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Jiyi Holdings Limited
集一控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1495)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Jiyi Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, referred to as the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**” or “**FY2022**”), together with the comparative figures for the corresponding period in 2021 (the “**Prior Period**” or “**FY2021**”) as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022

	<i>Notes</i>	Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue from contracts with customers	3	221,804	268,894
Cost of sales	3	(217,678)	(258,052)
Gross profit		4,126	10,842
Other income		16,601	445
Other gains		20	6,220
Distribution and selling expenses		(1,697)	(3,577)
Administrative expenses		(6,556)	(6,518)
(Recognition)/Reversal of impairment losses under expected credit loss model, net		(1,767)	9

		Six months ended 30 June	
	<i>Notes</i>	2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Finance costs		<u>(6,819)</u>	<u>(10,825)</u>
Profit/(loss) before tax		3,908	(3,404)
Income tax (expense)/credit	6	<u>(1,651)</u>	<u>2,006</u>
Profit/(loss) for the period		<u>2,257</u>	<u>(1,398)</u>
Other comprehensive income/(expense):			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>484</u>	<u>(109)</u>
Other comprehensive income/(loss) for the period, net of income tax		<u>2,741</u>	<u>(1,507)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		Six months ended 30 June	
	<i>Notes</i>	2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Total comprehensive income/(loss) for the period		2,741	(1,507)
Profit/(loss) for the period attributable to:			
– Owners of the Company		2,348	(1,371)
– Non-controlling interests		(91)	(27)
Total comprehensive income/(loss) for the period attributable to:			
– Owners of the Company		2,832	(1,480)
– Non-controlling interests		(91)	(27)
Earnings/(loss) per share			
– Basic (<i>RMB cents</i>)	7	0.23	(0.17)
– Diluted (<i>RMB cents</i>)	7	0.23	(0.16)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2022

		As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss		1,178	1,178
Property, plant and equipment		23,502	25,009
Right-of-use assets		7,439	7,605
Investment properties		62,240	62,500
Goodwill		53,208	53,208
Prepayment for acquisition			
of investment properties	9	33,977	33,977
Deposits and other receivables	9	24,823	42,893
Deferred tax assets		8,229	6,601
		<u>214,596</u>	<u>232,971</u>
Current assets			
Inventories		2,565	4,280
Amounts due from related parties		934	934
Trade and other receivables and prepayments	9	807,006	580,511
Contract assets		360,441	350,521
Restricted cash		783	2,182
Bank balances and cash		24,744	31,958
		<u>1,196,473</u>	<u>970,386</u>
Total assets		<u><u>1,411,069</u></u>	<u><u>1,203,357</u></u>

		As at 30 June 2022	As at 31 December 2021
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Current liabilities			
Trade and bills payables and other payables	10	106,298	97,609
Bank borrowings		269,460	267,734
Other borrowings		2,977	50,602
Lease liabilities		108	181
Convertible loan notes		42,178	37,110
Contract liabilities		2,316	1,576
Income tax payables		27,846	24,971
		<u>451,183</u>	<u>479,783</u>
Net current assets		745,290	490,603
Total assets less current liabilities		959,886	<u>723,574</u>
Non-current liabilities			
Bank borrowings		111,959	4,404
Lease liabilities		–	53
Deferred tax liabilities		21,304	21,239
		<u>133,263</u>	25,696
Net assets		826,623	697,878
Capital and reserves			
Share capital		90,786	75,223
Reserves		735,050	621,777
Equity attributable to owners of the Company		825,836	697,000
Non-controlling interests		787	878
Total equity		826,623	697,878

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

1. General information

The Company was incorporated in the Cayman Islands on 2 February 2015 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. The address of the Company's registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and the address of its principal place of business is unit 912, 9/F, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong.

The Company is an investment holding company and the Group is principally engaged in the business of sale and distribution of building and home improvement materials and furnishings and provision of interior design and engineering services in the People's Republic of China (the "PRC"). The controlling shareholder of the Group is Xinling Limited, a company incorporated in the British Virgin Islands ("BVI") which is wholly-owned by Ms. Hou Wei.

The condensed consolidated interim financial information is presented in thousands of Renminbi ("RMB"), unless otherwise stated.

2. Significant accounting policies and basis of preparation

These interim condensed consolidated financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34: Interim Financial Reporting and other relevant HKASs and Interpretations, the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2021.

These interim condensed consolidated financial statements have been prepared under the historical cost convention, except for certain investments which have been measured at fair value.

These interim condensed consolidated financial statements for the six months ended 30 June 2022 are unaudited and have been reviewed by the Audit Committee of the Company.

(a) **Changes in accounting policies**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised HKFRSs for the first time for the current period's financial statements.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and impact of the revised HKFRSs are described below:

Amendments to HKFRS 3

Amendments to HKFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

Amendments to HKAS 16

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to HKAS 37

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

Annual Improvements to HKFRSs 2018-2020

Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- **HKFRS 9 Financial Instruments:** clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. The amendment has had no material impact on the financial position or performance of the Group.
- **HKFRS 16 Leases:** removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

These amendments apply for the first time in the current period. The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial statements.

3. Segment information

Information reported to the Chief Executive Officer of the Company, being the chief operating decision maker (CODM), make decisions about resource allocation based on the revenue by types of goods or services delivered or provided and reviews reports on the financial performance of the Group as a whole. No other discrete financial information is reviewed by the CODM for the assessment of performance of the Group. Therefore, no other segment information is presented. The Group is currently organised into the following two revenue streams as follows:

1. Sale and distribution of merchandise
2. Provision of interior design and engineering services

Segment revenues and results

The following is an analysis of the Group's revenues and results by reportable segments:

Period ended 30 June 2022

	Sale and distribution of merchandise <i>RMB'000</i>	Provision of interior design and engineering services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment Revenue			
Segment revenue	204,002	17,975	221,977
<i>Less: Inter-segment sales</i>	<u>(173)</u>	<u>–</u>	<u>(173)</u>
External sales	203,829	17,975	221,804
Segment cost of sales	<u>(201,521)</u>	<u>(16,157)</u>	<u>(217,678)</u>
Segment gross profit	<u><u>2,308</u></u>	<u><u>1,818</u></u>	<u><u>4,126</u></u>

Period ended 30 June 2021

	Sale and distribution of merchandise <i>RMB'000</i>	Provision of interior design and engineering services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment Revenue			
Segment revenue	185,348	85,838	271,186
<i>Less: Inter-segment sales</i>	<u>(2,292)</u>	<u>–</u>	<u>(2,292)</u>
External sales	183,056	85,838	268,894
Segment cost of sales	<u>(175,760)</u>	<u>(82,292)</u>	<u>(258,052)</u>
Segment gross profit	<u><u>7,296</u></u>	<u><u>3,546</u></u>	<u><u>10,842</u></u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3 to the consolidated financial statements in the annual report. Segment gross profit represents the gross profit earned by or loss from each segment without allocation of other income, other gains, distribution and selling expenses, administrative expenses, reversal of/provision for impairment losses under expected credit loss model, net and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at costs.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment gross profit are presented.

Geographical information

The Group's operations are located on the PRC (country of domicile) and Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of the relevant customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets (Note)	
	30 June 2022 RMB'000	30 June 2021 RMB'000	30 June 2022 RMB'000	31 December 2021 RMB'000
The PRC	221,804	268,894	186,968	184,543
Hong Kong	—	—	18,221	40,649
	<u>221,804</u>	<u>268,894</u>	<u>205,189</u>	<u>225,192</u>

Note: Non-current assets excluded financial assets at fair value through profit or loss and deferred tax assets.

Information about major customers

Revenue from customers of the corresponding periods contributing over 10% of the total sales of the Group are as follows:

	30 June 2022 RMB'000	30 June 2021 RMB'000
Customer A	55,369²	96,384 ²
Customer B	39,997²	57,458 ¹
Customer C	27,585²	39,784 ³

¹ Revenue from provision of interior design and engineering services segment.

² Revenue from sale and distribution of merchandise segment.

³ Revenue from both sale and distribution of merchandise segment and provision of interior design and engineering services segment.

4. Revenue

Disaggregation of revenue for contracts with customers:

Segments	For the period ended 30 June 2022		
	Sale and distribution of merchandise <i>RMB'000</i>	Provision of interior design and engineering services <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods and services			
Sale and distribution of merchandise			
– Bulk commodity trade	168,814	–	168,814
– Building materials	11,843	–	11,843
– Home improvement materials	19,301	–	19,301
– Furnishings	3,871	–	3,871
Provision of interior design and engineering services			
– Interior design	–	392	392
– Building engineering services	–	17,583	17,583
Total	203,829	17,975	221,804
Geographical markets			
The PRC	203,829	17,975	221,804
Timing of revenue recognition			
At a point in time	203,829	–	203,829
Over time	–	17,975	17,975
Total	203,829	17,975	221,804

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the period ended 30 June 2022		
	Segment revenue <i>RMB'000</i>	Adjustments and eliminations <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Sale and distribution of merchandise	204,002	(173)	203,829
Provision of interior design and engineering services	17,975	–	17,975
Total revenue	221,977	(173)	221,804

Disaggregation of revenue for contracts with customers:

Segments	For the period ended 30 June 2021		
	Sale and distribution of merchandise <i>RMB'000</i>	Provision of interior design and engineering services <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods and services			
Sale and distribution of merchandise			
– Bulk commodity trade	88,342	–	88,342
– Building materials	90,222	–	90,222
– Home improvement materials	1,008	–	1,008
– Furnishings	3,484	–	3,484
Provision of interior design and engineering services			
– Interior design	–	10,272	10,272
– Building engineering services	–	75,566	75,566
Total	<u>183,056</u>	<u>85,838</u>	<u>268,894</u>
Geographical markets			
The PRC	<u>183,056</u>	<u>85,838</u>	<u>268,894</u>
Timing of revenue recognition			
At a point in time	183,056	–	183,056
Over time	–	85,838	85,838
Total	<u>183,056</u>	<u>85,838</u>	<u>268,894</u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the period ended 30 June 2021		
	Segment revenue <i>RMB'000</i>	Adjustments and eliminations <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Sale and distribution of merchandise	185,348	(2,292)	183,056
Provision of interior design and engineering services	<u>85,838</u>	<u>–</u>	<u>85,838</u>
Total revenue	<u>271,186</u>	<u>(2,292)</u>	<u>268,894</u>

5. Profit/(Loss) for the period

Loss for the period has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Directors' remuneration	1,104	1,100
Staff salaries, allowances and benefits in kind	2,991	3,281
Retirement benefit scheme contributions for staff	494	556
Equity-settled share-based payment expenses for staff	–	29
	<hr/>	<hr/>
Total staff costs	<u>4,589</u>	<u>4,966</u>
Auditor's remuneration	450	575
Cost of inventories recognised as expenses	201,521	178,053
Depreciation of property, plant and equipment	1,013	3,772
Depreciation of right-of-use assets	80	358
Equity-settled share-based payment expenses		
for customers and consultants	–	276
Variable rental payments in respect of office premises and retail stores		
– Lease rental payment [#]	<u>2,287</u>	<u>503</u>
Gross rental income from investment properties	398	820
<i>Less:</i> direct operating expenses incurred for investment properties that generated rental income during the period	<u>(83)</u>	<u>(171)</u>
	<hr/>	<hr/>
	<u>315</u>	<u>649</u>

[#] The amount represents the short-term leases entered with lease term ended within one year.

6. Income tax expense/(credit)

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax	3,214	189
Deferred income tax	<u>(1,563)</u>	<u>(2,195)</u>
	<u>1,651</u>	<u>(2,006)</u>

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

The Company's subsidiary in the BVI was incorporated under International Business Companies Act of the BVI and is exempted from the BVI income tax.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

7. Earnings/(loss) per share

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Earnings/(loss)		
Profit/(loss) for the period attributable to owners of the Company		
for the purpose of basic and diluted earnings/(loss) per share	<u>2,257</u>	<u>(1,398)</u>

	Six months ended 30 June	
	2022	2021
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	979,069	837,558
Effect of dilutive potential ordinary shares:		
Share options	—	13,250
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	979,069	850,808
Basic earnings/(loss) per share (<i>RMB cents</i>)	0.23	(0.17)
Diluted earnings/(loss) per share (<i>RMB cents</i>)	0.23	(0.16)

For the period ended 30 June 2022 and 2021, the convertible loan notes had an anti-dilutive effect on the basic earnings/(loss) per share and were ignored in the calculation of diluted earnings/(loss) per share.

8. Dividend

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

9. Trade and other receivables and prepayments

	As at	
	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
Trade receivables from contract with customers:		
Due from third parties:		
– sale and distribution of merchandise	202,446	50,016
– interior design and engineering services	48,962	53,076
Due from a related party:		
– sale and distribution of merchandise	382	382
	<u>251,790</u>	<u>103,474</u>
<i>Less:</i> allowance for expected credit losses	(7,465)	(5,775)
	<u>244,325</u>	<u>97,699</u>
Other receivables		
Contract performance deposits	5,600	5,650
Project tender deposits	330	504
Other tax recoverable	2,073	2,295
Rental deposits	230	165
Others	8,626	7,759
	<u>16,859</u>	<u>16,373</u>
<i>Less:</i> allowance for expected credit losses	(2,004)	(2,004)
	<u>14,855</u>	<u>14,369</u>
Prepayments		
Prepayments for purchase of goods and provision of services	332,148	358,256
Prepayment for acquisition of investment properties	33,977	33,977
Long term receivables	18,221	38,796
<i>Less:</i> allowance for expected credit losses	(2,050)	(2,050)
	<u>382,296</u>	<u>428,979</u>
Notes receivable arising from bulk commodity trading business	<u>224,330</u>	<u>116,334</u>
Total trade and other receivables and prepayments	<u>865,806</u>	<u>657,381</u>
Analysed as		
Non-current	58,800	76,870
Current	807,006	580,511
	<u>865,806</u>	<u>657,381</u>

The following is an aged analysis of trade receivables, net of allowance for expected credit losses, presented based on the invoice dates:

	As at	
	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
Within 6 months	158,400	29,434
6 to 12 months	22,530	20,696
Over 1 to 2 years	16,919	6,462
Over 2 years	46,476	41,107
	<u>244,325</u>	<u>97,699</u>

The maximum exposure to credit risk at the reporting date is the carrying values of each class of receivables mentioned above. The Group did not hold any collateral as security for these receivables.

10. Trade and bill payables and other payables

	As at	
	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Unaudited)
Trade payables	44,985	41,746
Other payables		
Salaries and staff welfare payables	3,353	2,920
Deposits received for building engineering services	4,361	4,361
Other tax payables	16,457	14,845
Withholding individual income tax in respect of dividends payment	16,000	16,000
Other payables	21,142	17,737
Trade and bill payables and other payables	<u>106,298</u>	<u>97,609</u>

The following is an aged analysis of trade payables presented based on the invoice date:

	As at	
	30 June	31 December
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within 6 months	15,691	16,548
6 to 12 months	3,247	1,125
Over 1 year	26,047	24,073
	<hr/>	<hr/>
	44,985	41,746
	<hr/> <hr/>	<hr/> <hr/>

The credit periods on purchases of goods and subcontracting services ranged from 0 to 180 days.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Revenue by business operations

The Group is a well-established and integrated building and home improvement materials and furnishings supplier and interior design and engineering services provider in the PRC. The Group is mainly engaged in the sale and distribution of merchandise and the provision of interior design and engineering services.

The following table sets forth the breakdown of revenue by business operations for the Reporting Period with the comparative figures of the Prior Period:

	For the six months ended 30 June		Changes
	2022	2021	
	<i>RMB'000</i>	<i>RMB'000</i>	%
	(Unaudited)	(Unaudited)	
Sale and distribution of merchandise			
– Building materials	11,843	88,342	(86.6)
– Home improvement materials	19,301	1,008	1,814.8
– Furnishings	3,871	3,484	11.1
– Bulk commodity trade	168,814	90,222	87.1
	<u>203,829</u>	<u>183,056</u>	11.3
Provision of interior design and engineering services	<u>17,975</u>	<u>85,838</u>	(79.1)
Total	<u><u>221,804</u></u>	<u><u>268,894</u></u>	(17.5)

Total revenue of the Group decreased by approximately RMB47.1 million or approximately 17.5% from approximately RMB268.9 million for the Prior Period to approximately RMB221.8 million for the Reporting Period. Such decrease was mainly driven by the decrease in the revenue from the provision of interior design and engineering services segment of approximately RMB67.9 million during the Reporting Period.

Revenue from sale and distribution of merchandise

Revenue of the Group from sale and distribution of merchandise, comprising (i) sale of building materials; (ii) sale of home improvement materials; (iii) sale of furnishings and; (iv) Bulk commodity trade, recorded an increase by approximately RMB20.8 million or approximately 11.3% from approximately RMB183.1 million for the Prior Period to approximately RMB203.8 million for the Reporting Period. The overall increase was a combined result of the followings:

Sale of building materials

Revenue generated from the sale of building materials decreased by approximately RMB76.5 million or approximately 86.6% from approximately RMB88.3 million for the Prior Period to approximately RMB11.8 million for the Reporting Period. Such decrease was mainly due to the decrease in sales from steel and cement during the Reporting Period.

Sale of home improvement materials

Revenue generated from the sale of home improvement materials increased by approximately RMB18.3 million or approximately 1,814.8% from approximately RMB1.0 million for the Prior Period to approximately RMB19.3 million for the Reporting Period. The increase was mainly due to the increase in sales of aluminium alloy during the Reporting Period.

Sale of furnishings

Revenue generated from the sale of furnishings increased by approximately RMB0.4 million or approximately 11.1% from approximately RMB3.5 million for the Prior Period to approximately RMB3.9 million for the Reporting Period. The increase was mainly due to the increase in sales of home decoration products during the Reporting Period.

Bulk commodity trading

Revenue generated from the bulk commodity trading increased by approximately RMB78.6 million or approximately 87.1% from approximately RMB90.2 million for the Prior Period to approximately RMB168.8 million for the Reporting Period. The increase was mainly due to the increase in sales of copper and aluminium ingot during the Reporting Period.

Revenue from provision of interior design and engineering services

The revenue from provision of interior design and engineering services decreased by approximately RMB67.9 million or approximately 79.1% from approximately RMB85.8 million for the Prior Period to approximately RMB18.0 million for the Reporting Period. Such decrease was due to a decline in the scale of corporate projects, delay in the stage of completion of some deferred construction engineering projects due to recurrence of COVID-19, as well as decrease in number of existing projects as a result of the downturn of construction and building industry in the PRC during the Reporting Period.

Gross profit and gross profit margin

The following table sets forth the breakdown of gross profit and gross profit margin by the Group's business segments for the Reporting Period with the comparative figures of FY2021:

	For the six months ended 30 June			
	2022		2021	
	Gross profit	Gross profit	Gross profit	Gross profit
	margin	margin	margin	margin
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
	(Unaudited)		(Unaudited)	
Sale and distribution of merchandise	<u>2,308</u>	<u>1.1</u>	<u>7,296</u>	<u>4.0</u>
Provision of interior design and engineering services	<u>1,818</u>	<u>10.1</u>	<u>3,546</u>	<u>4.1</u>
Total	<u>4,126</u>	<u>1.9</u>	<u>10,842</u>	<u>4.0</u>

The revenue of the Group decreased by approximately RMB47.1 million or approximately 17.5% from approximately RMB268.9 million for the Prior Period to approximately RMB221.8 million for the Reporting Period. The Group's overall gross profit decreased by approximately RMB6.7 million or approximately 61.9% from approximately RMB10.8 million for the Prior Period to approximately RMB4.1 million for the Reporting Period. The decrease in the Group's overall gross profit was mainly due to the decrease in gross profit generated from sale and distribution of merchandise segment of approximately RMB5.0 million or approximately 68.4% from approximately RMB7.3 million for the Prior Period to approximately RMB2.3 million for the Reporting Period, as well as the decrease in gross profit generated from the provision of interior design and engineering services segment of approximately RMB1.7 million or approximately 48.7% from approximately RMB3.5 million for the Prior Period to approximately RMB1.8 million for the Reporting Period.

The gross profit margin of the business of sale and distribution of merchandise decreased by approximately 2.9% from 4.0% for the Prior Period to 1.1% for the Reporting Period, owing primarily to the business of bulk commodity trading with lower profit margin and lower merchandise prices to retain old customers and attract new customers during the Reporting Period.

The gross profit margin of provision of interior design and engineering services increased by approximately 6.0% from 4.1% for the Prior Period to 10.1% for the Reporting Period, owing to better management and monitoring of construction progress which reduced construction costs.

Other income

The Group's other income increased by approximately RMB16.2 million or approximately 3,630.6% from approximately RMB0.4 million for the Prior Period to approximately RMB16.6 million for the Reporting Period. The increase was mainly due to the increase in interest income from trade and other receivables and prepayments.

Distribution and selling expenses

The Group's distribution and selling expenses decreased by approximately RMB1.9 million or approximately 52.6% from approximately RMB3.6 million for the Prior Period to approximately RMB1.7 million for the Reporting Period. Such decrease was due to decrease in decoration expenses and rental expenses during the Reporting Period.

Administrative expenses

The Group's administrative expenses increased by approximately RMB0.1 million or approximately 0.6% from approximately RMB6.5 million for the Prior Period to approximately RMB6.6 million for the Reporting Period. The increase was mainly due to the increase in professional fees and printing costs.

Finance costs

The Group's net finance costs decreased by approximately RMB4.0 million or approximately 37.0% from approximately RMB10.8 million in the Prior Period to approximately RMB6.8 million in the Reporting Period, which was mainly due to the decrease in the amount of outstanding convertible bonds and lower interest rates of other bank borrowings, which resulted in lower finance costs during the Reporting Period.

Profit/(Loss) for the period

As a result of the foregoing, the Group's profit increased by approximately RMB3.7 million from a loss of approximately RMB1.4 million for the Prior Period to a profit of approximately RMB2.3 million for the Reporting Period.

PROSPECTS

The prolonged COVID-19 pandemic situation, as well as tensions and turbulence in global economies, particularly in international trade, continued to have a negative impact on the global economy and local consumption expenditures in the first half of 2022. The tight pandemic control and lockdown measures brought on by the reappearance of the COVID-19 pandemic in China led to the suspension of the Group's retail stores and construction sites, which also affected the Group's business performance. The slowdown in the property market has greatly dampened the confidence of property buyers, causing developers to delay the development of their property projects.

To stay ahead of the adverse business environment and the market's intense competition, the management team worked diligently to acquire new businesses and explore opportunities in a number of new markets, while also maintaining effective cost control.

For the business segment of the sale and distribution of merchandise, on top of the traditional retail and wholesale distribution channels as well as the domestic bulk commodity trading in China, the Group has also started its international bulk commodity trading business in the first half of 2022. The Group is confident that entering international bulk commodity trading will open up new markets for it, and that with the Group's extensive experience and cost advantages on commodity products, it will achieve fruitful results in this field.

For the business segment of the provision of interior design and engineering services, the Group has recently won the tender for two Engineering, Procurement, and Construction (“EPC”) projects to rebuild solar-powered motor charging stations located in the Longgang and Guangming district of Shenzhen. This has greatly enhanced the Group's confidence in seeking more new project tenders and business opportunities with our corporate and governmental clients.

In the second half of 2022, the Group will continue to expand and further develop its sales and distribution of merchandise business and its interior design and building engineering services business in the Guangdong-Hong Kong-Macao Greater Bay Area. Among the new business opportunities the Group identified, the Group is particularly confident about the business and market development of new energy supply chain industry and the international bulk commodity trading industry and the Company will devote more resources to expanding its operations in these areas in the coming years.

The Group will continue to invest in building online distribution and e-marketing channels to sell and distribute building materials, home improvement materials, and furniture. The Group is looking for investment opportunities to improve the Group's service capabilities and capacity in the business segment of merchandise sale and distribution by enhancing the Group's digital transformation on its traditional distribution channels, as well as to increase the Group's market share and scale of sales in the long run, which is beneficial to the Group and the shareholders as a whole.

To increase efficiency in terms of management, strategy implementation, cost controls, and effectiveness in sales and distribution, customer service, and retention, among other things, the Group will concentrate internally on reviewing and restructuring its business processes, business and departmental functions, product-mix, and sales strategies.

In terms of the Group's capital market strategy, the Group completed six placements of new shares under general mandate in the first half of 2022, raising approximately HK\$205.6 million to enhance the Group's financial position and foundation and to pave the way for future business growth and development. The Company will keep its focus on capital raising and continue to seek out strategic relationships with external investors for new and existing business development and expansion.

It is foreseen that the second half of 2022 will remain challenging for businesses. The Group will continue to take a pragmatic and enterprising approach to our business strategies, building on existing businesses while actively seeking new opportunities to increase profitability and maximize returns and benefits for our shareholders.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

As at 30 June 2022, the Group had a total cash and bank balances of approximately RMB24.7 million (31 December 2021: RMB32.0 million) mainly denominated in Renminbi and Hong Kong Dollars. The decrease in total cash and bank balances was mainly due to the decrease in cash flows from operating activities, while offset by the increase in cash flows from financing activities during the Reporting Period.

As at 30 June 2022, the Group had net current assets of approximately RMB745.3 million, as compared to approximately RMB490.6 million as at 31 December 2021.

BORROWINGS AND PLEDGE OF ASSETS

As at 30 June 2022, the Group's banking facilities for short term financing had been fully utilised (31 December 2021: nil) and total bank borrowings amounted to approximately RMB381.4 million (31 December 2021: RMB272.1 million). The total bank borrowings comprised approximately RMB224.3 million (31 December 2021: RMB116.3 million) in bank borrowings arising from discounted commercial bills and discounted letters of credit that were not yet due.

The bank borrowings of the Group were secured by property, plant and equipment, investment properties and right-of-use assets as at 30 June 2022 and as at 31 December 2021. The bank borrowings were also jointly guaranteed by Ms. Hou Wei and Mr. Deng Jianshen, husband of Ms. Hou Wei.

CAPITAL EXPENDITURE

The Group has no material capital expenditure during the Reporting Period and for the year ended 31 December 2021.

FINANCIAL RATIO

	As at	
	30 June 2022 (Unaudited)	31 December 2021
Current ratio ⁽¹⁾	2.65	2.02
Quick ratio ⁽²⁾	2.65	2.01
Gearing ratio (%) ⁽³⁾	51.6	50.9
Net debt to equity ratio (%) ⁽⁴⁾	43.4	46.0

⁽¹⁾ Current ratio is calculated as the total current assets divided by the total current liabilities.

⁽²⁾ Quick ratio is calculated as total current assets less inventories and divided by total current liabilities.

⁽³⁾ Gearing ratio is calculated as the total debt divided by total equity and multiplied by 100%.

⁽⁴⁾ Net debt to equity ratio is calculated as total borrowings net of cash and cash equivalents and restricted cash, and divided by total equity and multiplied by 100%.

MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Group had no material investment, acquisition and disposal transactions during the Reporting Period.

UPDATES ON THE ISSUE OF CONVERTIBLE BONDS AND THE USE OF PROCEEDS

On 22 April 2019, the Company entered into eight (8) subscription agreements with the subscribers (the “**Subscribers**”) respectively, pursuant to which the Company has conditionally agreed to issue and the Subscribers has respectively and conditionally agreed to subscribe for the convertible bonds in the aggregate principal amount of HK\$102,100,000 (the “**Convertible Bonds**”). The issue of the Convertible Bonds was completed on 25 June 2019. The net proceeds from the issuance of the Convertible Bonds, which amounted to approximately HK\$101.6 million after deducting the related professional forms and an related expenses, have already been fully utilised during FY2019.

On 24 December 2021, the Company and the bondholders agreed to extend the maturity date of the outstanding Convertible Bonds with an aggregate principal amount of HK\$41,555,555 from 24 December 2021 to 31 August 2022 (the “**Maturity Date**”). Save for the extension of the maturity date, all the terms and conditions of the Convertible Bonds remain unchanged.

As of 30 June 2022, Convertible Bonds in the amount of HK\$60,544,445 have been converted into 60,544,445 conversion shares by the bondholders, and the remaining Convertible Bonds in the amount of HK\$41,555,555 were outstanding (“**Outstanding Convertible Bonds**”).

As at the date of this announcement, the Outstanding Convertible Bonds have reached the Maturity Date. The Company and the outstanding bondholder are in the course of negotiating for a further extension of the Maturity Date and the outstanding bondholder has indicated its intention to agree to an extension. Please refer to the announcement of the Company dated 31 August 2022 and further announcement(s) to be made by the Company as and when necessary in relation to the Outstanding Convertible Bonds.

The extension of the Maturity Date, if realized, would allow the Company to enjoy more flexibility when planning its financial resources, as it would enable the Company to apply its financial resources to fund its operation and/or business development, especially when facing the challenges of the COVID-19 situation, instead of repayment of the Outstanding Convertible Bonds by 31 August 2022 so as to maximise returns to the Shareholders.

For further details in relation to the Outstanding Convertible Bonds, please refer to the announcements of the Company dated 24 December 2020, 31 December 2020, 24 June 2021, 24 December 2021 and 31 August 2022, the circular of the Company dated 26 January 2021, 30 July 2021 and 11 February 2022 in respect of the EGM, and the poll result announcement dated 22 February 2021, 10 September 2021 and 7 March 2022 in respect of the EGM.

PLACING OF NEW SHARES UNDER GENERAL MANDATE AND THE USE OF PROCEEDS

On 25 January 2022, the Company allotted and issued a total of 28,022,000 placing shares to not less than six places at the placing price of HK\$1.2 per placing shares pursuant to the terms and conditions of the placing agreement signed between the Company and the placing agent dated 30 November 2021. The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the placing amounted to approximately HK\$33.1 million. Please refer to the announcements of the Company dated 30 November 2021, 20 December 2021, 11 January 2022, 12 January 2022 and 26 January 2022 for further details.

On 15 March 2022, the Company allotted and issued a total of 48,000,000 placing shares to not less than six placees at the placing price of HK\$0.9 per placing shares pursuant to the terms and conditions of the placing agreement signed between the Company and the placing agent dated 4 March 2022. The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the placing amounted to approximately HK\$42.6 million. Please refer to the announcements of the Company dated 4 March 2022, 8 March 2022, 11 January 2022 and 15 March 2022 for further details.

On 28 April 2022, the Company allotted and issued a total of 56,000,000 placing shares to not less than six placees at the placing price of HK\$0.76 per placing shares pursuant to the terms and conditions of the placing agreement signed between the Company and the placing agent dated 22 April 2022. The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the placing amounted to approximately HK\$42 million. Please refer to the announcements of the Company dated 22 April 2022, 25 April 2022, and 28 April 2022 for further details.

On 31 May 2022, the Company allotted and issued a total of 41,431,833 placing shares to not less than six placees at the placing price of HK\$0.57 per placing shares pursuant to the terms and conditions of the placing agreement signed between the Company and the placing agent dated 20 May 2022. The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the placing amounted to approximately HK\$23.3 million. Please refer to the announcements of the Company dated 20 May 2022 and 31 May 2022 for further details.

On 27 July 2022, the Company allotted and issued a total of 73,230,000 placing shares to not less than six placees at the placing price of HK\$0.55 per placing shares pursuant to the terms and conditions of the placing agreement signed between the Company and the placing agent dated 14 July 2022. The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the placing amounted to approximately HK\$39.7 million. Please refer to the announcements of the Company dated 14 July 2022 and 27 July 2022 for further details.

On 17 August 2022, the Company allotted and issued a total of 45,882,000 placing shares to not less than six placees at the placing price of HK\$0.55 per placing shares pursuant to the terms and conditions of the placing agreement signed between the Company and the placing agent dated 3 August 2022. The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the placing amounted to approximately HK\$24.9 million. Please refer to the announcements of the Company dated 3 August 2022 and 17 August 2022 for further details.

Date of Placing	Net Proceeds Raised (Approximately)	Proposed use of proceeds (Approximately)	Actual and intended use of proceeds
25 January 2022	HK\$33.1 million	General working capital of the Group	The amount has been used as intended.
15 March 2022	HK\$42.6 million	(i) HK\$20 million for the repayment of trade and bill payables; (ii) HK\$20 million for the repayment of other borrowings; (iii) HK\$2.6 million for general working capital of the Group	(i) HK\$20 million has been used as intended. (ii) HK\$20 million has been used as intended. (iii) The amount has been used as intended.
28 April 2022	HK\$42 million	Capital investment on new investment opportunities	The amount has been used as intended.
31 May 2022	HK\$23.3 million	Working capital to expand existing business segment of the sale and distribution of merchandise	The amount has been used as intended.
27 July 2022	HK\$39.7 million	Working capital to expand existing business segment of the provision of interior design and engineering services	The amount has been used as intended.
17 August 2022	HK\$24.9 million	Working capital to expand existing business segment of the provision of interior design and engineering services	The amount has been used as intended.

FOREIGN EXCHANGE EXPOSURE

The Group mainly transacts and recognises its revenue in Renminbi and also incurs cost in Hong Kong dollars and Renminbi. The Group is exposed to foreign exchange risk with respect mainly to Hong Kong dollars which may affect the Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Hong Kong dollars and will closely monitor its impact on the performance of the Group to see if any hedging policy is necessary. The Group currently does not have any foreign currency hedging policy.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2022 (31 December 2021: Nil).

CAPITAL COMMITMENTS

The Group had no significant outstanding capital commitment as at 30 June 2022 (31 December 2021: Nil).

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2022, the Group had a total number of 58 employees (30 June 2021: 110) and the total staff costs, including Directors' remuneration, amounted to approximately RMB4.6 million for the Reporting Period (30 June 2021: RMB4.9 million). The decrease in number of employees and total staff costs was mainly due to outsourcing of the several functions in the construction department of the subsidiaries of the Company and a reduction in the total headcount during the Reporting Period.

The Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to employees. The Group conducts induction training for all of its new employees and on-going training from time to time during their employment. The nature of training offered depends on their specific field of operation.

The objective of the Group's remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration paid to its employees (including Directors and senior management), the following factors are considered:

- workload, responsibility and job complexity;
- business requirements;
- individual performance and contribution to results;
- company performance and profitability;
- retention considerations and the potential of individuals;
- corporate goals and objectives;
- market rates and changes in relevant markets, including supply and demand fluctuations and changes in competitive conditions; and
- general economic situation.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) throughout the Reporting Period.

EVENT AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company and by the Group after 30 June 2022 and up to the date of this announcement.

DIVIDEND

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

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and responsibility. The Board comprises three executive Directors, one non-executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code (“**CG Code**”) as set out in Appendix 14 to the Listing Rules. During the Reporting Period, the Company has complied with the code provisions under the CG Code.

COMPLIANCE WITH MODEL CODE

The Directors have adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct for Directors in dealing in the Company’s securities. Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code during the Reporting Period. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines or no less exacting terms than the Model Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Reporting Period.

REVIEW OF INTERIM RESULTS

As at 30 June 2022 and the date of this announcement, the Audit Committee comprised three members, namely, Mr. Ye Yihui (chairman of the Audit Committee), Mr. Ho Hin Yip and Mr. Hou Lianchang and all of them are independent non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters, including the review of the interim results of the Group for the six months ended 30 June 2022 and recommended its adoption by the Board.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.jiyiholdings.com) and the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2022 containing all the information required by the Listing Rules will be published on the above websites and despatched to the shareholders of the Company on or before 30 September 2022.

By Order of the Board of
Jiyi Holdings Limited
Hou Wei
Chairlady

Hong Kong, 31 August 2022

As at the date of this announcement, Ms. Hou Wei, Mr. Liu Xianxiu and Mr. Yang Baikang are the executive directors of the Company, Mr. Hou Bo is the non-executive director of the Company, and Mr. Ye Yihui, Mr. Ho Hin Yip and Mr. Hou Lianchang are the independent non-executive directors of the Company.

* *For identification purpose only*