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 2023

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 2023 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 2023)

		Six months ended 30 June	
		2023	2022
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**442,007**	460,092
Cost of services and sales		**(280,792)**	(314,661)
Gross profit		**161,215**	145,431
Other income and expenses, net	*5*	**3,588**	6,412
Other gains and losses, net	*6*	**658**	9
Impairment losses on financial assets		**(46,708)**	(16,278)
Loss on unauthorised Pledged Shares		**(5,952)**	–
Selling and marketing expenses		**(3,097)**	(6,470)
Administrative expenses		**(19,685)**	(38,914)
Finance costs		**(866)**	(1,250)
Share of results of associates		**(200)**	4
Profit before taxation		**88,953**	88,944
Income tax expense	*8*	**(22,588)**	(20,291)
Profit and total comprehensive income for the period	*7*	**66,365**	68,653
Profit and total comprehensive income for the period attributable to:			
– Owners of the Company		**63,558**	65,679
– Non-controlling interests		**2,807**	2,974
		66,365	68,653
Earnings per share attributable to owners of the Company (expressed in RMB per share)			
Basic and diluted	*9*	**0.10**	0.11

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(AS AT 30 JUNE 2023)

	Note	**30 June 2023 *RMB'000* (Unaudited)**	31 December 2022 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Property and equipment		**26,798**	26,607
Right-of-use assets		**–**	79
Intangible assets		**125,595**	130,372
Interest in an associate		**1,288**	1,488
Deferred income tax assets		**65,341**	53,335
		219,022	211,881
Current assets			
Inventories		**495**	538
Trade and other receivables	*11*	**319,085**	365,401
Restricted bank deposits		**571**	1,374
Cash and cash equivalents		**34,522**	22,722
		354,673	390,035
Total assets		**573,695**	601,916
EQUITY			
Equity/(deficit in equity) attributable to owners of the Company			
Share capital		**5,225**	5,225
Reserves		**575**	(62,983)
		5,800	(57,758)
Non-controlling interests		**26,446**	23,639
Total equity/(deficit in equity)		**32,246**	(34,119)

	Note	**30 June 2023** *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
LIABILITIES			
Non-current liabilities			
Bank borrowings		**24,209**	29,860
Deferred income tax liabilities		**1,660**	1,843
		25,869	31,703
Current liabilities			
Contract liabilities		**72,991**	116,183
Bank borrowings		**11,302**	11,362
Lease liabilities		**–**	50
Provisions		**43,434**	37,482
Trade and other payables	*12*	**319,360**	399,900
Current income tax liabilities		**68,493**	39,355
		515,580	604,332
Total liabilities		**541,449**	636,035
Total equity and liabilities		**573,695**	601,916

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. The trading in the share of the Company has been suspended since 3 April 2023.

In the opinion of the directors of the Company (the "**Board**"), as at 30 June 2023, Chuangyuan Holdings Limited ("**Chuangyuan Holdings**"), a company incorporated in the British Virgin Islands ("**BVI**") with limited liability, was the controlling shareholder of the Company. The intermediate holding company of the Company was Jiayuan International Group Limited ("**Jiayuan International**"), an exempted company incorporated in the Cayman Islands with limited liability and its shares were listed on the Stock Exchange until they were delisted on 29 October 2024. The ultimate holding company was Galaxy Emperor Limited ("**Galaxy Emperor**"), a company incorporated in the BVI with limited liability, ultimately controlled by Mr. Shum Tin Ching ("**Mr. Shum**").

As set out in the announcement of the Company dated 11 September 2023, on 7 September 2023, the Board was informed that in November 2022, Chuangyuan Holdings (as the borrower and chargor), being the then controlling shareholder of the Company, by way of a security deed, charged 450,000,000 shares of the Company held by Chuangyuan Holdings (represented approximately 73.56% of the total issued shares of the Company at the date of the announcement, referred to as the ("**Charged Securities**")), in favour of Valuable Capital Limited ("**VCL**"), a limited company incorporated in Hong Kong and a licensed corporation under the Securities and Futures Commission of Hong Kong (as lender and chargee), to secure all the present and future outstanding liabilities to VCL under certain finance documents. Chuangyuan Holdings, which had securities trading accounts with VCL and had borrowed funds or obtained margin financing from VCL, defaulted on its repayments to VCL on or about 9 May 2023. Consequently, Mr. Lai Wing Lun and Mr. Osman Mohammed Arab were appointed as joint and several receivers and managers (the "**Receivers**") of the Charged Securities by a deed of appointment dated 6 September 2023.

On 5 September 2024, the Receivers and VCL entered into a sale and purchase agreement (the "**SPA**"), pursuant to which the Receivers agreed to sell, and VCL agreed to acquire, the Charged Securities, subject to the terms and conditions of the SPA. The completion of the SPA occurred on 5 September 2024.

VCL and Linkto Tech Limited, a limited company incorporated in Hong Kong, along with any parties acting in concert with them, are interested, as beneficial owners, in the Charged Securities. Valuable Capital Group Ltd, a limited liability company incorporated in the Cayman Islands, is the ultimate holding company of the Company. Madam Gao Yuanlan is the sole director and sole shareholder of Linkto Tech Limited.

Unless otherwise stated, this condensed consolidated interim financial information for the six months ended 30 June 2023 ("**Interim Financial Information**") is presented in Renminbi ("**RMB**") and has been approved for issue by the Board on 4 December 2024.

This Interim Financial Information has been reviewed, not audited.

1.2 Basis of preparation

This unaudited Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard 34, "Interim financial reporting" and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This unaudited Interim Financial Information should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certificate Public Accountants. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. Except as described below, the accounting policies (including the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of this unaudited Interim Financial Information are consistent with those used in the annual consolidated financial statements of the Group for the year ended 31 December 2022.

2 ADOPTION OF NEW AND REVISED STANDARDS

The Group has applied new and amended standards effective for the financial period beginning on 1 January 2023. 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 the chief operating decision-maker (the "**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company.

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

As at 30 June 2023 and 31 December 2022, all of the non-current assets of the Group were located in the PRC.

4 REVENUE

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of services		
Property management services	**386,613**	368,212
Value-added services to property developers	**16,786**	55,154
Community value-added services	**38,608**	36,726
	442,007	460,092
Revenue is recognised:		
– Over time	**435,712**	452,118
– At a point in time	**6,295**	7,974
	442,007	460,092

For the six months ended 30 June 2023, revenue from the entities controlled or significant influence of Mr. Shum, the then ultimate controlling party of the Company, contributed 12% (for the six months ended 30 June 2022: 11%) of the Group's revenue. Other than these entities, none of the Group's Customers contributed 10% or more of the Group's revenue during the period.

5 OTHER INCOME AND EXPENSES, NET

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grants	**3,276**	2,021
Value-added tax refund	**651**	1,495
Interest income on bank deposits	**108**	2,910
Late fees and penalties	**(338)**	(148)
Others	**(109)**	134
	3,588	6,412

6 OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Exchange gain	**5**	9
Gain on disposal of a subsidiary	**250**	–
Loss on disposals of property and equipment	**(12)**	–
Other	**415**	–
	658	9

7 PROFIT FOR THE PERIOD

The Group's profit for the period is stated after charging the following:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation of property and equipment	**6,652**	4,287
Amortisation of intangible assets	**4,777**	4,778
Cost of inventories sold	**3,116**	5,668

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax charge	**34,776**	29,743
Deferred income tax charge	**(12,188)**	(9,452)
	22,588	20,291

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 2023 (for the six months ended 30 June 2022: Nil).

Income tax provision of the Group in respect of the business operated 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.

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (RMB'000)	**63,558**	65,679
Weighted average number of ordinary shares in issue (in thousands)	**611,709**	611,709
Basic earnings per share (RMB)	**0.10**	0.11

(b) Diluted earnings per share

For the six months ended 30 June 2023 and 2022, 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 2023 (for the six months ended 30 June 2022: nil).

11 TRADE AND OTHER RECEIVABLES

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables *(a)*	**279,452**	313,900
Other receivables	**32,998**	43,204
Prepayments	**6,635**	8,297
Trade and other receivables, net	**319,085**	365,401

(a) Trade receivables

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**488,209**	481,159
Less: allowance for impairment	**(208,757)**	(167,259)
	279,452	313,900

No credit term is granted to Customers. The ageing analysis of the trade receivables based on invoice date and net of allowance for impairment was as follows:

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0-60 days	**14,387**	82,751
61-180 days	**37,675**	66,989
181-365 days	**49,658**	55,216
1-2 years	**110,282**	67,332
2-3 years	**47,734**	36,494
3-4 years	**16,269**	4,844
4-5 years	**2,872**	12
More than 5 years	**575**	262
	279,452	313,900

12 TRADE AND OTHER PAYABLES

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Trade payables *(a)*	**80,375**	94,532
Other payables		
– Utility and other charges	**46,883**	79,376
– Owners' maintenance fund	**39,306**	32,449
– Deposits received	**74,150**	78,225
– Consideration payable for business combinations	**5,395**	5,395
– Payroll payable	**36,850**	72,635
– Other taxes payables	**8,247**	11,657
– Others	**28,154**	25,631
	238,985	305,368
	319,360	399,900

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

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
0-60 days	**32,809**	34,571
61-180 days	**12,171**	19,829
181-365 days	**10,045**	20,051
More than 1 year	**25,350**	20,081
	80,375	94,532

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

Looking back the first half of 2023, property management industry has continued the trend of rational comeback since the second half of 2022. In the capital market, the number of property management enterprises newly listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") has decreased significantly, and the trend of the property management sector has maintained a high degree of correlation with the real estate sector. Although policies in terms of the real estate have shown a stable and positive momentum, the policy transmission effect has not yet emerged, and the fundamentals of real estate and credit risks of some real estate enterprises are still taking time to recover. Most of the listed property enterprises, represented by leading enterprises in the industry, have continued to experience weak stock prices, leading investors to remain cautious about the growth of the property management sector. In the mergers and acquisitions market, the overall mergers and acquisitions activities tended to be more rational, and the overall number of transactions and the number of large-scale transactions further reduced. Compared with the past, enterprises are more concerned about the potential financial risks brought by mergers and acquisitions, and have higher requirements for the strategic synergy effect of mergers and acquisitions integration.

Business Review

As at 30 June 2023, the Group had 301 property management projects with contracted GFA of approximately 59.4 million sq.m., representing a decrease of approximately 10.1% and 4.0%, respectively, as compared with that of 335 property management projects with contracted GFA of approximately 61.9 million sq.m. in the corresponding period in 2022. As at 30 June 2023, the Group had GFA under management of approximately 42.1 million sq.m., representing an increase of approximately 9.9% as compared with that of approximately 38.3 million sq.m. in the corresponding period in 2022. The decrease in contracted GFA was due to the Group's exit from some of its unprofitable property projects, and the increase in GFA under management was attributable to endogenous growth and the expansion of stand-alone projects.

The revenue of the Group for the six months ended 30 June 2023 was approximately RMB442.0 million, representing a decrease of approximately 3.9% as compared to the corresponding period of approximately RMB460.0 million in 2022. The gross profit of the Group for the six months ended 30 June 2023 was approximately RMB161.2 million, representing an increase of approximately 10.9% as compared to the corresponding period of approximately RMB145.4 million in 2022. The gross profit margin of the Group for the six months ended 30 June 2023 was approximately 36.5% compared with that of approximately 31.6% in the corresponding period in 2022. The net profit of the Group for the six months ended 30 June 2023 was approximately RMB66.4 million, representing a decrease of approximately 3.3% as compared to the corresponding period of approximately RMB68.7 million in 2022.

In terms of the property management service business, for the six months ended 30 June 2023, the revenue of property management service of the Group was approximately RMB386.6 million, representing an increase of approximately 5.0% as compared to that in the corresponding period in 2022. The revenue of property management service business accounted for approximately 87.5% of the total revenue of the Group. The increase in the revenue of the property management service business was mainly due to the increase in the GFA under management.

In terms of value-added services to property developers, for the six months ended 30 June 2023, the Group's revenue from value-added services to property developers was approximately RMB16.8 million, representing a decrease of approximately 69.6% as compared to that in the corresponding period in 2022. The revenue of value-added services to property developers accounted for approximately 3.8% of the total revenue of the Group, representing a decrease of approximately 11.2% from approximately 15.0% in the corresponding period in 2022. The significant decrease in the revenue from value-added services to property developers was mainly due to influence of the real estate industry, which resulted in a significant reduction in the provision of venue services for real estate developers by the Group.

In terms of community value-added services, for the six months ended 30 June 2023, the revenue of community value-added services was approximately RMB38.6 million, representing an increase of approximately 5.1% as compared to that in the corresponding period in 2022. The total revenue of community value-added service business for the six months ended 30 June 2023 accounted for approximately 8.7% of the total revenue of the Group and increased slightly by approximately 0.7% from that in the corresponding period in 2022. The increase in the revenue of community value-added services was mainly due to the increase in the number of residents to whom the Group provided community value-added services to as a result of the increase in GFA under management, as well as the increase in revenue from advertising in common areas as a result of the increase in GFA under management.

Future Plans and Prospects

There is always a rainbow after the storm, and every cloud has its silver lining.

Through the goal of achieving in-depth reform of mechanisms, winning great customer satisfaction and ensuring the continuous operation of the Company, the Company shall implement a management strategy such that investment must be fruitful, development must be guaranteed, trust must be grounded, operation must be efficient, and trouble must be resolved. Untroubled by external turmoil, the resolve in executing such strategy only increases, thus embarking on a path of high-quality development with distinctive characteristics. First, to endeavour to complete the trading resumption of the Company as soon as possible, improve corporate governance and strictly abide by regulatory compliances, and perform duties and responsibilities to fully protect the rights and interests of investors; second, to comprehensively revise the Company's management system, to adjust the positioning of the organisation to become a highly market-oriented integrated service provider, thus clarifying the Company's development direction and growth path, such that employees are enabled to provide services to customers with more professionalism, efficiency and standardisation; third, to establish and improve the service quality management system, to ensure that the property management services are rendered perfectly from the perspective of the customer; fourth, to guide and urge all the subsidiaries and projects to keep the goal of profitability in mind, take measures to increase revenue and reduce expenditure, and ensure sufficient operating cash flow; fifth, to stay true to our original developmental goals, to further develop the target regional markets vigorously through direct expansion, while protecting every project under management to ensure the stability of the Company's scale of management and lay a solid foundation for continuous operation; sixth, to collect the accounts owed by related parties to the greatest extent possible, realise creditors' rights through debt restructuring, legal recovery, etc., to protect the interests of the Company and reduce losses of the Company; seventh, to strengthen corporate risk prevention and control, maintain the enterprise's good business and avoid unnecessary economic losses, including complying with laws and regulations during its operations, ensuring the personal and property safety of customers and employees, and treating cooperating suppliers in a friendly manner, etc. We sincerely serve customers with philosophy of the long-term in mind, unwavering and giving our all. We will face a better tomorrow with full confidence.

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 decreased by approximately 3.9% from approximately RMB460.1 million for the six months ended 30 June 2022 to approximately RMB442.0 million for the six months ended 30 June 2023.

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

	Six months ended 30 June					
	2023		**2022**		**Changes**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services	**386,613**	**87.5**	368,212	80.0	18,401	5.0
Value-added services to property developers	**16,786**	**3.8**	55,154	12.0	(38,368)	(69.6)
Community value-added services	**38,608**	**8.7**	36,726	8.0	1,882	5.1
	442,007	**100**	460,092	100.0	(18,085)	(3.9)

Property management services

Revenue from property management services increased by approximately 5% from approximately RMB368.2 million for the six months ended 30 June 2022 to approximately RMB386.6 million for the six months ended 30 June 2023, primarily attributable to the increase in the number of charging owners and GFA under management as a result of fee-generating business expansion through organic growth.

Value-added services to property developers

Revenue from value-added services to property developers decreased by approximately 69.6% from approximately RMB55.2 million for the six months ended 30 June 2022 to approximately RMB16.8 million for the six months ended 30 June 2023, primarily attributable to the decrease in the number of newly-added venue services items.

Community value-added services

Revenue from community value-added services increased by approximately 5.1% from approximately RMB36.7 million for the six months ended 30 June 2022 to approximately RMB38.6 million for the six months ended 30 June 2023, primarily due to (i) the increase in revenue from home-living services including home maintenance services and decoration supporting 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 through organic growth; 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 decreased by approximately 10.8% from approximately RMB314.7 million for the six months ended 30 June 2022 to approximately RMB280.8 million for the six months ended 30 June 2023, primarily due to the decrease in employee benefits expenses as a result of the decreased number of employees through organic growth.

Gross profit and gross profit margin

The gross profit of the Group increased by approximately 10.9% from approximately RMB145.4 million for the six months ended 30 June 2022 to approximately RMB161.2 million for the six months ended 30 June 2023, which was mainly due to the Group optimized business scale and reduce project with poor profitability.

The gross profit margin of the Group increased from approximately 31.6% for the six months ended 30 June 2022 to approximately 36.5% for the six months ended 30 June 2023. Such increase was primarily due to (i) the continuous expansion of operating revenue which diluted fixed costs; and (ii) the continuous implementation of cost control measures 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			
	2023		2022	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*
Property management services	**138,561**	**35.9**	110,495	30.0
Value-added services to property developers	**4,909**	**29.2**	18,027	32.7
Community value-added services	**17,745**	**46.0**	16,909	46.0
	161,215	**36.5**	145,431	31.6

Property management services

The gross profit margin of property management services increased by approximately 30% for the six months ended 30 June 2022 to approximately 35.9% for the six month ended 30 June 2023 mainly due to optimize staffing and cost-saving efficiency improvements.

Value-added services to property developers

The gross profit margin of value-added services to property developers decreased from approximately 32.7% for the six months ended 30 June 2022 to approximately 29.2% for the six months ended 30 June 2023, primarily due to the increase in labour costs of value-added services to property developers.

Community value-added services

The gross profit margin of community value-added services remained stable at approximately 46% for the six months ended 30 June 2022 and for the six months ended 30 June 2023 which was primarily due to (i) minimal changes in the number of residents in the community served by the Group and the value-added services provided to them; and (ii) the Group's diversified services operating as usual and running smoothly.

Other income and expenses, net

The other income and expenses (net) of the Group decreased by approximately 43.8% from approximately RMB6.4 million for the six months ended 30 June 2022 to approximately RMB3.6 million for the six months ended 30 June 2023, which was primarily attributable to the significant decrease in interest income of bank's regular wealth management.

Selling and marketing expenses

Selling and marketing expenses decreased from approximately RMB6.5 million for the six months ended 30 June 2022 to approximately RMB3.1 million for the six months ended 30 June 2023, representing an decrease of approximately 52.3%, mainly as a result of decreased marketing expenses and employee benefit expenses which related to the adjustment of the Group's business strategy.

Administrative expenses

Administrative expenses decreased from approximately RMB38.9 million for the six months ended 30 June 2022 to approximately RMB19.7 million for the six months ended 30 June 2023, representing an decrease of approximately 49.4%. The decrease in administrative expenses was due to the decrease in employee benefit expenses for management and administrative staff as a result of the decrease in the headcount of management staff for business expansion and steady growth in average salary of senior management.

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 RMB20.3 million for the six months ended 30 June 2022, representing a increase of approximately 11.2%, to approximately RMB22.6 million for the six months ended 30 June 2023. The increase in income tax expenses was mainly due to corporate income tax benefits have not been considered temporarily.

Profit and total comprehensive income for the period

As a result of the foregoing, the profit and total comprehensive income for the period decreased from approximately RMB68.7 million for the six months ended 30 June 2022 to approximately RMB66.4 million for the six months ended 30 June 2023.

The profit and total comprehensive income attributable to owners of the Company for the period decreased from approximately RMB65.7 million for the six months ended 30 June 2022 to approximately RMB63.6 million for the six months ended 30 June 2023.

Property and equipment

The property and equipment of the Group increased from approximately RMB26.6 million as of 31 December 2022 to approximately RMB26.8 million as of 30 June 2023, representing an increase of approximately 0.7%, mainly due to the expansion of new property projects resulting in newly addition of equipment and office supplies.

Intangible assets

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

The intangible assets of the Group decreased from approximately RMB130.4 million as of 31 December 2022 to approximately RMB125.6 million as of 30 June 2023, mainly attributable to the amortisation of intangible assets during the period.

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, decreased from approximately RMB313.9 million as of 31 December 2022 to approximately RMB279.5 million as of 30 June 2023, representing a decrease of approximately 11%. Such decrease was primarily due to the decrease in the number of property management projects managed by the Group during the period.

Other receivables mainly consist of deposits and payments made on behalf of customers. Other receivables, net of allowance for impairment decreased from approximately RMB51.5 million as of 31 December 2022 to approximately RMB39.6 million as of 30 June 2023, representing an decrease of approximately 23.1%.

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 decreased from approximately RMB94.5 million as of 31 December 2022 to approximately RMB80.4 million as of 30 June 2023, representing a decrease of approximately 14.9%, mainly due to the decrease of the number of properties managed by the Group.

Other payables mainly represent (i) utility and other payables (such as receivables from residents and related parties, which are collected by the Group on behalf of and payable to the relevant suppliers); (ii) owners' maintenance fund (being various proceeds collected on behalf of the owner) (iii) deposits received (such as home decoration deposits and supplier performance bonds); (iv) payroll payable; and (v) consideration payable for business combinations. Other payables decreased from approximately RMB305.4 million as of 31 December 2022 to approximately RMB239 million as of 30 June 2023 mainly due to (i) the due payment of property owners deposits as a results of partial delivery of earlier projects, the property owners deposits decreased from approximately RMB78.2 million as of 31 December 2022 to approximately RMB74.2 million as of 30 June 2023, representing a decrease of approximately RMB4 million; and (ii) due to the change in the remuneration plan, the accrued amount of year-end performance bonuses decreased, and the employee compensation payable decreased from approximately RMB72.6 million as of 31 December 2022 to approximately RMB36.9 million as of 30 June 2023, representing a decrease of approximately RMB35.7 million.

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 decrease from approximately RMB116 million as of 31 December 2022 to approximately RMB73 million as of 30 June 2023, primarily due to the decrease of the number of properties managed by the Group.

Liquidity, financial resources and capital structure

As of 30 June 2023, the total cash and cash equivalents and restricted bank deposits of the Group amounted to approximately RMB34.5 million and approximately RMB0.6 million, respectively. As of 31 December 2022, the total cash and cash equivalents and restricted bank deposits of the Group amounted to approximately RMB22.7 million and approximately RMB1.4 million, respectively. The restricted bank deposits remained stable throughout the corresponding periods.

As at 30 June 2023, the Group had bank borrowings of approximately RMB35.5 million (31 December 2022: RMB41.2 million), among which approximately RMB11.3 million (31 December 2022: RMB11.4 million) will be repayable within one year or on demand. As at 30 June 2023, all current bank borrowings of the Group were denominated in RMB and carried a fixed interest of 4.35% per annum. As at 30 June 2023, bank borrowings of approximately RMB35.5 million (31 December 2022: RMB41.2 million) were secured by 100% equity interest of Shanghai Baoji Property Management Co., Ltd. ("**Shanghai Baoji**") and guaranteed jointly by Mr. Shum and an entity controlled by Mr. Shum.

The Group's financial position improved. As of 30 June 2023, the Group's net current liabilities amounted to approximately RMB160.91 million while the Group's net current liabilities amounted to approximately RMB214.30 million as of 31 December 2022. As of 30 June 2023, the Group's current ratio (current assets/current liabilities) was approximately 0.69 while the Group's current ratio was approximately 0.65 as of 31 December 2022.

Capital commitments

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

Contingent liabilities

As at 30 June 2023, certain subsidiaries of the Company are defendants in certain claims, lawsuits, arbitrations and potential claims. The directors of the Company after due consideration of each case and with reference to legal advice, consider the claims would not result in any material adverse impact on the consolidated financial position or results and operations of the Group except as detailed below:

Unauthorised shares pledged

As detailed in the announcement of the Company dated 30 September 2024 and the notes to the audited consolidated financial results of the Group for the year ended 31 December 2022, during the Independent Internal Control Review, it was identified that during the financial year ended 31 December 2022 Zhejiang Heyuan Property Services Co., Ltd.* (浙江禾源物業服務有限公司) ("**Zhejiang Heyuan**"), an indirect wholly-owned PRC subsidiary of the Company entered into the share pledge agreement (the "**Share Pledge Agreement**") with Mr. Zang Ping ("**Mr. Zang**"), an independent third party, pursuant to which, among others, Zhejiang Heyuan, agreed to pledge its equity interest in Zhejiang Jiayuan Services (currently known as Zhejiang Zhixiang Dacheng Property Services Group Co., Ltd (浙江智想大成物業服務集團有限公司), also an indirect wholly-owned PRC subsidiary of the Company) in the principal amount of RMB500,000,000, and all underlying interest thereof (the "**Pledged Shares**") to Mr. Zang. The pledge was to secure the repayment obligation of Mr. Shum, as borrower, in respect of the loan agreement dated 31 March 2022 entered into between (i) Mr. Zang as the lender; (ii) Mr. Shum (沈玉興), also known as Mr. Shum Tin Ching (沈天晴) ("**Mr. Shum**"), the then ultimate controlling shareholder of the Company as at the material time of entering into of the Share Pledge Agreement, as the borrower; and (iii) Jiayuan Chuangsheng Holding Group Co., Ltd.* (佳源創盛控股集團有限公司), a company ultimately and beneficially wholly-owned by Mr. Shum as the guarantor in relation to the provision of the loan in the principal amount of RMB80,000,000.

Mr. Zang had brought a legal proceeding in the PRC against Mr. Shum and Jiayuan Chuangsheng in July 2022. In September 2022, a civil mediation paper was issued, affirming the lender's right to enforce repayment of the loan's principal and interest, and to receive preferential rights to proceeds from the auction or sale of pledged properties and the Pledged Shares. In March 2023, the court granted an enforcement order, and ordered for the resumption for the execution of such case to be resumed in March 2024. In July 2024, one of the pledged properties has been auctioned successfully while process on auctioning another pledged property is in progress. There were no further actions taken on the remaining pledged properties and the Pledged Shares.

The Group recognised a provision of approximately RMB37,482,000 for loss on unauthorised Pledged Shares as at 31 December 2022. For the six month period ended 30 June 2023, an addition provision of approximately RMB5,952,000 was recognised to account for the interest accrued over the period.

For details, please refer to the announcement of the Company dated 25 September 2024. Save as disclosed above, as at 30 June 2023, the Group did not have any other material contingent liabilities.

Pledge of assets

As at 30 June 2023, the Group has the following pledge of material assets:

100% equity interest of the subsidiary, Shanghai Jiayuan Baoji Property Services Co., Ltd. was pledged as security for bank borrowings.

The Group has pledged the Pledged Shares as described in the subsection "Contingent liabilities – Unauthorised shares pledged" above.

Losses caused by Abnormal Transactions and unauthorized Pledged Shares

For the six months ended 30 June 2023, the loss caused by Abnormal Transaction was nil and the loss caused by unauthorized Pledged Shares was approximately RMB5,952,000.

Foreign exchange risk

Almost all of the Group's operating activities were carried out in the People's Republic of China 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 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 2023, 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 2023.

SIGNIFICANT INVESTMENT HELD

The Group had no significant investment held as at 30 June 2023.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2023, save as disclosed in the annual results announcement of the Company for the year ended 31 December 2022, the Group did not have other future plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICY

The Group had 5,909 full-time employees as at 30 June 2023. The total staff costs for the six months ended 30 June 2023 were approximately RMB243.0 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 REPORTING PERIOD

The Group has the following significant events after the end of the reporting period:

Resumption Guidance

As set out in the announcements of the Company dated 30 June 2023, 22 February 2024 and 17 May 2024 (the "**Resumption Guidance Announcements**"), in relation to, among other matters, the Resumption Guidance. Capitalised terms used herein shall have the same meanings as defined in the Resumption Guidance Announcements unless otherwise stated.

As set out in the Resumption Guidance Announcements, the Stock Exchange has set out the following Resumption Guidance:

(i) publish all outstanding financial results required under the Listing Rules and address any audit modifications;

(ii) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules;

(iii) announce all material information for the Shareholders and investors to appraise the Company's position;

(iv) conduct an appropriate independent investigation in the Abnormal Transactions, announce the findings and take appropriate remedial actions;

(v) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules; and

(vi) demonstrate that there is no reasonable regulatory concern about the integrity, competence and/or character of the Group's management and/or any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence.

The Company has been proactively taking adequate actions to fulfill the the Resumption Guidance. On 25 September 2024, an application has been made by the Company to the Stock Exchange for an extension of remedial period prescribed under Rule 6.01A of the Listing Rules up to and inclusive of 31 December 2024 for the Company to fulfil the conditions set out in the Resumption Guidance. On 1 November 2024, the Company received a letter from the Stock Exchange stating that after considering the Company's case, the Listing Committee of the Stock Exchange decided to extend the Remedial Period to 31 December 2024. As at the date hereof, the Company considers that all Resumption Guidance have been fulfilled. The Company will seek to resume trading of the Shares as soon as possible.

Independent Investigation and Internal Control Review

Reference is made to the announcement of the Company dated 25 September 2024 in relation to the independent investigation conducted by Grant Thornton Advisory Services Limited (the "**Independent Investigation Agency**") and the internal control review conducted by Zhonghui Anda Risk Services Limited (the "**Internal Control Consultant**") (the "**Key Findings Announcement**"). Capitalised terms used herein shall have the same meanings as defined in the Key Findings Announcement unless otherwise stated.

On 19 September 2024, the Independent Investigation issued an independent forensic investigation report (the "**Report**") and the Internal Control Consultant issued a report on its findings of the Internal Control Review to the Audit Committee. On 25 September 2024, the Company announced the key findings of the Report and the Internal Control Review. Details of the key findings of the Report and the Internal Control Review are set out in the announcement of the Company dated 25 September 2024.

Unauthorised Guarantees to the then Ultimate Controlling Shareholder

Reference is made to the announcement of the Company dated 13 November 2024 (the "**Unauthorised Guarantee Announcement**") in relation to, among others, the provision of the unauthorised guarantee by the Group to the then ultimate controlling shareholder during the year ended 31 December 2023.

Each of Jiayuan Chuangsheng Holding Group Co., Ltd.* (佳源創盛控股集團有限公司) ("**Jiayuan Chuangsheng**") (a company ultimately and beneficially wholly-owned by Mr. Shum), Zhejiang Heyuan Property Services Co., Ltd.* (浙江禾源物業服務有限公司) ("**Zhejiang Heyuan**") (an indirect wholly-owned subsidiary of the Company) and Zhejiang Zhixiang Dacheng Property Services Group Co., Ltd.* (浙江智想大成物業服務集團有限公司) (formerly known as ZhejiangJiayuan Property Services Group Co., Ltd.* (浙江佳源物業服務集團有限公司) at the material time) ("**Zhejiang Zhixiang Dacheng**") (an indirect wholly-owned subsidiary of the Company) has entered into the Guarantee Agreements with Shanghai Jinyuan Investment Centre (Limited Partnership)* (上海金轅投資中心(有限合夥)) ("**Shanghai Jinyuan**") and Shanghai Zhijin, Asset Management Co., Ltd.* (上海智金資產管理有限公司) ("**Shanghai Zhijin**"), both independent third parties, pursuant to which, among others, each of Jiayuan Chuangsheng, Zhejiang Heyuan and Zhejiang Zhixiang Dacheng has agreed to provide joint liability guarantees for the payment obligations of Chaohu Xutong Business Management Co., Ltd.* (巢湖市旭彤商業管理有限公司) ("**Chaohu Xutong**") under the equity transfer agreement dated 27 July 2023 entered into between Chaohu Xutong as transferee and Shanghai Jinyuan and Shanghai Zhijin as the transferors in relation to, among others, the transfer of the entire equity interest in Hefei Hongguo Hotel Management Co., Ltd.* (合肥弘果酒店管理有限公司) to Chaohu Xutong at a consideration of RMB123 million (the "**Consideration**").

In December 2023, Shanghai Jinyuan and Shanghai Zhijin filed a request for arbitration ("**Arbitration Request**") to the Shanghai Arbitration Commission (the "**SAC**") requested, among others, (a) Chaohu Xutong to pay the Consideration; and (b) Jiayuan Chuangsheng, Zhejiang Heyuan and Zhejiang Zhixiang Dacheng to be jointly liable for the liability of Chaohu Xutong under the Equity Transfer Agreement.

In April 2024, the legal adviser of Zhejiang Heyuan and Zhejiang Zhixiang Dacheng, without being properly authorised, attended the arbitration hearing and entered into a settlement agreement (the "**Settlement Agreement**"). Subsequently, the SAC issued the Arbitration Mediation Statement ((2024) Huzhonganzi No. 0279 ((2024)滬仲案字第 0279號)) to confirm the terms of the Settlement Agreement.

On 8 October 2024, based on the Arbitration Mediation Statement, the Shanghai No. 2 Intermediate People's Court (the "**Shanghai No.2 Court**") accepted the Arbitration Request and issued an enforcement notice (the "**Enforcement Notice**") to Zhejiang Heyuan and Zhejiang Zhixiang Dacheng ordering for the compulsory enforcement of the Arbitration Mediation Statement and certain bank accounts of Zhejiang Heyuan and Zhejiang Zhixiang Dacheng of up to the amount of approximately RMB124 million be frozen. The Board only became aware of the Arbitration Mediation Statement and the Enforcement Orders upon discovering that certain bank accounts of Zhejiang Heyuan and Zhejiang Zhixiang Dacheng have been frozen. The Board has sought legal advices on potential and necessary follow up actions to be taken by the Group, and has taken legal actions such as applying for the withdrawal of the Arbitration Mediation Statement and the non-enforcement of the Arbitration Mediation Statement to rigorously defend to protect and safeguard the legitimate interest of the Group and the Company is still assessing the financial impact of the Arbitration Mediation Statement and the Enforcement Orders on the Group.

Please refer to the announcement of the Company dated 13 November 2024 for further details.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: 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 2023.

CORPORATE GOVERNANCE PRACTICES

The Company and its management are committed to maintaining good corporate governance with an emphasis on the principles of transparency, accountability and independence to all Shareholders. The Company believes that good corporate governance is an essence for a continual growth and enhancement of 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 (Renumbered to Appendix C1 with effect from 31 December 2023) 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 2023, the Company has complied with the code provisions as set out in the CG Code, except for the deviations from the code provision C.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 use their best endeavours to procure the Company to continue to comply with the CG Code.

Code provision C.2.1 of the CG Code stipulates that the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Mr. Zhu Hongge was the chairman and the chief executive officer of the Company (who resigned on 26 July 2024). Under the leadership of Mr. Zhu Hongge, the Board worked efficiently and performs its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions were made in consultation with members of the Board and relevant Board committee, and there were three independent non-executive Directors on the Board offering independent perspective, the Board is therefore of the view that there were 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 (Renumbered to Appendix C3 with effect from 31 December 2023) to the Listing Rules as the Company's code of conduct regarding securities transactions by the Directors. Having made specific inquiries 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 2023.

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 2023.

PUBLICATION OF UNAUDITED 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.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 3 April 2023, and will remain suspended until further notice.

By order of the Board
Jiayuan Services Holdings Limited
Pang Bo
Executive Director

Hong Kong, 4 December 2024

As at the date of this announcement, the executive Directors are, Mr. Bao Guojun and Mr. Pang Bo and the independent non-executive Directors are Ms. Liang Yunxu, Mr. Wang Huimin and Mr. Wong Kwok Yin.