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 RMB88.2 million as at 31 December 2020 to approximately RMB117.4 million as at 30 June 2021, primarily due to the increase in the number of properties managed by the Group as a result of overall business expansion and growth.

Bank borrowings

As at 30 June 2021, the Group had outstanding bank borrowings of approximately RMB58.2 million (31 December 2020: Nil). The bank borrowings carry interest rate of 4.75%, secured by the 100% equity interest of Shanghai Baoji and are guaranteed jointly by the entity controlled by Mr. Shum.

Liquidity, financial resources and capital structure

The Group maintained a sound financial position. As at 30 June 2021, the Group's net current assets amounted to approximately RMB465.1 million while the Group's net current assets amounted to approximately RMB448.1 million as at 31 December 2020. As at 30 June 2021, the Group's current ratio (current assets/current liabilities) was approximately 1.9 while the Group's current ratio was approximately 2.1 as at 31 December 2020.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings less cash and cash equivalents and restricted bank deposits. Total capital is calculated as 'Total equity' shown in the consolidated statement of financial position. As at 30 June 2021 and 31 December 2020, the Group has a net cash position.

Capital commitments

As at 30 June 2021, the Group did not have any material capital commitments.

Contingent liabilities

As at 30 June 2021, the Group did not have any material contingent liabilities.

Pledge of assets

As at 30 June 2021, except for the 100% equity interest of the subsidiary, Shanghai Baoji, pledged as security for the bank borrowings, no assets of the Group were pledged.

Foreign exchange risk

Almost all of the Group's operating activities were carried out in PRC with most of the transactions denominated in RMB. The major foreign currency source of the Group was the net proceeds received following the successful listing on the Stock Exchange on 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 30 June 2021, the Group did not engage in hedging activities for managing the foreign exchange risk.

Interest rate risk

Except for the interest-bearing bank borrowings, the Group was not exposed to material risk directly relating to changes in market interest rate as at 30 June 2021.

SIGNIFICANT INVESTMENTS HELD

The Group had no significant investment held as at 30 June 2021.

MATERIAL ACQUISITIONS AND DISPOSALS

Except for the acquisition of Shanghai Baoji in April 2021 (as described below), the Group has no material acquisitions and disposals of subsidiaries, associates and joint ventures during the period ended 30 June 2021.

The Group entered into an equity transfer agreement on 16 April 2021 to acquire 100% equity interest of Shanghai Baoji (the "Acquisition") at the consideration in cash of approximately RMB140.7 million. The contracted GFA (for properties to be developed) of Shanghai Baoji was approximately 1.3 million sq.m. and GFA under management of approximately 4.1 million sq.m. as at 31 December 2020. Further details relating to the Acquisition is disclosed in the announcement of the Company dated 16 April 2021.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2021, save as disclosed in the prospectus of the Company dated 27 November 2020 (the "Prospectus"), the Group did not have other future plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICY

The Group had 6,526 full-time employees as at 30 June 2021. The total staff costs for the period ended 30 June 2021 were approximately RMB211.3 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.

EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events affecting the Group had occurred after the reporting period and up to the date of this announcement.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Main Board of the Stock Exchange (“Listing”) on 9 December 2020 and issued 150,000,000 new shares under the Global Offering (as defined in the Prospectus). On 31 December 2020, Haitong International Securities Company Limited, as the Stabilising Manager (as defined in the Prospectus), partially exercised the Over-allotment Option (as defined in the Prospectus) 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. The net proceeds had been applied as follows:

Major categories as stated in the Prospectus	Percentage of total net proceeds	Planned use of net proceeds <i>Approximately HK\$ (million)</i>	Actual use of net proceeds during the period from the date of Listing to 30 June 2021 <i>Approximately HK\$ (million)</i>	Unused net proceeds as at 30 June 2021 <i>Approximately HK\$ (million)</i>
Pursue selective strategic investment and acquisition opportunities and to further develop strategic cooperation	70%	392.7	55.4	337.3
Enrich and expand the Company’s service offerings	8%	44.9	10.6	34.3
Invest in intelligent operational and internal management system to enhance service quality and customer experience	12%	67.3	1.0	66.3
Working capital and general corporate purposes	10%	56.1	17.5	38.6
Total	100%	561.0	84.5	476.5

For the expected timeline of the intended use of proceeds, please refer to the implementation plan as set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus. The unused proceeds are expected to be used for the purpose within the specific time frame disclosed in the Prospectus.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

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 six months ended 30 June 2021.

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 of the Company ("Shareholders"). The Company believes that good corporate governance is an essence for a continual growth and enhancement of the Shareholders' value. During the six months ended 30 June 2021, the Company has applied the principles of and complied with the code provisions stipulated in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") 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 throughout the six months ended 30 June 2021.

AUDIT COMMITTEE

The Audit Committee of the Company has three members comprising three independent non-executive Directors, namely Mr. Wong Kwok Yin (Chairman of the Audit Committee), Mr. Wang Huimin and Ms. Liang Yunxu. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed with the management of the Company on financial reporting matters including a review of the unaudited interim financial information of the Group for the six months ended 30 June 2021.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement has been published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at <http://jy-fw.cn>. The interim report of the Company for the six months ended 30 June 2021 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the Shareholders and made available on the same websites in due course.

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

Hong Kong, 25 August 2021

As at the date of this announcement, the executive Directors are Mr. Zhu Hongge and Mr. Bao Guojun; 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.