

2024  
INTERIM  
REPORT

# 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

# JIAYUAN SERVICES



# CONTENTS

Corporate Information	2
Management Discussion and Analysis	3
Corporate Governance and Other Information	16
Independent Review Report	22
Interim Condensed Consolidated Statement of Comprehensive Income	24
Interim Condensed Consolidated Statement of Financial Position	25
Interim Condensed Consolidated Statement of Changes in Equity	27
Interim Condensed Consolidated Statement of Cash Flows	28
Notes to the Interim Financial Information	29

# 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:

Michael Li & Co.  
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/>

# MANAGEMENT DISCUSSION AND ANALYSIS

## MARKET REVIEW

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

## BUSINESS REVIEW

As at 30 June 2024, the Group had 278 property management projects with contracted GFA of approximately 56.3 million sq.m., representing a decrease of approximately 7.6% and 5.2%, respectively, as compared with that of 301 property management projects with contracted GFA of approximately 59.4 million sq.m. in the corresponding period in 2023. As at 30 June 2024, the Group had GFA under management of approximately 43.3 million sq.m., representing an increase of approximately 2.9% as compared with that of approximately 42.1 million sq.m. in the corresponding period in 2022. The decrease in contracted GFA was caused by the Group's further liquidation of loss-making or expected loss-making property projects, while the increase in GFA under management was attributable to the conversion of contracted area and the expansion of market projects.

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

## MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

### FUTURE PLANS AND PROSPECTS

Ten thousand years too long, seize the day!

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

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue

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

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

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

#### Property management services

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

#### Value-added services to property developers

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

#### Community value-added services

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

### Cost of services and sales

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

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

### Gross profit and gross profit margin

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

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

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

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

### Property management services

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Value-added services to property developers

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

### Community value-added services

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

### Other income and expenses, net

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

### Selling and marketing expenses

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

### Administrative expenses

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

### Finance costs

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

## Income tax expenses

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

## Profit and total comprehensive income for the period

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

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

## Property and equipment

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

## Intangible assets

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

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

## Trade and other receivables

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Trade and other payables

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

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

### Contract liabilities

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

### Liquidity, financial resources and capital structure

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

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

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

The gearing ratio, which is calculated on the basis of the Group's total liabilities divided by total assets, as at 30 June 2024 was 107.2% (six months ended 30 June 2023: 89.9%).

### Capital commitments

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

### Contingent liabilities

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

#### *Unauthorised shares pledged*

As detailed in the announcement of the Company dated 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 the 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 RMB49,315,000 for loss on unauthorised Pledged Shares as at 31 December 2023. For the six-month period ended 30 June 2024, an addition provision of approximately RMB5,881,000 was recognised to account for the interest accrued over the period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *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(有限合夥)) (“**Shanghai Jinyuan**”) and Shanghai Zhijin, Asset Management Co., Ltd.\* (上海智金資產管理有限公司) (“**Shanghai Zhijin**”), both independent third parties, pursuant to which, among others, each of Jiayuan Chuangsheng, Zhejiang Heyuan and Zhejiang Zhixiang Dacheng has agreed to provide joint liability guarantees for the payment obligations of Chaohu Xutong Business Management Co., Ltd.\* (巢湖市旭彤商業管理有限公司) (“**Chaohu Xutong**”) under the equity transfer agreement dated 27 July 2023 entered into between Chaohu Xutong as transferee and Shanghai Jinyuan and Shanghai Zhijin as the transferors in relation to, among others, the transfer of the entire equity interest in Hefei Hongguo Hotel Management Co., Ltd.\* (合肥弘果酒店管理有限公司) to Chaohu Xutong at a consideration of RMB123 million (the “**Consideration**”).

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

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

On 8 October 2024, based on the Arbitration Mediation Statement, the Shanghai No. 2 Intermediate People’s Court (the “**Shanghai No.2 Court**”) accepted the Arbitration Request and issued an enforcement notice (the “**Enforcement 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.

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

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

### Pledge of assets

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

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

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

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

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

### Foreign exchange risk

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

### Interest rate risk

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

### SIGNIFICANT INVESTMENT HELD

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

### MATERIAL ACQUISITIONS AND DISPOSALS

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

### FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

### EMPLOYEES AND REMUNERATION POLICY

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

### EVENTS AFTER THE REPORTING PERIOD

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

#### Resumption Guidance

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

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

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

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

### 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 C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as the basis of the Company’s corporate governance practices. During the six months ended 30 June 2024, the Company has complied with the code provisions as set out in the CG Code, except for the deviations from the code provision C.2.1 which is explained below. The Company periodically reviews its corporate governance practices with reference to the latest development of corporate governance. The Directors 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 C3 to the Listing Rules as the Company’s code of conduct regarding securities transactions by the Directors. Having made specific inquiries of all Directors, the Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2024.

## 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 2023 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 2024.

### INTERIM DIVIDEND

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

### PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

### 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 2024.

### 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 2024.

### 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 2024, 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 2024, 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**

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity and nature of interest</b>	<b>Number of shares or underlying shares held<sup>(1)</sup></b>	<b>Approximate percentage of shareholding</b>
Mr. Zhu Hongge <sup>(2)</sup>	Jiayuan International Group Limited <sup>(5)</sup> ("Jiayuan International")	Beneficial owner	46,000 (L)	0.0007%
Mr. Huang Fuqing <sup>(3)</sup>	Jiayuan International <sup>(5)</sup>	Beneficial owner	1,200,000 (L) <sup>(4)</sup>	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 2024, 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 2024, 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 <sup>(1)</sup>	Approximate percentage of interest in the Company
Valuable Capital Group Limited	Interest in controlled corporation	450,000,000 shares (L) <sup>(4)</sup>	73.56%
Consolidated Capital Group Holding Limited	Interest in controlled corporation	450,000,000 shares (L) <sup>(4)</sup>	73.56%
Valuable Capital Limited	Person having a security interest in shares	450,000,000 shares (L) <sup>(4)</sup>	73.56%
Mr. Lai Wing Lun	Agent	450,000,000 shares (L) <sup>(4)</sup>	73.56%
Mr. Arab Osman Mohammed	Agent	450,000,000 shares (L) <sup>(4)</sup>	73.56%
Chuangyuan Holdings Limited ("Chuangyuan Holdings")	Beneficial owner	450,000,000 shares (L) 450,000,000 shares (S) <sup>(4)</sup>	73.56%
Jiayuan Investment Management Limited ("Jiayuan Investment")	Interest in controlled corporation <sup>(2)</sup>	450,000,000 shares (L) 450,000,000 shares (S) <sup>(4)</sup>	73.56%
Jiayuan International	Interest in controlled corporation <sup>(2)</sup>	450,000,000 shares (L) 450,000,000 shares (S) <sup>(4)</sup>	73.56%
Mingyuan Group Investment Limited ("Mingyuan Group")	Interest in controlled corporation <sup>(2)</sup>	450,000,000 shares (L) 450,000,000 shares (S) <sup>(4)</sup>	73.56%
China Jiayuan Group Limited ("China Jiayuan") <sup>(2)</sup>	Interest in controlled corporation <sup>(2)</sup>	450,000,000 shares (L) 450,000,000 shares (S) <sup>(4)</sup>	73.56%
Galaxy Emperor Limited ("Galaxy Emperor") <sup>(2)</sup>	Interest in controlled corporation <sup>(2)</sup>	450,000,000 shares (L) 450,000,000 shares (S) <sup>(4)</sup>	73.56%
Dragon Giant Global Limited ("Dragon Giant")	Interest in controlled corporation <sup>(2)</sup>	450,000,000 shares (L) 450,000,000 shares (S) <sup>(4)</sup>	73.56%
Mr. Shum Tin Ching ("Mr. Shum")	Interest in controlled corporation <sup>(2)</sup>	450,000,000 shares (L) 450,000,000 shares (S) <sup>(4)</sup>	73.56%
Ms. Wang Xinmei	Interest of spouse <sup>(3)</sup>	450,000,000 shares (L) 450,000,000 shares (S) <sup>(4)</sup>	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 2024, 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 2024. Mr. Arab Osman Mohammed and Mr. Lai Wing Lun were appointed as the joint and several receivers and managers (the “Receivers”) of the charged 450,000,000 shares on 6 September 2023 as upon the occurrence of the event of default of the underlying loan documents, the security provided under the security deed has become immediately enforceable, and the Lender is entitled to exercise, and has exercised, the power(s) conferred by the security deed, including but not limited to the power to appoint the Receivers over the charged 450,000,000 shares.
- (5) As at 30 June 2024, the total number of issued shares of the Company was 611,709,000.

Save as disclosed above, as at 30 June 2024, 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



## RSM Hong Kong

29th Floor, Lee Garden Two  
28 Yun Ping Road  
Causeway Bay, Hong Kong

T +852 2598 5123  
F +852 2598 7230

[rsm.global/hongkong/assurance](http://rsm.global/hongkong/assurance)

## 羅申美會計師事務所

香港銅鑼灣  
恩平道28號  
利園二期29樓

電話 +852 2598 5123  
傳真 +852 2598 7230

[rsm.global/hongkong/assurance](http://rsm.global/hongkong/assurance)

## 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 40 which comprises the interim condensed consolidated statement of financial position of the Company as at 30 June 2024 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 selected 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.

# INDEPENDENT REVIEW REPORT

## 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.

RSM Hong Kong  
*Certified Public Accountants*

4 December 2024

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
	Note	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	6	434,364	442,007
Cost of services and sales		(288,349)	(280,792)
<b>Gross profit</b>		<b>146,015</b>	<b>161,215</b>
Other income and expenses, net	7	(399)	3,588
Other gains and losses, net	8	(1,584)	658
Impairment losses on financial assets		(13,183)	(46,708)
Loss on unauthorised Pledged Shares	18(a)	(5,881)	(5,952)
Loss on unauthorised guarantee	18(b)	(753)	–
Selling and marketing expenses		(3,209)	(3,097)
Administrative expenses		(30,420)	(19,685)
Finance costs	10	(655)	(866)
Share of results of an associate		(100)	(200)
<b>Profit before taxation</b>		<b>89,831</b>	<b>88,953</b>
Income tax expense	11	(23,843)	(22,588)
<b>Profit and total comprehensive income for the period</b>	9	<b>65,988</b>	<b>66,365</b>
<b>Profit and total comprehensive income for the period attributable to:</b>			
– Owners of the Company		63,178	63,558
– Non-controlling interests		2,810	2,807
		<b>65,988</b>	<b>66,365</b>
<b>Earnings per share attributable to owners of the Company</b> (expressed in RMB per share)			
Basic and diluted	12	0.10	0.10

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	14	24,182	25,782
Intangible assets		116,078	120,816
Interest in an associate		1,408	1,508
Deferred income tax assets		52,359	48,935
		<u>194,027</u>	<u>197,041</u>
<b>Current assets</b>			
Inventories		529	571
Trade and other receivables	15	390,458	377,920
Restricted bank deposits		249	3,241
Cash and cash equivalents		63,078	48,041
		<u>454,314</u>	<u>429,773</u>
<b>Total assets</b>		<u>648,341</u>	<u>626,814</u>
<b>EQUITY</b>			
<b>Deficit in equity attributable to owners of the Company</b>			
Share capital	16	5,225	5,225
Reserves		(80,662)	(143,840)
		<u>(75,437)</u>	<u>(138,615)</u>
<b>Non-controlling interests</b>		<u>28,601</u>	<u>26,814</u>
<b>Total deficit in equity</b>		<u>(46,836)</u>	<u>(111,801)</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
	Note		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings		12,907	18,558
Deferred income tax liabilities		1,274	1,234
		<u>14,181</u>	<u>19,792</u>
<b>Current liabilities</b>			
Contract liabilities		73,746	130,962
Bank borrowings		11,302	11,338
Provisions	18	178,949	172,315
Trade and other payables	17	349,250	361,045
Current income tax liabilities		67,749	43,163
		<u>680,996</u>	<u>718,823</u>
<b>Total liabilities</b>		<u>695,177</u>	<u>738,615</u>
<b>Total equity and liabilities</b>		<u>648,341</u>	<u>626,814</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company			Non-controlling interests	(Total deficit of equity)/ equity
	Share capital	Reserves	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024 (audited)	5,225	(143,840)	(138,615)	26,814	(111,801)
Total comprehensive income:					
Profit for the period	–	63,178	63,178	2,810	65,988
Transactions with owners in their capacity as owners:					
Disposal of subsidiaries	–	–	–	(1,023)	(1,023)
Balance at 30 June 2024 (unaudited)	<u>5,225</u>	<u>(80,662)</u>	<u>(75,437)</u>	<u>28,601</u>	<u>(46,836)</u>
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>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Cash flows from operating activities</b>		
Cash generated from operations	29,202	31,855
Income tax paid	(3,332)	(5,639)
<b>Net cash generated from operating activities</b>	<u>25,870</u>	<u>26,216</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(4,551)	(6,997)
Proceeds from disposals of property and equipment	–	12
Proceeds from disposal of a subsidiary	(65)	(912)
Interest received	125	108
<b>Net cash used in investing activities</b>	<u>(4,491)</u>	<u>(7,789)</u>
<b>Cash flows from financing activities</b>		
Payments on leases	–	(51)
Interests paid on bank borrowings	(691)	(925)
Repayment of bank borrowings	(5,651)	(5,651)
<b>Net cash used in financing activities</b>	<u>(6,342)</u>	<u>(6,627)</u>
<b>Net increase in cash and cash equivalents</b>	<u>15,037</u>	<u>11,800</u>
Cash and cash equivalents at beginning of the period	<u>48,041</u>	<u>22,722</u>
<b>Cash and cash equivalents at end of the period</b>	<u><u>63,078</u></u>	<u><u>34,522</u></u>

# 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”).

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

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

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

Unless otherwise stated, this condensed consolidated interim financial information for the six months ended 30 June 2024 (“Interim Financial Information”) is presented in Renminbi (“RMB”).

The Interim Financial Information has been reviewed, not audited.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

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

#### 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 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certificate Public Accountants. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. 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 2023.

### 2 ADOPTION OF NEW AND REVISED STANDARDS

The Group has applied new and amended standards effective for the financial period beginning on 1 January 2024. The adoption of these new and revised standards does not have any significant impact on the 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 in the annual consolidated financial statements of the Group for the year ended 31 December 2023.

### 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 2024.

## 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 of the Company regards that there is only one operating segment which is used to make strategic decisions.

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

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

## 6 REVENUE

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

None of the Group’s Customers contributed 10% or more of the Group’s revenue during the period. For the six months ended 30 June 2023, revenue from the entities under the controlled or significant influence of Mr. Shum, the then former ultimate controlling party of the Company contributed 3% of the Group’s revenue.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 7 OTHER INCOME AND EXPENSES, NET

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

### 8 OTHER GAINS AND LOSSES, NET

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

### 9 PROFIT FOR THE PERIOD

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

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

## 10 FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interest expense on bank borrowings	655	865
Interest expense on lease liabilities	—	1
	<u>655</u>	<u>866</u>

## 11 INCOME TAX EXPENSE

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

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

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

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 5% to 25%) on the respective taxable income for the six months ended 30 June 2024.

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

#### (b) Diluted earnings per share

For the six months ended 30 June 2024 and 2023, diluted earnings per share 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 2024 (for the six months ended 30 June 2023: nil).

### 14 PROPERTY AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property and equipment of approximately RMB4,551,000 (for the six months ended 30 June 2023: approximately RMB6,997,000).

## 15 TRADE AND OTHER RECEIVABLES

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

### (a) Trade receivables

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

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
0-60 days	26,895	50,459
61-180 days	19,212	48,393
181-365 days	84,327	40,308
1-2 years	127,209	111,394
2-3 years	44,081	42,028
3-4 years	16,757	18,668
4-5 years	3,639	2,540
More than 5 years	398	—
	<u>322,518</u>	<u>313,790</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>
<b>Authorised</b>			
At 1 January 2023 (audited), 31 December 2023 (audited), 1 January 2024 (audited) and 30 June 2024 (unaudited)	<u>2,000,000,000</u>	<u>20,000</u>	<u>17,195</u>
<b>Issued and fully paid</b>			
At 1 January 2023 (audited), 31 December 2023 (audited), 1 January 2024 (audited) and 30 June 2024 (unaudited)	<u>611,709,000</u>	<u>6,117</u>	<u>5,225</u>

### 17 TRADE AND OTHER PAYABLES

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

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

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

## 18 PROVISIONS

	30 June 2024 RMB'000	31 December 2023 RMB'000
Loss on unauthorised Pledged Shares (a)	55,196	49,315
Loss on unauthorised guarantee (b)	123,753	123,000
	<u>178,949</u>	<u>172,315</u>

### a) 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 the former beneficial owner of the Company, Mr. Shum Tin Ching (“Mr. Shum”), as borrower, for a personal loan 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. Up to the end of November 2024, one of the pledged properties has been auctioned successfully while process on 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 RMB49,315,000 for loss on unauthorised Pledged Shares as at 31 December 2023. 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. For the six month period ended 30 June 2024, an addition provision of approximately RMB5,881,000 was recognised to account for the interest accrued over the period.

## 18 PROVISIONS (Continued)

### b) Loss on unauthorised guarantee

On 27 July 2023, 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 fulfilment period. This arrangement was in favour of 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 fulfil 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.

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, guarantors share equal liability 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 separately in an item in the consolidated statement of comprehensive income for the year ended 31 December 2023. For the six month period ended 30 June 2024, an addition provision of approximately RMB753,000 was recognised to account for the arbitration fee liable by Mr. Shum and the guarantors.

## 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 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
No later than 1 year	57	67

## 20 CONTINGENT LIABILITIES

As at 30 June 2024, 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 and unauthorised guarantees to the then ultimate controlling party.

## 21 EVENTS AFTER THE REPORTING PERIOD

### Suspension of trading, resumption guidance, resumption progress and Investigation

As described in detail in the consolidated financial statements for the year ended 31 December 2023, 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.

### 21 EVENTS AFTER THE REPORTING PERIOD *(Continued)*

#### **Suspension of trading, resumption guidance, resumption progress and Investigation *(Continued)***

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.

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.

### 22 APPROVAL OF FINANCIAL INFORMATION

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