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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2021 was approximately RMB820.5 million, representing an increase of approximately 33.4% as compared to approximately RMB615.1 million for the year ended 31 December 2020.
- Gross profit for the year ended 31 December 2021 was approximately RMB258.1 million, representing an increase of approximately 37.9% as compared to approximately RMB187.1 million for the year ended 31 December 2020.
- Gross profit margin for the year ended 31 December 2021 was approximately 31.5% compared with approximately 30.4% for the year ended 31 December 2020.
- Net profit of the Group for the year ended 31 December 2021 was approximately RMB104.2 million, representing an increase of approximately 48.9% as compared to approximately RMB70.0 million for the year ended 31 December 2020.
- The basic earnings per share attributable to owners of the Company for the year ended 31 December 2021 was RMB0.16 per share compared with approximately RMB0.14 per share for the year ended 31 December 2020.
- As at 31 December 2021, the contracted gross floor area (“GFA”) of the Group was approximately 62.7 million square meter (“sq.m.”), representing an increase of approximately 26.1% as compared to approximately 49.7 million sq.m. as at 31 December 2020.
- As at 31 December 2021, the GFA under management of the Group was approximately 41.9 million sq.m., representing an increase of approximately 33.0% as compared to approximately 31.5 million sq.m. as at 31 December 2020.
- The Board proposed to declare a final dividend of HK79 cents per ten ordinary shares of the Company for the year ended 31 December 2021 (For the year ended 31 December 2020: HK64 cents per ten ordinary shares of the Company).

The board of directors of Jiayuan Services Holdings Limited is pleased to announce the audited consolidated financial results of the Company and its subsidiaries for the year ended 31 December 2021 with comparative figures for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 31 December	
		2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	820,542	615,096
Cost of services and sales	6	(562,397)	(427,970)
Gross profit		258,145	187,126
Other income and expenses, net	5	18,320	4,746
Other gains and loss, net		(5,367)	434
Impairment losses on financial assets		(31,480)	(9,615)
Selling and marketing expenses	6	(12,532)	(10,041)
Administrative expenses	6	(86,779)	(71,042)
Finance costs		(1,546)	(119)
Share of results of investments accounted for using the equity method		(117)	1,318
Profit before taxation		138,644	102,807
Income tax expense	7	(34,464)	(32,839)
Profit and total comprehensive income for the year		104,180	69,968
Profit and total comprehensive income attributable to:			
– Owners of the Company		100,478	65,426
– Non-controlling interests		3,702	4,542
		104,180	69,968
Earnings per share attributable to owners of the Company (expressed in RMB per share)			
– Basic	8	0.16	0.14
– Diluted	8	0.16	0.14

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2021	2020
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property and equipment		28,784	18,847
Right-of-use assets		1,579	2,323
Intangible assets	10	154,485	34,186
Investments accounted for using the equity method		5,472	1,838
Deferred income tax assets		27,607	17,815
		<u>217,927</u>	<u>75,009</u>
Current assets			
Inventories		532	501
Trade and other receivables	11	375,609	246,483
Restricted bank deposits		1,276	1,219
Short-term bank deposits	12	280,000	–
Cash and cash equivalents		351,785	617,771
		<u>1,009,202</u>	<u>865,974</u>
Total assets		<u>1,227,129</u>	<u>940,983</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	5,225	5,128
Reserves		601,353	496,055
		<u>606,578</u>	<u>501,183</u>
Non-controlling interests		<u>20,798</u>	<u>17,056</u>
Total equity		<u>627,376</u>	<u>518,239</u>

		As at 31 December	
		2021	2020
	<i>Note</i>	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		189	384
Deferred income tax liabilities		11,613	4,445
Bank borrowings	<i>15</i>	41,162	–
		<u>52,964</u>	<u>4,829</u>
Current liabilities			
Contract liabilities		129,848	88,232
Trade and other payables	<i>14</i>	389,742	305,472
Lease liabilities		1,668	1,707
Current income tax liabilities		14,153	22,504
Bank borrowings	<i>15</i>	11,378	–
		<u>546,789</u>	<u>417,915</u>
Total liabilities		<u>599,753</u>	<u>422,744</u>
Total equity and liabilities		<u>1,227,129</u>	<u>940,983</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND REORGANISATION

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 (the “Listing”).

The Company is an investment holding company. The Company and its subsidiaries (the “Group”) are principally engaged in the provision of property management services, value-added services to property developers and community value-added services in the People’s Republic of China (the “PRC”).

The intermediate holding company of the Company is Jiayuan International Group Limited (“Jiayuan International”), an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on the Stock Exchange.

The ultimate parent undertaking of the Company is Galaxy Emperor Limited (“Galaxy Emperor”), a company incorporated in the British Virgin Islands (“BVI”) with limited liability. Galaxy Emperor is ultimately controlled by Mr. Shum Tin Ching (“Mr. Shum”).

2 BASIS OF PREPARATION

The principal accounting policies applied in the preparation of the consolidated financial statements are in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance (Cap.622). The consolidated financial statements have been prepared under the historical cost convention.

(a) New and amended standards adopted by the Group

The Group has applied new and amended standards effective for the financial period beginning on 1 January 2021. The adoption of these new and revised standards does not have any significant impact on the consolidated financial statements of the Group.

(b) New and amended standards and interpretations not yet adopted

Certain new or revised accounting standards, amendments and interpretations to existing standards have been published but are not yet effective in current year and have not been early adopted by the Group.

The Group has already commenced an assessment of the impact of these new or revised standards and amendments and interpretations, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors of the Company, no significant impact on the financial performance and position of the Group is expected when they become effective.

3 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker ("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 business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM regards that there is only one segment which is used to make strategic decisions.

The major operating entities of the Group are domiciled in the PRC and all of the Group's revenue were derived in the PRC during the years ended 31 December 2021 and 2020.

As at 31 December 2021 and 2020, all of the non-current assets were located in the PRC.

4 REVENUE

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Types of services		
Property management services	649,013	507,595
Value-added services to property developers	110,507	72,783
Community value-added services	61,022	34,718
	<u>820,542</u>	<u>615,096</u>
Revenue from contracts with customers is recognised:		
– Over time	804,093	606,104
– At a point in time	16,449	8,992
	<u>820,542</u>	<u>615,096</u>

For the year ended 31 December 2021, revenue from the companies controlled and jointly controlled by Mr. Shum contributed 12% (2020: 13%) of the Group's revenue. Other than these companies, none of the Group's customers ("Customers") contributed 10% or more of the Group's revenue during the year.

5 OTHER INCOME AND EXPENSES, NET

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants	13,701	3,660
Value-added tax refund	2,613	2,161
Car park handling fee income	330	487
Interest income		
– on bank deposits	1,452	66
– on amounts due from related parties	–	51
Late fees and penalties	(42)	(2,096)
Others	266	417
	<u>18,320</u>	<u>4,746</u>

6 EXPENSES BY NATURE

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Employee benefit expenses	424,496	332,884
Cleaning and security expenses	61,954	28,337
Maintenance expenses	57,036	39,945
Utilities expenses	36,459	26,562
Depreciation and amortisation charges	17,039	11,118
Office and communication expenses	13,337	9,837
Greening and gardening expenses	9,556	3,892
Travelling and entertainment expenses	8,358	5,280
Advertising and promotion expenses	7,306	6,210
Taxes and surcharges	5,329	4,205
Cost of inventories sold	5,011	3,259
Housekeeping and catering	4,034	1,170
Bank charges	2,997	3,432
Auditor's remuneration		
– Annual audit services	2,480	2,280
– Non audit services	514	100
Professional service fees	1,902	1,152
Disabled persons' employment security fund	1,549	1,049
Short-term lease expenses	1,501	1,143
Listing expenses	–	27,085
Other expenses	850	113
	<u>661,708</u>	<u>509,053</u>
Total cost of services and sales, selling and marketing expenses and administrative expenses	<u>661,708</u>	<u>509,053</u>

7 INCOME TAX EXPENSE

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Current income tax	45,945	40,191
Deferred income tax	(11,481)	(7,352)
	<u>34,464</u>	<u>32,839</u>

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and 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 year ended 31 December 2021 (2020: Nil).

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rates (i.e. ranging from 2.5% to 25%) on the estimated assessable profits for the year.

8 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 years. The number of ordinary shares used for such purpose is based on the assumption that the reorganisation and the capitalisation issuance of shares before Listing as detailed in Note 13, have been in effect on 1 January 2020.

	Year ended 31 December	
	2021	2020
Profit attributable to owners of the Company (<i>RMB'000</i>)	<u>100,478</u>	<u>65,426</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>611,549</u>	<u>459,452</u>
Basic earnings per share (RMB)	<u>0.16</u>	<u>0.14</u>

(b) Diluted earnings per share

	Year ended 31 December	
	2021	2020
Profit attributable to owners of the Company (<i>RMB'000</i>)	<u>100,478</u>	<u>65,426</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>611,549</u>	<u>459,452</u>
Shares to be issued for over-allotment option (in thousands)	<u>–</u>	<u>6</u>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>611,549</u>	<u>459,458</u>
Diluted earnings per share (RMB)	<u>0.16</u>	<u>0.14</u>

9 DIVIDENDS

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Dividends declared and paid during the year	<u>32,596</u>	<u>–</u>

A final dividend in respect of the year ended 31 December 2021 of HK79 cents per ten ordinary shares, in an aggregate amount of approximately HKD48,325,000, approximately RMB39,450,000 (2020: HK64 cents per ten ordinary shares, in an aggregate amount of approximately HKD39,150,000, approximately RMB32,596,000), taking into account 611,709,000 (2020: 611,709,000) ordinary shares in issue, has been proposed by the Board of Directors on 29 March 2022 and is subject to the approval by the shareholders of the Company in the forthcoming annual general meeting. The final dividend proposed has not been recognised as a liability in these consolidated financial statements.

10 INTANGIBLE ASSETS

	Property management contracts <i>RMB'000</i>	Goodwill <i>RMB'000</i>	Software <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2021				
Opening net book amount	17,547	14,859	1,780	34,186
Acquisition of subsidiaries	35,430	91,903	–	127,333
Amortisation	(6,818)	–	(216)	(7,034)
Closing net book amount	<u>46,159</u>	<u>106,762</u>	<u>1,564</u>	<u>154,485</u>
At 31 December 2021				
Cost	56,704	106,762	1,856	165,322
Accumulated amortisation	(10,545)	–	(292)	(10,837)
Net book amount	<u>46,159</u>	<u>106,762</u>	<u>1,564</u>	<u>154,485</u>
Year ended 31 December 2020				
Opening net book amount	20,824	14,859	–	35,683
Acquisition of a subsidiary	240	–	–	240
Additions	–	–	1,856	1,856
Amortisation	(3,517)	–	(76)	(3,593)
Closing net book amount	<u>17,547</u>	<u>14,859</u>	<u>1,780</u>	<u>34,186</u>
At 31 December 2020				
Cost	21,274	14,859	1,856	37,989
Accumulated amortisation	(3,727)	–	(76)	(3,803)
Net book amount	<u>17,547</u>	<u>14,859</u>	<u>1,780</u>	<u>34,186</u>

Based on management's assessment on 31 December 2021 and 2020, no impairment provision for goodwill was considered necessary.

11 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Trade receivables (a)	328,791	213,338
Other receivables (b)	41,591	27,986
Prepayments	5,227	5,159
	<hr/>	<hr/>
Trade and other receivables, net	375,609	246,483
	<hr/> <hr/>	<hr/> <hr/>

(a) Trade receivables

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Trade receivables	389,945	243,213
Less: allowance for impairment	(61,154)	(29,875)
	<hr/>	<hr/>
	328,791	213,338
	<hr/> <hr/>	<hr/> <hr/>

No credit term is granted to Customers. The aging analysis of the trade receivables based on invoice date was as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
0-60 days	93,492	72,868
61-180 days	89,275	51,933
181-365 days	76,941	62,387
1-2 years	89,736	42,304
2-3 years	28,001	4,915
3-4 years	4,648	4,457
4-5 years	4,248	2,066
More than 5 years	3,604	2,283
	<hr/>	<hr/>
	389,945	243,213
	<hr/> <hr/>	<hr/> <hr/>

(b) Other receivables

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Other receivables		
– Deposits and payments made on behalf of Customers	36,656	23,329
– Others	5,524	5,045
	<hr/>	<hr/>
	42,180	28,374
Less: allowance for impairment	(589)	(388)
	<hr/>	<hr/>
	41,591	27,986
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12 SHORT-TERM BANK DEPOSITS

As at 31 December 2021, the term of the bank deposits of RMB280,000,000 (2020: Nil) is six months, and with an interest rate of 2.05% per annum.

13 SHARE CAPITAL

	Number of ordinary shares	Nominal value of shares <i>HKD'000</i>	Equivalent nominal value of shares <i>RMB'000</i>
Authorised			
At 31 December 2020 and 31 December 2021	2,000,000,000	20,000	17,195
Issued and fully paid			
At 1 January 2021	600,000,000	6,000	5,128
Issurance of shares (c)	11,709,000	117	97
At 31 December 2021	611,709,000	6,117	5,225
Issued on the date of incorporation	1	–	–
Issued in connection with reorganisation before Listing	99	–	–
Issued upon Listing (a)	150,000,000	1,500	1,262
Issued in connection with Capitalisation (b)	449,999,900	4,500	3,866
At 31 December 2020	600,000,000	6,000	5,128

Note:

- (a) On 9 December 2020, upon Listing, the Company issued 150,000,000 new ordinary shares with par value HKD0.01 each at HKD3.86 per share to public (the “Public Offering”), and raised gross proceeds of HKD579,000,000 (equivalent to approximately RMB486,964,000).
- (b) According to the resolutions of the sole shareholder passed on 21 October 2020 and with the share premium amount of the Company being credited as a result of the issue of shares pursuant to the Public Offering, the Company capitalised HKD4,499,999 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 449,999,900 shares for issue and allotment to its immediate holding company, Chuangyuan Holdings Limited, (the “Capitalisation”).
- (c) On 6 January 2021, the Company issued 11,709,000 ordinary shares with par value of HKD0.01 each at HKD3.86 per share to public pursuant to an over-allotment option granted in conjunction with the Public Offering. Gross proceeds from the issue were HKD45,197,000 (equivalent to approximately RMB37,513,000).

14 TRADE AND OTHER PAYABLES

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables (a)	<u>61,277</u>	<u>23,822</u>
Other payables		
– Utility and other charges (b)	53,027	40,810
– Owners' maintenance fund (c)	41,822	37,836
– Deposits received (d)	87,548	69,320
– Consideration payable for business combinations	28,839	285
– Listing expenses and share issuance costs payable	–	18,743
– Payroll payable	83,675	87,515
– Other taxes payables	14,367	12,802
– Others	<u>19,187</u>	<u>14,339</u>
	<u>328,465</u>	<u>281,650</u>
	<u><u>389,742</u></u>	<u><u>305,472</u></u>

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

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
0-60 days	42,430	17,307
61-180 days	13,424	1,710
181-365 days	2,259	1,760
more than 1 year	<u>3,164</u>	<u>3,045</u>
	<u><u>61,277</u></u>	<u><u>23,822</u></u>

- (b) The amounts represented receipts from Customers to settle their utility bills and other charges on their behalf.
- (c) The amounts represented various proceeds received on behalf of the property owners to be used for property maintenance.
- (d) The amounts mainly represented deposits received in relation to home decoration from Customers and performance guarantee deposits from suppliers, which would be refunded upon completion of work.

15 BANK BORROWINGS

	31 December 2021 RMB'000	31 December 2020 RMB'000
Bank loans		
– secured and guaranteed	52,540	–
Less: amounts due within one year or on demand shown under current liabilities	<u>(11,378)</u>	–
Amount shown under non-current liabilities	<u>41,162</u>	<u>–</u>

The effective interest rate of bank borrowings at the year ended 31 December 2021 was 4.75% (2020: N/A).

As at 31 December 2021, 100% equity interest of Shanghai Baoji Property Management Co., Ltd. has been pledged to secure the whole balance of bank borrowings. The bank borrowings are guaranteed jointly by Mr. Shum and an entity controlled by Mr. Shum.

CHAIRMAN’S STATEMENT

To the shareholders of the Company (the “Shareholders”):

On behalf of the board (the “Board”) of directors (the “Directors”) of Jiayuan Services Holdings Limited (the “Company” or “Jiayuan Services”, together with its subsidiaries, the “Group”), I am pleased to present the report on the annual results of the Group for the year ended 31 December 2021.

2021 was the first year of China’s 14th Five-Year Plan, and it was also a critical year for property management enterprise to return to the right trajectory after experiencing the epidemic. The dominant position of the service industry has been further consolidated, and service consumption has grown into the core driving force of consumption growth, which will also prompt an increasing number of property management enterprise to continuously improve the existing industry ecosystem by deepening the reform and enabling close-to-life services, and flexible enabling mechanism based on customers and products.

The new era brings new missions, and new challenges inspire new responsibilities. Positioned in a new historical starting where “two centenaries” meet and “two overall situations” are intertwined, the Group broke through the shackles of existing standards, soberly judged “time” and “trend”, and accurately grasped “crisis” and “opportunity”, accelerated the establishment of a path of high-quality development that conforms to the development of the times and the people’s livelihood industry, and built a “livable and healthy” happy community with “high position”, “high pattern” and “high standard”. The Group focused on the two characteristic services of “elderly care” and “child care”, creating the first place for people’s livelihood and well-being, deepening services in various fields such as education, health, and home-based elderly care, comprehensively helping improve the quality of life in the city, building a “three senses” park, and continuously improving property owner’s sense of achievements, happiness and satisfaction.

Benefiting from capacity expansion and transformation, the Group has been managed to make breakthrough through deep reform, great empowerment as well as improved life-oriented services, forming its core competitiveness. Adopting “Changing Ourselves” as our policy to adapt to the development of the industry and enterprise, “Everything Can Be Changed” has become the permanent driving force for our own development. Taking the Group’s largest customer – our employees, as our digging point, we have innovatively created the plan of “Work Happily” with the belief that happiness of employees is the carrier of the Group’s provision of warm services. Focusing on the three major themes of “Happy Growth”, “Happy Companion” and “Mutual Support”, we comprehensively improved the happiness of employees, satisfying their needs from material, spirit to self-realisation of value at various levels. To promote reform and innovation through construction, we have put forward the plan of “Happy City” to achieve the age-defying transformation of old communities with the mode of “public participation, market operation, and public welfare for the people”. Through continuous expansion of the boundaries of “IoT + services”, the end consumer demand and services for life of residents can be satisfied by selected high-frequency, high-quality consumer service products that match the needs of owners, thus establishing a new community ecology of co-governance, co-creation, co-construction and sharing with owners. To create a rejuvenated life, we have customised the plan of “Happy Community” to build interest communities with different themes through the approach of owner-led and property-supported, encouraging the creation of new links between owners and owners, owners and Jiayuan Services, which makes it a bond of “closeness and familiarity”. In the process of meeting all the needs of the owners and creating surprises for the owners, we will accurately explore the personalised needs of the owners, and lay out customised new formats of community value-added services.

The infinite possibilities of the property service interface bring endless imagination of the market space. During the last year, the business formats of the Group's services have continued to increase along with the Group's development. The Group will also be committed to the in-depth integration of the market interface and product interface for a long term. Through optimisation and reorganisation among enterprises, we will strengthen resource advantages and continue to achieve good results in market expansion, deepen the cultivation of regional cities and urban areas, strengthen advantageous sectors and industries, continuously increase the market share of key cities in East China, accelerate the cultivation of Hunan-Guizhou city clusters, fill in the shortcomings of business formats, and target new demands of owners, thus to form product portfolios suitable for different business formats and lay out new formats and new tracks in advance.

2021 represents the first year for Jiayuan Services since its successful listing. In the era of intertwined changes and reconstructions, the Group is a diligent, hard-working and passionate innovator, and it is also a stalwart to the original intention of "serving customers with sincerity, building a beautiful life together, and giving back to the owners". Finally, on behalf of the Board, I would like to express my sincere gratitude to all employees for their persistent efforts in the past years, and also our business partners and Shareholders for their long-term support.

Jiayuan Services Holdings Limited
Zhu Hongge
Chairman of the Board and Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

The year 2021 was a year with unprecedented opportunities and a year of hard work for the property management industry. From the central government to local government, the policies to encourage, support and guide the sustainable and healthy development of the property management industry have been issued frequently, which have drawn a new blueprint for business development and performance growth of life services, elderly care services and urban services for property developers. In the capital market, the pace of mainland property developers' listing in Hong Kong maintained rapid. However, due to the factors such as the credit crisis in real estate industry, the enthusiasm of investors to pursue the property management segment has plummeted in the short term, and the overall valuation of the property management industry has also dropped to a historical low. The continuous turmoil in the real estate industry has also dragged the property management industry into the torrent of the times, however, the industrial nature and development logic remained unchanged. The amount of mergers and acquisitions in the property management industry hit a record high, and the industry concentration was further enhanced. Excellent property enterprises have learned how to ride the wind and waves through continuous exploration and practice, they have adhered to the development foundation of quality service, constantly consolidated their own competitiveness, and moved forward steadily and firmly to jointly promote the rapid growth and development of the industry.

Business Review

In 2021, the total revenue of the Group was approximately RMB820.5 million, with a year-on-year increase of approximately 33.4%. The gross profit of the Group was approximately RMB258.1 million, with a year-on-year increase of approximately 37.9%. The net profit for the year was approximately RMB104.2 million, with a year-on-year increase of approximately 48.9%, of which the net profit attributable to owners of the Company reached approximately RMB100.5 million, with a year-on-year increase of approximately 53.6%. Basic earnings per share was RMB0.16, with a year-on-year increase of approximately 14.3%. Primarily benefited from standardised operations, effective cost control and the economies of scale, the Group's profitability was significantly enhanced in 2021. The overall gross profit margin of the Group increased by approximately 1.1 percentage points compared with that in 2020, reaching approximately 31.5%.

In terms of the property management service business, in 2021, the revenue of property management service of the Group was approximately RMB649.0 million, with a year-on-year increase of approximately 27.9%. As at 31 December 2021, the Group has 332 property management projects with a contracted GFA of approximately 62.7 million sq.m., representing an increase of approximately 32.3% and 26.3% respectively compared to 251 property management projects with a contracted GFA of approximately 49.7 million sq.m. in 2020. The Group's GFA under management reached approximately 41.9 million sq.m., with a year-on-year increase of approximately 33.0%. The increase in contracted GFA and the GFA under management was attributable to the business expansion of the Group through organic growth and acquisition of a subsidiary, Shanghai Baoji Property Management Co., Ltd. ("Shanghai Baoji"). Leveraging on good service quality and market reputation, the Group has further expanded its management territory through endogenous growth, single project expansion, and cooperation through joint ventures, among which the GFA under management from third-party developers was approximately

18.0 million sq.m., with a year-on-year increase of approximately 71.0%, accounting for about 43.0% of the total GFA under management. The proportion of the GFA under management by third parties continued to increase steadily from approximately 33.4% in 2020. In 2021, the gross profit of the property management service business was approximately RMB197.1 million, with a year-on-year increase of approximately 30.3%, and the gross profit margin increased by approximately 0.6 percentage points to approximately 30.4%. The revenue of property management service business accounted for approximately 79.1% of the total revenue, and the gross profit of the property management service business accounted for approximately 76.4% of the overall gross profit. The property management service business remains to be the major source of income and profit for the Group. The increase in the scale of the property management service business was mainly due to the increase in the GFA under management and the average property management fee.

In terms of value-added services to property developers, in 2021, the Group's revenue from value-added services to property developers was approximately RMB110.5 million, with a year on-year increase of approximately 51.8%. The gross profit of this type of service reached approximately RMB35.4 million, with a year-on-year increase of approximately 62.8%, and the gross profit margin increased by approximately 2.2 percentage points to approximately 32.0% compared with that in 2020. The revenue of value-added services to property developers accounted for approximately 13.5% of the total revenue, representing an increase of approximately 1.6 percentage points from approximately 11.9% in 2020. The gross profit of value-added services to property developers business accounted for approximately 13.7% of overall gross profit. The increase in the scale of value-added services to property developers business was mainly due to the increase in venue services items.

In terms of community value-added services, in 2021, the revenue of community value-added services was approximately RMB61.0 million, with a year-on-year increase of approximately 75.8%. The gross profit of this type of service reached approximately RMB25.7 million, with a year-on-year increase of approximately 81.8%, and the gross profit margin increased by approximately 1.4 percentage points to approximately 42.1% compared with that in 2020. The total revenue of community value-added service business accounted for approximately 7.4% of the total revenue, which also increased steadily from approximately 5.6% in 2020. The gross profit of the community value-added service business accounted for approximately 10.0% of the overall gross profit. The increase in the scale of community value-added services was mainly due to (i) the increase in the Group's projects under management; and (ii) the provision of targeted and diversified value-added services after digging deeper into the needs of property owners.

Impacts of the COVID-19 epidemic

There were sporadic outbreaks of the COVID-19 epidemic in 2021, and the impact was significantly reduced compared to that in 2020. In response to the COVID-19 epidemic, the Group has formulated effective epidemic prevention plans based on its accumulated ample experience, responded to sporadic emergencies in an orderly manner, and carried out daily prevention. For the year ended 31 December 2021, the cost of the Group's purchase anti-epidemic supplies was RMB0.39 million, with a year-on-year decrease of 72.1%. Combined with the effective prevention and control and subsidy policies of the local government and the support and funding of RMB2.03 million from general public, the Board believes that the overall cost will not have a material adverse effect on the financial performance and financial position of the Group.

For the year ended 31 December 2021, the Group was relatively less affected by the spread of the COVID-19 in the area under management, and only 6 projects were delayed in delivery due to the impact of COVID-19. Therefore, the impact of COVID-19 epidemic on the Group's operations and finances was minimal.

The long-term existence and intermittent outbreak of the COVID-19 epidemic, to a certain extent, has also increased the level of trust and reliance by many property owners on the services of property management companies, and promoted the development of value-added services offered by property management companies, such as delivery services, purchasing agent service, house cleaning and disinfecting services. During the period of COVID-19 epidemic, the Group has provided convenience for home quarantine for customers who need to be isolated and observed, and has provided services for assisting home quarantine customers in purchasing daily supplies. At the same time, the Group's regional macroeconomic development plans and talent attraction plans remain unchanged, and the outlook for the demand of residential and commercial properties and related property management services mainly in the Yangtze River Delta region will remain positive. Therefore, it can be inferred that the COVID-19 epidemic will provide an opportunity for the rapid development of the Group's property management business in the long run.

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 increased by approximately 33.4% from approximately RMB615.1 million for the year ended 31 December 2020 to approximately RMB820.5 million in for the year ended 31 December 2021.

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

	Year ended 31 December					
	2021		2020		Changes	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property management services	649,013	79.1	507,595	82.5	141,418	27.9
Value-added services to property developers	110,507	13.5	72,783	11.9	37,724	51.8
Community value-added services	61,022	7.4	34,718	5.6	26,304	75.8
	<u>820,542</u>	<u>100.0</u>	<u>615,096</u>	<u>100.0</u>	<u>205,446</u>	<u>33.4</u>

Property management services

Revenue from property management services increased by approximately 27.9% from approximately RMB507.6 million for the year ended 31 December 2020 to approximately RMB649.0 million for the year ended 31 December 2021, primarily attributable to (i) the increase in the GFA under management; and (ii) the increase in average property service fee.

Value-added services to property developers

Revenue from value-added services to property developers increased by approximately 51.8% from approximately RMB72.8 million for the year ended 31 December 2020 to approximately RMB110.5 million for the year ended 31 December 2021, primarily attributable to the increase in the number of venue services items and new projects delivered.

Community value-added services

Revenue from community value-added services increased by approximately 75.8% from approximately RMB34.7 million for the year ended 31 December 2020 to approximately RMB61.0 million for the year ended 31 December 2021, primarily due to the increase in value-added service items and the increase in the number of residents to whom the Group provided community value-added services.

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 31.4% from approximately RMB428.0 million for the year ended 31 December 2020 to approximately RMB562.4 million for the year ended 31 December 2021, primarily due to the increase in salary base as a result of an increase of the employees and staff resulting from business expansion.

Gross profit and gross profit margin

The gross profit of the Group increased by approximately 37.9% from approximately RMB187.1 million for the year ended 31 December 2020 to approximately RMB258.1 million for the year ended 31 December 2021, which was mainly due to the increase in revenue of the Group as a result of the increase in business scale.

The gross profit margin increased from approximately 30.4% for the year ended 31 December 2020 to approximately 31.5% for the year ended 31 December 2021. Such increase was primarily attributable to the significant increase in the Group's profitability in 2021, benefiting from standardised operations, effective cost control and economies of scale.

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

	For the year ended 31 December			
	2021		2020	
	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %
Property management services	197,094	30.4	151,275	29.8
Value-added services to property developers	35,358	32.0	21,715	29.8
Community value-added services	25,693	42.1	14,136	40.7
Total	258,145	31.5	187,126	30.4

Property management services

The gross profit margin of property management services increased from approximately 29.8% for the year ended 31 December 2020 to approximately 30.4% for the year ended 31 December 2021, which was mainly due to (i) economies of scale as a result of the business expansion; (ii) the implementation of cost-saving measures, such as application of automated tools, advanced technology and standardisation of procedures; and (iii) the increase in the average property management fee.

Value-added services to property developers

The gross profit margin of value-added services to property developers increased from approximately 29.8% for the year ended 31 December 2020 to approximately 32.0% for the year ended 31 December 2021, primarily due to (i) the increase in the number of newly-added venue services items and service fees; and (ii) the increase in pre-planning and design consulting service fees.

Community value-added services

The gross profit margin of community value-added services increased from approximately 40.7% for the year ended 31 December 2020 to approximately 42.1% for the year ended 31 December 2021, primarily due to (i) the benefit from the economies of scale achieved as the Group provided value-added services to an increasing number of projects; and (ii) the Group's continued efforts to diversify the service offerings.

Other income and expenses, net

Other net income increased from approximately RMB4.7 million for the year ended 31 December 2020 to approximately RMB18.3 million for the year ended 31 December 2021 mainly due to (i) the acquisition of listing subsidies and other governmental incentives and subsidies; and (ii) the increase in value-added tax refund as a result of the tax regulations on value-added tax deductions issued in April 2019, which allows the taxpayers in the home-living service industries to enjoy additional 10% input value-added tax deduction.

Selling and marketing expenses

Selling and marketing expenses increased from approximately RMB10.0 million for the year ended 31 December 2020 to approximately RMB12.5 million for the year ended 31 December 2021, representing an increase of approximately 24.8%, mainly as a result of increased advertising expenses and employee benefit expenses which was in line with the business expansion of the Group.

Administrative expenses

Administrative expenses increased from approximately RMB71.0 million for the year ended 31 December 2020 to approximately RMB86.8 million for the year ended 31 December 2021, representing an increase of approximately 22.2%. The increase in administrative expenses was mainly attributable to (i) 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; and (ii) the increase in depreciation and amortisation as a result of business expansion.

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 RMB34.5 million for the year ended 31 December 2021, representing an increase of approximately 5.2% from approximately RMB32.8 million for the year ended 31 December 2020, which was in line with the increase in profit before tax for the year.

Profit and total comprehensive income for the year

As a result of the foregoing, the profit and total comprehensive income for the year increased from approximately RMB70.0 million for the year ended 31 December 2020 to approximately RMB104.2 million for the year ended 31 December 2021.

The profit and total comprehensive income attributable to owners of the Company for the year increased from approximately RMB65.4 million for the year ended 31 December 2020 to approximately RMB100.5 million for the year ended 31 December 2021.

Property and equipment

The property and equipment of the Group increased from approximately RMB18.8 million as at 31 December 2020 to approximately RMB28.8 million as at 31 December 2021, representing an increase of approximately 52.7%, mainly due to the purchase of office equipment and motor vehicles which was in line with business expansion.

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 increased from approximately RMB34.2 million as at 31 December 2020 to approximately RMB154.5 million as at 31 December 2021, representing an increase of approximately 351.8%, mainly due to property management contracts and goodwill resulting from the equity acquisition during the year.

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 RMB213.3 million as at 31 December 2020 to approximately RMB328.8 million as at 31 December 2021, representing an increase of approximately 54.1%. Such increase was primarily due to the increasing number of property management projects managed by the Group.

Other receivables mainly consist of deposits and payments made on behalf of customers. Other receivables, net of allowance for impairment increased from approximately RMB28.0 million as at 31 December 2020 to approximately RMB41.6 million as at 31 December 2021 because of the increase in performance bond as a result of the increase in new projects under management.

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 increased from approximately RMB23.8 million as at 31 December 2020 to approximately RMB61.3 million as at 31 December 2021, representing an increase of approximately 157.2%. Such increase was mainly due to the increase in sub-contracting costs as a result of the increase in property projects under the Group's management, which was in line with the business expansion of the Group.

Other payables mainly represent (i) consideration payable for business combinations; (ii) payroll payable; (iii) deposits received such as performance bond, retention deposits from property owners, decoration deposits and tender bond; and (iv) owners' maintenance fund which represented various proceeds received on behalf of the property owners. Other payables increased from approximately RMB281.7 million as at 31 December 2020 to approximately RMB328.5 million as at 31 December 2021, mainly due to (i) the increase in consideration payable for business combinations as a result of new equity acquisition during the year; and (ii) the increase in utility amount.

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 increased from approximately RMB88.2 million as at 31 December 2020 to approximately RMB129.8 million as at 31 December 2021, primarily due to the increase in contract liabilities as a result of the increase in the property projects managed by the Group.

Liquidity, financial and capital resources

As at 31 December 2021, the total cash and cash equivalents and restricted bank deposits of the Group amounted to approximately RMB351.8 million and approximately RMB1.3 million, respectively. As at 31 December 2020, the total cash and cash equivalents and restricted bank deposits of the Group amounted to approximately RMB617.8 million and approximately RMB1.2 million, respectively. Such decrease in cash and cash equivalents was mainly due to the deposit of unutilised funds raised by the Group of RMB280.0 million into short-term fixed bank deposits. The restricted bank deposits remained stable throughout the corresponding periods.

As at 31 December 2021, the Group had bank borrowings of approximately RMB52.5 million (2020: nil), among which approximately RMB11.4 million (2020: nil) will be repayable within one year or on demand. As at 31 December 2021, all bank borrowings of the Group were denominated in RMB and carried interest at variable rates (2020: nil). As at 31 December 2021, bank borrowings of approximately RMB52.5 million (2020: nil) were secured by 100% equity interest of Shanghai Baoji and guaranteed jointly by Mr. Shum and an entity controlled by Mr. Shum.

The Group maintained a sound financial position. As at 31 December 2021, the Group's net current assets amounted to approximately RMB462.4 million while the Group's net current assets amounted to approximately RMB448.1 million as at 31 December 2020. As at 31 December 2021, the Group's current ratio (current assets/current liabilities) was approximately 1.85 while the Group's current ratio was approximately 2.07 as at 31 December 2020.

Future plans and prospects

Short-term market turmoil will not weaken the high-quality attributes of the property management industry, nor will it change the basic logic of the development of the property management industry, nor will it shake the Group's firm confidence in long-term growth.

With perseverance and diligence, the Group will forge ahead and strive for progress, and achieve self-improvement and sustainable development.

Adhering to the principle of focusing on development, the Group will implement the strategy of "enhancing direct expansion, highlighting cooperation and optimising mergers and acquisitions" and increase the deployment of projects in key regions such as Yangtze River Delta, Guangdong, Hong Kong and Macao, Bohai Rim, Chengdu-Chongqing, Hunan and Guizhou, to achieve economics of scale and synergies quickly. It will keep involving in market competition, appropriately increase the proportion of third party projects and actively expand projects of schools, hospitals, offices and other areas to make up for the shortcomings in the management format and raise the average charges. Always upholding on the motto of "serving with heart and building better future" and focusing on the themes of "strengthening front line" and "capacity creation", the Group will guide the project team to continuously improve service capabilities, service standards and service quality with an aim to achieving high satisfaction and high payment rate. It will establish a brand development strategy by developing value-added services, expanding urban service coverage and business operation models, deeply integrating smart technology and optimising the revenue structure, so as to comprehensively strengthen its core competitive advantages.

Capital commitments

As at 31 December 2021, the Group did not have any material capital commitments.

Contingent liabilities

As at 31 December 2021, the Group did not have any material contingent liabilities.

Pledge of assets

As at 31 December 2021, except for the 100% equity interest of the subsidiary, Shanghai Baoji, that was pledged as security for bank borrowings, no other assets of the Group were pledged.

MAJOR RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Group are set forth below. Such factors are not exhaustive and therefore other risks and uncertainties may also exist.

Industry risks

The operation of the Group may be affected by the regulatory landscape of the PRC property management industry and related measures. In particular, any price control policies of the PRC government in relation to property management fees. The PRC government may also promulgate new laws and regulations related to other aspects of the Group's industry. This could increase the compliance and operational costs of the Group, thereby materially and adversely affecting the business, financial condition and results of operations of the Group. A significant portion of the Group's operations are concentrated in the Yangtze River Delta region. The Group is susceptible to any adverse development in government policies or business environment (including the level of economic activities and the future regional development prospects) in that region. The business performance of the Group depends on the total GFA under management and the number of projects under management. The Group has been seeking to expand the Group's business since the Group's inception through organic growth as well as acquisitions of and investment in other companies. However, the expansion plans of the Group may be affected by the economic condition in general of the PRC, market prospects and development. The Group cannot guarantee that the Group will be able to grow its business as planned.

Business risks

The Group's profitability depends on its ability to estimate or control the costs in performing our property management services. The Group's profit margin and operating results may be significantly and adversely affected by the increase in labor costs, sub-contracting costs and other operating costs. The Group may not be able to collect property management fees from property owners, residents and property developers and as a result, the Group's business, financial position and results of operations may be materially and adversely affected. The Group cannot guarantee that it is able to renew its existing property management service contracts on favorable terms. There is no guarantee that the Group would be able to find other business opportunities and enter into alternative property management service contracts on favorable terms, or at all.

Foreign exchange risk

Almost all of the Group's operating activities are carried out in the PRC 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 Directors expected that the RMB exchange rate would not have any 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 31 December 2021, 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 31 December 2021.

SIGNIFICANT INVESTMENT HELD

The Group had no significant investment held as at 31 December 2021.

MATERIAL ACQUISITIONS AND DISPOSALS

Except for the acquisition of Shanghai Baoji in April 2021 (as described below), the Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2021.

The Group entered into an equity transfer agreement on 16 April 2021 to acquire 100% equity interest of Shanghai Baoji (the "Acquisition") at the consideration in cash of approximately RMB139.2 million. The contracted GFA (for properties to be developed) of Shanghai Baoji was approximately 1.3 million sq.m. and GFA under management of approximately 4.1 million sq.m. as at 31 December 2020. Further details relating to the Acquisition is disclosed in the announcement of the Company dated 16 April 2021.

EMPLOYEES AND REMUNERATION POLICY

The Group had 6,767 full-time employees as at 31 December 2021 (31 December 2020: 5,993). The total staff costs for the year ended 31 December 2021 were approximately RMB424.5 million (2020: RMB332.9 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.

STAFF TRAINING AND DEVELOPMENT

Employees are critical to the quality of the Group's services and customer experience. Providing employees with career advancement prospects and training in the professional skills necessary to the business is part of the Group's long-term initiative to retain and motivate talents. The Group regularly provides training programmes among management, which are designed to meet the Group's business needs and long-term strategies. The Group draws up course curriculums each year for its employees covering key areas of business operations, including but not limited to corporate culture and policies, technical knowledge required for certain positions, leadership skills and general knowledge of the nature of the Group's services. The Group has capitalised on its industry expertise and developed up to 300 courses for employees, which are provided through onsite training and online platforms such as WeChat and DingTalk. The Group's courses are given by over 60 lecturers composed of managers and other industry experts employed by the Group.

Despite the impact of the COVID-19 epidemic in 2021, the Group has still actively organised various training programmes. For the year ended 31 December 2021, the Group organised training sessions for senior management with 126 participants and a total of 6,048 hours, training sessions for middle management with 1,020 participants and a total of 48,960 hours and training sessions for general staff with 23,302 participants and a total of 419,436 hours. The Group has also engaged third party lecturers from time to time to enhance its training programmes. In addition, the Group has sent its staff to attend professional training courses organised by external training institutions according to their specific job duties. The Group has developed comprehensive training programmes for different levels of employment. The Group's human resources department normally draws up an annual training plan at the end of each year based on the specific training requirements under the "Yuan Power" ("源動力") programme, induction, on-the-job training, back-up general manager training and promotion training programmes. The Group incorporates mentorship, assessment, feedback and evaluation processes into the training plans to facilitate employee growth and development. The Group believes that its comprehensive training programmes and on-the-job learning facilitate the development and progress of its employees.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board places emphasis on the Group's policies and practices on compliance with legal and regulatory requirements. External legal advisers are engaged to ensure transactions and businesses performed by the Group are within the applicable legal framework. Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time. The Group continues to comply with the relevant laws and regulations such as the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), and other applicable laws and regulations. Based on information available, the Directors take the view that the Group has complied with the relevant laws and regulations that have a significant impact on the operations of the Group during the year ended 31 December 2021.

EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group does not have significant events after the end of the reporting period.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

After deducting the underwriting fees and commissions, the net proceeds received by the Company from the Global Offering and the partial exercise of Over-allotment Option (the “net proceeds”) amounted to approximately HKD517.5 million and HKD43.5 million, respectively.

The table below sets out the proposed and actual applications of the net proceeds for the year ended 31 December 2021:

Major categories in the prospectus of the Company dated 27 November 2020 (“Prospectus”)	Allocation of net proceeds as stated in the Prospectus and unutilised balance as at 1 January 2021 <i>Approximately (HK\$ million)</i>	Planned use of net proceeds for the year ended 31 December 2021 <i>Approximately (HK\$ million)</i>	Actual use of net proceeds for the year ended 31 December 2021 <i>Approximately (HK\$ million)</i>	Unutilised balance as at 31 December 2021 <i>Approximately (HK\$ million)</i>	Expected timeline for utilising the unutilised net proceeds
Pursue selective strategic investment and acquisition opportunities and to further develop strategic cooperation	392.7	117.8	75.5	317.2	31 December 2023
Enrich and expand our service offerings	44.9	18.0	17.9	27.0	31 December 2023
Invest in intelligent operational and internal management system to enhance service quality and customer experience	67.3	26.9	7.0	60.3	31 December 2023
Working capital and general corporate purposes	56.1	22.4	22.4	33.7	31 December 2023
Total	561.0	185.1	122.8	438.2	

For the year ended 31 December 2021, the net proceeds from the Listing were utilised and expected to be utilised in the manners as disclosed in the Prospectus except that the timeline for utilising the net proceeds for the year ended 31 December 2021 has been delayed due to reasons set out below.

The Company intends to apply the net proceeds in the manner consistent with that set out in the Prospectus. However, the actual use of proceeds for the year ended 31 December 2021 was lower than planned use of proceeds for the year ended 31 December 2021. In respect of selective strategic investment and acquisition, during the year ended 31 December 2021, the Group only identified a limited number of suitable target companies that the Board considered to be able to expand the Group’s business in new markets or create further synergies with the Group’s existing business and beneficial to the Group and the Shareholders as a whole. As at the date of this announcement, the Group is still soliciting suitable target companies that is beneficial to the Group’s development and will make further announcement when appropriate. In addition, given the sporadic outbreaks of COVID-19, the investment plan in intelligent operational and internal management system has been delayed.

The Board will continuously evaluate the plans for use of the unutilised net proceeds and may revise the plans where necessary in responses to the changing market conditions and the Group’s business development and need.

DIVIDEND

The Board proposed to declare a final dividend of HK79 cents per ten ordinary shares for the year ended 31 December 2021 (For the year ended 31 December 2020: HK64 cents per ten ordinary shares), payable to the Shareholders whose names appear on the register of members of the Company (the “Register of Members”) on Monday, 20 June 2022. Subject to approval by the Shareholders of the payment of final dividend at the forthcoming annual general meeting of the Company to be held on Thursday, 9 June 2022, the proposed final dividend will be paid to the Shareholders on or about Friday, 8 July 2022.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held on Thursday, 9 June 2022 (the “AGM”) and the Notice of AGM will be published and despatched in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders’ eligibility to attend and vote at the AGM and entitlement to the final dividend, the Register of Members will be closed in accordance with the following timetable:

- 1) For determining the Shareholders’ eligibility to attend and vote at the AGM:

Latest time to lodge transfer documents for registration	4:30 pm on Thursday, 2 June 2022
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Closure of Register of Members	Monday, 6 June 2022 to Thursday, 9 June 2022 (both dates inclusive)
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- 2) For determining entitlement to the final dividend:

Latest time to lodge transfer documents for registration	4:30 pm on Wednesday, 15 June 2022
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Closure of Register of Members	Thursday, 16 June 2022 to Monday, 20 June 2022 (both dates inclusive)
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Record date	Monday, 20 June 2022
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During the above closure periods, no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, and to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than the relevant latest time set out above.

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 year ended 31 December 2021.

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 the Shareholders' value. The Company has applied the principles of and complied with the code provisions stipulated in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2021 with the exception of code provision A.2.1 which is explained below.

Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual. Mr. Zhu Hongge is the chairman and the chief executive officer of the Company. Under the leadership of Mr. Zhu Hongge, the Board works efficiently and performs its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions are made in consultation with members of the Board and relevant Board committee, and there are 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.

The amendments to the CG Code (the "New CG Code") came into effect on 1 January 2022 and the requirements under the New CG code will apply to the Company's corporate governance report in the forthcoming financial year ending 31 December 2022. The Company will continue to review its corporate governance practices with reference to the latest development of corporate governance. The Directors will use their best endeavors to procure the Company to comply with the New CG Code starting from 1 January 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code for the year ended 31 December 2021.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a sufficient public float as at the date of this announcement.

AUDIT COMMITTEE

As at 31 December 2021, the Audit Committee of the Company (the “Audit Committee”) has three members, comprising three independent non-executive Directors, namely Mr. Wong Kwok Yin (chairman of the Audit Committee), Ms. Liang Yunxu and Mr. Wang Huimin. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting matters including a review of the annual results and the audited consolidated financial statements for the year ended 31 December 2021 of the Group.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group’s the consolidated statement of comprehensive income, the consolidated statement of financial position, and the related notes thereto for the year ended 31 December 2021 as set out in this results announcement have been agreed by the Company’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this results announcement.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The Company’s annual results announcement is published on the website of the Stock Exchange at <http://www.hkexnews.hk> and the Company’s website at <http://jy-fw.cn>.

The annual report of the Company for the year ended 31 December 2021 containing the information required by Appendix 16 of the Listing Rules will be despatched to the Shareholders in due course.

By order of the Board
Jiayuan Services Holdings Limited
Mr. Zhu Hongge
Chairman

Hong Kong, 29 March 2022

As at the date of this announcement, the Board comprises seven Directors, of which Mr. Zhu Hongge, Mr. Bao Guojun and Mr. Pang Bo are the executive Directors, Mr. Huang Fuqing is the non-executive Director, and Ms. Liang Yunxu, Mr. Wang Huimin and Mr. Wong Kwok Yin are the independent non-executive Directors.