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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 2022**

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2022 was approximately RMB460.1 million, representing an increase of approximately 18.9% as compared to approximately RMB386.8 million for the corresponding period in 2021.
- Gross profit for the six months ended 30 June 2022 was approximately RMB145.4 million, representing an increase of approximately 19.5% as compared to approximately RMB121.7 million for the corresponding period in 2021.
- Gross profit margin for the six months ended 30 June 2022 was approximately 31.6% compared with approximately 31.5% for the corresponding period in 2021.
- Net profit of the Group for the six months ended 30 June 2022 was approximately RMB68.7 million, representing an increase of approximately 12.7% as compared to approximately RMB60.9 million for the corresponding period in 2021.
- The basic and diluted earnings per share attributable to owners of the Company for the six months ended 30 June 2022 was RMB11 cents per share as compared to RMB10 cents per share for the corresponding period in 2021.
- As at 30 June 2022, the contracted gross floor area (“GFA”) of the Group was approximately 61.9 million square meter (“sq.m.”), representing an increase of approximately 6.7% as compared to approximately 58.0 million sq.m. as at 31 December 2021.
- As at 30 June 2022, the GFA under management of the Group was approximately 42.5 million sq.m., representing an increase of approximately 11.0% as compared to approximately 38.3 million sq.m. as at 31 December 2021.

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 2022 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 2022)

	Note	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	4	460,092	386,844
Cost of services and sales	7	<u>(314,661)</u>	<u>(265,126)</u>
Gross profit		145,431	121,718
Other income and expenses, net	5	6,412	4,781
Other gains and loss, net	6	9	(2,543)
Impairment losses on financial assets		(16,278)	(7,996)
Selling and marketing expenses	7	(6,470)	(5,099)
Administrative expenses	7	(38,914)	(29,016)
Finance costs		(1,250)	(139)
Share of results of investments accounted for using the equity method		<u>4</u>	<u>(99)</u>
Profit before taxation		88,944	81,607
Income tax expense	8	<u>(20,291)</u>	<u>(20,689)</u>
Profit and total comprehensive income for the period		<u>68,653</u>	<u>60,918</u>
Profit and total comprehensive income attributable to:			
– Owners of the Company		65,679	60,070
– Non-controlling interests		<u>2,974</u>	<u>848</u>
		<u>68,653</u>	<u>60,918</u>
Earnings per share attributable to owners of the Company (expressed in RMB per share)			
Basic and diluted	9	<u>0.11</u>	<u>0.10</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(AS AT 30 JUNE 2022)

	<i>Note</i>	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property and equipment		29,732	28,784
Right-of-use assets		455	1,579
Intangible assets	11	149,707	154,485
Investments accounted for using the equity method		5,476	5,472
Deferred income tax assets		35,813	27,607
		<u>221,183</u>	<u>217,927</u>
Current assets			
Inventories		470	532
Trade and other receivables	12	594,633	375,609
Restricted bank deposits	13	1,204	1,276
Short-term bank deposits	13	–	280,000
Cash and cash equivalents	13	419,143	351,785
		<u>1,015,450</u>	<u>1,009,202</u>
Total assets		<u>1,236,633</u>	<u>1,227,129</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	5,225	5,225
Reserves		667,032	601,353
		<u>672,257</u>	<u>606,578</u>
Non-controlling interests	15	<u>22,828</u>	<u>20,798</u>
Total equity		<u>695,085</u>	<u>627,376</u>

	<i>Note</i>	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		–	189
Deferred income tax liabilities		10,368	11,613
Bank borrowings	<i>17</i>	35,511	41,162
		<u>45,879</u>	<u>52,964</u>
Current liabilities			
Contract liabilities		130,092	129,848
Trade and other payables	<i>16</i>	329,414	389,742
Lease liabilities		472	1,668
Current income tax liabilities		24,315	14,153
Bank borrowings	<i>17</i>	11,376	11,378
		<u>495,669</u>	<u>546,789</u>
Total liabilities		<u>541,548</u>	<u>599,753</u>
Total equity and liabilities		<u>1,236,633</u>	<u>1,227,129</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION, BASIS OF PREPARATION AND BUSINESS COMBINATION

1.1 General information

Jiayuan Services Holdings Limited 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 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**").

Unless otherwise stated, this interim financial information for the six months ended 30 June 2022 ("**Interim Financial Information**") is presented in Renminbi ("**RMB**"), and has been approved for issue by the Board on 31 August 2022.

For the six months ended 30 June 2022, the Group was relatively less affected by the spread of the COVID-19 epidemic in the areas under management. Combined with the effective prevention and control and subsidy policies of the local governments, the impact of COVID-19 epidemic on the Group's operations and financial results was not material.

1.2 Basis of preparation

This Interim Financial Information has been prepared in accordance with the Hong Kong Accounting Standard ("**HKAS**") 34, 'Interim Financial Reporting'. This Interim Financial Information should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2021 ("**2021 Financial Statements**"), which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This Interim Financial Information is unaudited, but has been reviewed by the Audit Committee of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those as described in the 2021 Financial Statements. Income tax expense was recognised based on management's estimate of the annual income tax rate expected for the full financial year.

The Group has applied new and amended standards effective for the financial period beginning on 1 January 2022. 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 business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one 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 2022 and 31 December 2021, all of the non-current assets of the Group were located in the PRC.

4 REVENUE

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Types of services		
Property management services	368,212	310,060
Value-added services to property developers	55,154	49,619
Community value-added services	36,726	27,165
	<u>460,092</u>	<u>386,844</u>
Revenue is recognised:		
– Over time	452,118	380,692
– At a point in time	7,974	6,152
	<u>460,092</u>	<u>386,844</u>

For the six months ended 30 June 2022, revenue from the companies controlled and jointly controlled by Mr. Shum contributed 11% (for the six months ended 30 June 2021: 13%) of the Group’s revenue. Other than these companies, 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	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
Government grants	2,021	2,655
Value-added tax refund	1,495	1,206
Interest income on bank deposits	2,910	835
Late fees and penalties	(148)	(28)
Others	134	113
	<u>6,412</u>	<u>4,781</u>

6 OTHER GAINS AND LOSS, NET

	Six months ended 30 June	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
Exchange gain/(loss)	<u>9</u>	<u>(2,543)</u>

7 EXPENSES BY NATURE

	Six months ended 30 June	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
Employee benefit expenses	243,005	211,290
Cleaning and security expenses	32,546	15,854
Utilities expenses	23,997	20,417
Maintenance expenses	20,034	18,657
Depreciation and amortisation charges	9,910	6,767
Office and communication expenses	7,015	6,746
Cost of inventories sold	5,668	1,912
Advertising and promotion expenses	3,944	2,963
Travelling and entertainment expenses	3,338	3,375
Greening and gardening expenses	2,715	2,579
Taxes and surcharges	2,310	2,185
Housekeeping and catering	1,828	1,460
Professional service fees	1,344	1,301
Bank charges	1,015	2,015
Short-term lease expenses	671	649
Disabled persons' employment security fund	217	324
Other expenses	488	747
	<u>360,045</u>	<u>299,241</u>
Total cost of services and sales, selling and marketing expenses and administrative expenses	<u>360,045</u>	<u>299,241</u>

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current income tax	29,743	27,746
Deferred income tax	(9,452)	(7,057)
	<u>20,291</u>	<u>20,689</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 2022 (for the six months ended 30 June 2021: 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 2.5% 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	
	2022 (Unaudited)	2021 (Unaudited)
Profit attributable to owners of the Company (RMB'000)	<u>65,679</u>	<u>60,070</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>611,709</u>	<u>611,386</u>
Basic earnings per share (RMB)	<u>0.11</u>	<u>0.10</u>

(b) Diluted earnings per share

For the six months ended 30 June 2022 and 2021, 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 2022 (for the six months ended 30 June 2021: nil).

The 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 or approximately RMB39,450,000 (taking into account 611,709,000 ordinary shares in issue), was withdrawn by the Board on 27 June 2022.

11 INTANGIBLE ASSETS

	Property management contracts RMB'000	Goodwill RMB'000	Software RMB'000	Total RMB'000
Six months ended 30 June 2022 (Unaudited)				
Opening net book amount	46,159	106,762	1,564	154,485
Amortisation	(4,689)	–	(89)	(4,778)
	<u>41,470</u>	<u>106,762</u>	<u>1,475</u>	<u>149,707</u>
Closing net book amount	<u><u>41,470</u></u>	<u><u>106,762</u></u>	<u><u>1,475</u></u>	<u><u>149,707</u></u>
At 30 June 2022 (Unaudited)				
Cost	56,704	106,762	1,856	165,322
Accumulated amortisation	(15,234)	–	(381)	(15,615)
	<u>41,470</u>	<u>106,762</u>	<u>1,475</u>	<u>149,707</u>
Net book amount	<u><u>41,470</u></u>	<u><u>106,762</u></u>	<u><u>1,475</u></u>	<u><u>149,707</u></u>
Six months ended 30 June 2021 (Unaudited)				
Opening net book amount	17,547	14,859	1,780	34,186
Acquisition of a subsidiary	26,850	83,645	–	110,495
Amortisation	(2,544)	–	(116)	(2,660)
	<u>41,853</u>	<u>98,504</u>	<u>1,664</u>	<u>142,021</u>
Closing net book amount	<u><u>41,853</u></u>	<u><u>98,504</u></u>	<u><u>1,664</u></u>	<u><u>142,021</u></u>
At 30 June 2021 (Unaudited)				
Cost	48,124	98,504	1,780	148,408
Accumulated amortisation	(6,271)	–	(116)	(6,387)
	<u>41,853</u>	<u>98,504</u>	<u>1,664</u>	<u>142,021</u>
Net book amount	<u><u>41,853</u></u>	<u><u>98,504</u></u>	<u><u>1,664</u></u>	<u><u>142,021</u></u>

12 TRADE AND OTHER RECEIVABLES

	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
Trade receivables (a)	392,549	328,791
Other receivables (b)	44,159	41,591
Prepayments	157,925	5,227
	<hr/>	<hr/>
Trade and other receivables, net	594,633	375,609
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(a) Trade receivables

	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
Trade receivables	469,871	389,945
Less: allowance for impairment	(77,322)	(61,154)
	<hr/>	<hr/>
	392,549	328,791
	<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:

	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
0-60 days	110,831	93,492
61-180 days	105,395	89,275
181-365 days	101,105	76,941
1-2 years	90,446	89,736
2-3 years	44,947	28,001
3-4 years	8,373	4,648
4-5 years	4,844	4,248
More than 5 years	3,930	3,604
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	469,871	389,945
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(b) Other receivables

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Other receivables		
– Deposits and payments made on behalf of Customers	39,246	36,656
– Others	5,612	5,524
	<u>44,858</u>	<u>42,180</u>
Less: allowance for impairment	(699)	(589)
	<u><u>44,159</u></u>	<u><u>41,591</u></u>

13 RESTRICTED BANK DEPOSITS, SHORT-TERM BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Cash at banks and on hand (a)	420,347	633,061
Less: Restricted bank deposits (b)	(1,204)	(1,276)
Less: Short-term bank deposits	–	(280,000)
	<u>419,143</u>	<u>351,785</u>
Cash and cash equivalents	<u><u>419,143</u></u>	<u><u>351,785</u></u>
Cash at banks and on hand are denominated in:		
HKD	213	147,258
RMB	420,134	485,803
	<u><u>420,347</u></u>	<u><u>633,061</u></u>

(a) The above bank balances carry interest at variable rates with an average interest rate of 0.30% (for the six months ended 30 June 2021: 0.35%) per annum.

(b) Renovation guarantee deposits received from Customers were deposited in restricted bank accounts according to the requirements of the local government authorities.

14 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 1 January 2021, 1 January 2022 and 30 June 2022	2,000,000,000	20,000	17,195
Issued and fully paid			
At 1 January 2021	600,000,000	6,000	5,128
Issuance of shares	11,709,000	117	97
At 30 June 2021	611,709,000	6,117	5,225
At 31 December 2021 and 30 June 2022	611,709,000	6,117	5,225

15 NON-CONTROLLING INTERESTS

There is no subsidiary with material non-controlling interest for the six months ended 30 June 2022 and the year ended 31 December 2021.

16 TRADE AND OTHER PAYABLES

	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
Trade payables (a)	52,791	61,277
Other payables		
– Utility and other payables (b)	56,030	53,027
– Property owners' maintenance fund (c)	40,170	41,822
– Deposits received (d)	74,053	87,548
– Payroll payables	50,374	83,675
– Other taxes payables	11,234	14,367
– Consideration payable for business combinations	27,079	28,839
– Others	17,683	19,187
	276,623	328,465
	329,414	389,742

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
0-60 days	32,858	42,430
61-180 days	12,728	13,424
181-365 days	3,598	2,259
More than 1 year	3,607	3,164
	<u>52,791</u>	<u>61,277</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.

(d) The amounts mainly represented deposits received in relation to housing decoration from Customers and performance guarantee deposits from suppliers, which would be refunded upon completion of the construction.

17 BANK BORROWINGS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Bank loans		
– secured and guaranteed	46,887	52,540
Less: amounts due within one year or on demand (shown under current liabilities)	<u>(11,376)</u>	<u>(11,378)</u>
Amount shown under non-current liabilities	<u>35,511</u>	<u>41,162</u>

The weighted average effective interest rate of bank borrowings for the six months ended 30 June 2022 was 4.75% (2021: 4.75%) per annum.

As at 30 June 2022 and 31 December 2021, 100% equity interest of a subsidiary of the Group, Shanghai Baoji Property Management Company Limited, has been pledged to secure the whole balance of bank loans. The bank borrowings are guaranteed jointly by Mr. Shum and an entity controlled by Mr. Shum.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

Looking back the first half of 2022, property management industry has continued the trend of rational comeback since the second half of 2021. In the capital market, the number of property management enterprises newly listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) has decreased significantly, and the trend of the property management sector has maintained a high degree of correlation with the real estate sector. Although policies in terms of the real estate have shown a stable and positive momentum, the policy transmission effect has not yet emerged, the fundamentals of real estate and credit risks of some real estate enterprises are still taking time to recover. Most of the listed property enterprises, represented by leading enterprises in the industry, have continued to experience weak stock prices, leading investors remained cautious about the growth of the property management sector. In the mergers and acquisitions market, the overall mergers and acquisitions activities tended to be more rational, and the overall number of transactions and the number of large-scale transactions further reduced. Compared with the past, enterprises are more concerned about the potential financial risks brought by mergers and acquisitions, and have higher requirements for the strategic synergy effect of mergers and acquisitions integration.

Business Review

As at 30 June 2022, the Group had 335 property management projects with contracted GFA of approximately 61.9 million sq.m., representing an increase of approximately 10.6% and 6.7%, respectively, as compared with that of 303 property management projects with contracted GFA of approximately 58.0 million sq.m. in the corresponding period in 2021. As at 30 June 2022, the Group had GFA under management of approximately 42.5 million sq.m., representing an increase of approximately 11.0% as compared with that of approximately 38.3 million sq.m. in the corresponding period in 2021. The increase in contracted GFA and the GFA under management was attributable to the business expansion of the Group through endogenous growth.

The revenue of the Group for the six months ended 30 June 2022 was approximately RMB460.1 million, representing an increase of approximately 18.9% as compared to the corresponding period of approximately RMB386.8 million in 2021. The gross profit of the Group for the six months ended 30 June 2022 was approximately RMB145.4 million, representing an increase of approximately 19.5% as compared to the corresponding period of approximately RMB121.7 million in 2021. The gross profit margin of the Group for the six months ended 30 June 2022 was approximately 31.6% compared with that of approximately 31.5% in the corresponding period in 2021. The net profit of the Group for the six months ended 30 June 2022 was approximately RMB68.7 million, representing an increase of approximately 12.7% as compared to the corresponding period of approximately RMB60.9 million in 2021.

In terms of the property management service business, for the six months ended 30 June 2022, the revenue of property management service of the Group was approximately RMB368.2 million, representing an increase of approximately 18.8% as compared to that in the corresponding period in 2021. By leveraging on good service quality and market reputation, the Group has further expanded its management territory through endogenous growth and single project expansion. The revenue of property management service business accounted for approximately 80.0% of the total revenue of the Group, and the gross profit of the property management service business accounted for approximately 76.0% of the overall gross profit of the Group. The property management service business remains to be the major source of income and profit generating segment of the Group. The increase in the scale of the property management service business was mainly due to the increase in the GFA under management.

In terms of value-added services to property developers, for the six months ended 30 June 2022, the Group's revenue from value-added services to property developers was approximately RMB55.2 million, representing an increase of approximately 11.2% as compared to that in the corresponding period in 2021. The gross profit of this segment reached approximately RMB18.0 million, representing an increase of approximately 9.9% as compared to that in the corresponding period in 2021, and the gross profit margin decreased slightly by approximately 0.4 percentage points to approximately 32.7% as compared with that in the corresponding period in 2021. The revenue of value-added services to property developers accounted for approximately 12.0% of the total revenue of the Group, representing a decrease of approximately 0.8 percentage points from approximately 12.8% in the corresponding period in 2021. The gross profit of value-added services to property developers for the six months ended 30 June 2022 accounted for approximately 12.4% of overall gross profit of the Group. The decrease in the gross profit margin of value-added services to property developers was mainly due to the increase in labour costs for value-added services to property developers.

In terms of community value-added services, for the six months ended 30 June 2022, the revenue of community value-added services was approximately RMB36.7 million, representing an increase of approximately 35.2% as compared to that in the corresponding period in 2021. The gross profit of this segment reached approximately RMB16.9 million, representing an increase of approximately 36.1% as compared to that in the corresponding period in 2021. The gross profit margin increased to approximately 46.0% for the six months ended 30 June 2022, compared with that of approximately 45.7% in the corresponding period in 2021. The total revenue of community value-added service business for the six months ended 30 June 2022 accounted for approximately 8.0% of the total revenue of the Group and increased slightly by approximately 1.0 percentage point from that in the corresponding period in 2021. The gross profit of the community value-added service for the six months ended 30 June 2022 accounted for approximately 11.6% of the overall gross profit of the Group. The increase in the scale of community value-added services was mainly due to (i) the increase in revenue from home-living services including home maintenance services and decoration supporting services as well as in the sales of groceries as a result of the increased GFA under management and the number of residents to whom the Group provided community value-added services through organic growth; and (ii) the increase in revenue from common area value-added services due to the increased revenue from assisting property owners with rental of common area and advertising in common area.

Future Plans and Prospects

For the second half of 2022, the Group will continue to adhere to its important development strategy of regional penetration, deepen the overall business advantages of the Yangtze River Delta region, especially improve its market position in certain key cities and accelerate the expansion of the market coverage in the central and western regions. Through continuous focus on the two development strategies of “enhancing direct expansion and highlighting on cooperation”, the Group will consolidate its competitive advantages of the residential format, and continuously improve its competitiveness of the non-residential format. Through the synergy and complementarity of management, optimisation and configuration, the Group will further strengthen the construction of a compound business expansion system with the participation of personnel from multiple business lines, and enhance the cultivation of compound capabilities of the members in the system while optimising the overall management organisational structure. While paying attention to the improvement of management scale, the Group should emphasise more on the creation of project value and the quality of enterprise development, timely withdrawing from projects that have no value after comprehensive evaluation and allocating resources of the Group to projects that can create greater value. In the future, the Group will face the market and competition with the spirit and attitude of “self-correction and self-innovation (自我修訂、自我革新)” to comprehensively promote the high-quality growth of the 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 increased by approximately 18.9% from approximately RMB386.8 million for the six months ended 30 June 2021 to approximately RMB460.1 million for the six months ended 30 June 2022.

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

	2022		Six months ended 30 June 2021		Changes	
	RMB'000	%	RMB'000	%	RMB'000	%
Property management services	368,212	80.0	310,060	80.2	58,152	18.8
Value-added services to property developers	55,154	12.0	49,619	12.8	5,535	11.2
Community value-added services	36,726	8.0	27,165	7.0	9,561	35.2
	<u>460,092</u>	<u>100.0</u>	<u>386,844</u>	<u>100.0</u>	<u>73,248</u>	<u>18.9</u>

Property management services

Revenue from property management services increased by approximately 18.8% from approximately RMB310.1 million for the six months ended 30 June 2021 to approximately RMB368.2 million for the six months ended 30 June 2022, 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 increased by approximately 11.2% from approximately RMB49.6 million for the six months ended 30 June 2021 to approximately RMB55.2 million for the six months ended 30 June 2022, primarily attributable to the increase in the number of newly-added venue services items.

Community value-added services

Revenue from community value-added services increased by approximately 35.2% from approximately RMB27.2 million for the six months ended 30 June 2021 to approximately RMB36.7 million for the six months ended 30 June 2022, primarily due to (i) the increase in revenue from home-living services including home maintenance services and decoration supporting services as well as in the sales of groceries as a result of the increased GFA under management and the number of residents to whom the Group provided community value-added services through organic growth; and (ii) the increase in revenue from common area value-added services due to the increased 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 18.7% from approximately RMB265.1 million for the six months ended 30 June 2021 to approximately RMB314.7 million for the six months ended 30 June 2022, 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 increased by approximately 19.5% from approximately RMB121.7 million for the six months ended 30 June 2021 to approximately RMB145.4 million for the six months ended 30 June 2022, 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 31.5% for the six months ended 30 June 2021 to approximately 31.6% for the six months ended 30 June 2022. Such increase was primarily due to (i) the continuous expansion of operating revenue which diluted fixed costs; and (ii) the continuous implementation of cost control 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 2022		2021	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Property management services	110,495	30.0	92,889	30.0
Value-added services to property developers	18,027	32.7	16,408	33.1
Community value-added services	16,909	46.0	12,421	45.7
	<u>145,431</u>	<u>31.6</u>	<u>121,718</u>	<u>31.5</u>

Property management services

The gross profit margin of property management services remained stable at approximately 30.0% for the six months ended 30 June 2021 and for the six months ended 30 June 2022.

Value-added services to property developers

The gross profit margin of value-added services to property developers decreased from approximately 33.1% for the six months ended 30 June 2021 to approximately 32.7% for the six months ended 30 June 2022, 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 increased from approximately 45.7% for the six months ended 30 June 2021 to approximately 46.0% for the six months ended 30 June 2022, 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 increasing number of residents to be served in the community; and (ii) the Group's continued efforts to diversify the service offerings.

Other income and expenses, net

The other income and expenses (net) of the Group increased by approximately 34.1% from approximately RMB4.8 million for the six months ended 30 June 2021 to approximately RMB6.4 million for the six months ended 30 June 2022, which was primarily attributable to the significant increase in interest income of bank's regular wealth management.

Selling and marketing expenses

Selling and marketing expenses increased from approximately RMB5.1 million for the six months ended 30 June 2021 to approximately RMB6.5 million for the six months ended 30 June 2022, representing an increase of approximately 26.9%, 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 RMB29.0 million for the six months ended 30 June 2021 to approximately RMB38.9 million for the six months ended 30 June 2022, representing an increase of approximately 34.1%. 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 RMB20.7 million for the six months ended 30 June 2021, representing a decrease of approximately 1.9%, to approximately RMB20.3 million for the six months ended 30 June 2022. The decrease in income tax expenses was mainly due to the increase in income tax concessions for micro and small enterprises.

Profit and total comprehensive income for the period

As a result of the foregoing, the profit and total comprehensive income for the period increased from approximately RMB60.9 million for the six months ended 30 June 2021 to approximately RMB68.7 million for the six months ended 30 June 2022.

The profit and total comprehensive income attributable to owners of the Company for the period increased from approximately RMB60.1 million for the six months ended 30 June 2021 to approximately RMB65.7 million for the six months ended 30 June 2022.

Property and equipment

The property and equipment of the Group increased from approximately RMB28.8 million as at 31 December 2021 to approximately RMB29.7 million as at 30 June 2022, representing an increase of approximately 3.3%, mainly due to the expansion of new property projects resulting in newly 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 RMB154.5 million as at 31 December 2021 to approximately RMB149.7 million as at 30 June 2022, 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 RMB328.8 million as at 31 December 2021 to approximately RMB392.5 million as at 30 June 2022, representing an increase of approximately 19.4%. 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 RMB41.6 million as at 31 December 2021 to approximately RMB44.2 million as at 30 June 2022, representing an increase of approximately 6.3%.

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 RMB61.3 million as at 31 December 2021 to approximately RMB52.8 million as at 30 June 2022, representing a decrease of approximately 13.8%, 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 RMB328.5 million as at 31 December 2021 to approximately RMB276.6 million as at 30 June 2022 mainly due to (i) the due payment of property owners deposits as a results of partial delivery of earlier projects, the property owners deposits decreased from approximately RMB87.5 million as of 31 December 2021 to approximately RMB74.1 million as of 30 June 2022, representing a decrease of approximately RMB13.4 million; and (ii) due to the change in the remuneration plan, the accrued amount of year-end performance bonuses decreased, and the employee compensation payable decreased from approximately RMB83.7 million as of 31 December 2021 to approximately RMB50.4 million as of 30 June 2022, representing a decrease of approximately RMB33.3 million.

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 RMB129.8 million as at 31 December 2021 to approximately RMB130.1 million as at 30 June 2022, primarily due to the number of properties managed by the Group increased as a results of the overall business expansion growth.

Liquidity, financial resources and capital structure

As at 30 June 2022, the total cash and cash equivalents and restricted bank deposits of the Group amounted to approximately RMB419.1 million and approximately RMB1.2 million, respectively. 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. Such increase was mainly due to short-term deposits of approximately RMB280 million matured during the period, resulting in an increase in cash and cash equivalents. The restricted bank deposits remained stable throughout the corresponding periods.

As at 30 June 2022, the Group had bank borrowings of approximately RMB46.9 million (31 December 2021: RMB52.5 million), among which approximately RMB11.4 million (31 December 2021: RMB11.4 million) will be repayable within one year or on demand. As at 30 June 2022, all bank borrowings of the Group were denominated in RMB and carried interest at variable rates (31 December 2021: same). As at 30 June 2022, bank borrowings of approximately RMB46.9 million (31 December 2021: RMB52.5 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 maintained a sound financial position. As at 30 June 2022, the Group’s net current assets amounted to approximately RMB519.8 million while the Group’s net current assets amounted to approximately RMB462.4 million as at 31 December 2021. As at 30 June 2022, the Group’s current ratio (current assets/current liabilities) was approximately 2.05 while the Group’s current ratio was approximately 1.85 as at 31 December 2021.

Capital commitments

As at 30 June 2022, the Group did not have any material capital commitments.

Contingent liabilities

As at 30 June 2022, the Group did not have any material contingent liabilities.

Pledge of assets

As at 30 June 2022, except for the 100% equity interest of the subsidiary, Shanghai Baoji, pledged as security for the bank borrowings, no assets of the Group were pledged.

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 2022, 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 2022.

SIGNIFICANT INVESTMENT HELD

The Group had no significant investment held as at 30 June 2022.

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 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2022, save as disclosed in the prospectus of the Company dated 27 November 2020 (the “**Prospectus**”), the Group did not have other future plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICY

The Group had 6,787 full-time employees as at 30 June 2022. The total staff costs for the six months ended 30 June 2022 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

No significant events affecting the Group had occurred after the reporting period and up to the date of this announcement.

USE OF NET 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 six months ended 30 June 2022:

Major categories as stated in the Prospectus	Unutilised	Planned use of	Amount utilised	Unutilised	Expected timeline for utilising the unutilised net proceeds
	balance as at 1 January 2022	net proceeds for the year ended 31 December 2022	during the six months ended 30 June 2022	balance as at 30 June 2022	
	<i>Approximately HKD (million)</i>	<i>Approximately HKD (million)</i>	<i>Approximately HKD (million)</i>	<i>Approximately HKD (million)</i>	
Pursue selective strategic investment and acquisition opportunities and to further develop strategic cooperation	317.2	117.8	2.1	315.1	31 December 2023
Enrich and expand the Company’s service offerings	27.0	13.5	8.4	18.6	31 December 2023
Invest in intelligent operational and internal management system to enhance service quality and customer experience	60.3	20.2	3.2	57.1	31 December 2023
Working capital and general corporate purposes	33.7	16.8	10.0	23.7	31 December 2023
Total	438.2	168.3	23.7	414.5	

For the six months ended 30 June 2022, the Group has utilised HKD23.7 million, accounting for approximately 4.2% of the net proceeds raised.

As at 30 June 2022, the net proceeds raised 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 2022 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. In respect of selective strategic investment and acquisition, during the six months ended 30 June 2022, 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 of the Company (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.

INTERIM DIVIDEND

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

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 14 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 2022, 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 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.

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 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 2022.

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 2022.

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 2022 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the Shareholders and made available on the same websites in due course.

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

Hong Kong, 31 August 2022

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