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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 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Jiyi Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, referred to as the “**Group**”) for the six months ended 30 June 2023 (the “**Reporting Period**” or “**FY2023**”), together with the comparative figures for the corresponding period in 2022 (the “**Prior Period**” or “**FY2022**”) as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

	<i>Notes</i>	Six months ended 30 June	
		2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Revenue from contracts with customers	3	182,070	221,804
Cost of sales	3	(172,818)	(217,678)
Gross profit		9,252	4,126
Other income		3,360	16,601
Other (losses)/gains		(216)	20
Distribution and selling expenses		(272)	(1,697)
Administrative expenses		(6,930)	(6,556)
Recognition of impairment losses under expected credit loss model, net		(1,856)	(1,767)

	Notes	Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Finance costs		<u>(3,202)</u>	<u>(6,819)</u>
Profit before tax		136	3,908
Income tax credit/(expense)	6	<u>431</u>	<u>(1,651)</u>
Profit for the period		<u>567</u>	<u>2,257</u>
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>935</u>	<u>484</u>
Other comprehensive income for the period, net of income tax		<u>935</u>	<u>484</u>
Total comprehensive income for the period, net of income tax		<u>1,502</u>	<u>2,741</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended 30 June	
	<i>Notes</i>	2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
			(Restated)
Profit/(loss) for the period attributable to:			
– Owners of the Company		543	2,348
– Non-controlling interests		24	(91)
		567	2,257
Total comprehensive income/(loss) for the period attributable to:			
– Owners of the Company		1,478	2,832
– Non-controlling interests		24	(91)
		1,502	2,741
Earnings per share			
– Basic (<i>RMB cents</i>)	7	0.21	1.15
– Diluted (<i>RMB cents</i>)	7	0.21	1.15

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2023

		As at 30 June 2023	As at 31 December 2022
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		18,797	19,705
Right-of-use assets		7,323	7,067
Investment properties		61,520	61,520
Goodwill		52,033	52,033
Prepayment for acquisition of investment properties		33,977	33,977
Financial assets at fair value through profit or loss		1,178	1,178
Deferred tax assets		11,097	10,633
		<u>185,925</u>	<u>186,113</u>
Current assets			
Inventories		1,201	1,218
Amounts due from related parties		2,597	3,945
Trade and other receivables and prepayments	9	731,460	795,437
Contract assets		358,954	364,929
Right-of-use assets		374	–
Restricted cash		783	182
Bank balances and cash		1,261	7,017
		<u>1,096,630</u>	<u>1,172,728</u>
Total assets		<u><u>1,282,555</u></u>	<u><u>1,358,841</u></u>

		As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Current liabilities			
Trade and bills payables and other payables	<i>10</i>	105,605	120,246
Bank borrowings		159,325	232,038
Other borrowings		2,760	3,360
Lease liabilities		363	41
Convertible loan notes		46,607	44,014
Contract liabilities		6,114	3,483
Income tax payables		28,711	28,678
		<u>349,485</u>	<u>431,860</u>
Net current assets		747,145	740,868
Total assets less current liabilities		<u>933,070</u>	<u>926,981</u>
Non-current liabilities			
Deferred tax liabilities		<u>21,877</u>	<u>21,877</u>
Net assets		<u>911,193</u>	<u>905,104</u>
Capital and reserves			
Share capital		2,309	112,112
Reserves		<u>908,125</u>	<u>792,269</u>
Equity attributable to owners of the Company		910,434	904,381
Non-controlling interests		<u>759</u>	<u>723</u>
Total equity		<u>911,193</u>	<u>905,104</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

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 interim condensed consolidated 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 2022.

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 2023 are unaudited and have been reviewed by the Audit Committee of the Company.

(a) Changes in accounting policies

The Group has applied the following new and amended HKFRSs issued by the HKICPA to the interim financial report for the current accounting period:

- Amendments to HKAS 1, Classification of liabilities as current or non-current
- Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of accounting policies
- IFRS 17, Insurance contracts
- Amendments to IAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates
- Amendments to IAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IAS 12, Income taxes: International tax reform – Pillar Two model rules

None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared and presented in this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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 2023

	Sale and distribution of merchandise <i>RMB'000</i> (Unaudited)	Provision of interior design and engineering services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Segment Revenue			
Segment revenue	180,928	1,142	182,070
<i>Less:</i> Inter-segment sales	—	—	—
External sales	180,928	1,142	182,070
Segment cost of sales	(171,860)	(958)	(172,818)
Segment gross profit	9,068	184	9,252

Period ended 30 June 2022

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

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 <i>(Note)</i>	
	30 June 2023 <i>RMB'000</i> (Unaudited)	30 June 2022 <i>RMB'000</i> (Unaudited)	30 June 2023 <i>RMB'000</i> (Unaudited)	31 December 2022 <i>RMB'000</i> (Audited) (Restated)
The PRC	182,070	221,804	172,318	174,302
Hong Kong	—	—	1,332	—
	<u>182,070</u>	<u>221,804</u>	<u>173,650</u>	<u>174,302</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 2023 RMB'000 (Unaudited)	30 June 2022 RMB'000 (Unaudited)
Customer A	71,880 ²	55,369 ²
Customer B	21,025 ²	39,997 ²
Customer C	<u>19,301²</u>	<u>27,585²</u>

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 2023		
	Sale and distribution of merchandise <i>RMB'000</i> (Unaudited)	Provision of interior design and engineering services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Types of goods and services			
Sale and distribution of merchandise			
– Bulk commodity trading	167,815	–	167,815
– Building materials	2,476	–	2,476
– Home improvement materials	8,734	–	8,734
– Furnishings	1,903	–	1,903
Provision of interior design and engineering services			
– Interior design	–	–	–
– Building engineering services	–	1,142	1,142
Total	180,928	1,142	182,070
Geographical markets			
The PRC	180,928	1,142	182,070
Timing of revenue recognition			
At a point in time	180,928	–	180,928
Over time	–	1,142	1,142
Total	180,928	1,142	182,070

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 2023		
	Segment revenue <i>RMB'000</i> (Unaudited)	Adjustments and eliminations <i>RMB'000</i> (Unaudited)	Consolidated <i>RMB'000</i> (Unaudited)
Sale and distribution of merchandise	180,928	–	180,928
Provision of interior design and engineering services	1,142	–	1,142
Total revenue	182,070	–	182,070

Disaggregation of revenue for contracts with customers:

Segments	For the period ended 30 June 2022		
	Sale and distribution of merchandise <i>RMB'000</i> (Unaudited)	Provision of interior design and engineering services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Types of goods and services			
Sale and distribution of merchandise			
– Bulk commodity trading	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> (Unaudited)	Adjustments and eliminations <i>RMB'000</i> (Unaudited)	Consolidated <i>RMB'000</i> (Unaudited)
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

5. Profit for the period

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

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Directors' remuneration	1,148	1,104
Staff salaries, allowances and benefits in kind	1,634	2,991
Retirement benefit scheme contributions for staff	267	494
	<hr/>	<hr/>
Total staff costs	<u>3,049</u>	<u>4,589</u>
Auditor's remuneration	485	450
Cost of inventories recognised as expenses	172,818	201,521
Depreciation of property, plant and equipment	908	1,013
Depreciation of right-of-use assets	118	80
Variable rental payments in respect of office premises and retail stores		
– Lease rental payment [#]	864	2,287
	<hr/>	<hr/>
Gross rental income from investment properties	56	398
<i>Less:</i> direct operating expenses incurred for investment properties that generated rental income during the period	(12)	(83)
	<hr/>	<hr/>
	<u>44</u>	<u>315</u>

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

6. Income tax (credit)/expense

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax	33	3,214
Deferred income tax	(464)	(1,563)
	<u>(431)</u>	<u>1,651</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 per share

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

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>567</u>	<u>2,257</u>

	Six months ended 30 June	
	2023	2022
	'000	'000
	(Unaudited)	(Unaudited) (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>263,766</u>	<u>195,814</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>263,766</u>	<u>195,814</u>
Basic earnings per share (<i>RMB cents</i>)	0.21	1.15
Diluted earnings per share (<i>RMB cents</i>)	<u>0.21</u>	<u>1.15</u>

For the period ended 30 June 2023 and 2022, the convertible loan notes and share options had an anti-dilutive effect on the basic earnings per share and were ignored in the calculation of diluted earnings per share.

Note: The comparative figures relating to the number of shares had been restated as a result of the share consolidation of the Company became effective on 13 December 2022.

8. Dividend

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

9. Trade and other receivables and prepayments

	As at	
	30 June 2023 <i>RMB'000</i> (Unaudited)	31 December 2022 <i>RMB'000</i> (Audited)
Trade receivables from contract with customers:		
Due from third parties:		
– sale and distribution of merchandise	264,187	225,583
– interior design and engineering services	55,057	50,827
Due from a related party:		
– sale and distribution of merchandise	431	431
	<u>319,675</u>	<u>276,841</u>
<i>Less:</i> allowance for expected credit losses	<u>(15,958)</u>	<u>(14,797)</u>
Sub-total	<u>303,717</u>	<u>262,044</u>
Other receivables		
Contract performance deposits	6,649	6,649
Project tender deposits	65,844	65,844
Other tax recoverable	1,446	1,832
Rental deposits	165	165
Receivables relating to the refund of investment proceeds	21,231	21,231
Others	9,336	11,490
	<u>104,671</u>	<u>107,211</u>
<i>Less:</i> allowance for expected credit losses	<u>(24,091)</u>	<u>(24,091)</u>
	<u>80,580</u>	<u>83,120</u>
Prepayments		
Prepayments for purchase of goods and provision of services	342,163	372,563
Prepayment for acquisition of investment properties	33,977	33,977
	<u>376,140</u>	<u>406,540</u>
Notes receivable arising from bulk commodity trading business	<u>5,000</u>	<u>77,710</u>
Total trade and other receivables and prepayments	<u>765,437</u>	<u>829,414</u>
Analysed as		
Non-current	33,977	33,977
Current	731,460	795,437
	<u>765,437</u>	<u>829,414</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 2023 <i>RMB'000</i> (Unaudited)	31 December 2022 <i>RMB'000</i> (Audited)
Within 6 months	107,702	156,403
6 to 12 months	110,090	20,470
Over 1 to 2 years	22,530	37,602
Over 2 years	63,395	47,569
	303,717	262,044

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 other payables

	As at	
	30 June 2023 <i>RMB'000</i> (Unaudited)	31 December 2022 <i>RMB'000</i> (Audited)
Trade payables	43,403	44,301
Other payables		
Salaries and staff welfare payables	4,835	4,182
Deposits received for building engineering services	4,361	4,361
Other tax payables	17,882	16,456
Withholding individual income tax in respect of dividends payment	16,000	16,000
Other payables	19,124	34,946
Trade and other payables	105,605	120,246

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

	As at	
	30 June	31 December
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within 6 months	7,019	10,122
6 to 12 months	2,205	–
Over 1 year	34,179	34,179
	43,403	44,301

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
	2023	2022	
	<i>RMB'000</i>	<i>RMB'000</i>	%
	(Unaudited)	(Unaudited)	
Sale and distribution of merchandise			
– Building materials	2,476	11,843	(79.1)
– Home improvement materials	8,734	19,301	(54.7)
– Furnishings	1,903	3,871	(50.8)
– Bulk commodity trading	167,815	168,814	(0.6)
	<u>180,928</u>	<u>203,829</u>	(11.2)
Provision of interior design and engineering services	<u>1,142</u>	<u>17,975</u>	(93.6)
Total	<u><u>182,070</u></u>	<u><u>221,804</u></u>	(17.9)

Total revenue of the Group decreased by approximately RMB39.7 million or approximately 17.9% from approximately RMB221.8 million for the Prior Period to approximately RMB182.1 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 RMB16.8 million and the sale of home improvement materials of approximately RMB10.6 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; (iv) Bulk commodity trading, recorded a decrease by approximately RMB22.9 million or approximately 11.2% from approximately RMB203.8 million for the Prior Period to approximately RMB180.9 million for the Reporting Period. The overall decrease was a combined result of the followings:

Sale of building materials

Revenue generated from the sale of building materials decreased by approximately RMB9.4 million or approximately 79.1% from approximately RMB11.8 million for the Prior Period to approximately RMB2.5 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 decreased by approximately RMB10.6 million or approximately 54.7% from approximately RMB19.3 million for the Prior Period to approximately RMB8.7 million for the Reporting Period. The decrease was mainly due to the decrease in sales of aluminium alloy during the Reporting Period.

Sale of furnishings

Revenue generated from the sale of furnishings decreased by approximately RMB2.0 million or approximately 50.8% from approximately RMB3.9 million for the Prior Period to approximately RMB1.9 million for the Reporting Period. The decrease was mainly due to the temporary suspension in sales of home decoration products by the Group in view of current market situation during the Reporting Period.

Bulk commodity trading

Revenue generated from the bulk commodity trading decreased by approximately RMB1 million or approximately 0.6% from approximately RMB168.8 million for the Prior Period to approximately RMB167.8 million for the Reporting Period. The decrease was mainly due to the decrease 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 RMB16.8 million or approximately 93.6% from approximately RMB17.9 million for the Prior Period to approximately RMB1.1 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 the consequences 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 FY2022:

	For the six months ended 30 June			
	2023		2022	
	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>9,068</u>	<u>5.01</u>	<u>2,308</u>	<u>1.1</u>
Provision of interior design and engineering services	<u>184</u>	<u>16.11</u>	<u>1,818</u>	<u>10.1</u>
Total	<u>9,252</u>	<u>5.08</u>	<u>4,126</u>	<u>1.9</u>

The revenue of the Group decreased by approximately RMB39.7 million or approximately 17.9% from approximately RMB221.8 million for the Prior Period to approximately RMB182.1 million for the Reporting Period. The Group's overall gross profit increased by approximately RMB5.1 million or approximately 124.2% from approximately RMB4.1 million for the Prior Period to approximately RMB9.2 million for the Reporting Period. The increase in the Group's overall gross profit was mainly due to the increase in gross profit generated from sale and distribution of merchandise segment of approximately RMB6.8 million or approximately 292.9% from approximately RMB2.3 million for the Prior Period to approximately RMB9.1 million for the Reporting Period, offset by the decrease in gross profit generated from the provision of interior design and engineering services segment of approximately RMB1.6 million or approximately 89.9% from approximately RMB1.8 million for the Prior Period to approximately RMB0.2 million for the Reporting Period.

The gross profit margin of the business of sale and distribution of merchandise increased by approximately 4.0% from 1.1% for the Prior Period to 5.1% for the Reporting Period, owing primarily to the increase in gross profit margin of the business of bulk commodity trading during the Reporting Period.

The gross profit margin of provision of interior design and engineering services increased by approximately 6.0% from 10.1% for the Prior Period to 16.1% for the Reporting Period, owing to reduced costs in smaller scale construction project.

Other income

The Group's other income decreased by approximately RMB13.2 million or approximately 79.8% from approximately RMB16.6 million for the Prior Period to approximately RMB3.4 million for the Reporting Period. The decrease was mainly due to the decrease in interest income from trade and other receivables and prepayments.

Distribution and selling expenses

The Group's distribution and selling expenses decreased by approximately RMB1.4 million or approximately 84.0% from approximately RMB1.7 million for the Prior Period to approximately RMB0.3 million for the Reporting Period. Such decrease was due to Group's strategy in downsizing the sale and distribution of building materials, home improvement materials and furnishings during the Reporting Period.

Administrative expenses

The Group's administrative expenses increased by approximately RMB0.3 million or approximately 5.7% from approximately RMB6.6 million for the Prior Period to approximately RMB6.9 million for the Reporting Period. The increase was mainly due to the increase in professional fees.

Finance costs

The Group's net finance costs decreased by approximately RMB3.6 million or approximately 53.0% from approximately RMB6.8 million in the Prior Period to approximately RMB3.2 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 for the period

As a result of the foregoing, the Group's profit decreased by approximately RMB1.7 million from approximately RMB2.3 million for the Prior Period to approximately RMB0.6 million for the Reporting Period.

PROSPECTS

The first half of 2023 saw a notable increase in business activity as a result of the reopening of the border between Hong Kong and mainland China and the easing of protective measures against the COVID-19 epidemic in mainland China. However, the PRC real estate market still faces considerable challenges, and market confidence is still weak as a result of rising international interest rates and the increasing market concerns over the liquidity crisis facing the real estate sector in China, resulting in delay in new project development and decreased capital investments from real estate investors, which had an adverse effect on our two main business segments.

To cope with the economic challenges, the Group's management team will continue to explore new business opportunities to generate sustainable benefits for both the Group and our valued shareholders. The Group plans to further expand its presence in the Guangdong-Hong Kong-Macao Greater Bay Area, particularly in new energy supply chain and bulk commodity trading, where it sees promising growth potential. The Group remains committed to expanding its online distribution and e-marketing channels, utilizing cutting-edge technologies such as artificial intelligence to sell and distribute building materials, home improvement supplies, and furniture. Moreover, the Group is actively seeking investment opportunities to bolster its service capabilities and capacity in the merchandise sale and distribution business segment by leveraging digital transformation initiatives across traditional distribution channels.

The Group will also keep its attention on capital raising and proactively seek out strategic partnerships with external investors to assist the growth and expansion of both new and current businesses. The Group is committed to carrying out its business plans in a realistic and enterprising manner, constantly looking for new opportunities to maximize value for our shareholders.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

As at 30 June 2023, the Group had a total cash and bank balances of approximately RMB1.3 million (31 December 2022: RMB7.0 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 during the Reporting Period.

As at 30 June 2023, the Group had net current assets of approximately RMB747.1 million, as compared to approximately RMB740.9 million as at 31 December 2022.

BORROWINGS AND PLEDGE OF ASSETS

As at 30 June 2023, the Group's banking facilities for short term financing had been fully utilised (31 December 2022: nil) and total bank borrowings amounted to approximately RMB159.3 million (31 December 2022: RMB232.0 million). The total bank borrowings comprised approximately RMB5.0 million (31 December 2022: RMB77.7 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 2023 and as at 31 December 2022. 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 2022.

FINANCIAL RATIO

	As at	
	30 June 2023 (Unaudited)	31 December 2022
Current ratio ⁽¹⁾	3.14	2.72
Quick ratio ⁽²⁾	3.13	2.71
Gearing ratio (%) ⁽³⁾	22.90	30.87
Net debt to equity ratio (%) ⁽⁴⁾	22.67	30.08

⁽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, the 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 (the “**Outstanding Convertible Bonds**”).

As at the date of this announcement, the Outstanding Convertible Bonds have reached the Maturity Date. On 12 June 2023, a winding-up petition (the “**Petition**”) was filed by 青島榮世開元商貿有限公司 (Qingdao Rongshikaiyuan Trading Company Limited*) (the “**Petitioner**”) with the High Court of the Hong Kong Special Administrative Region (the “**High Court of Hong Kong**”) for the winding-up of the Company under the provision of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Petitioner’s ultimate beneficial owner is an individual named Zhang Zongai (張宗愛). A copy of the winding-up petition was delivered by the Petitioner to the Company’s office on 5 July 2023.

The hearing for the Petition was taken place on 23 August 2023 as scheduled at the High Court of Hong Kong before a Master, and the same court has directed an adjournment of the hearing for the Petition to be heard before a Master on Wednesday, 18 October 2023. Furthermore, as provided by the Petitioner's solicitors, the Petitioner's ultimate beneficial owner, an individual named Zhang Zongai (張宗愛), who was also the sole director of the Petitioner, has passed away on 7 July 2023.

In view of the impact of the possible winding-up order on the transfer of Shares, as disclosed in the announcements of the Company dated 17 August 2023 and 23 August 2023, the Company is currently preparing, with its engaged legal advisors, the application to the High Court of Hong Kong for a validation order. Shareholders are reminded that there is no guarantee that any validation order would be granted by the High Court of Hong Kong. In the event where a validation order is not granted but the winding-up order is not dismissed or permanently stayed, all transfers of Shares after the commencement of the winding up shall be void.

The Petition was filed in the High Court of Hong Kong only as an application for the winding-up of the Company and did not represent the Petition has caused the wound-up of the Company. As at the date of this announcement, no winding-up order has been granted by the High Court of Hong Kong to wind-up the Company.

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, 31 August 2022, 5 July 2023, 17 August 2023 and 23 August 2023, 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 places 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 places 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 places 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.

On 22 September 2022, the Company allotted and issued a total of 95,362,000 placing shares to not less than six placees at the placing price of HK\$0.38 per placing shares pursuant to the terms and conditions of the placing agreement signed between the Company and the placing agent dated 9 September 2022 (the “**September Placing**”). The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the placing amounted to approximately HK\$35.9 million. Please refer to the announcements of the Company dated 9 September 2022 and 22 September 2022 (the “**September Announcements**”) 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	The respective amount indicated 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.
22 September 2022	HK\$35.9 million	Repayment of the principal and interest payables of the Company's outstanding convertible bonds	Approximately HK\$35.9 million has been reallocated and utilised towards expansion of the existing business segment of the sale and distribution of merchandise.

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 2023 (31 December 2022: Nil).

CAPITAL COMMITMENTS

The Group had no significant outstanding capital commitment as at 30 June 2023 (31 December 2022: Nil).

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2023, the Group had a total number of 52 employees (30 June 2022: 58) and the total staff costs, including Directors' remuneration, amounted to approximately RMB3.0 million for the Reporting Period (30 June 2022: RMB4.6 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

The Group has been diligently pursuing and collecting trade and other receivables as well as prepayments aiming to recover adequate assets and cash to repay the Outstanding Convertible Bonds and maintain sufficient working capital for the Group's ongoing operations and future expansion.

On 30 August 2023, Jiyi Industrial Group (Shenzhen) Co. Ltd* (“**Shenzhen Jiyi**”), a wholly-owned subsidiary of the Group, entered into a memorandum of understanding (the “**MOU**”) with Meizhou Wailongju Industrial Company Limited* (“**MZWLJ**”), a customer of the Group. Pursuant to the MOU, MZWLJ intends to transfer its ownership of a commercial development known as Jiyi Shangcheng, located at Jianying Avenue, Sankui Village, Fuda Town, Meixian District, Meizhou, Guangdong Province, The People’s Republic of China (the “**Jiyi Shangcheng**”), to the Group as repayment and settlement of outstanding trade receivables and prepayments owed by MZWLJ. Upon entry into the MOU, the Company will conduct due diligence over the Jiyi Shangcheng prior to entry into the formal settlement agreement. Further announcement(s) will be made by the Company to keep its shareholders and potential investors informed of any material development in relation to the settlement agreement aforementioned, as and when appropriate and in accordance with the Listing Rules.

Except as disclosed above, there is no material subsequent event undertaken by the Company and by the Group after 30 June 2023 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 2023.

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 Director 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 2023 and the date of this announcement, the audit committee of the Company (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 2023 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 2023 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 2023.

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

Hong Kong, 31 August 2023

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*