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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 2024**

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 2024 (the “**Reporting Period**” or “**FY2024**”), together with the comparative figures for the corresponding period in 2023 (the “**Prior Period**” or “**FY2023**”) as follows:

## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from contracts with customers	3	206,839	182,070
Cost of sales	3	<u>(203,212)</u>	<u>(172,818)</u>
<b>Gross profit</b>		<b>3,627</b>	9,252
Other income		272	3,360
Other losses		(3)	(216)
Distribution and selling expenses		(740)	(272)
Administrative expenses		(8,955)	(6,930)
Provision for litigation and legal expenses		(1,800)	–
Recognition of impairment losses under expected credit loss model, net		(79,366)	(1,856)
Finance costs		<u>(5,275)</u>	<u>(3,202)</u>
<b>(Losses)/profit before tax</b>		<b>(92,240)</b>	136
Income tax credit/(expense)	6	<u>–</u>	<u>(431)</u>
<b>(Losses)/profit for the period</b>		<b><u>(92,240)</u></b>	<b><u>567</u></b>
Other comprehensive income: <i>Item that maybe reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>2,809</u>	<u>935</u>
Other comprehensive income for the period, net of income tax		<u>2,809</u>	<u>935</u>
<b>Total comprehensive (losses)/income for the period, net of income tax</b>		<b><u>(89,431)</u></b>	<b><u>1,502</u></b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2024*

		<b>Six months ended 30 June</b>	
	<i>Notes</i>	<b>2024</b>	2023
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
			<b>(Restated)</b>
<b>(Loss)/profit for the period attributable to:</b>			
— Owners of the Company		<b>(92,237)</b>	543
— Non-controlling interests		<b>(3)</b>	24
		<hr/> <b>(92,240)</b>	<hr/> 567
<b>Total comprehensive (loss)/income for the period attributable to:</b>			
— Owners of the Company		<b>(89,428)</b>	1,478
— Non-controlling interests		<b>(3)</b>	24
		<hr/> <b>(89,431)</b>	<hr/> 1,502
<b>(Loss)/earnings per share</b>			
— Basic ( <i>RMB cents</i> )	7	<b>(34.97)</b>	0.21
— Diluted ( <i>RMB cents</i> )	7	<b>(34.97)</b>	0.21
		<hr/> <b>(34.97)</b> <hr/>	<hr/> 0.21 <hr/>

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2024

	<i>Notes</i>	As at <b>30 June 2024</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2023 <i>RMB'000</i> <b>(Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		17,125	17,863
Right-of-use assets		6,275	7,147
Investment properties		47,420	47,420
Goodwill		–	–
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		–	–
		<u>105,975</u>	<u>107,585</u>
<b>Current assets</b>			
Inventories		567	1,448
Amounts due from related parties		–	–
Trade and other receivables and prepayments	9	361,001	499,117
Contract assets		254,184	288,270
Right-of-use assets		–	–
Restricted cash		103	103
Bank balances and cash		1,588	5,642
		<u>617,443</u>	<u>794,580</u>
<b>Total assets</b>		<u><u>723,418</u></u>	<u><u>902,165</u></u>

		As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
<b>Current liabilities</b>			
Trade and bills payables and other payables	10	109,636	134,402
Bank borrowings		154,325	254,325
Other borrowings		2,760	2,760
Lease liabilities		–	269
Convertible loan notes		49,166	47,430
Contract liabilities		993	993
Provision for litigation and legal expenses	10	29,828	28,028
Amounts due to related parties		32,390	207
Income tax payables		28,645	28,645
		<u>407,743</u>	<u>497,059</u>
<b>Net current assets</b>		<b>209,700</b>	297,521
<b>Total assets less current liabilities</b>		<b>315,675</b>	405,106
<b>Non-current liabilities</b>			
Deferred tax liabilities		<u>21,877</u>	<u>21,877</u>
<b>Net assets</b>		<b><u>293,798</u></b>	<b><u>383,229</u></b>
<b>Capital and reserves</b>			
Share capital		2,390	2,390
Reserves		<u>290,680</u>	<u>380,108</u>
<b>Equity attributable to owners of the Company</b>		<b>293,070</b>	382,498
Non-controlling interests		<u>728</u>	<u>731</u>
<b>Total equity</b>		<b><u>293,798</u></b>	<b><u>383,229</u></b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

*For the six months ended 30 June 2024*

## 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

### 2.1 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 2023.

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 2024 are unaudited and have been reviewed by the Audit Committee of the Company.

## 2.2 Going concern basis

For the six months ended 30 June 2024, the Group incurred a net loss of approximately RMB8.9 million. As at 30 June 2024, the Group's net current assets were approximately RMB209.7 million and the Group's current liabilities (including current liabilities that are in default or cross-default or contain early repayment on demand clauses) were approximately RMB407.7 million.

In addition, as of 30 June 2024, certain bank borrowings of the Group in the amount of approximately RMB154.3 million were not repaid in accordance with the scheduled repayment dates. Accordingly, as of 30 June 2024, bank and other borrowings in the aggregate principal amount of approximately RMB154.3 million were in default or cross-default. Subsequent to 30 June 2024, certain other bank and other borrowings of the Group have not been repaid in accordance with the scheduled repayment dates.

In addition, as disclosed in EVENT AFTER THE REPORTING PERIOD in this Report, 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 Petition is in relation to the Petitioner's claim for the Outstanding Convertible Bonds in the principal amount of HK\$41,555,555.00 that had become mature on 31 August 2022. As at 12 June 2023, the Company is allegedly indebted to the Petitioner in the aggregate sum of HK\$57,482,397.55, with HK\$41,555,555.00 being the outstanding principal under the Bond and HK\$15,926,842.55 being the accrued interest thereunder.

These events or circumstances indicate existing material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. In view of the circumstances, the directors of the Company (the “**Directors**”) have carefully considered the future liquidity and performance of the Group and the sources of financing available to the Group. The Group has formulated the following plans and measures to reduce liquidity pressure:

- The Company has been actively evaluating the current financial and operating conditions with a view to formulating a comprehensive solution that respects the rights of all stakeholders and is capable of unlocking the intrinsic value of the Group's business and assets as the domestic business environment gradually recovers. Accordingly, the Company has been communicating and constructively engaging with certain holders of

senior notes and other debt issued by the Group and its financial advisers and legal advisers to facilitate the formulation of a mutually agreed debt restructuring proposal for the Group. As of the date of authorized publication of the consolidated financial statements, no agreement has been reached;

- The Group will continue to accelerate the transformation and upgrading of its business and the collection of pre-sale payment and other receivables;
- The Group will continue to seek suitable opportunities to dispose of corporate fixed assets and investment properties to generate additional cash inflows; and
- The Group has been taking measures to control administrative costs and avoid unnecessary capital expenditure in order to maintain liquidity. The Group will also actively evaluate additional measures to further reduce non-essential expenditure.

The management is of the view that the above winding up petition is made by the creditors to facilitate the process of negotiation with the Group on a comprehensive debt extension proposal. In fact, the Group has been in active communication and constructive dialogue with the bondholders' group and its financial advisers in order to facilitate the formulation of a practicable debt extension proposal for the Group's offshore debts as soon as possible. The Directors believe that the Group will be able to reach agreement with the creditors of the Group's existing borrowings in respect of debt restructuring. The Directors have considered the cash flow projections of the Group prepared by the management for a period of not less than 12 months from the end of the Reporting Period. The Directors are of the opinion that, in view of the above plans and measures, the Group will have sufficient working capital for the foreseeable future to finance its operations and to meet its financial obligations as and when they fall due as agreed with its creditors. Accordingly, they are satisfied that the consolidated financial statements for the year ended 31 December 2023 have been properly prepared on a going concern basis.

Notwithstanding the above, there remains a material uncertainty as to whether the Group will be able to realize the above plans and measures. The Group's ability to continue as a going concern will depend on the following:

- (a) Its debts, including bank and other borrowings and senior notes, would be successfully extended;
- (b) Successful and timely implementation of plans to accelerate the pre-sale and sale of properties under development and completed properties, accelerate the collection of outstanding sales proceeds, control costs and control capital expenditure to generate sufficient net cash inflows; and
- (c) Successful sale of assets when required.



If the Group were unable to continue as a going concern, adjustments may be necessary to write down the carrying amount of assets to their net recoverable value, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the Group’s consolidated financial statements for the six months ended 30 June 2024.

### 2.3 Application of new and amendments to Hong Kong financial reporting standards (“HKFRSs”)

#### *Amendments to HKFRSs that are mandatorily effective for the current year*

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

<b>Standard</b>	<b>Subject</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants (“ <b>2022 Revision</b> ”)	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025

The application of the amendment to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these 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 2024

	<b>Sale and distribution of merchandise <i>RMB'000</i> (Unaudited)</b>	<b>Provision of interior design and engineering services <i>RMB'000</i> (Unaudited)</b>	<b>Total <i>RMB'000</i> (Unaudited)</b>
<b>Segment Revenue</b>			
Segment revenue	205,826	1,103	206,839
<i>Less: Inter-segment sales</i>	—	—	—
External sales	205,826	1,103	206,839
<b>Segment cost of sales</b>	<b>(202,331)</b>	<b>(881)</b>	<b>(203,212)</b>
<b>Segment gross profit</b>	<b>3,495</b>	<b>132</b>	<b>3,627</b>

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)
<b>Segment Revenue</b>			
Segment revenue	180,928	1,142	182,070
<i>Less: Inter-segment sales</i>	<u>—</u>	<u>—</u>	<u>—</u>
External sales	180,928	1,142	182,070
<b>Segment cost of sales</b>	<u>(171,860)</u>	<u>(958)</u>	<u>(172,818)</u>
<b>Segment gross profit</b>	<u><u>9,068</u></u>	<u><u>184</u></u>	<u><u>9,252</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 ( <i>Note</i> )	
	30 June 2024 <i>RMB'000</i> (Unaudited)	30 June 2023 <i>RMB'000</i> (Unaudited)	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited) (Restated)
The PRC	206,839	182,070	103,811	105,263
Hong Kong	–	–	986	1,144
	<u>206,839</u>	<u>182,070</u>	<u>104,797</u>	<u>106,407</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 2024 <i>RMB'000</i> (Unaudited)	30 June 2023 <i>RMB'000</i> (Unaudited)
Customer A	38,495 <sup>2</sup>	–
Customer B	–	71,880 <sup>2</sup>
Customer C	–	21,025 <sup>2</sup>
Customer D	–	19,301 <sup>2</sup>
	<u>–</u>	<u>112,206</u>

<sup>1</sup> Revenue from provision of interior design and engineering services segment.

<sup>2</sup> Revenue from sale and distribution of merchandise segment.

<sup>3</sup> 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 2024		
	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)
<b>Types of goods and services</b>			
Sale and distribution of merchandise			
— Bulk commodity trading	204,168	—	204,168
— Building materials	429	—	429
— Home improvement materials	1,218	—	1,218
— Furnishings	11	—	11
Provision of interior design and engineering services			
— Interior design	—	1,013	1,013
— Building engineering services	—	—	—
<b>Total</b>	<b>205,826</b>	<b>1,013</b>	<b>206,839</b>
<b>Geographical markets</b>			
The PRC	205,826	1,013	206,839
<b>Timing of revenue recognition</b>			
At a point in time	205,826	—	205,826
Over time	—	1,013	1,013
<b>Total</b>	<b>205,826</b>	<b>1,013</b>	<b>206,839</b>

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

	<b>For the period ended 30 June 2024</b>		
	<b>Segment</b>	<b>Adjustments</b>	
	<b>and</b>	<b>and</b>	
	<b>revenue</b>	<b>eliminations</b>	<b>Consolidated</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Sale and distribution of merchandise	205,826	–	205,826
Provision of interior design and engineering services	1,013	–	1,013
	<u>206,839</u>	<u>–</u>	<u>206,839</u>
<b>Total revenue</b>	<b><u>206,839</u></b>	<b><u>–</u></b>	<b><u>206,839</u></b>

Disaggregation of revenue for contracts with customers:

Segments	For the period ended 30 June 2023		
	Sale and distribution of merchandise	Provision of interior design and engineering services	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
<b>Types of goods and services</b>			
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
<b>Total</b>	<u>180,928</u>	<u>1,142</u>	<u>182,070</u>
<b>Geographical markets</b>			
The PRC	<u>180,928</u>	<u>1,142</u>	<u>182,070</u>
<b>Timing of revenue recognition</b>			
At a point in time	180,928	—	180,928
Over time	—	1,142	1,142
<b>Total</b>	<u>180,928</u>	<u>1,142</u>	<u>182,070</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 2023		
	Segment	Adjustments	Consolidated
	revenue	and	
	<i>RMB'000</i>	eliminations	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Sale and distribution of merchandise	180,928	–	180,928
Provision of interior design and engineering services	1,142	–	1,142
<b>Total revenue</b>	<b>182,070</b>	<b>–</b>	<b>182,070</b>



## 5. PROFIT FOR THE PERIOD

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Directors' remuneration	<b>704</b>	1,148
Staff salaries, allowances and benefits in kind	<b>1,385</b>	1,634
Retirement benefit scheme contributions for staff	<b>85</b>	267
	<hr/>	<hr/>
Total staff costs	<b>2,174</b>	3,049
	<hr/> <hr/>	<hr/> <hr/>
Auditor's remuneration	<b>485</b>	485
Cost of inventories recognised as expenses	<b>203,212</b>	172,818
Depreciation of property, plant and equipment	<b>908</b>	908
Depreciation of right-of-use assets	<b>75</b>	118
Variable rental payments in respect of office premises and retail stores		
— Lease rental payment <sup>#</sup>	<b>90</b>	864
	<hr/> <hr/>	<hr/> <hr/>
Gross rental income from investment properties	<b>192</b>	56
Less: direct operating expenses incurred for investment properties that generated rental income during the period	<b>(9)</b>	(12)
	<hr/>	<hr/>
	<b>183</b>	44
	<hr/> <hr/>	<hr/> <hr/>

<sup>#</sup> 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	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax	-	33
Deferred income tax	-	(464)
	<u>-</u>	<u>(464)</u>
	<u>-</u>	<u>431</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. (LOSS)/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	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>(Loss)/earnings</b>		
(Loss)/Profit for the period attributable to owners of the Company		
for the purpose of basic and diluted (loss)/earnings per share	<u>(92,240)</u>	<u>567</u>

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>'000</b>	'000
	<b>(Unaudited)</b>	(Unaudited)
		(Restated)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<u>263,766</u>	<u>263,766</u>
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	<u>263,766</u>	<u>263,766</u>
Basic (loss)/earnings per share ( <i>RMB cents</i> )	<u>(34.97)</u>	0.21
Diluted (loss)/earnings per share ( <i>RMB cents</i> )	<u>(34.97)</u>	<u>0.21</u>

For the period ended 30 June 2024 and 2023, 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 2024 (for the six months ended 30 June 2023: Nil).

## 9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at	
	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
<b>Trade receivables from contract with customers:</b>		
Due from third parties:		
— sale and distribution of merchandise	289,642	283,509
— interior design and engineering services	50,827	50,827
Due from a related party:		
— sale and distribution of merchandise	431	431
	<u>340,900</u>	<u>334,767</u>
<i>Less:</i> allowance for expected credit losses	<u>(60,856)</u>	<u>(16,589)</u>
Sub-total	<u>280,044</u>	<u>318,178</u>
<b>Other receivables</b>		
Contract performance deposits	6,649	6,649
Project tender deposits	65,844	65,844
Other tax recoverable	1,465	1,447
Rental deposits	165	165
Receivables relating to the refund of investment proceeds	21,231	21,231
Others	9,336	11,490
	<u>104,690</u>	<u>104,672</u>
<i>Less:</i> allowance for expected credit losses	<u>(23,733)</u>	<u>(23,733)</u>
	<u>80,957</u>	<u>80,939</u>

	As at	
	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
<b>Prepayments</b>		
Prepayments for purchase of goods and provision of services	347,848	347,848
<i>Less:</i> allowance for expected credit losses	(347,848)	(347,848)
Prepayment for acquisition of investment properties	33,977	33,977
	<u>33,977</u>	<u>33,977</u>
Notes receivable arising from bulk commodity trading business	–	100,000
<b>Total trade and other receivables and prepayments</b>	<u>394,978</u>	<u>533,094</u>
<b>Analysed as</b>		
Non-current	33,977	33,977
Current	361,001	499,117
	<u>394,978</u>	<u>533,094</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 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Within 6 months	–	86,320
6 to 12 months	36,761	19,185
Over 1 to 2 years	145,741	127,502
Over 2 years	97,542	85,171
	<u>280,044</u>	<u>318,178</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 OTHER PAYABLES

	As at	
	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Trade payables	40,725	41,768
<b>Other payables</b>		
Salaries and staff welfare payables	6,178	5,597
Deposits received for building engineering services	4,361	4,361
Other tax payables	12,120	12,132
Withholding individual income tax in respect of dividends payment	16,000	16,000
Bank interest payable	14,661	11,056
Provision for litigation and legal expenses	29,828	28,028
Other payables	15,591	43,488
<b>Trade and other payables</b>	<u>139,464</u>	<u>162,440</u>

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

	As at	
	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Within 6 months	–	144
Over 1 year	40,725	41,624
	<u>40,725</u>	<u>41,768</u>

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
	2024	2023	
	<i>RMB'000</i>	<i>RMB'000</i>	%
	(Unaudited)	(Unaudited)	
Sale and distribution of merchandise			
— Building materials	429	2,476	(82.7)
— Home improvement materials	1,218	8,734	(86.1)
— Furnishings	11	1,903	(99.4)
— Bulk commodity trading	204,168	167,815	21.7
	<u>205,826</u>	<u>180,928</u>	13.8
Provision of interior design and engineering services	<u>1,013</u>	<u>1,142</u>	(11.3)
<b>Total</b>	<b><u><u>206,839</u></u></b>	<b><u><u>182,070</u></u></b>	13.6

Total revenue of the Group increased by approximately RMB24.7 million or approximately 13.6% from approximately RMB182.1 million for the Prior Period to approximately RMB206.8 million for the Reporting Period. Such increase was mainly driven by the increase in the sale of bulk commodity trading of approximately RMB36.4 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 increase by approximately RMB24.9 million or approximately 13.8% from approximately RMB180.9 million for the Prior Period to approximately RMB205.8 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 RMB2.1 million or approximately 82.7% from approximately RMB2.5 million for the Prior Period to approximately RMB0.4 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 RMB7.5 million or approximately 86.1% from approximately RMB8.7 million for the Prior Period to approximately RMB1.2 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 RMB1.89 million or approximately 99.4% from approximately RMB1.9 million for the Prior Period to approximately RMB0.01 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 increased by approximately RMB36.4 million or approximately 13.8% from approximately RMB167.8 million for the Prior Period to approximately RMB204.2 million for the Reporting Period. The increase 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 RMB0.1 million or approximately 11.3% from approximately RMB1.1 million for the Prior Period to approximately RMB1.0 million for the Reporting Period. Such decrease was 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 FY2023:

	For the six months ended 30 June			
	2024		2023	
	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>3,495</u>	<u>1.70</u>	<u>9,068</u>	<u>5.01</u>
Provision of interior design and engineering services	<u>132</u>	<u>13.04</u>	<u>184</u>	<u>16.11</u>
<b>Total</b>	<b><u><u>3,627</u></u></b>	<b><u><u>1.75</u></u></b>	<b><u><u>9,252</u></u></b>	<b><u><u>5.08</u></u></b>

The revenue of the Group increased by approximately RMB24.7 million or approximately 13.6% from approximately RMB182.1 million for the Prior Period to approximately RMB206.8 million for the Reporting Period. The Group's overall gross profit decreased by approximately RMB5.6 million or approximately 60.9% from approximately RMB9.2 million for the Prior Period to approximately RMB3.6 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 RMB5.6 million or approximately 60.9% from approximately RMB9.1 million for the Prior Period to approximately RMB3.5 million for the Reporting Period.

The gross profit margin of the business of sale and distribution of merchandise decreased by approximately 3.31% from 5.01% for the Prior Period to 1.7% for the Reporting Period, owing primarily to the decrease 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 decreased by approximately 3.07% from 16.11% for the Prior Period to 13.04% for the Reporting Period, owing to a result of the downturn of construction and building industry in the PRC during the Reporting Period.

### **Other income**

The Group's other income decreased by approximately RMB3.1 million or approximately 91.2% from approximately RMB3.4 million for the Prior Period to approximately RMB0.3 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 increased by approximately RMB0.4 million or approximately 133.3% from approximately RMB0.3 million for the Prior Period to approximately RMB0.7 million for the Reporting Period. Such increase was due to the accelerated amortization of the decoration expenses of the Group's long-term deferred expenses during the Reporting period.

### **Administrative expenses**

The Group's administrative expenses increased by approximately RMB2.1 million or approximately 30.4% from approximately RMB6.9 million for the Prior Period to approximately RMB9.0 million for the Reporting Period. The increase was mainly due to the increase in management fees related to intermediary agencies during the suspension of stock trading.

## **Finance costs**

The Group's net finance costs increased by approximately RMB2.1 million or approximately 65.6% from approximately RMB3.2 million in the Prior Period to approximately RMB5.3 million in the Reporting Period, which was mainly due to the increase in the provision for overdue interest on outstanding convertible bonds and other bank loans.

## **(Loss)/profit for the period**

As a result of the foregoing, the Group's profit decreased by approximately RMB92.8 million from a profit of approximately RMB0.6 million for the Prior Period to a loss of approximately RMB92.2 million for the Reporting Period.

## **PROSPECTS**

We anticipate the overall prospects for 2024 to be cautious. The business environment continues to be volatile, with an uncertain economic prospects and unpredictable pre-sales periods. Although the channels for generating cash flow are limited, the Group holds a sizable portfolio of investment properties and hotels with signs of continued recovery. Notwithstanding the cautious prospects, the management remains optimistic for 2024 based on its past experience in more difficult environments. Currently, stakeholders have also adopted a pragmatic attitude, recognizing that no company is immune to the turbulence caused by the economic environment and negative sentiment in the real estate sector. Finally, the management has been transparent and accountable in its dealings with shareholders, banks and lenders, which has increased communication and credibility on both sides, acting in the best interests of stakeholders through corporate actions.

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 2024, the Group had a total cash and bank balances of approximately RMB1.6 million (31 December 2023: RMB5.6 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 2024, the Group had net current assets of approximately RMB209.7 million, as compared to approximately RMB297.5 million as at 31 December 2023.

## **BORROWINGS AND PLEDGE OF ASSETS**

As at 30 June 2024, the Group's banking facilities for short term financing had been fully utilised (31 December 2023: nil) and total bank borrowings amounted to approximately RMB154.3 million (31 December 2023: RMB254.3 million). The total bank borrowings comprised nil (31 December 2023: RMB100.0 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 2024 and as at 31 December 2023. The bank borrowings were also jointly guaranteed by Ms. Hou Wei and Mr. Deng Jianshen, husband of Ms. Hou Wei.

## GUARANTEE FROM RELATED PARTIES

The management report and Chinese legal opinion on the litigation and arbitration of our affiliated subsidiaries are detailed in the appendix on pages 336 to 391 of FY2023 Annual report. Specifically, there is a related party guarantee of RMB 20 million in the appendix on pages 342 to 350, and a related party guarantee of RMB 7 million in the appendix on pages 355 to 360.

## CAPITAL EXPENDITURE

The Group has no material capital expenditure during the Reporting Period and for the six months ended 30 June 2024.

## FINANCIAL RATIO

	As at	
	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Current ratio <sup>(1)</sup>	1.51	1.60
Quick ratio <sup>(2)</sup>	1.51	1.60
Gearing ratio (%) <sup>(3)</sup>	53.60	67.08
Net debt to equity ratio (%) <sup>(4)</sup>	53.02	65.58

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

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

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

<sup>(4)</sup> 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.

References are made to the announcements of the Company dated 5 July 2023, 17 August 2023, 23 August 2023, 18 October 2023, 15 November 2023, 13 December 2023, 10 January 2024, 6 March 2024, 11 March 2024 and 12 April 2024, in relation to, among other things, the Petition (the “**Announcements**”). A settlement agreement entered into between the Petitioner and the Company on 30 April 2024, consent was reached accordingly between the two parties to adjourn the hearing in connection with the Petition, and in respect of which, consent summons was filed on 2 May 2024 and an order was granted on 3 May 2024 to (i) vacate the hearing of the Petition on 6 May 2024; and (ii) the hearing of the Petition before the Companies Judge was adjourned to 30 September 2024 for the fulfilment of obligations under the aforesaid settlement agreement.



For further details in relation to the Outstanding Convertible Bonds, please refer to the announcements of the Company dated 23 April 2019, 25 June 2019, 24 December 2020, 31 December 2020, 24 June 2021, 16 July 2021, 24 December 2021, 17 January 2022 and 31 August 2022, the circular of the Company dated 14 May 2019, 26 January 2021, 30 July 2021 and 11 February 2022 in respect of the Extraordinary General Meeting (“EGM”), and the poll result announcement dated 30 May 2019, 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 placees 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.

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.

<b>Date of Placing</b>	<b>Net Proceeds Raised (Approximately)</b>	<b>Proposed use of proceeds (Approximately)</b>	<b>Actual and intended use of proceeds</b>
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.

<b>Date of Placing</b>	<b>Net Proceeds Raised (Approximately)</b>	<b>Proposed use of proceeds (Approximately)</b>	<b>Actual and intended use of proceeds</b>
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 2024 (31 December 2023: Nil).

## **CAPITAL COMMITMENTS**

The Group had no significant outstanding capital commitment as at 30 June 2024 (31 December 2023: Nil).

## **LITIGATION**

The management report and Chinese legal opinion on the litigation and arbitration of our affiliated subsidiaries are detailed in the appendix on pages 341 to 396 of FY2023 Annual report (About the litigation, there is no material updates by the Company and by the Group after 28 June 2024 and up to the date of this announcement), which involves bank loans, remuneration, tax and other debts due. In accordance with the relevant requirements of the Accounting Standards and based on the principle of prudence, the Company has provided for the estimated liabilities of the pending litigation totalling RMB29.8 million as at 30 June 2024(31 December 2023: RMB28.0 million) based on the outcome of the litigation judgement, and the specific impact of this judgement on the Company is subject to the final execution of the case.

The associated subsidiaries of the Group were involved in litigation and arbitration cases, all of which were caused by the downturn of the domestic economy and the unprecedented impact on the industry to which the Group belongs, the large-scale extension of the construction works in the early stage of the construction period, the failure to make timely repayment of the payments for the governmental works as well as the payments for the other works. In order to ensure that the Company's business continues to progress, it has been necessary to increase the relevant borrowings and financing and to reduce and defer the relevant expenses, which has further aggravated the pressure on the Company's capital and led to numerous litigation and arbitration cases. In respect of the amounts involved in the current litigation and arbitration cases, large amounts of the cases were secured by the relevant properties belonging to the Company and its senior management, and the Company's receivables were sufficient to cover the payment of such amounts, therefore, the management of the Company is of the view that the litigation and arbitration cases involved in the associated subsidiaries of the Group will not have a material impact on the financial statements for the current period.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 30 June 2024, the Group had a total number of 20 employees (30 June 2023: 52) and the total staff costs, including Directors' remuneration, amounted to approximately RMB2.2 million for the Reporting Period (30 June 2023: RMB3.0 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 2024 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 2024.

## **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 C1 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 C3 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 2024 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 2024 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 2024 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 2024.

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 9:00 a.m. on 2 April 2024 and will remain suspended until further notice.

**Shareholders and potential investors of the Company should exercise caution when dealing in the shares or other securities of the Company, and if they are in any doubt about their position, they should consult their independent professional adviser(s).**

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

Hong Kong, 30 August 2024

*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 Bois the non-executive director of the Company, and Mr. Chen Zenghua, Mr. Hou Lianchang and Ms. Chen Tao are the independent non-executive directors of the Company.*

\* *For identification purpose only*