

JiaChen Holding Group Limited 佳辰控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1937



2024

Interim Report

CONTENTS

Management Discussion and Analysis	2
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	10
Condensed Consolidated Statement of Financial Position	11
Condensed Consolidated Statement of Changes in Equity	13
Condensed Consolidated Statement of Cash Flows	14
Notes to the Condensed Consolidated Interim Financial Statements	15
Other Information	28



MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW AND PROSPECT

JiaChen Holding Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) is principally engaged in the manufacturing and sales of access flooring plates and the provision of related installation services with the headquarters based in Changzhou City, Jiangsu Province, the People’s Republic of China (the “**PRC**”). The Group’s products mainly consist of: (i) steel access flooring plates; (ii) calcium-sulfate access flooring plates; and (iii) Aluminum alloy access flooring plates. The access flooring products of the Group have been generally applied in office buildings in the PRC with the characteristics of: (i) cable management (wires and cables are managed and organised underfloor with flexibility to accommodate any electronic devices); (ii) short installation time; (iii) high compressive strength and fire-resistance characteristic; and (iv) high bearing capacity.

Access flooring plates have been widely applied for use in office buildings, industrial office buildings, data centres, classrooms, libraries, etc. The usage of raised access flooring products, in longer term, is expected to increase at a steady rate in the PRC due to the growth in the continuous investments in new office buildings and growing construction area of industrial land. This steady growth trend is mainly attributed to the following primary factors: (i) a rising demand from construction of industrial office buildings in second-tier and above cities in China; (ii) an increase in the number of aging office buildings in China with the retirement of more and more obsolete access flooring plates; (iii) more stringent policies adopted by the PRC Government, stimulating an expected increase in the demand for access flooring plates; and (iv) increasing penetration rate of calcium-sulfate access flooring plates due to its high performance.

In response to the growing demand in the high-tech industries in the PRC, the Group introduced aluminum alloy flooring plates, designed for controlled environments like telecommunications facilities and clean rooms in the first half of 2024. This flooring product offers superior benefits including corrosion resistance, excellent anti-static properties, fire resistance, and dimensional stability when exposed to moisture. Manufactured through precise casting and mechanical processing, it ensures high dimensional accuracy and exceptional load-bearing capacity, surpassing traditional steel or calcium sulfate options. While the initial cost is higher due to premium materials, the long-term value is significant, with high recyclability and refurbishment potential. This flooring product is particularly suited for clean rooms with heavy machinery in advanced industries.

Despite the ongoing challenges in the real estate sector of the PRC, the Group’s total revenue for the six months ended 30 June 2024 (the “**Period**”) witnessed a moderate increase of approximately 24.5% to approximately RMB108.7 million, compared with approximately RMB87.3 million for the corresponding six months in 2023. This growth can be attributed to the gradual recovery in the commercial building construction industry and the commencement of several data centre projects during the first half of 2024. The Group maintained its competitive product pricing strategy while benefiting from the decreased material costs, which contributed to the increase in total revenue for the Period. The improvement in total revenue has also led to an increase in gross profit and net profit of the Group from approximately RMB16.2 million and approximately RMB3.1 million respectively for the six months ended 30 June 2023 to approximately RMB29.5 million and approximately RMB9.0 million respectively for the Period.

In the first half of 2024, China’s economy demonstrated resilience with a 5 percent year-on-year GDP growth, aligning with its annual target. The national economy bolstered by policy incentives and rebounding external demand has shown steady improvement. However, the real estate sector continued to face challenges, with sales of newly-built commercial buildings declining by 25.0 percent. Despite these headwinds, China’s export performance grew by 6.9 percent, showcasing economic resilience. Notably, investment in high-tech industries increased by 10.6 percent year-on-year, with high-tech manufacturing and services growing by 10.1 percent and 11.7 percent respectively. This growth correlates with increased demand for data center buildings and our access flooring plates which are well known for efficient cable management, quick installation, high compressive strength, fire-resistance, and high load-bearing capacity. These products are ideally positioned to cater for this expanding market and would enhance the Group to a stronger position to meet the rising demand.

MANAGEMENT DISCUSSION AND ANALYSIS

Despite the recent economic challenges, the Board maintains an optimistic outlook on the long-term prospect of the access flooring industry and the Group's operations. Recognizing the growth potential in the data center service market and the enhancement of the quality and demand for our products, we remain confident. The Group will continue to prioritize resources to enhance product recognition, improve product technology, and upgrade production lines. This approach aims to maintain effective cost and liquidity control, bolstering our competitiveness in the market. Our resolve to navigate the temporary economic downturn remains steadfast, reinforcing our positive long term perspective.

SALES ANALYSIS

The Group posted a consolidated revenue of approximately RMB108.7 million for the Period, representing an increase of approximately RMB21.4 million or 24.5% as compared to that of the six months ended 30 June 2023. During the Period, sales revenue amounting to approximately RMB 2.4 million for a new product type, aluminum alloy access flooring plates was recorded.

Details of the Group's revenue by product are as follows:

	For the six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Steel access flooring plates	84,898	78.1	73,328	84.0
Calcium-sulfate access flooring plates	21,427	19.7	13,982	16.0
Aluminum alloy access flooring plates	2,390	2.2	–	–
Total	108,715	100.0	87,310	100.0

Sales of steel access flooring plates was the largest contributor to the Group's revenue and it accounted for approximately 78.1% of the total revenue for the Period. Revenue derived from sales of steel access flooring plates increased by 15.8% from approximately RMB73.3 million for the six months ended 30 June 2023 to approximately RMB84.9 million for the Period. On the other hand, revenue derived from sales of calcium-sulfate access flooring plates increased substantially by 53.2% from approximately RMB14.0 million for the six months ended 30 June 2023 to approximately RMB21.4 million for the Period. The increase in revenue derived from sales of both steel access flooring plates and calcium-sulfate access flooring plates was mainly driven by the gradual recovery in the commercial building construction industry, in particular, construction of data centres.

During the Period, a new product type, aluminum alloy access flooring plates, was successfully introduced. This product type, which has been well-received in the market, generated sales revenue of approximately RMB 2.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Details of the sales volume and average unit selling price by product are as follows:

	For the six months ended 30 June			
	2024		2023	
	Sales volume m ² '000	Average unit selling price RMB/m ²	Sales volume m ² '000	Average unit selling price RMB/m ²
Steel access flooring plates	626.7	135.5	558.2	131.4
Calcium-sulfate access flooring plates	131.1	163.4	83.0	168.5
Aluminum alloy access flooring plates	3.5	682.9	–	–
Total	761.3		641.2	

Fluctuations in the sales volume of the Group's access flooring plates were mainly due to different product mix in demand by the customers, which is mainly subject to the market demand and the needs of the relevant customers.

Generally, it is considered that both product specifications and technical requirements are the major factors affecting the product price. Based on the market needs, the Group usually adopts a cost-plus pricing policy that takes various factors into consideration, such as the production cost, price of raw materials, suppliers of installation services, purchase volume of the customers, background of the customers and competition.

Details of the Group's sale revenue by geographical location are as follows:

	For the six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
PRC	89,927	82.7	77,332	88.6
Other countries	18,788	17.3	9,978	11.4
Total	108,715	100.0	87,310	100.0

For both of the six months ended 30 June 2024 and 2023, the Group's products were mainly sold in the PRC and to a lesser extent exported to overseas markets such as Singapore, Taiwan, Thailand and The United Arab Emirates.

MANAGEMENT DISCUSSION AND ANALYSIS

Details of the gross profit and gross profit margin by product are as follows:

	For the six months ended 30 June			
	2024	Gross profit margin	2023	Gross profit margin
	Gross profit RMB'000	%	Gross profit RMB'000	%
Steel access flooring plates	23,432	27.6	13,734	18.7
Calcium-sulfate access flooring plates	5,470	25.8	2,470	17.7
Aluminum alloy access flooring plates	645	27.0	–	–
Total	29,547	27.2	16,204	18.6

The gross profit from steel access flooring plates accounted for the majority of the gross profit of the Group for both of the six months ended 30 June 2024 and 2023. The gross profit margin of the access flooring plates was a combined result of gross profit margin of individual contracts undertaken by the Group, which was in turn affected by various factors, including but not limited to the tender or quotation price, scale, project specifications and other estimated costs, which vary from project to project. The gross profit margin of both steel access flooring plates and calcium-sulfate access flooring plates has increased by 8.9 and 8.1 percentage points respectively. This was mainly attributable to the higher selling prices and lower cost of production materials for the products sold during the Period.

OPERATING COSTS AND EXPENSES

Selling expenses increased by approximately RMB1.0 million, representing a 28.4% increase to approximately RMB4.7 million for the Period from approximately RMB3.6 million for the six months ended 30 June 2023. Administrative expenses increased substantially by approximately RMB2.2 million, representing a 23.3% increase to approximately RMB11.6 million for the Period from approximately RMB9.4 million for the six months ended 30 June 2023. It is considered that the increase in these expenses was inevitable so as to cope with the increase in sales revenue during the Period.

Finance costs decreased by approximately RMB79,000, representing a 4.6% decrease to approximately RMB1.6 million for the Period from approximately RMB1.7 million for the six months ended 30 June 2023. The reduction was mainly attributable to the reduction in the total amount of bank borrowings.

OPERATING RESULTS

Profit for the Period increased substantially by approximately 193.3% from approximately RMB3.1 million for the six months ended 30 June 2023 to approximately RMB9.0 million for the Period. The increase was mainly attributable to the increase in total revenue by approximately 24.5% from approximately RMB87.3 million for the six months ended 30 June 2023 to approximately RMB108.7 million for the Period and in gross profit margin by 8.6 percentage points from 18.6% for the six months ended 30 June 2023 to 27.2% for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group funds its business and working capital requirements by using a balanced mix of internal resources and bank borrowings. The funding mix will be adjusted depending on the costs of funding and the actual needs of the Group.

As at 30 June 2024, the Group held total assets of approximately RMB473.8 million (31 December 2023: approximately RMB483.1 million), including contract assets of approximately RMB78.5 million (31 December 2023: approximately RMB80.9 million), trade and bills receivables of approximately RMB123.0 million (31 December 2023: approximately RMB164.9 million) and cash and cash equivalents of approximately RMB58.0 million (31 December 2023: approximately RMB41.9 million). The Group's cash and cash equivalents were mainly denominated in RMB (31 December 2023: RMB).

As at 30 June 2024, the Group had total liabilities of approximately RMB151.8 million (31 December 2023: RMB170.1 million) which mainly comprise of bank borrowings amounting to approximately RMB89.0 million (31 December 2023: RMB91.0 million). The Group's bank borrowings were denominated in RMB and bearing interest at the rates ranging from 2.95% to 3.65% (31 December 2023: 3.0% to 3.65%).

As at 30 June 2024, the gearing ratio, expressed as a percentage of total borrowings and lease liabilities over total equity, was approximately 27.6% (31 December 2023: 29.1%).

CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no contingent liabilities (31 December 2023: Nil).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATE

The majority of the Group's business and all bank borrowings are denominated and accounted for in RMB. The Group, therefore, does not have significant exposure to foreign exchange fluctuation.

The Board does not expect the fluctuation of RMB exchange rate and other foreign exchange fluctuation will have material impact on the business operations or financial results of the Group. The Group does not have a hedging policy and it did not commit to any financial instruments to hedge its exposure to foreign currency risk during the Period. However, the Group will closely monitor the foreign exchange market and take appropriate and effective measures from time to time to reduce any negative impact from exchange-rate risk to the full extent including establishment of a hedging policy.

CHARGE ON GROUP ASSETS

As at 30 June 2024, the Group had the following charges on its assets:

- (a) Bank borrowings totaling approximately RMB20.0 million (31 December 2023: approximately RMB22.0 million) were secured by the following assets:
 - (i) land use rights with a carrying value of approximately RMB7.4 million as at 30 June 2024 (31 December 2023: approximately RMB7.5 million);
 - (ii) leasehold buildings with a carrying value of approximately RMB5.7 million as at 30 June 2024 (31 December 2023: approximately RMB6.0 million); and
- (b) Restricted bank deposits of approximately RMB8.2 million (31 December 2023: approximately RMB4.6 million) were pledged as security for issuing commercial bills to suppliers.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no material acquisition and disposal of subsidiaries, associates and joint ventures by the Group during the Period.

SIGNIFICANT INVESTMENTS HELD

During the Period, the Group did not hold any significant investments.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group had 208 employees (31 December 2023: 184). The total staff costs including directors' remuneration for the six months ended 30 June 2024 were approximately RMB9.4 million (six months ended 30 June 2023: approximately RMB8.6 million). Remuneration is determined based on each employee's qualifications, position and seniority. In addition to a basic salary, year-end discretionary bonuses are offered with reference to our Group's performance as well as individual's performance to attract and retain appropriate and suitable personnel to serve the Group. Furthermore, the Group offers other staff benefits like provision of retirement benefits, various types of trainings and sponsorship of training courses. The Group also adopts an annual review system to assess the performance of staff, which forms the basis of decision with respect to salary increment and promotions.

CASH FLOWS

The Group reported net cash inflow from operating activities of approximately RMB25.8 million for the Period as compared to that of approximately RMB13.4 million for the six months ended 30 June 2023. The increase in net cash inflow from operating activities was mainly attributable to the increase in cash inflow from working capital during the Period.

The Group reported net cash outflow from investing activities of approximately RMB6.0 million for the Period as compared to that of approximately RMB10.0 million for the six months ended 30 June 2023. The decrease in net cash outflow from investing activities was mainly attributable to the significant decrease in payment for acquisition of property, plant and equipment.

The Group reported net cash outflow of approximately RMB3.7 million from financing activities for the Period as compared to the net cash inflow of approximately RMB48.2 million for the six months ended 30 June 2023. The swing from cash inflow to cash outflow in respect of the financing activities was mainly due to the proceeds received from the bank borrowings of approximately RMB50.0 million for the six months ended 30 June 2023.

DIVIDEND

The Directors do not recommend the payment of any interim dividend for the Period (six months ended 30 June 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OBJECTIVES AND IMPLEMENTATION PLAN

An analysis comparing the business objectives set out in the prospectus of the Company dated 31 December 2019 with the Group's actual implementation progress up to 30 June 2024 is set out as follows:

Business Strategies	Planned use of proceeds		Actual use of proceeds up to 31 December 2023	Amount utilised during the Period	Unutilised amount as at 30 June 2024	Expected timeframe for the utilisation of the remaining balance
	HK\$'M	%	HK\$'M	HK\$'M	HK\$'M	
1. Enhancement of the production capacity and efficiency						
– Acquisition of a parcel of land in Changzhou City	20.9	24.4	20.9	–	–	N/A
– Construction of infrastructure including two new factory buildings for production and storage	21.9	25.5	21.9	–	–	N/A
– Installation of five additional production lines	26.9	31.4	26.9	–	–	N/A
– Installation of environmental-friendly and energy-saving facilities and equipment	2.2	2.6	2.2	–	–	N/A
2. Acquisition of automated machinery and equipment for upgrading the existing production lines	5.1	5.9	5.1	–	–	N/A
3. Repayment of outstanding indebtedness of the Group	5.0	5.8	5.0	–	–	N/A

MANAGEMENT DISCUSSION AND ANALYSIS

Business Strategies		Planned use of proceeds		Actual use of proceeds up to 31 December 2023	Amount utilised during the Period	Unutilised amount as at 30 June 2024	Expected timeframe for the utilisation of the remaining balance
		HK\$'M	%	HK\$'M	HK\$'M	HK\$'M	
4.	Enhancement and optimization of the information technology system	2.3	2.7	–	–	2.3	Enhancement and optimization of the information technology system aims at satisfying the requirements under the expansion of production capacity resulting from the utilization of the factory buildings. The unutilised amount as at 30 June 2024 is anticipated to be utilised by the end of March 2025
5.	Working capital and general corporate purposes	1.5	1.7	1.5	–	–	N/A
Total		85.8	100.0	83.5	–	2.3	

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended 30 June	
	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	4	108,715	87,310
Cost of sales		(79,168)	(71,106)
Gross profit		29,547	16,204
Other revenue and other net income	5	1,177	2,885
Selling expenses		(4,664)	(3,633)
Impairment of contract assets and trade and bills receivables, net		(789)	(353)
Administrative expenses		(11,582)	(9,394)
Profit from operations		13,689	5,709
Finance costs	6	(1,630)	(1,709)
Profit before taxation	7	12,059	4,000
Income tax	8	(3,054)	(930)
Profit and total comprehensive income for the period		9,005	3,070
Attributable to:			
Owners of the Company		8,958	3,047
Non-controlling interests		47	23
Profit and total comprehensive income for the period		9,005	3,070
		RMB cent	RMB cent
Earnings per share			
Basic and diluted	10	0.90	0.31

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		70,194	70,183
Land use rights		45,737	46,190
Right-of-use assets		36	91
Long-term deposits and prepayments		3,968	3,968
Deferred tax assets		6,699	6,699
		126,634	127,131
Current assets			
Inventories		59,133	50,011
Contract assets	11	78,544	80,949
Trade and bills receivables	12	123,037	164,918
Deposits, prepayments and other receivables		20,210	13,679
Restricted bank deposits		8,219	4,561
Cash and cash equivalents		58,028	41,881
		347,171	355,999
Total assets		473,805	483,130
Current liabilities			
Trade payables	13	28,349	33,283
Contract liabilities	14	2,888	3,468
Accruals and other payables		28,877	40,113
Amount due to a director		322	322
Lease liabilities		34	86
Bank borrowings		88,990	90,990
Tax payable		2,303	1,824
		151,763	170,086
Net current assets		195,408	185,913
Total assets less current liabilities		322,042	313,044

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities		–	7
Net assets		322,042	313,037
Equity			
Share capital	15	8,856	8,856
Reserves		311,730	302,772
Equity attributable to owners of the Company		320,586	311,628
Non-controlling interests		1,456	1,409
Total equity		322,042	313,037

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the Company						Non-	Total
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	controlling interests RMB'000	
At 1 January 2023 (Audited)	8,856	154,249	1,577	15,476	125,580	305,738	1,364	307,102
Profit and total comprehensive income for the period	-	-	-	-	3,047	3,047	23	3,070
Transfer to statutory reserve	-	-	-	508	(508)	-	-	-
At 30 June 2023 (Unaudited)	8,856	154,249	1,577	15,984	128,119	308,785	1,387	310,172
At 1 January 2024 (Audited)	8,856	154,249	1,577	16,432	130,514	311,628	1,409	313,037
Profit and total comprehensive income for the period	-	-	-	-	8,958	8,958	47	9,005
Transfer to statutory reserve	-	-	-	1,015	(1,015)	-	-	-
At 30 June 2024 (Unaudited)	8,856	154,249	1,577	17,447	138,457	320,586	1,456	322,042

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Net cash generated from operating activities	25,832	13,403
Investing activities		
Payment for acquisition of property, plant and equipment	(2,493)	(10,542)
Payment for acquisition of land use rights	(43)	–
Placement of restricted bank deposits	(3,658)	(464)
Interest received	196	1,017
Net cash used in investing activities	(5,998)	(9,989)
Financing activities		
Repayment of bank borrowings	(2,000)	–
Proceeds from bank borrowings	–	50,000
Repayment of lease liabilities	(59)	(46)
Interest paid	(1,628)	(1,705)
Net cash (used in)/generated from financing activities	(3,687)	48,249
Net increase in cash and cash equivalents	16,147	51,663
Cash and cash equivalents at beginning of the period	41,881	47,245
Cash and cash equivalents at end of the period	58,028	98,908

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. GENERAL INFORMATION

The Company was incorporated on 7 July 2017 and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands. The address of the Company's registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and its principal place of business is No. 18 Changhong East Road, Henglin Town, Wujin District, Changzhou, Jiangsu, the People's Republic of China (the "**PRC**").

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sales of access flooring products and the provision of related installation services in the PRC. During the Period, the principal business was carried out through JiaChen Floor Changzhou Co., Ltd. ("**JiaChen Floor**"), which is an indirect non wholly-owned subsidiary of the Company incorporated in the PRC.

The Company's shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group's condensed consolidated interim financial information for the Period (the "**Interim Financial Information**") has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") including compliance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards which are effective for the current accounting period of the Group. None of those developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The accounting policies adopted in preparing the Interim Financial Information are consistent with those adopted in the annual report of the Group for the year ended 31 December 2023.

The Interim Financial Information is unaudited but has been reviewed by the audit committee of the Company.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. OPERATING SEGMENT INFORMATION

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has three reportable operating segments which are the manufacturing and sales of the following three product lines:

- Steel access flooring plates;
- Calcium-sulfate access flooring plates; and
- Aluminum alloy access flooring plates

(a) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's most senior executive management, who are also the executive directors of the Company, monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

- Segment assets include all tangible and intangible assets and other current and non-current assets with exception of unallocated corporate assets. Segment liabilities include trade and bills payables, contract liabilities, accruals and other payables, lease liabilities and bank borrowings attributable to each reporting segment, with the exception of unallocated corporate liabilities.
- Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segments results represent profit or loss attributable to the reportable segments without allocation of certain administrative costs and directors' remuneration. Taxation and finance costs are not allocated to reportable segments. This is the measure reported to the Group's most senior executive management, who are also the executive directors of the Company, for the purpose of resources allocation and performance assessment.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. OPERATING SEGMENT INFORMATION (Continued)

(a) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management, who are also the executive directors of the Company, for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2024 and 2023 is set out below:

(i) Analysis of the Group's revenue and results by segment:

	Steel access flooring plates For the six months ended 30 June		Calcium-sulfate access flooring plates For the six months ended 30 June		Aluminum alloy access flooring plates For the six months ended 30 June		Total For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Reportable segment revenue from external customers	84,898	73,328	21,427	13,982	2,390	–	108,715	87,310
Reportable segment gross profit	23,432	13,734	5,470	2,470	645	–	29,547	16,204
Reportable segment results	11,104	4,670	2,393	513	232	–	13,729	5,183

(ii) Analysis of the Group's assets and liabilities by segment:

	Steel access flooring plates For the six months ended 30 June		Calcium-sulfate access flooring plates For the six months ended 30 June		Aluminum alloy access flooring plates For the six months ended 30 June		Total For the six months ended 30 June	
	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Reportable segment assets	282,084	262,894	122,280	172,291	1,444	–	405,808	435,185
Reportable segment liabilities	116,980	130,801	23,755	31,791	441	–	141,176	162,592

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. OPERATING SEGMENT INFORMATION (Continued)

(b) Reconciliations of reportable segment revenue and profit or loss

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue		
Reportable segment total revenue and consolidated revenue	108,715	87,310
Profit or loss		
Reportable segment results	13,729	5,183
Unallocated other revenue	209	1,017
Unallocated head office and corporate expenses	(249)	(491)
Unallocated finance costs	(1,630)	(1,709)
Consolidated profit before taxation	12,059	4,000

(c) Reconciliations of reportable assets and liabilities

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Assets		
Reportable segment assets	405,808	435,185
Unallocated head office and corporate assets	67,997	47,945
Consolidated total assets	473,805	483,130
Liabilities		
Reportable segment liabilities	141,176	162,592
Unallocated head office and corporate liabilities	10,587	7,501
Consolidated total liabilities	151,763	170,093

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. OPERATING SEGMENT INFORMATION (Continued)

(d) Geographical information

The Group's operations are primarily located in the PRC. The non-current assets of the Group are primarily located in the PRC. Accordingly, no analysis by geographical basis is presented.

The following table sets out information about the geographical analysis of the Group's revenue based on the location of the Group's external customers:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
PRC	89,927	77,332
Other countries (Note)	18,788	9,978
	108,715	87,310

Note: Other countries mainly include Singapore, Taiwan, Thailand and The United Arab Emirates.

4. REVENUE

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from contracts with customers by types of performance:		
– Sales of access flooring plates	98,451	82,304
– Provision of installation services	10,264	5,006
	108,715	87,310
Analysis of revenue by types of contracts:		
– Sales of access flooring plates and provision of installation services	78,810	71,447
– Sales of access flooring plates	29,754	15,853
– Provision of installation services	151	10
	108,715	87,310

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

4. REVENUE (Continued)

Set out below is an analysis of revenue recognised over time and at a point in time:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue recognised over time:		
– Sales of access flooring plates	68,697	66,451
– Provision of installation services	10,264	5,006
	78,961	71,457
Revenue recognised at a point in time		
– Sales of access flooring plates	29,754	15,853
	108,715	87,310

5. OTHER REVENUE AND OTHER NET INCOME

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Other revenue		
Bank interest income	196	1,017
Other net income		
Government subsidies	66	948
Scrap sales	529	834
Exchange gain, net	373	83
Sundry income	13	3
	981	1,868
	1,177	2,885

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

6. FINANCE COSTS

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest on bank borrowings	1,628	1,705
Unwinding of finance costs on lease liabilities	2	4
	1,630	1,709

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging the following items:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Contract costs of goods sold and services rendered (Note (a))	79,168	71,106
Depreciation of property, plant and equipment	2,483	1,518
Amortisation of right-of-use assets	55	47
Amortisation of land use rights	496	271
Operating lease charges in respect of properties and land use rights	236	217
Staff costs, including directors' remuneration:		
– Salaries, wages and other benefits	7,952	7,197
– Contributions to defined contribution retirement plans	1,458	1,367
	9,410	8,564
Research and development costs (Note (b))	4,287	4,237

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

7. PROFIT BEFORE TAXATION (Continued)

Notes:

- (a) Contract costs of goods sold and services rendered

Included in the contract costs of goods sold and services rendered were the raw materials consumed of approximately RMB53,006,000 (six months ended 30 June 2023: RMB49,411,000), staff costs of approximately RMB3,272,000 (six months ended 30 June 2023: RMB2,751,000), installation costs of approximately RMB6,567,000 (six months ended 30 June 2023: RMB4,163,000), transportation costs of approximately RMB6,010,000 (six months ended 30 June 2023: RMB4,544,000), and depreciation of property, plant and equipment of approximately RMB2,315,000 (six months ended 30 June 2023: RMB1,349,000), which were included in the respective total amounts disclosed above for each type of these expenses.

- (b) Research and development costs

Included in the research and development costs were raw materials consumed of approximately RMB2,642,000 (six months ended 30 June 2023: RMB2,179,000), staff cost of approximately RMB1,352,000 (six months ended 30 June 2023: RMB1,392,000) and depreciation of property, plant and equipment of approximately RMB142,000 (six months ended 30 June 2023: RMB160,000), of which, their respective total amounts were disclosed above for each type of these expenses.

8. INCOME TAX IN THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current tax		
PRC Corporation Income Tax	3,054	930

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

No provision for the Hong Kong Profits Tax has been made as the Group had no taxable income derived in Hong Kong during the six months ended 30 June 2024 and 2023.

The Group's subsidiaries incorporated in the British Virgin Islands had no assessable profits derived in Hong Kong during the six months ended 30 June 2024 and 2023.

Pursuant to the PRC Income Tax Law and the respective regulations, all the subsidiaries of the Group operating in Mainland China are subject to Corporate Income Tax ("CIT") at a rate of 25% on the taxable income. On 7 November 2019, JiaChen Floor was recognised by the relevant authorities as "High Technology Enterprise". Accordingly, JiaChen Floor was entitled to a preferential CIT rate of 15% on its taxable profit. The other subsidiaries of the Group established in the PRC are subject to PRC CIT at the applicable standard rate of 25% on their taxable profits. However, none of these other subsidiaries had taxable profits since their respective dates of establishment.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

8. INCOME TAX IN THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

According to applicable regulations prevailing in the PRC, dividends distributed by a company established in the PRC to foreign investors with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax. Under the double taxation arrangement between the PRC and Hong Kong, the relevant withholding tax rate applicable to the Group is reduced from 10% to 5% subject to the fulfilment of certain conditions. However, no provision for deferred tax is recognised with respect to the withholding tax on undistributed profits of JiaChen Floor as the Group can control the dividend policy of JiaChen Floor which has no plan to make dividend distribution in the foreseeable future.

9. DIVIDEND

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

10. EARNINGS PER SHARE

The calculation of the basic earnings per share for each of the six months ended 30 June 2024 and 2023 is based on the following data:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Earnings for the purpose of basic earnings per share		
Profit for the period attributable to owners of the Company	8,958	3,047
	'000	'000
Number of ordinary shares		
Number of ordinary shares at the beginning and the end of the reporting period and the weighted average number of shares	1,000,000	1,000,000

Basic earnings per share for the Period amounted to RMB0.90 cent (six months ended 30 June 2023: RMB0.31 cent) per share.

Diluted earnings per share is the same as basic earnings per share as there was no dilutive potential ordinary share of the Company outstanding during both periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

11. CONTRACT ASSETS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Rights to consideration for obligations performed on contracts in progress	71,655	75,222
Retention monies receivable on completed contracts	11,914	10,752
	83,569	85,974
Less: Allowance for lifetime expected credit losses ("ECLs")	(5,025)	(5,025)
	78,544	80,949

The contract assets represent the Group's rights to consideration for access flooring plates and/or installation services transferred to the customers but the rights to payments are still conditional upon the quality and quantity checks by the customers on the installed access flooring plates transferred by the Group, other than on passage of time. The contract assets are transferred to trade receivables when the rights to receipt of the consideration for performed obligations become unconditional and transfers out of contract assets to trade receivables were made.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

12. TRADE AND BILLS RECEIVABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables	156,480	201,473
Bills receivables	5,056	1,155
	161,536	202,628
Less: Allowance for lifetime ECLs	(38,499)	(37,710)
	123,037	164,918

An ageing analysis of trade and bills receivables (net of allowance for lifetime ECLs), based on the invoice date, is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 1 month	18,125	32,298
1 to 3 months	6,667	30,638
3 to 6 months	26,315	31,534
6 to 9 months	30,845	26,908
9 to 12 months	9,571	8,109
1-2 years	24,771	29,632
Over 2 years	6,743	5,799
	123,037	164,918

The Group grants a credit period ranging from 60 to 365 days to its customers.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

13. TRADE PAYABLES

The following is an analysis of trade payables by age based on the invoice date:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 1 months	23,393	24,081
1 to 3 months	2,567	4,630
3 to 6 months	655	3,682
Over 6 months	1,734	890
	28,349	33,283

Trade payables are non-interest bearing and have a credit term ranging from one to two months after invoice date.

14. CONTRACT LIABILITIES

The contract liabilities primarily relate to the advance considerations received from contract customers for the goods or services to be transferred by the Group.

The movements in contract liabilities are set out below:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
At the beginning of the reporting period	3,468	2,095
Advance considerations received from customers	776	2,441
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	(1,356)	(1,068)
At the end of the reporting period	2,888	3,468

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

15. SHARE CAPITAL

	Number of shares		Nominal value	
	As at 30 June 2024 '000 (Unaudited)	As at 31 December 2023 '000 (Audited)	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Authorised:				
Ordinary shares of HK\$0.01 each	50,000	50,000	44,280	44,280
Issued and fully paid:				
Ordinary shares of HK\$0.01 each	10,000	10,000	8,856	8,856

16. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key Management Personnel Remuneration

Remuneration for key management personnel of the Group, including amounts paid to the directors and certain highest paid employees is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries and other emoluments	486	551
Post-employment benefits	53	52
	539	603

(b) Amount Due to Director

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Ms. Liu Hui	322	322

The amount is unsecured, interest free and has no fixed repayment terms.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company (the “**Shares**”), underlying Shares and debentures of the Company or any of the associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (“**SFO**”) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are 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 under the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name	Capacity/Nature of interest	Number of shares held/interested in <small>(Note 1)</small>	Percentage of interest in the Company
Mr. Shen Min (“ Mr. Shen ”)	Interest in a controlled corporation <small>(Note 2)</small>	272,625,000	27.26%
	Interest of spouse <small>(Note 3)</small>	231,375,000	23.14%
		504,000,000	50.40%
Mr. Shen Minghui (“ Mr. Shen MH ”)	Interest in a controlled corporation <small>(Note 4)</small>	131,475,000	13.15%
Ms. Liu Hui (“ Ms. Liu ”)	Interest of spouse <small>(Note 5)</small>	131,475,000	13.15%
Mr. Xie Xing	Beneficial owner	35,000	0.0035%
Ms. Long Mei	Beneficial owner	70,000	0.0070%

Notes:

- All interests stated are long positions.
- Mr. Shen owns 100% of the issued share capital of Jiachen Investment Limited (“**Jiachen Investment**”), which in turn, holds 272,625,000 Shares. Accordingly, Mr. Shen is deemed to be interested in all the Shares held by Jiachen Investment by virtue of the SFO.
- Ms. Zhang Yaying (“**Ms. Zhang**”), the spouse of Mr. Shen, owns 100% of the issued share capital of Xinchen Investment Limited (“**Xinchen Investment**”), which, in turn, holds 231,375,000 Shares. By virtue of the SFO, Mr. Shen is deemed or taken to be interested in all the Shares in which Ms. Zhang has, or is deemed to have, an interest for the purpose of SFO.
- Mr. Shen MH owns 100% of the issued share capital of Yilong Investment Limited (“**Yilong Investment**”), which, in turns, holds 131,475,000 Shares. Accordingly, Mr. Shen MH is deemed to be interested in 131,475,000 Shares held by Yilong Investment by virtue of the SFO.
- Ms. Liu is the spouse of Mr. Shen MH. By virtue of the SFO, Ms. Liu is deemed or taken to be interested in all the Shares in which Mr. Shen MH has, or is deemed to have, an interest for the purpose of the SFO.

Save as disclosed above, as at 30 June 2024, none of the Directors and chief executives of the Company nor his/her associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were 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 are taken or deemed to have under such provisions of the SFO), which were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or under the Listing Rules to be notified to the Company and the Stock Exchange.

OTHER INFORMATION

SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed by all the shareholders of the Company on 19 December 2019 for the purpose of granting options to selected participants as incentives or rewards for their contribution to the Company. Under the Scheme, the Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for the Shares:

- a. any employee or proposed employee (whether full-time or part-time and including any executive Director), consultants or advisers of or to the Company, any of the subsidiaries or any entity (the "**Invested Entity**") in which the Company holds an equity interest;
- b. any non-executive Directors (including independent non-executive directors) of the Company, any of the subsidiaries or any Invested Entity;
- c. any supplier of goods or services to the Company or any of its subsidiaries or any Invested Entity;
- d. any customer of the Group or any Invested Entity;
- e. any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and
- f. any shareholders of the Company or any shareholder of any of its subsidiaries or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.

The principal terms of the Scheme are as follows:

- a. The maximum number of Shares to be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the Company's issued share capital from time to time.
- b. The total number of Shares which may be allotted and issued upon exercise of all options must not in aggregate exceed 10% of the total number of Shares in issue on the Listing Date which amount to 100,000,000 Shares and can be refreshed by seeking approval of the Shareholders in general meeting.
- c. Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of all outstanding options granted under the Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each participant in any 12-month period must not exceed 1% of the Shares in issue.
- d. The subscription price of a Share in respect of any option granted under the Scheme shall not be less than the highest of (i) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five Business Days immediately preceding the date of grant of the option; and (ii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option. A consideration of HK\$1.00 is payable on acceptance of the offer of the grant of an option.
- e. An option granted under the Scheme shall not be transferable or assignable and is personal to the grantee.
- f. An option may be accepted by a participant within 28 days from the date of the offer of grant of the option.
- g. The Directors may, at their absolute discretion, fix any minimum period for which an option must be held, any performance targets that must be achieved and any other conditions that must be fulfilled before the options can be exercised upon the grant of an option to a participant.
- h. The Scheme shall be valid for a period of 10 years commencing from 19 December 2019.

No share option had been granted by the Company since the adoption of the Scheme and as at 30 June 2024, there was no outstanding share option.

OTHER INFORMATION

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the six months ended 30 June 2024 was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate, and none of the Directors and chief executives or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the six months ended 30 June 2024.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2024, so far as is known to the Directors and chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein:

Name	Capacity/Nature of interest	Number of shares (Note 1) held/interested in	Percentage of interest in the Company
Jiachen Investment (Note 2)	Beneficial owner	272,625,000	27.26%
Xinchen Investment (Note 3)	Beneficial owner	231,375,000	23.14%
Ms. Zhang Yaying	Interest in a controlled corporation (Note 3) Interest of spouse (Note 4)	231,375,000 272,625,000	23.14% 27.26%
Yilong Investment (Note 5)	Beneficial owner	131,475,000	13.15%
Global Yunhong Group Limited (Note 6) ("Global Yunhong")	Beneficial owner	100,000,000	10.00%
Mr. Li Yubao	Interest in a controlled corporation (Note 6)	100,000,000	10.00%

Notes:

- All interests stated are long positions.
- Jiachen Investment is wholly-owned by Mr. Shen. By virtue of the SFO, Mr. Shen is deemed to be interested in all of the Shares held by Jiachen Investment.
- Xinchen Investment is wholly-owned by Ms. Zhang Yaying. By virtue of the SFO, Ms. Zhang Yaying is deemed to be interested in all of the Shares held by Xinchen Investment.
- Mr. Shen, the spouse of Ms. Zhang Yaying, owns 100% of the issued share capital of Jiachen investment, which, in turn holds 272,625,000 Shares. By virtue of the SFO, Ms. Zhang Yaying is deemed or taken to be interested in all the Shares in which Mr. Shen has, or is deemed to have, an interest for the purpose of the SFO.
- Yilong Investment is wholly-owned by Mr. Shen MH. By virtue of the SFO, Mr. Shen MH is deemed to be interested in all of the Shares held by Yilong Investment.
- Global Yunhong is wholly-owned by Mr. Li Yubao. By virtue of the SFO, Mr. Li Yubao is deemed to be interested in all of the Shares held by Global Yunhong.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2024, no other persons (not being the Directors and chief executives of the Company) had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to.

CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

During the Period, the Group did not enter into any transactions which need to be disclosed as connected transactions or continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

Details of the material related party transactions are set out in note 16 to the condensed consolidated interim financial statements of this report. These related party transactions did not constitute connected transactions or continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

COMPETING INTERESTS

The Directors confirm that none of the Directors or any of their respective close associates, has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group, nor has any other conflict of interest with the Group during the Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the **"Model Code"**) as set out in Appendix C3 to the Listing Rules as the Company's code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the code of conduct regarding the dealings in securities during the Period. Moreover, the Company was not aware of any non-compliance with the relevant provisions of the Model Code throughout the Period.

CORPORATE GOVERNANCE CODE

The Directors consider that the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules during the Period.

EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or the Group after 30 June 2024 and up to the date of this report.

OTHER INFORMATION

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 19 December 2019 with written terms of reference by reference to the code provisions of the Corporate Governance Code. The Audit Committee currently comprises all three independent non-executive Directors, namely Mr. Xie Xing, as the chairman, Mr. Wang Li and Ms. Long Mei as the members.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control and risk management systems, nominate and monitor external auditor and to provide advice and comments to the Board on matters related to corporate governance. The Group’s unaudited condensed consolidated interim results for the Period have been reviewed by the Audit Committee.

By Order of the Board
JiaChen Holding Group Limited
SHEN Min
Executive Director and Chairman

Changzhou, the People’s Republic of China, 28 August 2024

As at the date of this report, the executive Directors are Mr. SHEN Min (Chairman), Mr. SHEN Minghui, and Ms. LIU Hui (Chief Executive Officer); and the independent non-executive Directors are Mr. XIE Xing, Mr. WANG Li and Ms. LONG Mei.

This report is available for viewing on the Company’s website at www.jiachencn.com.cn and the website of the Stock Exchange at www.hkexnews.hk.