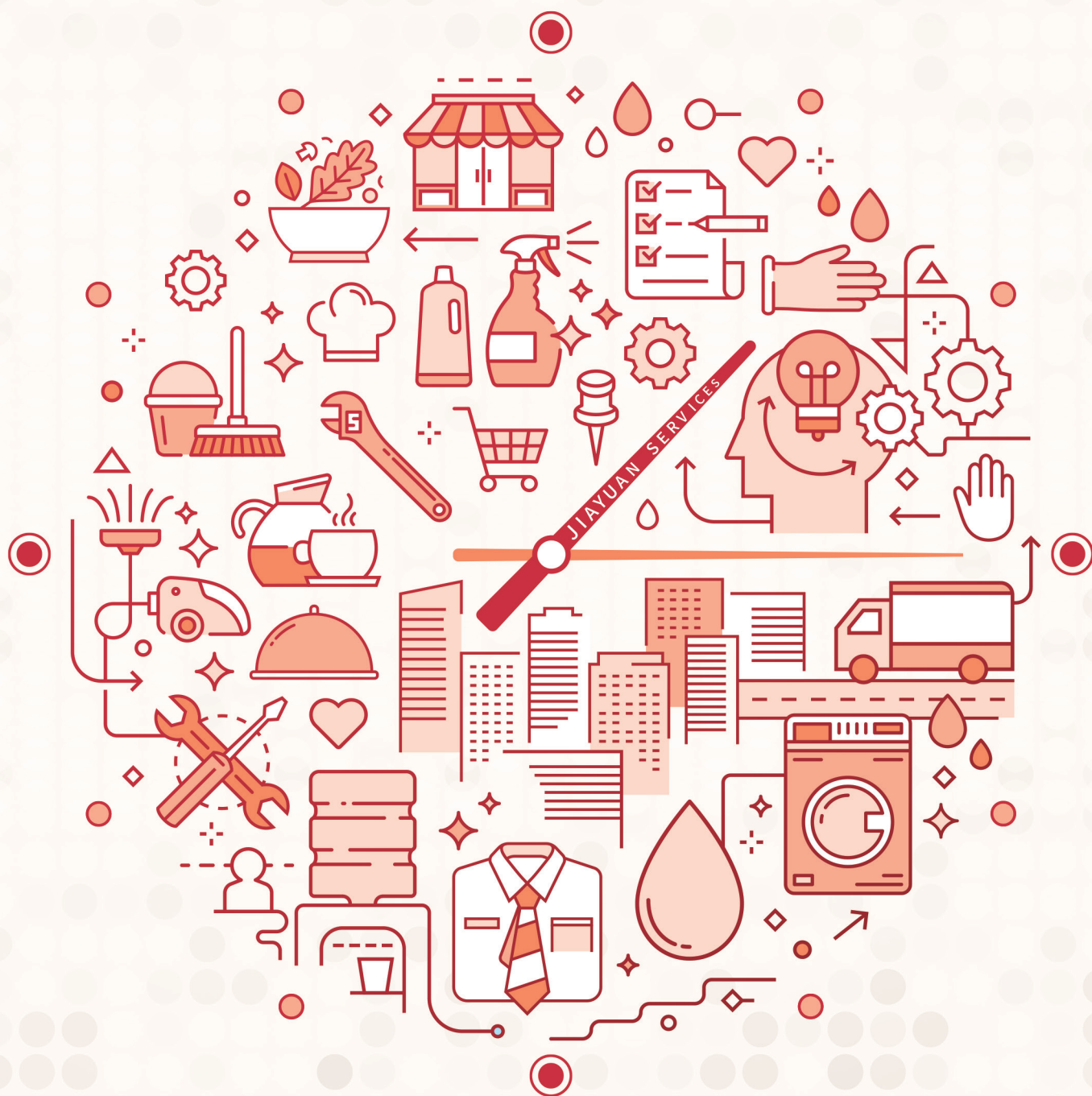


佳源服務控股有限公司

JIAYUAN SERVICES HOLDINGS LIMITED

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

STOCK CODE : 1153



2021

INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhu Hongge
(*Chairman and Chief Executive Officer*)
Ms. Mu Liyuan
(resigned with effect from 9 August 2021)
Mr. Bao Guojun
(appointed with effect from 9 August 2021)

Non-executive Directors

Mr. Huang Fuqing
Mr. Pang Bo

Independent Non-executive Directors

Ms. Liang Yunxu
Mr. Wang Huimin
Mr. Wong Kwok Yin

AUDIT COMMITTEE

Mr. Wong Kwok Yin (*Chairman*)
Ms. Liang Yunxu
Mr. Wang Huimin

REMUNERATION COMMITTEE

Ms. Liang Yunxu (*Chairman*)
Mr. Pang Bo
Mr. Wang Huimin

NOMINATION COMMITTEE

Mr. Zhu Hongge (*Chairman*)
Ms. Liang Yunxu
Mr. Wong Kwok Yin

AUTHORISED REPRESENTATIVES

Mr. Zhu Hongge
(appointed with effect from 9 August 2021)
Ms. Mu Liyuan
(resigned with effect from 9 August 2021)
Mr. Chan Yu Hin

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISERS

As to Hong Kong law:
Jeffrey Mak Law Firm

As to PRC law:
Jingtian & Gongcheng

As to Cayman Islands law:
Conyers Dill & Pearman

COMPLIANCE ADVISER

Rainbow Capital (HK) Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111 Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Floor 3, Rome Metropolis No. 899, Wanghu Road
Nanhu District, Jiaxing, Zhejiang Province, PRC

HEADQUARTERS

Room 1403, 9 Queen's Road Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111 Cayman Islands

BRANCH SHARE REGISTRAR IN HONG KONG

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKS

Industrial and Commercial Bank of China Limited
China Construction Bank Corporation
Bank of China Limited
Bank of China (Hong Kong) Limited
Agricultural Bank of China Limited
Bank of Communications Limited
Hang Seng Bank Limited

COMPANY SECRETARY

Mr. Chan Yu Hin

STOCK CODE

1153

COMPANY'S WEBSITE

<http://jy-fw.cn/>

CHAIRMAN'S STATEMENT

To shareholders,

I am pleased to present the interim financial performance for the six months ended 30 June 2021 on behalf of the board (the "Board") of directors (the "Directors") of Jiayuan Services Holdings Limited (the "Company" or "Jiayuan Services", together with its subsidiaries, the "Group").

The ongoing Novel Coronavirus ("COVID-19") epidemic in 2021 did not slow down the growth of the property management industry. Whether fighting against the COVID-19 epidemic, or the typhoon and flood, the property management enterprises that build a "safety fortress" at the front line of the community are constantly reshaping the value standard and connotation of property services, carrying the mission of creating a better life for community residents. The promulgation of a number of encouraging and guiding policy documents for the property management industry has ushered in a new golden age for the property management industry.

With the continuous expansion of the management area, more and more enterprises begin to pay attention to the effective growth of scale. As one of the top 100 property management enterprises, the Company follows the principle of spiral development of "growth-stability-growth-stability...". The Company focuses on key areas, intensively cultivates and expands these areas, and takes "strengthening direct expansion, optimising mergers and acquisitions, and focusing on cooperation" as its key development strategy, so as to fully guarantee the Group's high-speed and efficient growth. As of the first half of the year, the Group achieved total revenue and total contracted gross floor area ("GFA") of approximately RMB386.8 million and 58.0 million square metres ("sq.m."), respectively, representing a year-on-year increase of approximately 38.0% and 16.7%, respectively. The gross profit was approximately RMB121.7 million, representing an increase of approximately 41.7% as compared to the corresponding period in 2020. The gross profit margin was approximately 31.5%, compared with that of approximately 30.6% in the corresponding period of last year. The net profit was approximately RMB60.9 million, representing a year-on-year increase of approximately 68.0% as compared to the corresponding period in 2020.

The Company has always adhered to the systematic principle of combining fast growth and steady growth, with both rigidity and flexibility, and with the courage to take responsibility and continue to promote deep urban cultivation. In the first half of 2021, the Company acquired 100% equity interest of Shanghai Baoji Property Management Co., Ltd. ("Shanghai Baoji"). At the same time, the Company also successively won the bid of Zicheng Urban Hall (子城城市客廳) and Culture and Art Center (文化藝術中心), the two landmark projects in Jiaxing. At the same time, relying on its warm service and long-term accumulated reputation, the Company further expanded its management landscape through endogenous growth, single project expansion, and joint ventures and associates cooperation. The Company has established a leading market position in Zhejiang Province. Besides, it has also been well-recognised in the Yangtze River Delta region. In April 2021, the Company was ranked 29th among the "2021 China Top 100 Property Management Companies" and the "2021 China Top 100 Property Management Companies in terms of Growth" by the China Index Academy.

The improvement of growth quality and the acceleration of growth speed are inseparable from the Group's adherence to the origin of the property, which follows the policy of providing owners with a better life, continuously improving the quality of service, and bringing surprises to the owners. Property service is centered on "serving people", and the needs of "people" shall be paid more attention to during the management process of "properties". Through the "six guaranteed services", the relationship between the property management enterprises and the owners will be strengthened, and the owners' needs of clothing, food, housing and transportation and their daily needs will be constantly met around the principle of "operation of living". At the same time, the Group refined and summarised the "Five Four Five Three" programmatic documents, the "Five Senses Service" guidance documents, and the "Seven Major Business Forms" operational documents, forming a reproducible and scalable service mode. In addition, the Group continuously improved and enhanced the quality of service, and facilitated the improvement of customers' quality of life with leading service quality through scenario-oriented service.

CHAIRMAN'S STATEMENT

The year 2021 is the first year of the “14th Five-Year Plan” and will also usher a new stage of development for China’s economy. Jiayuan Service will continue to uphold the original intention of “serving customers with sincerity, building a beautiful life together, and giving back to the owners” to facilitate owners with scenarios-based service experience. The Company will promote the upgrading of life-oriented services to high-quality and diversified services, actively explore value-added services covering the “full life cycle” of the community, and take life services as the breakthrough point, so as to form an ecological circle of “better life”. By focusing on advantages and innovation, and providing sincere services to customers, the Company will be committed to long-term improvement of urban property service coverage, service quality and standardisation, achieve the consistency of social responsibility and long-term value, gather strength to build a platform for employees to realise their dreams, and create continuous and stable returns for the majority of shareholders in the process of growing with the city.

Jiayuan Services Holdings Limited
Chairman and Executive Director
Zhu Hongge
Hong Kong, 25 August 2021

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 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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS AND PROSPECTS

Recently, the 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 “strengthening direct expansion, optimising mergers and acquisitions as well as focusing on 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:

	Period ended 30 June					
	2021		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>

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 shares.

MANAGEMENT DISCUSSION AND ANALYSIS

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 Tin Ching (“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 had 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 the People’s Republic of China (the “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 of Hong Kong Limited (the “Stock Exchange”) on 9 December 2020, all of which were denominated in HKD. The Board 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 INVESTMENT 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 had 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.

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees’ salaries. There was no forfeited contribution utilised to offset employers’ contributions for the year ended 31 December 2020 and the six months ended 30 June 2021, respectively, and there was no forfeited contribution available to reduce the contribution payable in the future years as at 31 December 2020 and 30 June 2021, respectively.

EVENTS AFTER THE REPORTING PERIOD

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 (the "Shareholders"). The Company believes that good corporate governance is an essence for a continual growth and enhancement of shareholders' value. The Company has adopted the principles and code provisions of 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 (the "Listing Rules") as the basis of the Company's corporate governance practices. During the six months ended 30 June 2021, the Company has complied with the code provisions as set out in the CG Code, except for the deviations from the 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 endeavours 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.

CHANGES IN INFORMATION IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors and senior management since the date of the 2020 annual report and up to the date of this interim report are set out below:

Ms. Liang Yunxu has ceased to be the business consultant of the Zhejiang Anji BoCom Rural Bank Co., Ltd. (浙江安吉交銀村鎮銀行股份有限公司) since January 2021.

Ms. Mu Liyuan resigned as an executive Director with effect from 9 August 2021.

Mr. Bao Guojun was appointed as an executive Director with effect from 9 August 2021.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

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.

NON-COMPETE UNDERTAKINGS

Each of the controlling Shareholders of the Company has confirmed to the Company of his/its compliance with the non-compete undertakings provided to the Company under the Deed of Non-Competition (as defined in the Prospectus). The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by the controlling Shareholders during the period commencing from the Deed of Non-Competition and up to 30 June 2021.

INTERESTS IN COMPETING BUSINESS

None of the Directors had any direct or indirect interest in a business which competed or might compete with the business of the Group as required to be disclosed under Rule 8.10 of the Listing Rules since the listing of the Company on 9 December 2020 and up to 30 June 2021.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, any of its controlling Shareholders, or any of its subsidiaries or fellow subsidiaries was a party at any time during the six months ended 30 June 2021.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, Directors, managing directors, alternate Directors, auditors, secretary and other officers for the time being of the Company and the trustees for the time being acting in relation to any of the affairs of the Company, and their respective executors or administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts.

The Company has also arranged appropriate directors' and officers' liability insurance for the Directors and officers of the Group.

SHARE OPTION SCHEME

The Company had no share option scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Main Board of the Stock Exchange (the “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 <i>Approximately HK\$ (million)</i>	Unused net proceeds as at <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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES

As at 30 June 2021, the interest and/or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be and were recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interest in associated corporation of the Company

Name of Director	Name of associated corporation	Capacity and nature of interest	Number of shares or securities held ⁽¹⁾	Approximate percentage of shareholding
Mr. Zhu Hongge	Jiayuan International Group Limited ("Jiayuan International")	Beneficial owner	64,000 shares (L)	0.001%

Notes:

(1) The letter "L" denotes the Director's long position in the shares.

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executive of the Company and their respective close associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES

So far as the Directors are aware as of 30 June 2021, the following persons (other than the Directors or chief executives of the Company) had the following interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO or required to be disclosed under Divisions 2 and 3 of Part XV of the SFO:

Name of Substantial Shareholder	Capacity and nature of interest	Number of shares or securities held ⁽¹⁾	Percentage of interest in the Company
Chuangyuan Holdings Limited ("Chuangyuan Holdings")	Beneficial owner	450,000,000 shares (L)	73.6%
Jiayuan Investment Management Limited ("Jiayuan Investment") ⁽²⁾	Interest in controlled corporation	450,000,000 shares (L)	73.6%
Jiayuan International ⁽²⁾	Interest in controlled corporation	450,000,000 shares (L)	73.6%
Mingyuan Group Investment Limited ("Mingyuan Group") ⁽²⁾	Interest in controlled corporation	450,000,000 shares (L)	73.6%
China Jiayuan Group Limited ("China Jiayuan") ⁽²⁾	Interest in controlled corporation	450,000,000 shares (L)	73.6%
Galaxy Emperor Limited ("Galaxy Emperor") ⁽²⁾	Interest in controlled corporation	450,000,000 shares (L)	73.6%
Mr. Shum ⁽²⁾	Interest in controlled corporation	450,000,000 shares (L)	73.6%
Ms. Wang Xinmei ⁽³⁾	Interest of spouse	450,000,000 shares (L)	73.6%
First Leading Trading Limited	Beneficial owner	32,124,000 shares (L)	5.25%

Notes:

- (1) The letter "L" denotes the person's long position in the shares of the Company (the "Shares").
- (2) As at 30 June 2021, Chuangyuan Holdings is wholly-owned by Jiayuan Investment, which is in turn wholly-owned by Jiayuan International. Jiayuan International is owned as to approximately 67.96% by Mingyuan Group and approximately 1.78% by Mr. Shum in his own personal capacity. Mingyuan Group is directly wholly-owned by China Jiayuan, which is directly wholly-owned by Galaxy Emperor. Galaxy Emperor is directly wholly-owned by Mr. Shum. By virtue of the SFO, each of Jiayuan Investment, Jiayuan International, Mingyuan Group, China Jiayuan, Galaxy Emperor and Mr. Shum is deemed to be interested in the Shares in which Chuangyuan Holdings is interested.
- (3) Ms. Wang Xinmei is the spouse of Mr. Shum. By virtue of the SFO, Ms. Wang Xinmei is deemed to be interested in the Shares in which Mr. Shum is interested.
- (4) As at 30 June 2021, the total number of issued shares of the Company was 611,709,000.

Save as disclosed above, as at 30 June 2021, the Directors are not aware of any person who had an interest or short position in the shares and the underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
	Note	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Revenue	7	386,844	280,254
Cost of services and sales	10	<u>(265,126)</u>	<u>(194,357)</u>
Gross profit		121,718	85,897
Other income and expenses, net	8	4,781	2,636
Other gains and loss, net	9	(2,543)	–
Impairment losses on financial assets		(7,996)	(4,004)
Selling and marketing expenses	10	(5,099)	(3,495)
Administrative expenses	10	(29,016)	(30,453)
Finance costs	11	(139)	(49)
Share of results of investments accounted for using the equity method	17	<u>(99)</u>	<u>1,596</u>
Profit before taxation		81,607	52,128
Income tax expense	12	<u>(20,689)</u>	<u>(15,869)</u>
Profit and total comprehensive income for the period		<u>60,918</u>	<u>36,259</u>
Profit and total comprehensive income attributable to:			
– Owners of the Company		60,070	35,653
– Non-controlling interests		<u>848</u>	<u>606</u>
		<u>60,918</u>	<u>36,259</u>
Earnings per share attributable to owners of the Company (expressed in RMB per share)			
Basic and diluted	13	<u>0.10</u>	<u>0.08</u>

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2021 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2020 <i>RMB'000</i> <i>(Audited)</i>
<i>Note</i>		
ASSETS		
Non-current assets		
Property and equipment	15 23,354	18,847
Right-of-use assets	1,919	2,323
Intangible assets	16 142,021	34,186
Investments accounted for using the equity method	17 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	18 359,494	246,483
Restricted bank deposits	19 1,219	1,219
Short-term deposits	19 65,000	–
Cash and cash equivalents	19 561,765	617,771
	<u>987,842</u>	<u>865,974</u>
Total assets	<u><u>1,185,117</u></u>	<u><u>940,983</u></u>
EQUITY		
Equity attributable to owners of the Company		
Share capital	20 5,225	5,128
Reserves	560,945	496,055
	<u>566,170</u>	<u>501,183</u>
Non-controlling interests	21 15,839	17,056
Total equity	<u>582,009</u>	<u>518,239</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2021 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2020 <i>RMB'000</i> <i>(Audited)</i>
LIABILITIES			
Non-current liabilities			
Lease liabilities		67	384
Deferred income tax liabilities		10,526	4,445
Bank borrowings	23	44,115	–
Other payables	22	25,679	–
		<u>80,387</u>	<u>4,829</u>
Current liabilities			
Contract liabilities		117,374	88,232
Trade and other payables	22	360,261	305,472
Lease liabilities		1,640	1,707
Current income tax liabilities		29,381	22,504
Bank borrowings	23	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>

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Attributable to owners of the Company</u>			Non- controlling interests	Total equity
	Share capital	Reserves	Total		
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January 2021	5,128	496,055	501,183	17,056	518,239
Comprehensive income					
Profit for the period	—	60,070	60,070	848	60,918
Transactions with owners in their capacity as owners:					
Dividends to non-controlling interests	—	—	—	(2,800)	(2,800)
Dividends	14	(32,596)	(32,596)	—	(32,596)
Shares issued pursuant to the over-allotment	20	37,416	37,513	—	37,513
Capital injection from non-controlling interests	—	—	—	735	735
Total transactions with owners	97	4,820	4,917	(2,065)	2,852
Balance at 30 June 2021 (unaudited)	5,225	560,945	566,170	15,839	582,009
Balance at 1 January 2020	—	151,148	151,148	10,157	161,305
Comprehensive income					
Profit for the period	—	35,653	35,653	606	36,259
Transactions with owners in their capacity as owners:					
Dividends to non-controlling interests	—	—	—	(3,500)	(3,500)
Total transactions with owners	—	—	—	(3,500)	(3,500)
Balance at 30 June 2020 (Audited)	—	186,801	186,801	7,263	194,064

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Cash flows from operating activities			
Cash generated from operations		75,657	47,953
Income tax paid		(24,938)	(34,566)
Net cash generated from operating activities		50,719	13,387
Cash flows from investing activities			
Purchases of property and equipment		(2,899)	(2,577)
Addition to investments accounted for using the equity method	17	(4,000)	–
Acquisition of subsidiaries, net of cash paid	25	(107,140)	(27,359)
Proceeds from disposals of property and equipment		178	408
Repayments from related parties		–	220,225
Advances to related parties		–	(226,547)
Placement of short-term deposits		(65,000)	–
Repayments from a third party		–	38,542
Interest received		835	217
Net cash (used in)/generated from investing activities		(178,026)	2,909
Cash flows from financing activities			
Payments on leases		(968)	(1,489)
Interests paid on bank borrowings		(8)	–
Proceeds from bank borrowings	23	58,115	–
Proceeds from shares issued pursuant to the over-allotment	20	37,513	–
Shares issuance costs		(18,743)	(1,443)
Capital injection from non-controlling interests		735	–
Dividends paid to non-controlling interests		(2,800)	(3,500)
Net cash generated from/(used in) financing activities		73,844	(6,432)
Net (decrease)/increase in cash and cash equivalents		(53,463)	9,864
Cash and cash equivalents at beginning of the period		617,771	37,644
Exchange losses on cash and cash equivalents		(2,543)	–
Cash and cash equivalents at end of the period		561,765	47,508

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION, BASIS OF PREPARATION AND BUSINESS COMBINATION

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 (“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 (“Board”) of directors (“Directors”) of the Company 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”). The Interim Financial Information is unaudited, but has been reviewed by the Company’s Audit Committee.

1.3 Business combination

In April 2021, the Group acquired 100% equity interest in Shanghai Baoji Property Management Co., Ltd. (“Shanghai Baoji”) at a consideration of RMB139,238,000. Details of the purchase consideration, the net assets acquired and goodwill are disclosed in Note 25.

NOTES TO THE INTERIM FINANCIAL INFORMATION

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 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2020 Financial Statements except for fair value of the identified property management contracts arising from business combinations. Significant judgements and estimates were involved in the determination of fair value of the identified property management contracts. These judgements and estimates include the adoption of appropriate valuation methodologies and the use of key assumptions in the valuation. See Note 25 for more details.

4 SIGNIFICANT CHANGES IN PRINCIPAL SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

Save for those disclosed in Note 17 and Note 25, there was no significant change in principal subsidiaries, joint ventures and associates of the Group during the six months ended 30 June 2021.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2020 Financial Statements.

There have been no significant changes in the risk factors and management policies since the year ended 31 December 2020.

NOTES TO THE INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.2 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period to the contractual maturity date.

	On demand or within 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Total undiscounted cash flows <i>RMB'000</i>	Carrying amount <i>RMB'000</i>
As at 30 June 2021					
Trade and other payables (excluding payroll and taxes payable)	257,357	25,679	–	283,036	283,036
Bank borrowings	16,568	15,838	31,832	64,238	58,180
Lease liabilities	1,640	504	11	2,155	1,707
	<u>275,565</u>	<u>42,021</u>	<u>31,843</u>	<u>349,429</u>	<u>342,923</u>

	On demand or within 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Total undiscounted cash flows <i>RMB'000</i>	Carrying amount <i>RMB'000</i>
As at 31 December 2020					
Trade and other payables (excluding payroll and taxes payable)	205,155	–	–	205,155	205,155
Lease liabilities	1,707	380	94	2,181	2,091
	<u>206,862</u>	<u>380</u>	<u>94</u>	<u>207,336</u>	<u>207,246</u>

5.3 Fair value estimation

The Group considers that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost approximate their fair values at the end of the reporting period.

NOTES TO THE INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.4 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, issue new shares, or request contributions from owners.

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 total debt less cash and cash equivalents, short-term deposits 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.

6 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

7 REVENUE

	Six months ended 30 June	
	2021 <i>RMB'000</i> <i>(Unaudited)</i>	2020 <i>RMB'000</i> <i>(Audited)</i>
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
	386,844	280,254
Revenue is recognised:		
– Over time	380,692	275,705
– At a point in time	6,152	4,549
	386,844	280,254

For the six months ended 30 June 2021, revenue from the companies controlled and jointly controlled by Mr. Shum contributed 13% (for the six months ended 30 June 2020: 13%) of the Group's revenue. Other than these companies, none of the Group's Customers contributed 10% or more of the Group's revenue during the period.

8 OTHER INCOME AND EXPENSES, NET

	Six months ended 30 June	
	2021 <i>RMB'000</i> <i>(Unaudited)</i>	2020 <i>RMB'000</i> <i>(Audited)</i>
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
	4,781	2,636

NOTES TO THE INTERIM FINANCIAL INFORMATION

9 OTHER GAINS AND LOSS, NET

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

10 EXPENSES BY NATURE

	Six months ended 30 June	
	2021 <i>RMB'000</i> <i>(Unaudited)</i>	2020 <i>RMB'000</i> <i>(Audited)</i>
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
Total cost of services and sales, selling and marketing expenses and administrative expenses	<u>299,241</u>	<u>228,305</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

11 FINANCE COSTS

	Six months ended 30 June	
	2021 <i>RMB'000</i> <i>(Unaudited)</i>	2020 <i>RMB'000</i> <i>(Audited)</i>
Interest expense on bank borrowings	73	–
Interest expense on lease liabilities	66	49
	<u>139</u>	<u>49</u>

12 INCOME TAX EXPENSE

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

(a) Corporate income tax

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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

13 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 <i>(Unaudited)</i>	2020 <i>(Audited)</i>
Profit attributable to owners of the Company (RMB' 000)	60,070	35,653
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.

14 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), approved at the Annual General Meeting on 9 June 2021 has been paid in cash in July 2021.

NOTES TO THE INTERIM FINANCIAL INFORMATION

15 PROPERTY AND EQUIPMENT

	Six months ended 30 June	
	2021 <i>RMB'000</i> <i>(Unaudited)</i>	2020 <i>RMB'000</i> <i>(Audited)</i>
Opening net book amount	18,847	14,633
Acquisition of a subsidiary (Note 25)	4,971	–
Additions	2,899	2,588
Disposals	(178)	(419)
Depreciation	<u>(3,185)</u>	<u>(2,070)</u>
Closing net book amount	<u><u>23,354</u></u>	<u><u>14,732</u></u>
Cost	48,333	26,705
Accumulated depreciation	<u>(24,979)</u>	<u>(11,973)</u>
Net book amount	<u><u>23,354</u></u>	<u><u>14,732</u></u>

Depreciation was charged to the “Administrative expenses” in the consolidated statement of comprehensive income.

NOTES TO THE INTERIM FINANCIAL INFORMATION

16 INTANGIBLE ASSETS

	Property management contracts <i>RMB'000</i>	Goodwill <i>RMB'000</i>	Software <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2021 (Unaudited)				
Opening net book amount	17,547	14,859	1,780	34,186
Acquisition of a subsidiary (Note 25)	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>

NOTES TO THE INTERIM FINANCIAL INFORMATION

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	30 June 2021 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2020 <i>RMB'000</i> <i>(Audited)</i>
Interests in joint ventures (a)	84	229
Interests in associates (b)	<u>5,655</u>	<u>1,609</u>
	<u><u>5,739</u></u>	<u><u>1,838</u></u>

(a) Interests in joint ventures

	30 June 2021 <i>RMB'000</i> <i>(Unaudited)</i>	30 June 2020 <i>RMB'000</i> <i>(Audited)</i>
At 1 January	229	4,924
Share of results	<u>(145)</u>	<u>1,652</u>
At 30 June	<u><u>84</u></u>	<u><u>6,576</u></u>

(b) Interests in associates

	30 June 2021 <i>RMB'000</i> <i>(Unaudited)</i>	30 June 2020 <i>RMB'000</i> <i>(Audited)</i>
At 1 January	1,609	1,600
Additions	4,000	–
Share of results	<u>46</u>	<u>(56)</u>
At 30 June	<u><u>5,655</u></u>	<u><u>1,544</u></u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

18 TRADE AND OTHER RECEIVABLES

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

(a) Trade receivables

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

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

	30 June 2021 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2020 <i>RMB'000</i> <i>(Audited)</i>
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
	<u>363,042</u>	<u>243,213</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

18 TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Other receivables

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

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

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

- (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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

20 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).

21 NON-CONTROLLING INTERESTS

There is no subsidiary with material non-controlling interest for the six months ended 30 June 2021 and year ended 31 December 2020.

NOTES TO THE INTERIM FINANCIAL INFORMATION

22 TRADE AND OTHER PAYABLES

	30 June 2021 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2020 <i>RMB'000</i> <i>(Audited)</i>
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 14)	32,596	–
– Consideration payable for business combinations	–	285
– Others	<u>14,205</u>	<u>14,339</u>
	<u>325,159</u>	<u>281,650</u>
	<u><u>360,261</u></u>	<u><u>305,472</u></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 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2020 <i>RMB'000</i> <i>(Audited)</i>
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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

23 BANK BORROWINGS

	30 June 2021 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2020 <i>RMB'000</i> <i>(Audited)</i>
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>

(a) The effective interest rates at the end of each reporting period are as follow:

	30 June 2021 <i>(Unaudited)</i>	31 December 2020 <i>(Audited)</i>
Bank loans	<u>4.75%</u>	<u>–</u>

Note:

As at 30 June 2021, 100% equity interest of Shanghai Baoji has been pledged to secure the whole balance of bank loans. The bank loans are guaranteed jointly by the entity controlled by Mr. Shum and Mr. Shum (Note 26).

24 COMMITMENTS

Operating lease commitments

The Group's lease commitments under non-cancellable short-term and low-value operating leases are as follows:

	30 June 2021 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2020 <i>RMB'000</i> <i>(Audited)</i>
No later than 1 year	<u>734</u>	<u>552</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

25 BUSINESS COMBINATIONS

In April 2021, the Group acquired 100% equity interest in Shanghai Baoji at a consideration of RMB139,238,000. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	<i>RMB'000</i>
Considerations	
Settled in the six months ended 30 June 2021	113,559
Outstanding as at 30 June 2021 (a)	<u>25,679</u>
 Total cash considerations	 <u><u>139,238</u></u>

Total recognised amounts of identifiable assets acquired and liabilities assumed are as follows:

Property and equipment	4,971
Intangible assets – property management contracts	26,850
Trade and other receivables	80,274
Cash and cash equivalent	6,704
Contract liabilities	(22,839)
Trade and other payables	(29,586)
Current income tax liabilities	(4,069)
Deferred tax liabilities	<u>(6,712)</u>
 Total identifiable net assets	 55,593
Add: goodwill	<u>83,645</u>
 Net assets acquired	 <u><u>139,238</u></u>

Outflow of cash to acquire business, net of cash acquired in 2021:

Partial settlement of cash consideration	113,559
cash and cash equivalents in the subsidiary acquired	<u>(6,704)</u>
 Net cash outflow on acquisition	 <u><u>106,855</u></u>

Notes:

- (a) The outstanding consideration will be paid within 18 months from the acquisition date.
- (b) Valuation was performed by an independent valuer to determine the fair value of the identified property management contracts at the acquisition date. The valuation method used is the multi-period excess earnings method. The key assumptions applied in determining the fair value of property management contracts at the date of acquisition are disclosed as follows:

Gross profit margin	22.0%-22.9%
Post-tax discount rate	14.6%

NOTES TO THE INTERIM FINANCIAL INFORMATION

25 BUSINESS COMBINATIONS *(Continued)*

- (c) The goodwill arose from the acquisition was mainly attributable to the expected synergies from combining the operations of the Group and the acquired entity.
- (d) The acquired business contributed total revenue of RMB19,258,000 and net profit of RMB4,621,000 to the Group for the period from the acquisition date to 30 June 2021.
- (e) Had this business been consolidated from 1 January 2021, the statement of comprehensive income of the Group would show proforma revenue and profit for the six months ended 30 June 2021 of RMB421,444,000 and RMB64,476,000 respectively.

26 SIGNIFICANT RELATED PARTY TRANSACTIONS

Apart from those related party transactions disclosed elsewhere in the Interim Financial Information, the following transactions were carried out with related parties:

(a) Transactions with related parties

	Six months ended 30 June	
	2021 <i>RMB'000</i> <i>(Unaudited)</i>	2020 <i>RMB'000</i> <i>(Audited)</i>
Entities controlled by Mr. Shum		
– Provision of property management services	6,720	7,047
– Provision of value-added services to property developers	43,897	28,272
– Payments on leases	76	76
– Provision of financial guarantees to the Group	75,000	–
Entities jointly controlled by Mr. Shum		
– Provision of property management services	154	–
– Provision of value-added services to property developers	926	2,030
Key management of the Group		
– Interest received	–	51
Entity has significant influence over a subsidiary of the Company		
– Provision of property management services	1,381	1,383
– Provision of value-added services to property developer	189	291
Mr. Shum		
– Provision of financial guarantees to the Group	75,000	–

NOTES TO THE INTERIM FINANCIAL INFORMATION

26 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with related parties *(Continued)*

- (i) The prices for the above service and other transactions were determined in accordance with the terms mutually agreed by the contract parties.
- (ii) On 20 January 2020, the Group entered into lease agreements for leasing of office premises with Jiaxing Jiayuan Square Commercial Management Company Limited, which was controlled by Mr. Shum. The leasing term was from 1 January 2020 to 31 December 2022. The total contract amount was approximately RMB500,000.

(b) Balances with related parties

During the six months ended 30 June 2021 and year ended 31 December 2020, certain subsidiaries of Jiayuan International primarily engaged in property development business (“Property Development Companies”) entered into sales contracts with the property buyers, which included sales of properties developed by them and provision of property management services by the Group for a certain period of time. The Property Development Companies collected the contract sum from the property buyers and then transferred the amounts relating to the part of property management services to the Group on a regular basis.

Balance with related parties were included in the following items:

	30 June 2021 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2020 <i>RMB'000</i> <i>(Audited)</i>
Entities controlled by Mr. Shum		
Trade in nature and included in:		
– Trade receivables	91,512	71,900
– Deposits and payments made on behalf of Customers	4,301	3,447
– Trade payables	77	176
– Utility and other payables	2,747	3,080
– Contract liabilities	15	615
Entities jointly controlled by Mr. Shum		
Trade in nature and included in:		
– Trade receivables	2,940	2,879
– Utility and other payables	141	103
Entity jointly controlled by the Group		
Trade in nature and included in:		
– Deposits and payments on behalf of Customers	155	35
Entity has significant influence over a subsidiary of the Company		
Trade in nature and included in:		
– Trade receivables	474	538
– Utility and other payables	9	9

NOTES TO THE INTERIM FINANCIAL INFORMATION

26 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balances with related parties *(Continued)*

Notes:

- (i) The amounts payables due to related parties are interest-free and repayable on demand.

27 EVENTS AFTER THE REPORTING PERIOD

Save for the payment of final dividend in respect of the year ended 31 December 2020 disclosed in Note 14, there were no significant events took place after 30 June 2021.