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Jiayuan Services Holdings Limited
佳源服務控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1153)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Jiayuan Services Holdings Limited (the “**Company**”) is pleased to announce the consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 with comparative figures for the corresponding period of the preceding financial year as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(FOR THE SIX MONTHS ENDED 30 JUNE 2024)

		Six months ended 30 June	
		2024	2023
	<i>Note</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	434,364	442,007
Cost of services and sales		<u>(288,349)</u>	<u>(280,792)</u>
Gross profit		146,015	161,215
Other income and expenses, net	5	(399)	3,588
Other gains and losses, net	6	(1,584)	658
Impairment losses on financial assets		(13,183)	(46,708)
Loss on unauthorised Pledged Shares		(5,881)	(5,952)
Loss on unauthorised guarantee		(753)	–
Selling and marketing expenses		(3,209)	(3,097)
Administrative expenses		(30,420)	(19,685)
Finance costs		(655)	(866)
Share of results of an associate		(100)	(200)
		<u> </u>	<u> </u>
Profit before taxation		89,831	88,953
Income tax expense	8	(23,843)	(22,588)
		<u> </u>	<u> </u>
Profit and total comprehensive income for the period	7	65,988	66,365
		<u> </u>	<u> </u>
Profit and total comprehensive income for the period attributable to:			
– Owners of the Company		63,178	63,558
– Non-controlling interests		2,810	2,807
		<u> </u>	<u> </u>
		65,988	66,365
		<u> </u>	<u> </u>
Earnings per share attributable to owners of the Company (expressed in RMB per share)			
Basic and diluted	9	0.10	0.10
		<u> </u>	<u> </u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(AS AT 30 JUNE 2024)

		30 June 2024	31 December 2023
	<i>Note</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property and equipment		24,182	25,782
Intangible assets		116,078	120,816
Interest in an associate		1,408	1,508
Deferred income tax assets		52,359	48,935
		<u>194,027</u>	<u>197,041</u>
Current assets			
Inventories		529	571
Trade and other receivables	11	390,458	377,920
Restricted bank deposits		249	3,241
Cash and cash equivalents		63,078	48,041
		<u>454,314</u>	<u>429,773</u>
Total assets		<u>648,341</u>	<u>626,814</u>
EQUITY			
Deficit in equity attributable to owners of the Company			
Share capital		5,225	5,225
Reserves		(80,662)	(143,840)
		<u>(75,437)</u>	<u>(138,615)</u>
Non-controlling interests		<u>28,601</u>	<u>26,814</u>
Total deficit in equity		<u>(46,836)</u>	<u>(111,801)</u>

	30 June 2024	31 December 2023
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
LIABILITIES		
Non-current liabilities		
Bank borrowings	12,907	18,558
Deferred income tax liabilities	1,274	1,234
	14,181	19,792
Current liabilities		
Contract liabilities	73,746	130,962
Bank borrowings	11,302	11,338
Provisions	178,949	172,315
Trade and other payables	349,250	361,045
Current income tax liabilities	67,749	43,163
	680,996	718,823
Total liabilities	695,177	738,615
Total equity and liabilities	648,341	626,814

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION AND BASIS OF PREPARATION

1.1 General information

Jiayuan Services Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 5 March 2020 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is at the office of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. On 9 December 2020, the Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) by way of initial public offering.

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

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

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

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

This Interim Financial Information has been reviewed, not audited.

1.2 Basis of preparation

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

This unaudited Interim Financial Information should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certificate Public Accountants. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. Except as described below, the accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of this unaudited Interim Financial Information are consistent with those used in the annual consolidated financial statements of the Group for the year ended 31 December 2023.

2 ADOPTION OF NEW AND REVISED STANDARDS

The Group has applied new and amended standards effective for the financial period beginning on 1 January 2024. The adoption of these new and revised standards does not have any significant impact on the consolidated financial statements of the Group.

3 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker (the “CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company.

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

The Group’s customers include property owners, property developers, residents and tenants (collectively “Customers”). The major operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group’s revenue were derived in the PRC during the relevant periods.

As at 30 June 2024 and 31 December 2023, all of the non-current assets of the Group were located in the PRC.

4 REVENUE

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Types of services		
Property management services	394,461	386,613
Value-added services to property developers	5,678	16,786
Community value-added services	34,225	38,608
	<u>434,364</u>	<u>442,007</u>
Revenue is recognised:		
– Over time	428,588	435,712
– At a point in time	5,776	6,295
	<u>434,364</u>	<u>442,007</u>

For the six months ended 30 June 2024, revenue from the entities controlled or significant influence of Mr. Shum, the then ultimate controlling party of the Company, contributed 12% (for the six months ended 30 June 2023: 12%) of the Group’s revenue. Other than these entities, none of the Group’s Customers contributed 10% or more of the Group’s revenue during the period.

5 OTHER INCOME AND EXPENSES, NET

	Six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Government grants	691	3,276
Value-added tax refund	65	651
Interest income on bank deposits	125	108
Late fees and penalties	(2,112)	(338)
Recovery of bad debt	1,132	–
Others	(300)	(109)
	<u>(399)</u>	<u>3,588</u>

6 OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Exchange gain	–	5
(Loss)/gain on disposal of subsidiaries	(1,079)	250
Loss on disposal of property and equipment	(505)	(12)
Other	–	415
	<u>(1,584)</u>	<u>658</u>

7 PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Depreciation of property and equipment	5,646	6,652
Amortisation of intangible assets	4,738	4,777
Cost of inventories sold	2,954	3,116
	<u>13,338</u>	<u>14,545</u>

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current income tax charge	20,459	34,776
Deferred income tax charge/(credit)	3,384	(12,188)
	<u>23,843</u>	<u>22,588</u>

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

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit generated in Hong Kong for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

Income tax provision of the Group in respect of the business operated in the PRC has been calculated at the applicable tax rate (i.e. ranging from 5% to 25%) on the estimated assessable profits, based on the existing legislation, interpretations and practices in respect thereof.

9 EARNINGS PER SHARE – BASIC AND DILUTED

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit attributable to owners of the Company (RMB'000)	<u>63,178</u>	<u>63,558</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>611,709</u>	<u>611,709</u>
Basic earnings per share (RMB)	<u>0.10</u>	<u>0.10</u>

(b) Diluted earnings per share

For the six months ended 30 June 2024 and 2023, diluted earnings per share equal basic earnings per share as there were no dilutive potential shares in both periods.

10 DIVIDENDS

The Board of Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

11 TRADE AND OTHER RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables (a)	322,518	313,790
Other receivables	57,556	55,217
Prepayments	10,384	8,913
	<hr/>	<hr/>
Trade and other receivables, net	390,458	377,920
	<hr/> <hr/>	<hr/> <hr/>

(a) Trade receivables

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables	538,924	525,562
Less: allowance for impairment	(216,406)	(211,772)
	<hr/>	<hr/>
	322,518	313,790
	<hr/> <hr/>	<hr/> <hr/>

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
0-60 days	26,895	50,459
61-180 days	19,212	48,393
181-365 days	84,327	40,308
1-2 years	127,209	111,394
2-3 years	44,081	42,028
3-4 years	16,757	18,668
4-5 years	3,639	2,540
More than 5 years	398	–
	<hr/>	<hr/>
	322,518	313,790
	<hr/> <hr/>	<hr/> <hr/>

12 TRADE AND OTHER PAYABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade payables (a)	<u>69,365</u>	<u>74,064</u>
Other payables		
– Utility and other charges	64,530	61,325
– Owners' maintenance fund	41,278	40,375
– Deposits received	82,812	76,466
– Consideration payable for business combinations	649	649
– Payroll payable	46,515	62,363
– Other taxes payables	11,671	12,397
– Others	<u>32,430</u>	<u>33,406</u>
	<u>279,885</u>	<u>286,981</u>
	<u>349,250</u>	<u>361,045</u>

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
0-60 days	24,196	27,108
61-180 days	16,469	8,812
181-365 days	9,036	17,158
More than 1 year	<u>19,664</u>	<u>20,986</u>
	<u>69,365</u>	<u>74,064</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

Since the first half of 2024, as the government has further introduced a series of favorable policies for the real estate industry, the property sector in the capital market has experienced a relatively rapid rebound, and the overall P/E ratio has shown a positive trend of stabilization and recovery. Many of the listed real estate enterprises experienced a decline in both revenue and profit growth. At the same time, a few listed real estate enterprises also conducted share repurchases and increased cash dividends, which boosted investors' confidence in the market. In addition, considering the cash flow, the mergers and acquisition market was further stagnant, and the expansion of a single project has become the most important means for the development of property enterprises. The optimization and adjustment of the project structure has also become a necessary measure for high-quality development. In the first half of 2024, the total newly contracted GFA of the top 50 enterprises was approximately 560 million sq.m., representing a decrease of 6.38% over the same period of last year. Among which, the supply of management area from related parties decreased by 40.96%, while the management area from third-party expansion increased by 6.98% over the same period last year, indicating the enhanced expansion capability of real estate enterprises in the third-party market. High-quality development has become the consensus of the industry, and property enterprises have begun to actively optimize their project portfolios, abandoning projects with low quality and efficiency, low collection rate, high management difficulty and small development potential, so as to improve operation quality. This shift means that the industry is shifting from scale-oriented to quality-oriented, pursuing a more sustainable development model.

Business Review

As at 30 June 2024, the Group had 278 property management projects with contracted GFA of approximately 56.3 million sq.m., representing a decrease of approximately 7.6% and 5.2%, respectively, as compared with that of 301 property management projects with contracted GFA of approximately 59.4 million sq.m. in the corresponding period in 2023. As at 30 June 2024, the Group had GFA under management of approximately 43.3 million sq.m., representing an increase of approximately 2.9% as compared with that of approximately 42.1 million sq.m. in the corresponding period in 2023. The decrease in contracted GFA was caused by the Group's further liquidation of loss-making or expected loss-making property projects, while the increase in GFA under management was attributable to the conversion of contracted area and the expansion of market projects.

The revenue of the Group for the six months ended 30 June 2024 was approximately RMB434.4 million, representing a decrease of approximately 1.7% as compared to the corresponding period of approximately RMB442.0 million in 2023. The gross profit of the Group for the six months ended 30 June 2024 was approximately RMB146.0 million, representing a decrease of approximately 9.4% as compared to the corresponding period of approximately RMB161.2 million in 2023. The gross profit margin of the Group for the six months ended 30 June 2024 was approximately 33.6% compared with that of approximately 36.5% in the corresponding period in 2023. The net profit of the Group for the six months ended 30 June 2024 was approximately RMB66.0 million, remaining stable as compared to the corresponding period of approximately RMB66.4 million in 2023.

In terms of the property management service business, for the six months ended 30 June 2024, the revenue of property management service of the Group was approximately RMB394.5 million, representing an increase of approximately 2.0% as compared to that in the corresponding period in 2023. The revenue of property management service business further increased to approximately 90.8% of the total revenue of the Group. The increase in property management service business revenue is basically consistent with the increase in FGA under management.

In terms of value-added services to property developers, for the six months ended 30 June 2024, the Group's revenue from value-added services to property developers was approximately RMB5.7 million, representing a sustained and significant decrease of approximately 66.2% as compared to that in the corresponding period in 2023. The revenue from value-added services to property developers accounted for approximately 1.3% of the Group's total revenue, representing a decrease of approximately 2.5 percentage points from 3.8% as compared to that in the corresponding period in 2023. The sustained and significant decrease in the revenue of value-added services to property developers was mainly due to the inability of the real estate agent to pay the on site service fee on time, resulting in the suspension of the relevant services by the Group.

In terms of community value-added services, for the six months ended 30 June 2024, the revenue of community value-added services was approximately RMB34.2 million, representing a decrease of approximately 11.4% as compared to that in the corresponding period in 2023. For the six months ended 30 June 2023, the revenue of community value-added services accounted for approximately 8.7% of the Group's total revenue, representing a slight decrease of 1.3 percentage points compared with the corresponding period in 2023. The decrease in the revenue of community value-added services is mainly attributable to the Group's business model, organizational structure, operation team and resource integration regarding community value-added services being in a period of optimization and adjustment, which has delayed the implementation of the business plan to a certain extent.

Future plans and prospects

Ten thousand years too long, seize the day!

The Group will adhere to the service guideline of "Five Persistence, Four Characteristics, Five Best, and Four Satisfactions", and will adopt the "Compliance System 3448654, Traffic Flow System 528, Product System 3546565, Perception System 3339393, Inspection System 3338441, 6+1, Worry-Relieving System, Sincerity System 12345-0" as its service support. Scientific management, following orders, strict control, resolutely defending product quality, resolutely safeguarding safe production, and resolutely realizing corporate values have all played an important role in achieving social harmony and people's desire for a better life.

We will continue to explore paths of high-quality development, and continuously endow traditional industries with new ideas, new models, new scenarios, and new elements, with an emphasis on product innovation, mechanism innovation, and brand innovation. We will focus on value creation, value sharing, and inspire enthusiasm for team work, as well as let every service person gain a sense of belonging and pride, to effectively and efficiently fulfil their duties, to have rules and methods to advance plans, to use tricks and methods to overcome difficulties, and to serve attentively and contently with the heart.

We will let the underlying thinking and logic of property services be deeply rooted in the hearts, and fully study the logical relationship between the physical market and the psychological market of property services, we will fully utilize the "Five Whys" approach to become an expert. Through business operation process changes, we will improve our service speed and ensure service efficiency. We will focus on the future, break conventions, ground ourselves in reality and develop steadily. Under the guidance of the principle of practicality and pragmatism, we will create a truth-seeking and pragmatic enterprise.

FINANCIAL REVIEW

Revenue

The revenue of the Group derives from three types of services: (i) property management services; (ii) value-added services to property developers; and (iii) community value-added services. The revenue of the Group decreased by approximately 1.7% from approximately RMB442.0 million for the six months ended 30 June 2023 to approximately RMB434.4 million for the six months ended 30 June 2024.

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

	2024		Six months ended 30 June 2023		Changes	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property management services	394,461	90.8	386,613	87.5	7,848	2.0
Value-added services to property developers	5,678	1.3	16,786	3.8	(11,108)	(66.2)
Community value-added services	34,225	7.9	38,608	8.7	(4,383)	(11.4)
	<u>434,364</u>	<u>100</u>	<u>442,007</u>	<u>100</u>	<u>(7,643)</u>	<u>(1.7)</u>

Property management services

Revenue from property management services increased by approximately 2% from approximately RMB386.6 million for the six months ended 30 June 2023 to approximately RMB394.5 million for the six months ended 30 June 2024, primarily attributable to the increase in the number of charging owners and GFA under management as a result of fee-generating business expansion through organic growth.

Value-added services to property developers

Revenue from value-added services to property developers decreased by approximately 66.2% from approximately RMB16.8 million for the six months ended 30 June 2023 to approximately RMB5.7 million for the six months ended 30 June 2024, primarily attributable to the decrease in the number of newly-added venue services items.

Community value-added services

Revenue from community value-added services decreased by approximately 11.4% from approximately RMB38.6 million for the six months ended 30 June 2023 to approximately RMB34.2 million for the six months ended 30 June 2024, primarily due to (i) the decrease in GFA and (ii) the decrease in revenue from common area value-added services compared with last year due to the decrease revenue from assisting property owners with rental of common area and advertising in common area.

Cost of services and sales

The cost of services and sales consists of (i) employee benefit expenses; (ii) maintenance expenses; (iii) expenses for utility; (iv) cleaning and security expenses; (v) greening and gardening expenses; (vi) taxes and surcharges; (vii) office and communication expenses; and (viii) other expenses such as depreciation and amortisation.

Cost of services and sales increased by approximately 2.7% from approximately RMB280.8 million for the six months ended 30 June 2023 to approximately RMB288.3 million for the six months ended 30 June 2024, primarily due to the increase in employee benefits expenses as a result of the increased number of employees through organic growth.

Gross profit and gross profit margin

The gross profit of the Group decreased by approximately 9.4% from approximately RMB161.2 million for the six months ended 30 June 2023 to approximately RMB146.0 million for the six months ended 30 June 2024, which was mainly due to the decrease in revenue of the Group as a result of the decrease in business scale.

The gross profit margin decreased from approximately 36.5% for the six months ended 30 June 2023 to approximately 33.6% for the six months ended 30 June 2024. Such decrease was primarily due to (i) the increase in employee benefits expenses; and (ii) the continuous implementation of cost measures as a result of improvement in the operation process.

The following table sets forth the details of the Group's gross profit and gross profit margin by types of services for the periods indicated:

	For the six months ended 30 June			
	2024		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%
Property management services	129,266	32.8	138,561	35.9
Value-added services to property developers	1,814	32.0	4,909	29.2
Community value-added services	14,935	43.7	17,745	46.0
	<u>146,015</u>	<u>33.6</u>	<u>161,215</u>	<u>36.5</u>

Property management services

The gross profit margin of property management services decreased from approximately 35.9% for the year ended 30 June 2023 to approximately 32.8% for the year ended 30 June 2024, which mainly due to increase in staff salary.

Value-added services to property developers

The gross profit margin of value-added services to property developers decreased from approximately 32.7% for the six months ended 30 June 2023 to approximately 32% for the six months ended 30 June 2024, primarily due to the increase in labour costs of value-added services to property developers.

Community value-added services

The gross profit margin of community value-added services decreased from approximately 46% for the six months ended 30 June 2023 to approximately 43.7% for the six months ended 30 June 2024, primarily due to the increase in cost of the community value-added services.

Other income and expenses, net

The decrease of approximately 34.1% in the Group's other net income and expenses from net income of approximately RMB3.6 million for the six months ended 30 June 2023 to approximately RMB0.4 million for the six months ended 30 June 2024, which was primarily attributable to the lack of interest income of bank's regular wealth management.

Selling and marketing expenses

Selling and marketing expenses increased from approximately RMB3.1 million for the six months ended 30 June 2023 to approximately RMB3.2 million for the six months ended 30 June 2024, representing an increase of approximately 3.2%, mainly as a result of increased marketing expenses and employee benefit expenses which was in line with the business expansion of the Group.

Administrative expenses

Administrative expenses increased from approximately RMB19.7 million for the six months ended 30 June 2023 to approximately RMB30.4 million for the six months ended 30 June 2024, representing an increase of approximately 54.3%. The increase in administrative expenses was due to the increase in employee benefit expenses for management and administrative staff as a result of the increase in the headcount of management staff for business expansion and steady growth in average salary of senior management.

Finance costs

Finance costs represented interest expenses on bank borrowings and interest expenses on lease liabilities due to the adoption of HKFRS 16 Leases.

Income tax expenses

Income tax expenses were approximately RMB22.6 million for the six months ended 30 June 2023, representing a increase of approximately 5.3%, to approximately RMB23.8 million for the six months ended 30 June 2024. The increase in income tax expenses was mainly due to the increase in profit before taxation.

Profit and total comprehensive income for the period

As a result of the foregoing, the profit and total comprehensive income for the period decrease from approximately RMB66.4 million for the six months ended 30 June 2023 to approximately RMB66.0 million for the six months ended 30 June 2024.

The profit and total comprehensive income attributable to owners of the Company for the period slightly decreased from approximately RMB63.6 million for the six months ended 30 June 2023 to approximately RMB63.2 million for the six months ended 30 June 2024.

Property and equipment

The property and equipment of the Group decreased from approximately RMB25.8 million as of 31 December 2023 to approximately RMB24.2 million as of 30 June 2024, representing a decrease of approximately 6.2%, mainly due to the slower expansion of new property projects resulting in fewer addition of equipment and office supplies.

Intangible assets

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

The intangible assets of the Group decreased from approximately RMB120.8 million as of 31 December 2023 to approximately RMB116.1 million as of 30 June 2024, mainly attributable to the amortisation of intangible assets during the period.

Trade and other receivables

Trade receivables mainly arise from provision of property management services, value-added services to property developers and community value-added services. Trade receivables of the Group, net of allowance for impairment, increased from approximately RMB313.8 million as of 31 December 2023 to approximately RMB322.5 million as of 30 June 2024, representing an increase of approximately 2.8%. Such increase was primarily due to the increase in the number of property management projects managed by the Group during the period.

Other receivables mainly consist of deposits and payments made on behalf of customers. Other receivables, net of allowance for impairment increased from approximately RMB207.5 million as of 31 December 2023 to approximately RMB78 million as of 30 June 2024, representing an increase of approximately 62.4%.

Trade and other payables

Trade payables represent the obligations to pay for goods and services acquired in the ordinary course of business from sub-contractors. Trade payables decreased from approximately RMB161 million as of 31 December 2023 to approximately RMB225.3 million as of 30 June 2024, representing a decrease of approximately 39.9%, mainly due to the Group's implementation of the business strategy of reducing procurement costs and reducing the aging of trade payables.

Other payables mainly represent (i) utility and other payables (such as receivables from residents and related parties, which are collected by the Group on behalf of and payable to the relevant suppliers); (ii) owners' maintenance fund (being various proceeds collected on behalf of the owner) (iii) deposits received (such as home decoration deposits and supplier performance bonds); (iv) payroll payable; and (v) consideration payable for business combinations. Other payables decreased from approximately RMB361.1 million as of 31 December 2023 to approximately RMB349.2 million as of 30 June 2024 mainly due to (i) the due payment of property owners deposits as a results of partial delivery of earlier projects; and (ii) due to the change in the remuneration plan, the accrued amount of year-end performance bonuses decreased.

Contract liabilities

Contract liabilities mainly arise from property management fee received upfront as of the beginning of a billing cycle but not recognised as revenue. Contract liabilities decreased from approximately RMB131 million as of 31 December 2023 to approximately RMB73.7 million as of 30 June 2024, primarily due to the withdrawal from less profitable property projects and a slower pace of business expansion, which led to a slight reduction in the number of properties managed by the Group.

Liquidity, financial resources and capital structure

As of 30 June 2024, the total cash and cash equivalents and restricted bank deposits of the Group amounted to approximately RMB63.1 million and approximately RMB0.2 million, respectively. As of 31 December 2023, the total cash and cash equivalents and restricted bank deposits of the Group amounted to approximately RMB48.0 million and approximately RMB0.3 million, respectively. The restricted bank deposits remained stable throughout the corresponding periods.

As at 30 June 2024, the Group had bank borrowings of approximately RMB24.2 million (31 December 2023: RMB29.9 million), among which approximately RMB11.3 million (31 December 2023: RMB11.4 million) will be repayable within one year or on demand. As at 30 June 2024, all current bank borrowings of the Group were denominated in RMB and bear interest at fixed interest rates. As at 30 June 2024, bank borrowings of approximately RMB24.2 million (31 December 2023: RMB29.9 million) were secured by 100% equity interest of Shanghai Baoji Property Management Co., Ltd. ("**Shanghai Baoji**") and guaranteed jointly by Mr. Shum and an entity controlled by Mr. Shum.

The Group's financial position improved substantially. As of 30 June 2024, the Group's net current liabilities amounted to approximately RMB226.7 million while the Group's net current assets amounted to approximately RMB289.1 million as of 31 December 2023. As of 30 June 2024, the Group's current ratio (current assets/current liabilities) was approximately 0.67 while the Group's current ratio was approximately 0.60 as of 31 December 2023.

Capital commitments

As at 30 June 2024, the Group did not have any material capital commitments.

Contingent liabilities

As at 30 June 2024, certain subsidiaries of the Company are defendants in certain claims, lawsuits, arbitrations and potential claims. The directors of the Company after due consideration of each case and with reference to legal advice, consider the claims would not result in any material adverse impact on the consolidated financial position or results and operations of the Group except as detailed below:

Unauthorised shares pledged

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

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

The Group recognised a provision of approximately RMB49,315,000 for loss on unauthorised Pledged Shares as at 31 December 2023. For the six month period ended 30 June 2024, an addition provision of approximately RMB5,881,000 was recognised to account for the interest accrued over the period.

For details, please refer to the announcement of the Company dated 25 September 2024.

Unauthorised Guarantees to the then ultimate controlling shareholder

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

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

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

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

On 8 October 2024, based on the Arbitration Mediation Statement, the Shanghai No. 2 Intermediate People’s Court (the “**Shanghai No.2 Court**”) accepted the Arbitration Request and issued an enforcement notice (the “**Enforcement Notice**”) to Zhejiang Heyuan and Zhejiang Zhixiang Dacheng ordering for the compulsory enforcement of the Arbitration Mediation Statement and certain bank accounts of Zhejiang Heyuan and Zhejiang Zhixiang Dacheng of up to the amount of approximately RMB124 million be frozen. The Board only became aware of the Arbitration Mediation Statement and the Enforcement Orders upon discovering that certain bank accounts of Zhejiang Heyuan and Zhejiang Zhixiang Dacheng have been frozen. The Board has sought legal advices on potential and necessary follow up actions to be taken by the Group, and has taken legal actions such as applying for the withdrawal of the Arbitration Mediation Statement and the non-enforcement of the Arbitration Mediation Statement to rigorously defend to protect and safeguard the legitimate interest of the Group and the Company is still assessing the financial impact of the Arbitration Mediation Statement and the Enforcement Orders on the Group. Please refer to the announcement of the Company dated 13 November 2024 for further details.

The Group has recognised an expected credit loss of approximately RMB123,000,000, based on the consideration of the equity transfer associated with the unauthorised guarantee.

Save as disclosed above, as at 30 June 2024, the Group did not have any other material contingent liabilities.

Pledge of assets

As at 30 June 2024, the Group has the following pledge of material assets:

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

The Group has pledged the Pledged Shares as described in the subsection “Contingent liabilities – Unauthorised shares pledged” above, which was without the permission or authorisation of the Board and senior management of the Company.

Losses caused by Abnormal Transactions, unauthorized Pledged Shares and unauthorised guarantee granted

For the six months ended 30 June 2024, the loss caused by Abnormal Transaction was nil, the loss caused by unauthorized Pledged Shares was approximately RMB5,881,000 and the loss caused by unauthorised guarantee granted by the Company was approximately RMB753,000.

Foreign exchange risk

Almost all of the Group’s operating activities were carried out in the People’s Republic of China with most of the transactions denominated in RMB. The major foreign currency source of the Group was the net proceeds received following the successful listing on the Stock Exchange on 9 December 2020, all of which were denominated in HKD. The Board expected that the RMB exchange rate would not have a material adverse effect on the operations of the Group. The Group will closely monitor the fluctuations of the RMB exchange rate and adopt prudent measures to reduce potential foreign exchange risk. As at 30 June 2024, the Group did not engage in hedging activities for managing the foreign exchange risk.

Interest rate risk

Except for the interest-bearing bank borrowings, the Group was not exposed to material risk directly relating to changes in market interest rate as at 30 June 2024.

SIGNIFICANT INVESTMENT HELD

The Group had no significant investment held as at 30 June 2024.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2024, save as disclosed in the annual results announcement of the Company for the year ended 31 December 2023, the Group did not have other future plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICY

The Group had 5,897 full-time employees as at 30 June 2024. The total staff costs for the six months ended 30 June 2024 were approximately RMB243.0 million. Employees' remuneration package includes salary, performance bonus and other welfare subsidies. The remuneration of employees is determined in accordance with the Group's remuneration and welfare policies, the employees' positions, performance, company profitability, industry level and market environment.

EVENTS AFTER THE REPORTING PERIOD

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

Resumption Guidance

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

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

- (i) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (ii) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules;
- (iii) announce all material information for the Shareholders and investors to appraise the Company's position;
- (iv) conduct an appropriate independent investigation in the Abnormal Transactions, announce the findings and take appropriate remedial actions;
- (v) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules; and
- (vi) demonstrate that there is no reasonable regulatory concern about the integrity, competence and/or character of the Group's management and/or any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence.

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

Independent Investigation and Internal Control Review

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

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

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed securities during the six months ended 30 June 2024.

CORPORATE GOVERNANCE PRACTICES

The Company and its management are committed to maintaining good corporate governance with an emphasis on the principles of transparency, accountability and independence to all Shareholders. The Company believes that good corporate governance is an essence for a continual growth and enhancement of shareholders’ value. The Company has adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as the basis of the Company’s corporate governance practices. During the six months ended 30 June 2024, the Company has complied with the code provisions as set out in the CG Code, except for the deviations from the code provision C.2.1 which is explained below. The Company periodically reviews its corporate governance practices with reference to the latest development of corporate governance. The Directors use their best endeavours to procure the Company to continue to comply with the CG Code.

Code provision C.2.1 of the CG Code stipulates that the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Mr. Zhu Hongge was the chairman and the chief executive officer of the Company (who resigned on 26 July 2024). Under the leadership of Mr. Zhu Hongge, the Board worked efficiently and performs its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions were made in consultation with members of the Board and relevant Board committee, and there have been three independent non-executive Directors on the Board offering independent perspective, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

The Board will continue to review and consider splitting the roles of chairman and chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the Company’s code of conduct regarding securities transactions by the Directors. Having made specific inquiries of all Directors, the Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2024.

AUDIT COMMITTEE

The Audit Committee of the Company has three members comprising three independent non-executive Directors, namely Mr. Wong Kwok Yin (chairman of the Audit Committee), Mr. Wang Huimin and Ms. Liang Yunxu. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed with the management of the Company on financial reporting matters including a review of the unaudited interim financial information of the Group for the six months ended 30 June 2024.

PUBLICATION OF UNAUDITED INTERIM RESULTS AND INTERIM REPORT

This interim results announcement has been published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at <http://jy-fw.cn>. The interim report of the Company for the six months ended 30 June 2024 containing all the information required by Appendix D2 to the Listing Rules will be dispatched to the Shareholders and made available on the same websites in due course.

CONTINUED SUSPENSION OF TRADING

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

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

Hong Kong, 4 December 2024

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