

佳源服務控股有限公司

JIAYUAN SERVICES HOLDINGS LIMITED

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

STOCK CODE : 1153



2023
INTERIM REPORT

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Zhu Hongge (朱宏戈先生)
(resigned on 26 July 2024)
Mr. Pang Bo (龐博先生)
Mr. Bao Guojun (鮑國軍先生)

Non-Executive Directors

Mr. Huang Fuqing (黃福清先生)
(resigned on 12 August 2024)

Independent Non-Executive Directors

Ms. Liang Yunxu (梁蘊旭女士)
Mr. Wang Huimin (王惠敏先生)
Mr. Wong Kwok Yin (王國賢先生)

AUDIT COMMITTEE

Mr. Wong Kwok Yin (王國賢先生) (Chairman)
Ms. Liang Yunxu (梁蘊旭女士)
Mr. Wang Huimin (王惠敏先生)

REMUNERATION COMMITTEE

Ms. Liang Yunxu (梁蘊旭女士) (Chairman)
Mr. Pang Bo (龐博先生)
Mr. Wang Huimin (王惠敏先生)

NOMINATION COMMITTEE

Mr. Zhu Hongge (朱宏戈先生) (Chairman)
(resigned on 26 July 2024)
Mr. Pang Bo (龐博先生) (Chairman)
(appointed on 26 July 2024)
Ms. Liang Yunxu (梁蘊旭女士)
Mr. Wong Kwok Yin (王國賢先生)

AUTHORISED REPRESENTATIVES

Mr. Zhu Hongge (朱宏戈先生)
(resigned on 26 July 2024)
Mr. Pang Bo (龐博先生) (appointed on 26 July 2024)
Ms. Leung Kwan Wai (梁君慧女士)

AUDITOR

Elite Partners CPA Limited
(resigned on 9 September 2024)
RSM Hong Kong (appointed on 10 September 2024)

* For identification purpose only

LEGAL ADVISERS

As to Hong Kong law:
ReedSmith Richards Butler LLP

As to PRC law:
Zhejiang Yijingyuan Law Firm* (浙江宜景源律師事務所)

As to Cayman Islands law:
Conyers Dill & Pearman

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111 Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN PRC

Floor 3, Rome Metropolis No. 899, Wanghu Road
Nanhu District, Jiaxing, Zhejiang Province, PRC

HEADQUARTERS

Unit 205, 2/F, One Vista Summit, 3 San Hop Lane,
Tuen Mun, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111 Cayman Islands

BRANCH SHARE REGISTRAR IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKS

Industrial and Commercial Bank of China
China Construction Bank
Bank of China

JOINT COMPANY SECRETARIES

Mr. Pang Bo (龐博先生)
Ms. Leung Kwan Wai (梁君慧女士)

STOCK CODE

1153

COMPANY'S WEBSITE

<http://jy-fw.cn/>

MARKET REVIEW

Looking back the first half of 2023, property management industry has continued the trend of rational comeback since the second half of 2022. 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, and 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 to remain 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 2023, the Group had 301 property management projects with contracted GFA of approximately 59.4 million sq.m., representing a decrease of approximately 10.1% and 4.0%, respectively, as compared with that of 335 property management projects with contracted GFA of approximately 61.9 million sq.m. in the corresponding period in 2022. As at 30 June 2023, the Group had GFA under management of approximately 42.1 million sq.m., representing an increase of approximately 9.9% as compared with that of approximately 38.3 million sq.m. in the corresponding period in 2022. The decrease in contracted GFA was due to the Group’s exit from some of its unprofitable property projects, and the increase in GFA under management was attributable to endogenous growth and the expansion of stand-alone projects.

The revenue of the Group for the six months ended 30 June 2023 was approximately RMB442.0 million, representing a decrease of approximately 3.9% as compared to the corresponding period of approximately RMB460.0 million in 2022. The gross profit of the Group for the six months ended 30 June 2023 was approximately RMB161.2 million, representing an increase of approximately 10.9% as compared to the corresponding period of approximately RMB145.4 million in 2022. The gross profit margin of the Group for the six months ended 30 June 2023 was approximately 36.5% compared with that of approximately 31.6% in the corresponding period in 2022. The net profit of the Group for the six months ended 30 June 2023 was approximately RMB66.4 million, representing a decrease of approximately 3.3% as compared to the corresponding period of approximately RMB68.7 million in 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of the property management service business, for the six months ended 30 June 2023, the revenue of property management service of the Group was approximately RMB386.6 million, representing an increase of approximately 5.0% as compared to that in the corresponding period in 2022. The revenue of property management service business accounted for approximately 87.5% of the total revenue of the Group. The increase in the revenue 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 2023, the Group's revenue from value-added services to property developers was approximately RMB16.8 million, representing a decrease of approximately 69.6% as compared to that in the corresponding period in 2022. The revenue of value-added services to property developers accounted for approximately 3.8% of the total revenue of the Group, representing a decrease of approximately 11.2 percentage points from approximately 15.0% in the corresponding period in 2022. The significant decrease in the revenue from value-added services to property developers was mainly due to influence of the real estate industry, which resulted in a significant reduction in the provision of venue services for real estate developers by the Group.

In terms of community value-added services, for the six months ended 30 June 2023, the revenue of community value-added services was approximately RMB38.6 million, representing an increase of approximately 5.1% as compared to that in the corresponding period in 2022. The total revenue of community value-added service business for the six months ended 30 June 2023 accounted for approximately 8.7% of the total revenue of the Group and slightly decreased by approximately 0.7 percentage points from that in the corresponding period in 2022. The increase in the revenue of community value-added services was mainly due to the increase in the number of residents to whom the Group provided community value-added services to as a result of the increase in GFA under management, as well as the increase in revenue from advertising in common areas as a result of the increase in GFA under management.

FUTURE PLANS AND PROSPECTS

There is always a rainbow after the storm, and every cloud has its silver lining.

Through the goal of achieving in-depth reform of mechanisms, winning great customer satisfaction and ensuring the continuous operation of the Company, the Company shall implement a management strategy such that investment must be fruitful, development must be guaranteed, trust must be grounded, operation must be efficient, and trouble must be resolved. Untroubled by external turmoil, the resolve in executing such strategy only increases, thus embarking on a path of high-quality development with distinctive characteristics. First, to endeavour to complete the trading resumption of the Company as soon as possible, improve corporate governance and strictly abide by regulatory compliances, and perform duties and responsibilities to fully protect the rights and interests of investors; second, to comprehensively revise the Company's management system, to adjust the positioning of the organisation to become a highly market-oriented integrated service provider, thus clarifying the Company's development direction and growth path, such that employees are enabled to provide services to customers with more professionalism, efficiency and standardisation; third, to establish and improve the service quality management system, to ensure that the property management services are rendered perfectly from the perspective of the customer; fourth, to guide and urge all the subsidiaries and projects to keep the goal of profitability in mind, take measures to increase revenue and reduce expenditure, and ensure sufficient operating cash flow; fifth, to stay true to our original developmental goals, to further develop the target regional markets vigorously through direct expansion, while protecting every project under management to ensure the stability of the Company's scale of management and lay a solid foundation for continuous operation; sixth, to collect the accounts owed by related parties to the greatest extent possible, realise creditors' rights through debt restructuring, legal recovery, etc., to protect the interests of the Company and reduce losses of the Company; seventh, to strengthen corporate risk prevention and control, maintain the enterprise's good commercial credit and avoid unnecessary economic losses, including complying with laws and regulations during its operations, ensuring the personal and property safety of customers and employees, and treating cooperating suppliers in a friendly manner, etc. We sincerely serve customers with philosophy of the long-term in mind, unwavering and giving our all. We will face a better tomorrow with full confidence.

FINANCIAL REVIEW

Revenue

The revenue of the Group derives from three types of services: (i) property management services; (ii) value-added services to property developers; and (iii) community value-added services. The revenue of the Group decreased by approximately 3.9% from approximately RMB460.1 million for the six months ended 30 June 2022 to approximately RMB442.0 million for the six months ended 30 June 2023.

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

	Six months ended 30 June					
	2023		2022		Changes	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property management services	386,613	87.5	368,212	80.0	18,401	5.0
Value-added services to property developers	16,786	3.8	55,154	12.0	(38,368)	(69.6)
Community value-added services	38,608	8.7	36,726	8.0	1,882	5.1
	<u>442,007</u>	<u>100</u>	<u>460,092</u>	<u>100.0</u>	<u>(18,085)</u>	<u>(3.9)</u>

Property management services

Revenue from property management services increased by approximately 5% from approximately RMB368.2 million for the six months ended 30 June 2022 to approximately RMB386.6 million for the six months ended 30 June 2023, primarily attributable to the increase in the number of charging owners and GFA under management as a result of fee-generating business expansion through organic growth.

Value-added services to property developers

Revenue from value-added services to property developers decreased by approximately 69.6% from approximately RMB55.2 million for the six months ended 30 June 2022 to approximately RMB16.8 million for the six months ended 30 June 2023, primarily attributable to the decrease in the number of newly-added venue services items.

Community value-added services

Revenue from community value-added services increased by approximately 5.1% from approximately RMB36.7 million for the six months ended 30 June 2022 to approximately RMB38.6 million for the six months ended 30 June 2023, 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 decreased by approximately 10.8% from approximately RMB314.7 million for the six months ended 30 June 2022 to approximately RMB280.8 million for the six months ended 30 June 2023, primarily due to the decrease in employee benefits expenses as a result of the decreased number of employees through organic growth.

Gross profit and gross profit margin

The gross profit of the Group increased by approximately 10.9% from approximately RMB145.4 million for the six months ended 30 June 2022 to approximately RMB161.2 million for the six months ended 30 June 2023, which was mainly due to the Group optimized business scale and reduce project with poor profitability.

The gross profit margin of the Group increased from approximately 31.6% for the six months ended 30 June 2022 to approximately 36.5% for the six months ended 30 June 2023. 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			
	2023		2022	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property management services	138,561	35.9	110,495	30.0
Value-added services to property developers	4,909	29.2	18,027	32.7
Community value-added services	17,745	46.0	16,909	46.0
	<u>161,215</u>	<u>36.5</u>	<u>145,431</u>	<u>31.6</u>

Property management services

The gross profit margin of property management services increased by approximately 30% for the six months ended 30 June 2022 to approximately 35.9% for the six months ended 30 June 2023 mainly due to optimize staffing and cost-saving efficiency improvements.

Value-added services to property developers

The gross profit margin of value-added services to property developers decreased from approximately 32.7% for the six months ended 30 June 2022 to approximately 29.2% for the six months ended 30 June 2023, 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 remained stable at approximately 46% for the six months ended 30 June 2022 and for the six months ended 30 June 2023 which was primarily due to (i) minimal changes in the number of residents in the community served by the Group and the value-added services provided to them; and (ii) the Group's diversified services operating as usual and running smoothly.

Other income and expenses, net

The other income and expenses (net) of the Group decreased by approximately 43.8% from approximately RMB6.4 million for the six months ended 30 June 2022 to approximately RMB3.6 million for the six months ended 30 June 2023, which was primarily attributable to the significant decrease in interest income of bank's regular wealth management.

Selling and marketing expenses

Selling and marketing expenses decreased from approximately RMB6.5 million for the six months ended 30 June 2022 to approximately RMB3.1 million for the six months ended 30 June 2023, representing an decrease of approximately 52.3%, mainly as a result of decreased marketing expenses and employee benefit expenses which related to the adjustment of the Group's business strategy.

Administrative expenses

Administrative expenses decreased from approximately RMB38.9 million for the six months ended 30 June 2022 to approximately RMB19.7 million for the six months ended 30 June 2023, representing an decrease of approximately 49.4%. The decrease in administrative expenses was due to the decrease in employee benefit expenses for management and administrative staff as a result of the decrease 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 RMB20.3 million for the six months ended 30 June 2022, representing an increase of approximately 11.2%, to approximately RMB22.6 million for the six months ended 30 June 2023. The increase in income tax expenses was mainly due to corporate income tax benefits have not been considered temporarily.

Profit and total comprehensive income for the period

As a result of the foregoing, the profit and total comprehensive income for the period decreased from approximately RMB68.7 million for the six months ended 30 June 2022 to approximately RMB66.4 million for the six months ended 30 June 2023.

The profit and total comprehensive income attributable to owners of the Company for the period decreased from approximately RMB65.7 million for the six months ended 30 June 2022 to approximately RMB63.6 million for the six months ended 30 June 2023.

Property and equipment

The property and equipment of the Group increased from approximately RMB26.6 million as of 31 December 2022 to approximately RMB26.8 million as of 30 June 2023, representing an increase of approximately 0.7%, 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 RMB130.4 million as of 31 December 2022 to approximately RMB125.6 million as of 30 June 2023, 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, decreased from approximately RMB313.9 million as of 31 December 2022 to approximately RMB279.5 million as of 30 June 2023, representing a decrease of approximately 11%. Such decrease was primarily due to the decrease 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 decreased from approximately RMB51.5 million as of 31 December 2022 to approximately RMB39.6 million as of 30 June 2023, representing an decrease of approximately 23.1%.

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 RMB94.5 million as of 31 December 2022 to approximately RMB80.4 million as of 30 June 2023, representing a decrease of approximately 14.9%, mainly due to the decrease of the number of properties managed by the Group.

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 RMB305.4 million as of 31 December 2022 to approximately RMB239 million as of 30 June 2023 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 RMB78.2 million as of 31 December 2022 to approximately RMB74.2 million as of 30 June 2023, representing a decrease of approximately RMB4 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 RMB72.6 million as of 31 December 2022 to approximately RMB36.9 million as of 30 June 2023, representing a decrease of approximately RMB35.7 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 decrease from approximately RMB116 million as of 31 December 2022 to approximately RMB73 million as of 30 June 2023, primarily due to the decrease of the number of properties managed by the Group.

Liquidity, financial resources and capital structure

As of 30 June 2023, the total cash and cash equivalents and restricted bank deposits of the Group amounted to approximately RMB34.5 million and approximately RMB0.6 million, respectively. As of 31 December 2022, the total cash and cash equivalents and restricted bank deposits of the Group amounted to approximately RMB22.7 million and approximately RMB1.4 million, respectively. The restricted bank deposits remained stable throughout the corresponding periods.

As at 30 June 2023, the Group had bank borrowings of approximately RMB35.5 million (31 December 2022: RMB41.2 million), among which approximately RMB11.3 million (31 December 2022: RMB11.4 million) will be repayable within one year or on demand. As at 30 June 2023, all current bank borrowings of the Group were denominated in RMB and carried a fixed interest of 4.35% per annum. As at 30 June 2023, bank borrowings of approximately RMB35.5 million (31 December 2022: RMB41.2 million) were secured by 100% equity interest of Shanghai Baoji Property Management Co., Ltd. ("Shanghai Baoji") and guaranteed jointly by Mr. Shum and an entity controlled by Mr. Shum.

The Group's financial position has improved as compared to 2022. As of 30 June 2023, the Group's net current liabilities amounted to approximately RMB160.91 million while the Group's net current liabilities amounted to approximately RMB214.30 million as of 31 December 2022. As of 30 June 2023, the Group's current ratio (current assets/current liabilities) was approximately 0.69 while the Group's current ratio was approximately 0.65 as of 31 December 2022.

The gearing ratio, which is calculated on the basis of the Group's total liabilities divided by total assets, as at 30 June 2023 was 89.9% (six months ended 30 June 2022: 43.8%).

Capital commitments

As at 30 June 2023, the Group did not have any material capital commitments.

Contingent liabilities

As at 30 June 2023, certain subsidiaries of the Company are defendants in certain claims, lawsuits, arbitrations and potential claims. The directors of the Company after due consideration of each case and with reference to legal advice, consider the claims would not result in any material adverse impact on the consolidated financial position or results and operations of the Group except as detailed below:

Unauthorised shares pledged

As detailed in the announcement of the Company dated 25 September 2024 and 30 September 2024 and the notes to the audited consolidated financial results of the Group for the year ended 31 December 2022, during the Independent Internal Control Review, it was identified that during the financial year ended 31 December 2022, Zhejiang Heyuan Property Services Co., Ltd.* (浙江禾源物業服務有限公司) (“Zhejiang Heyuan”), an indirect wholly-owned PRC subsidiary of the Company, entered into the share pledge agreement (the “Share Pledge Agreement”) with Mr. Zang Ping (“Mr. Zang”), an independent third party, pursuant to which, among others, Zhejiang Heyuan, agreed to pledge its equity interest in Zhejiang Jiayuan Property Services Group Co., Ltd. (浙江佳源物業服務集團有限公司) (currently known as Zhejiang Zhixiang Dacheng Property Services Group Co., Ltd (浙江智想大成物業服務集團有限公司), also an indirect wholly-owned PRC subsidiary of the Company) (“Zhejiang Jiayuan Services”) in the principal amount of RMB500,000,000, and all underlying interest thereof (the “Pledged Shares”) to Mr. Zang. The pledge was to secure the repayment obligation of Mr. Shum (as defined below), as borrower, in respect of the loan agreement dated 31 March 2022 entered into between (i) Mr. Zang as the lender; (ii) Mr. Shum Yuxing (沈玉興), also known as Mr. Shum Tin Ching (沈天晴) (“Mr. Shum”), the then ultimate controlling shareholder of the Company as at the material time of entering into of the Share Pledge Agreement, as the borrower; and (iii) Jiayuan Chuangsheng Holding Group Co., Ltd.* (佳源創盛控股集團有限公司) (“Jiayuan Chuangsheng”), a company ultimately and beneficially wholly-owned by Mr. Shum, as the guarantor in relation to the provision of the loan in the principal amount of RMB80,000,000.

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

The Group recognised a provision of approximately RMB37,482,000 for loss on unauthorised Pledged Shares as at 31 December 2022. For the six-month period ended 30 June 2023, an addition provision of approximately RMB5,952,000 was recognised to account for the interest accrued over the period.

Save as disclosed above, as at 30 June 2023, the Group did not have any other material contingent liabilities.

Pledge of assets

As at 30 June 2023, the Group has the following pledge of material assets:

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

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

Losses caused by Abnormal Transactions and unauthorised Pledged Shares

For the six months ended 30 June 2023, the loss caused by Abnormal Transaction was nil and the loss caused by unauthorised Pledged Shares was approximately RMB5,952,000.

Foreign exchange risk

Almost all of the Group’s operating activities were carried out in the People’s Republic of China with most of the transactions denominated in RMB. The major foreign currency source of the Group was the net proceeds received following the successful listing on the Stock Exchange on 9 December 2020, all of which were denominated in HKD. The Board expected that the RMB exchange rate would not have a material adverse effect on the operations of the Group. The Group will closely monitor the fluctuations of the RMB exchange rate and adopt prudent measures to reduce potential foreign exchange risk. As at 30 June 2023, 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 2023.

SIGNIFICANT INVESTMENT HELD

The Group had no significant investment held as at 30 June 2023.

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 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2023, save as disclosed in the annual results announcement of the Company for the year ended 31 December 2022, the Group did not have other future plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICY

The Group had 5,909 full-time employees as at 30 June 2023. The total staff costs for the six months ended 30 June 2023 were approximately RMB243.0 million. Employees' remuneration package includes salary, performance bonus and other welfare subsidies. The remuneration of employees is determined in accordance with the Group's remuneration and welfare policies, the employees' positions, performance, company profitability, industry level and market environment.

EVENTS AFTER THE REPORTING PERIOD

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

Resumption Guidance

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

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

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

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

Independent Investigation and Internal Control Review

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

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

Unauthorised Guarantees to the then Ultimate Controlling Shareholder

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

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

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

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

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

Please refer to the announcement of the Company dated 13 November 2024 for further details.

Sale and Purchase of Shares and Mandatory Unconditional Cash Offer

References are made to (i) the announcement dated 27 October 2024 jointly issued by Linkto Tech Limited and Valuable Capital Limited (the "Joint Offerors") and the Company; and (ii) the composite offer and response document (the "Composite Document") jointly issued by the Company and the Joint Offerors dated 10 December 2024 in relation to, among other things, the Sale and Purchase Agreement and the Offer. Capitalised terms used herein shall have the same meanings as defined in the Composite Document unless otherwise stated.

On 5 September 2024, the Receivers and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Receivers agreed to sell, and the Purchaser agreed to acquire, an aggregate of 450,000,000 shares of the Company (representing approximately 73.56% of the issued share capital of the Company as at 5 September 2024), at a total consideration of HK\$99,000,000.

Completion of the Sale and Purchase Agreement took place on 5 September 2024. Upon Completion, the Joint Offerors became the controlling shareholders of the Company and were interested in approximately 73.56% of the issued share capital of the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 of the Company (the “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 (renumbered to Appendix C1 with effect from 31 December 2023) 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 2023, 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 will use their best endeavours to procure the Company to continue to comply with the CG Code.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 (renumbered to Appendix C3 with effect from 31 December 2023) 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 2023.

CHANGES IN INFORMATION IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT

Pursuant to Rule 13.51B(1) of the Listing Rules, there are no changes in information of Directors and senior management since the date of the 2022 annual report up to the date of this interim report.

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 and the interim report of the Group for the six months ended 30 June 2023.

INTERIM DIVIDEND

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

NON-COMPETE UNDERTAKINGS

Each of the controlling Shareholders of the Company has confirmed to the Company of his/its compliance with the non-compete undertakings provided to the Company under the Deed of Non-Competition (as defined in the Prospectus of the Company). The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by the controlling Shareholders during the period commencing from the Deed of Non-Competition and up to 30 June 2023.

INTERESTS IN COMPETING BUSINESS

None of the Directors had any direct or indirect interest in a business which competed or might compete with the business of the Group as required to be disclosed under Rule 8.10 of the Listing Rules since the listing of the Company on 9 December 2020 and up to 30 June 2023.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, any of its controlling Shareholders, or any of its subsidiaries or fellow subsidiaries was a party at any time during the six months ended 30 June 2023.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, Directors, managing directors, alternate Directors, auditors, secretary and other officers for the time being of the Company and the trustees for the time being acting in relation to any of the affairs of the Company, and their respective executors or administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts.

The Company has also arranged appropriate directors' and officers' liability insurance for the Directors and officers of the Group.

SHARE SCHEMES

During the six months ended 30 June 2023, the Company had no share option scheme or share award scheme.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES

As at 30 June 2023, the interest and/or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be and were recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interest in associated corporation of the Company

Name of Director	Name of associated corporation	Capacity and nature of interest	Number of shares or underlying shares held ⁽¹⁾	Approximate percentage of shareholding
Mr. Zhu Hongge ⁽²⁾	Jiayuan International Group Limited ⁽⁵⁾ ("Jiayuan International")	Beneficial owner	64,000 (L)	0.0009%
Mr. Huang Fuqing ⁽³⁾	Jiayuan International ⁽⁵⁾	Beneficial owner	1,200,000 (L) ⁽⁴⁾	0.02%

Note:

- (1) The letter "L" denotes the Director's long position in the shares.
- (2) Mr. Zhu Hongge (朱宏戈先生) resigned as Chairman of the Board, executive Director, Chairman of Nomination Committee, Authorised Representative and Chief Executive Officer of the Company on 26 July 2024.
- (3) Mr. Huang Fuqing (黃福清先生) resigned as non-executive Director on 12 August 2024.
- (4) The underlying Shares relating to the share options granted by Jiayuan International to Mr. Huang Fuqing on 17 June 2022.
- (5) Jiayuan International has ceased to be an associate corporation of the Company under the SFO on 5 September 2024. For details, please refer to the section headed "Events after the Reporting Period" in this report.

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executive of the Company and their respective close associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES

So far as the Directors are aware as of 30 June 2023, the following persons (other than the Directors or chief executives of the Company) had the following interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO or required to be disclosed under Divisions 2 and 3 of Part XV of the SFO:

Name of substantial shareholder	Capacity and nature of interest	Number of shares or securities held ⁽¹⁾	Approximate percentage of interest in the Company
Valuable Capital Group Limited	Interest in controlled corporation	450,000,000 shares (L) ⁽⁴⁾	73.56%
Consolidated Capital Group Holding Limited	Interest in controlled corporation	450,000,000 shares (L) ⁽⁴⁾	73.56%
Valuable Capital Limited	Person having a security interest in shares	450,000,000 shares (L) ⁽⁴⁾	73.56%
Chuangyuan Holdings Limited ("Chuangyuan Holdings")	Beneficial owner	450,000,000 shares (L) 450,000,000 shares (S) ⁽⁴⁾	73.56%
Jiayuan Investment Management Limited ("Jiayuan Investment")	Interest in controlled corporation ⁽²⁾	450,000,000 shares (L) 450,000,000 shares (S) ⁽⁴⁾	73.56%
Jiayuan International	Interest in controlled corporation ⁽²⁾	450,000,000 shares (L) 450,000,000 shares (S) ⁽⁴⁾	73.56%
Mingyuan Group Investment Limited ("Mingyuan Group")	Interest in controlled corporation ⁽²⁾	450,000,000 shares (L) 450,000,000 shares (S) ⁽⁴⁾	73.56%
China Jiayuan Group Limited ("China Jiayuan") ⁽²⁾	Interest in controlled corporation ⁽²⁾	450,000,000 shares (L) 450,000,000 shares (S) ⁽⁴⁾	73.56%
Galaxy Emperor Limited ("Galaxy Emperor") ⁽²⁾	Interest in controlled corporation ⁽²⁾	450,000,000 shares (L) 450,000,000 shares (S) ⁽⁴⁾	73.56%
Dragon Giant Global Limited ("Dragon Giant")	Interest in controlled corporation ⁽²⁾	450,000,000 shares (L) 450,000,000 shares (S) ⁽⁴⁾	73.56%
Mr. Shum Tin Ching ("Mr. Shum")	Interest in controlled corporation ⁽²⁾	450,000,000 shares (L) 450,000,000 shares (S) ⁽⁴⁾	73.56%
Ms. Wang Xinmei	Interest of spouse ⁽³⁾	450,000,000 shares (L) 450,000,000 shares (S) ⁽⁴⁾	73.56%
First Leading Trading Limited	Beneficial owner	32,124,000 shares (L)	5.25%

Notes:

- (1) The letter “L” denotes the person’s long position in the shares of the Company. The letter “S” denotes the person’s short position in the shares of the Company.
- (2) As at 30 June 2023, Chuangyuan Holdings was wholly-owned by Dragon Giant, which was in turn wholly-owned by Jiayuan Investment. Jiayuan Investment was wholly-owned by Jiayuan International. Jiayuan International was owned as to approximately 67.96% by Mingyuan Group and approximately 1.78% by Mr. Shum in his own personal capacity. Therefore, Mr. Shum was deemed to be interested in Mingyuan Group’s interest in Jiayuan International by virtue of the SFO. Mingyuan Group was owned as to 70% by China Jiayuan. China Jiayuan is wholly-owned by Galaxy Emperor, a company directly wholly-owned by Mr. Shum. By virtue of the SFO, each of Jiayuan Investment, Jiayuan International and Mingyuan Group was deemed to be interested in the shares in which Chuangyuan Holdings is interested, and each of China Jiayuan, Galaxy Emperor and Mr. Shum was deemed to be interested in the shares in which Mingyuan Group is interested.
- (3) Ms. Wang Xinmei is the spouse of Mr. Shum. By virtue of the SFO, Ms. Wang Xinmei is deemed to be interested in the Shares in which Mr. Shum is interested.
- (4) Chuangyuan Holdings, as the chargor, had pledged 450,000,000 shares of the Company to Valuable Capital Limited as lender under a security deed on 23 November 2022. Valuable Capital Limited was wholly owned by Consolidated Capital Group Holding Limited and Consolidated Capital Group Holding Limited was wholly owned by Valuable Capital Group Limited as at 30 June 2023.
- (5) As at 30 June 2023, the total number of issued shares of the Company was 611,709,000.

Save as disclosed above, as at 30 June 2023, the Directors are not aware of any person who had an interest or short position in the shares and the underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

INDEPENDENT REVIEW REPORT



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To the Board of Directors of Jiayuan Services Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information of Jiayuan Services Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 24 to 42 which comprises the interim condensed consolidated statement of financial position of the Company as at 30 June 2023 and the related interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended, and notes to interim financial information, including a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

OTHER MATTER

Without modifying our review conclusion, we draw to your attention that the comparative condensed consolidated interim financial information for the six months ended 30 June 2023 has not been reviewed in accordance with standards applicable to review engagements issued by the HKICPA.

RSM Hong Kong
Certified Public Accountants

4 December 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
	Note	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	6	442,007	460,092
Cost of services and sales		<u>(280,792)</u>	<u>(314,661)</u>
Gross profit		161,215	145,431
Other income and expenses, net	7	3,588	6,412
Other gains and losses, net	8	658	9
Impairment losses on financial assets		(46,708)	(16,278)
Loss on unauthorised Pledged Shares	18	(5,952)	–
Selling and marketing expenses		(3,097)	(6,470)
Administrative expenses		(19,685)	(38,914)
Finance costs	10	(866)	(1,250)
Share of results of associates		<u>(200)</u>	<u>4</u>
Profit before taxation		88,953	88,944
Income tax expense	11	<u>(22,588)</u>	<u>(20,291)</u>
Profit and total comprehensive income for the period	9	<u>66,365</u>	<u>68,653</u>
Profit and total comprehensive income for the period attributable to:			
– Owners of the Company		63,558	65,679
– Non-controlling interests		<u>2,807</u>	<u>2,974</u>
		<u>66,365</u>	<u>68,653</u>
Earnings per share attributable to owners of the Company (expressed in RMB per share)			
Basic and diluted	12	<u>0.10</u>	<u>0.11</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
	<i>Note</i>		
ASSETS			
Non-current assets			
Property and equipment	14	26,798	26,607
Right-of-use assets		–	79
Intangible assets		125,595	130,372
Interest in an associate		1,288	1,488
Deferred income tax assets		65,341	53,335
		<u>219,022</u>	<u>211,881</u>
Current assets			
Inventories		495	538
Trade and other receivables	15	319,085	365,401
Restricted bank deposits		571	1,374
Cash and cash equivalents		34,522	22,722
		<u>354,673</u>	<u>390,035</u>
Total assets		<u>573,695</u>	<u>601,916</u>
EQUITY			
Equity/(deficit in equity) attributable to owners of the Company			
Share capital	16	5,225	5,225
Reserves		575	(62,983)
		<u>5,800</u>	<u>(57,758)</u>
Non-controlling interests		<u>26,446</u>	<u>23,639</u>
Total equity/(deficit in equity)		<u>32,246</u>	<u>(34,119)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Bank borrowings		24,209	29,860
Deferred income tax liabilities		1,660	1,843
		<u>25,869</u>	<u>31,703</u>
Current liabilities			
Contract liabilities		72,991	116,183
Bank borrowings		11,302	11,362
Lease liabilities		–	50
Provisions	18	43,434	37,482
Trade and other payables	17	319,360	399,900
Current income tax liabilities		68,493	39,355
		<u>515,580</u>	<u>604,332</u>
Total liabilities		<u>541,449</u>	<u>636,035</u>
Total equity and liabilities		<u>573,695</u>	<u>601,916</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Total equity/ (deficit of equity) RMB'000
	Share capital RMB'000	Reserves RMB'000	Total RMB'000	Non-controlling interests RMB'000	
Balance at 1 January 2023 (audited)	5,225	(62,983)	(57,758)	23,639	(34,119)
Total comprehensive income:					
Profit for the period	—	63,558	63,558	2,807	66,365
Balance at 30 June 2023 (unaudited)	<u>5,225</u>	<u>575</u>	<u>5,800</u>	<u>26,446</u>	<u>32,246</u>
Balance at 1 January 2022 (audited)	5,225	601,353	606,578	20,798	627,376
Total comprehensive income:					
Profit for the period	—	65,679	65,679	2,974	68,653
Transactions with owners in their capacity as owners:					
Dividends paid	—	—	—	(944)	(944)
Balance at 30 June 2022 (unaudited)	<u>5,225</u>	<u>667,032</u>	<u>672,257</u>	<u>22,828</u>	<u>695,085</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cash flows from operating activities		
Cash generated from/(used in) operations	31,855	(180,583)
Income tax paid	(5,639)	(19,582)
Net cash generated from/(used in) operating activities	26,216	(200,165)
Cash flows from investing activities		
Purchases of property and equipment	(6,997)	(5,402)
Acquisition of subsidiaries, net of cash paid	–	(1,760)
Proceeds from disposals of property and equipment	12	167
Proceeds from disposal of a subsidiary	(912)	–
Withdrawal of short-term bank deposits	–	280,000
Interest received	108	2,910
Net cash (used in)/generated from investing activities	(7,789)	275,915
Cash flows from financing activities		
Payments on leases	(51)	(578)
Interests paid on bank borrowings	(925)	(1,228)
Repayment of bank borrowings	(5,651)	(5,651)
Dividends paid to non-controlling interests	–	(944)
Net cash used in financing activities	(6,627)	(8,401)
Net increase in cash and cash equivalents	11,800	67,349
Cash and cash equivalents at beginning of the period	22,722	351,785
Exchange gains on cash and cash equivalents	–	9
Cash and cash equivalents at end of the period	34,522	419,143

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION AND BASIS OF PREPARATION

1.1 General information

Jiayuan Services Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 5 March 2020 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is at the office of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. On 9 December 2020, the Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) by way of initial public offering. The trading in the shares of the Company has been suspended since 3 April 2023.

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”).

In the opinion of the directors of the Company (the “Board”), as at 30 June 2023, Chuangyuan Holdings Limited (“Chuangyuan Holdings”), a company incorporated in the British Virgin Islands (“BVI”) with limited liability, was the controlling shareholder of the Company. The intermediate holding company of the Company was Jiayuan International Group Limited (“Jiayuan International”), an exempted company incorporated in the Cayman Islands with limited liability and its shares were listed on the Stock Exchange until they were delisted on 29 October 2024. The ultimate holding company was Galaxy Emperor Limited, a company incorporated in the BVI with limited liability, ultimately controlled by Mr. Shum Tin Ching (“Mr. Shum”).

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

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

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

1 GENERAL INFORMATION AND BASIS OF PREPARATION *(Continued)*

1.1 General information *(Continued)*

Unless otherwise stated, this condensed consolidated interim financial information for the six months ended 30 June 2023 (“Interim Financial Information”) is presented in Renminbi (“RMB”).

This Interim Financial Information has been reviewed, not audited.

1.2 Basis of preparation

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

The Interim Financial Information should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certificate Public Accountants. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The accounting policies and methods of computation used in the preparation of this unaudited condensed consolidated interim financial information are consistent with those used in the annual consolidated financial statements of the Group for the year ended 31 December 2022.

2 ADOPTION OF NEW AND REVISED STANDARDS

The Group has applied new and amended standards effective for the financial period beginning on 1 January 2023. The adoption of these new and revised standards does not have any significant impact on the condensed consolidated interim financial statements of the Group.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements of the Group for the year ended 31 December 2022.

4 SIGNIFICANT CHANGES IN PRINCIPAL SUBSIDIARIES AND ASSOCIATES

There was no significant change in principal subsidiaries and associates of the Group during the six months ended 30 June 2023.

5 SEGMENT INFORMATION

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

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

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

As at 30 June 2023 and 31 December 2022, all of the non-current assets of the Group were located in the PRC.

6 REVENUE

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Types of services		
Property management services	386,613	368,212
Value-added services to property developers	16,786	55,154
Community value-added services	38,608	36,726
	<u>442,007</u>	<u>460,092</u>
Revenue is recognised:		
– Over time	435,712	452,118
– At a point in time	6,295	7,974
	<u>442,007</u>	<u>460,092</u>

For the six months ended 30 June 2023, revenue from the entities under the controlled or significant influence of Mr. Shum, the then ultimate controlling party of the Company, contributed 3% (for the six months ended 30 June 2022: 11%) of the Group’s revenue. Other than these entities, none of the Group’s Customers contributed 10% or more of the Group’s revenue during the period.

NOTES TO THE INTERIM FINANCIAL INFORMATION

7 OTHER INCOME AND EXPENSES, NET

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Government grants	3,276	2,021
Value-added tax refund	651	1,495
Interest income on bank deposits	108	2,910
Late fees and penalties	(338)	(148)
Others	(109)	134
	<u>3,588</u>	<u>6,412</u>

8 OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Exchange gain, net	5	9
Gain on disposal of a subsidiary	250	–
Losses on disposals of property and equipment	(12)	–
Others	415	–
	<u>658</u>	<u>9</u>

9 PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Depreciation of property and equipment	6,652	4,287
Amortisation of intangible assets	4,777	4,778
Cost of inventories sold	<u>3,116</u>	<u>5,668</u>

10 FINANCE COSTS

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest expense on bank borrowings	865	1,226
Interest expense on lease liabilities	1	24
	<u>866</u>	<u>1,250</u>

11 INCOME TAX EXPENSE

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current income tax charge	34,776	29,743
Deferred income tax credit	(12,188)	(9,452)
	<u>22,588</u>	<u>20,291</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 2023 (for the six months ended 30 June 2022: Nil).

Pursuant to PRC Corporate Income Tax Law and respective regulations, the corporate income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable corporate income tax rates (i.e. ranging from 2.5% to 25%) on the respective taxable income for the six months ended 30 June 2023.

NOTES TO THE INTERIM FINANCIAL INFORMATION

12 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	
	2023 <i>(Unaudited)</i>	2022 <i>(Unaudited)</i>
Profit attributable to owners of the Company (RMB' 000)	<u>63,558</u>	<u>65,679</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>611,709</u>	<u>611,709</u>
Basic earnings per share (RMB)	<u>0.10</u>	<u>0.11</u>

(b) Diluted earnings per share

For the six months ended 30 June 2023 and 2022, diluted earnings per share was the same as the basic earnings per share as there were no potentially dilutive ordinary shares outstanding in both periods.

13 DIVIDENDS

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

14 PROPERTY AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property and equipment of approximately RMB6,997,000 (for the six months ended 30 June 2022: approximately RMB5,402,000).

15 TRADE AND OTHER RECEIVABLES

	30 June 2023 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2022 <i>RMB'000</i> <i>(Audited)</i>
Trade receivables (a)	279,452	313,900
Other receivables	32,998	43,204
Prepayments	<u>6,635</u>	<u>8,297</u>
Trade and other receivables, net	<u><u>319,085</u></u>	<u><u>365,401</u></u>

(a) Trade receivables

	30 June 2023 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2022 <i>RMB'000</i> <i>(Audited)</i>
Trade receivables	488,209	481,159
Less: allowance for impairment	<u>(208,757)</u>	<u>(167,259)</u>
	<u><u>279,452</u></u>	<u><u>313,900</u></u>

The ageing analysis of the trade receivables based on invoice date and net of allowance for impairment is as follows:

	30 June 2023 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2022 <i>RMB'000</i> <i>(Audited)</i>
0-60 days	14,387	82,751
61-180 days	37,675	66,989
181-365 days	49,658	55,216
1-2 years	110,282	67,332
2-3 years	47,734	36,494
3-4 years	16,269	4,844
4-5 years	2,872	12
More than 5 years	<u>575</u>	<u>262</u>
	<u><u>279,452</u></u>	<u><u>313,900</u></u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

16 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 2022 (audited), 31 December 2022 (audited), 1 January 2023 (audited) and 30 June 2023 (unaudited)	<u>2,000,000,000</u>	<u>20,000</u>	<u>17,195</u>
Issued and fully paid			
At 1 January 2022 (audited), 31 December 2022 (audited), 1 January 2023 (audited) and 30 June 2023 (unaudited)	<u>611,709,000</u>	<u>6,117</u>	<u>5,225</u>

17 TRADE AND OTHER PAYABLES

	30 June 2023 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2022 <i>RMB'000</i> <i>(Audited)</i>
Trade payables (a)	<u>80,375</u>	<u>94,532</u>
Other payables		
– Utility and other charges	46,883	79,376
– Owners' maintenance fund	39,306	32,449
– Deposits received	74,150	78,225
– Contingent consideration payable for business combinations	5,395	5,395
– Payroll payable	36,850	72,635
– Other taxes payables	8,247	11,657
– Others	<u>28,154</u>	<u>25,631</u>
	<u>238,985</u>	<u>305,368</u>
	<u>319,360</u>	<u>399,900</u>

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

	30 June 2023 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2022 <i>RMB'000</i> <i>(Audited)</i>
0-60 days	32,809	34,571
61-180 days	12,171	19,829
181-365 days	10,045	20,051
More than 1 year	<u>25,350</u>	<u>20,081</u>
	<u>80,375</u>	<u>94,532</u>

18 PROVISIONS

Loss on unauthorised Pledged Shares

In respect of the unauthorised share pledged during the Independent Internal Control Review, it was identified that in March 2022, the former management of certain subsidiaries of the Group, acted upon instructions from China Jiayuan Group Limited without the permission or authorisation of the Board and senior management of the Company, entered into an unauthorised and undisclosed share pledge agreement. Under this agreement, Zhejiang Heyuan Property Services Co., Ltd. (浙江禾源物業服務有限公司), an indirect wholly owned PRC subsidiary of the Company, agreed to pledge the entire equity interest in Zhejiang Jiayuan Property Services Group Co., Ltd. (浙江佳源物業服務集團有限公司), (currently known as Zhejiang Zhixiang Dacheng Property Services Group Co., Ltd (浙江智想大成物業服務集團有限公司)) and all underlying interest thereof (the "Pledged Shares"), to secure the repayment obligation of Mr. Shum, as borrower, for a personal loan in the principal amount of RMB80,000,000 from an external lender. The loan was interest-bearing at 18% per annum, repayable on 31 May 2022 and was further secured by properties held by two related parties under Mr. Shum's control, with joint and several guarantee obligations provided by one of the related parties.

Following Mr. Shum's failure to repay, the lender initiated legal proceedings against Mr. Shum as the borrower and a guarantor party in July 2022. By September 2022, a civil mediation paper was issued, affirming the lender's right to enforce repayment of the loan's principal and interest, and to receive preferential rights to the proceeds from the auction or sale of pledged properties and the Pledged Shares. In March 2023, the court granted an enforcement order, and execution proceeding resumed in March 2024. By July 2024, one of the pledged properties has been auctioned successfully while process for auctioning another pledged property is in progress. There are no further actions taken on the remaining pledged properties and the Pledged Shares.

The extent to which Mr. Shum will be able to repay the lender for the outstanding principal and interests of the loan remains uncertain. Based on legal advice and the evaluation by an independent third-party valuer, the Group recognised a provision of approximately RMB43,434,000 for loss on unauthorised Pledged Shares. The amount represents the Group's best estimate of the probable cash outflow arising from the obligations under the share pledge agreement, taking into account the net realisable value of the pledged properties. It was recorded separately in an item in the consolidated statement of comprehensive income for the year ended 31 December 2022. For the six-month period ended 30 June 2023, an addition provision of approximately RMB5,952,000 was recognised to account for the interest accrued over the period.

19 COMMITMENTS

Operating lease commitments

The Group's lease commitments under non-cancellable short-term and low-value operating leases are as follows:

	30 June 2023 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2022 <i>RMB'000</i> <i>(Audited)</i>
No later than 1 year	<u>30</u>	<u>259</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

20 CONTINGENT LIABILITIES

As at 30 June 2023, certain subsidiaries of the Company are defendants in certain claims, lawsuits, arbitrations and potential claims relating to property management contract and employment dispute. The directors of the Company after due consideration of each case and with reference to legal advice, consider the claims would not result in any material adverse impact on the interim condensed consolidated financial position or results and operations of the Group except for the provision for loss on unauthorised Pledged Shares.

21 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

Apart from those related party transactions disclosed elsewhere in the Interim Financial Information, the following transactions were carried out with related parties:

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Entities controlled by Mr. Shum		
– Provision of property management services	1,637	7,308
– Provision of value-added services to property developers	7,970	42,480
Entities jointly controlled by Mr. Shum		
– Provision of property management services	–	268
– Provision of value-added services to property developers	2,444	2,264
Entities over which Mr. Shum has significant influence		
– Provision of value-added services to property developers	23	2,046
Entity which has significant influence over a subsidiary of the Company		
– Provision of property management services	1,716	1,645
– Provision of value-added services to property developers	1,259	655

The prices for the above service and other transactions were determined in accordance with the terms mutually agreed by the contract parties.

21 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

Balances with related parties were included in the following items:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Entities controlled by Mr. Shum		
Trade in nature and included in:		
– Trade receivables	130,190	133,920
– Prepayments	–	111
– Other receivables	12,956	7,247
– Trade payables	279	409
– Utility and other payables	5,352	4,334
Entities jointly controlled by Mr. Shum		
Trade in nature and included in:		
– Trade receivables	6,027	5,921
– Other receivables	1,044	1,053
– Utility and other payables	2,043	–
Entities over which Mr. Shum has significant influence		
Trade in nature and included in:		
– Trade receivables	12,355	10,782
– Other receivables	3	3
Entity which has significant influence over a subsidiary of the Company		
Trade in nature and included in:		
– Trade receivables	2,814	2,350
– Other receivables	2,440	2,190
– Trade payables	334	425
– Utility and other payables	2,647	136

Note:

The balances with related parties are unsecured, interest-free and repayable on demand.

22 EVENTS AFTER THE REPORTING PERIOD

(a) Suspension of trading, resumption guidance, resumption progress and Investigation

As described in detail in the consolidated financial statements for the year ended 31 December 2022, trading of the Company's shares was suspended effective 3 April 2023 due to delay in publishing the 2022 annual results beyond the mandatory deadline of 31 March 2023. During the continuation of the audit process for the year ended 31 December 2022, the Company discovered that has been a number of abnormal payments and receipt recorded between the Group and certain entities (the "Abnormal Transactions") that required further investigation.

The Company's audit committee (the "Audit Committee") has engaged independent investigation agency and independent internal control consultant to conduct an investigation into the Abnormal Transactions and independent review on the Group's internal control system, policies and procedures respectively and both reports were issued on 19 September 2024. Key findings from the reports, along with the view of the Board and Audit Committee and remedial actions taken by the directors of the Company, were published by the Company on 25 September 2024.

By way of letters, the Stock Exchange has imposed resumption guidance for the Company. The Stock Exchange required the Company to remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume and, for this purpose, the Company has the primary responsibility to devise its action plan for resumption. The Stock Exchange also indicated that it may modify or supplement the resumption guidance if the Company's situation changes. Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 2 October 2024. If the Company fails to remedy the issue causing its trading suspension, fulfill the resumption guidance and fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in its shares by 2 October 2024, the Listing Division of the Stock Exchange will recommend the Listing Committee of the Stock Exchange to proceed with the cancellation of the Company's listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

The Company has taking appropriate steps to remedy the issues causing the trading suspension and to fully comply with the Listing Rules to the satisfaction of Stock Exchange before trading in the shares is allowed to resume. On 25 September 2024, the Company submitted a resumption proposal to the Listing Division of the Stock Exchange to address the resumption guidance, aiming to demonstrate that during the period from the suspension of trading in the shares of the Company up to the date of the submission, save for the publication of the outstanding financial results, the Company was able to fulfill the conditions set out in the resumption guidance and complete a number of initiatives to resume trading.

22 EVENTS AFTER THE REPORTING PERIOD *(Continued)*

(a) Suspension of trading in shares of the Company and Investigation *(Continued)*

Furthermore, the Company submitted an application to the Stock Exchange on 25 September 2024 for an extension of the remedial period up to and inclusive of 31 December 2024 for the Company to full the conditions set out in the resumption guidance, particularly, to complete the audits in respect of the 2022 annual results and 2023 annual results.

On 1 November 2024, the Company received a letter from the Stock Exchange stating that after considering the Company's case, the Listing Committee of the Stock Exchange decided to extend the Remedial Period to 31 December 2024.

Please refer to the announcements of the Company dated 30 June 2023, 22 February 2024 and 17 May 2024 for details of the resumption guidance and announcements dated 2 October 2024 and 1 November 2024 for details of the resumption plan and progress.

The Company will keep its shareholders and public informed of the developments in this regard by making further announcements as and when appropriate.

(b) Unauthorised guarantee

As described in detail in the announcement dated 13 November 2024, on 27 July 2023, two indirectly wholly-owned PRC subsidiaries of the Company, Zhejiang Heyuan and Zhejiang Jiayuan Services (collectively referred to as the "Involved Subsidiaries"), entered into unauthorised guarantee agreements with two independent third parties, as creditors, and the Involved Subsidiaries, as guarantors. These agreements, also involving a related party controlled by Mr. Shum as guarantors, stipulated that the Involved Subsidiaries and the related party would provide joint liability guarantees for all creditors' rights, effective for three years following the obligation fulfillment period. This arrangement was in favour of Chaohu Xutong Business Management Co., Ltd., ("Chaohu Xutong"), a PRC limited liability company under Mr. Shum's control, pursuant to an equity transfer agreement dated 27 July 2023. In this equity transfer agreement, Chaohu Xutong as transferee, agreed to acquire the entire equity interest of a target company from the two independent third parties, as transferors, at a consideration of RMB123,000,000, payable in one lump sum within 60 days from the effective date of the equity transfer agreement.

Following Chaohu Xutong's failure to fulfill this payment, the creditors initiated arbitration through the Shanghai Arbitration Commission (the "SAC") in December 2023. In April 2024, without proper authorisation, the legal adviser of the Involved Subsidiaries attended the arbitration hearing and entered into a settlement agreement, mandating a combined compensation to the creditors of approximately RMB124,000,000, being the consideration and the arbitration fee, as confirmed by the SAC through an arbitration mediation statement.

22 EVENTS AFTER THE REPORTING PERIOD *(Continued)*

(b) Unauthorised guarantee *(Continued)*

The Shanghai No. 2 Intermediate People's Court enforced this settlement on 8 October 2024, freezing certain bank accounts and designating the Involved Subsidiaries as "dishonest persons subject to enforcement," which imposed consumption restrictions on their legal representatives.

The Company became aware of the incident only after the freezing of certain bank accounts of the Involved Subsidiaries. Further investigation revealed unauthorised use of company seals on the guarantee agreements by China Jiayuan on 1 November 2023, which occurred post-agreement.

The Audit Committee and Board concluded that the unauthorised guarantee resulted from China Jiayuan's wrongdoing in bypassing the Group's then existing corporate governance and internal controls, leading to a lack of necessary approvals by the Board. Consequently, the validity of the settlement agreement is under scrutiny due to these procedural irregularities.

Based on the legal advice, the creditors could legally demand payment based on the settlement agreement. Should the Involved Subsidiaries assume all payment obligations, they may seek full recovery from Chaohu Xutong and any excess amount from the related party, which has assumed joint liability for the payment obligations. According to the PRC Civil Code, all guarantors would bear joint liabilities in equal proportion (namely one-third of the guaranteed amount) unless otherwise agreed.

The Group has recognised an expected credit loss of approximately RMB123,000,000, based on the consideration of the equity transfer associated with this unauthorised guarantee. This amount was recorded as a separate line item in the consolidated statement of comprehensive income for the year ended 31 December 2023.

23 APPROVAL OF FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2023 was approved and authorised for issue by the Board on 4 December 2024.