佳源服务
JIAYUAN SERVICES
股票代码:1153.HK

Jiayuan Services Holdings Limited
佳源服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1153)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the "**Board**") of directors (the "**Directors**") of Jiayuan Services Holdings Limited (the "**Company**" or "**Jiayuan Services**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2022 together with the comparative figures for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	Year ended 31 December 2022 RMB'000	2021 RMB'000
Revenue	*4*	**944,793**	820,542
Cost of services and sales		**(664,853)**	(562,397)
Gross profit		**279,940**	258,145
Other income and expenses, net	*5*	**13,398**	18,320
Other gains and losses, net	*6*	**37,327**	(5,367)
Impairment losses on financial assets		**(186,423)**	(31,480)
Impairment losses on goodwill		**(14,557)**	–
Loss on the Abnormal Transactions	*2.1.2*	**(643,819)**	–
Loss on unauthorised Pledged Shares	*2.1.2*	**(37,482)**	–
Selling and marketing expenses		**(11,263)**	(12,532)
Administrative expenses		**(81,902)**	(86,779)
Finance costs	*9*	**(2,299)**	(1,546)
Share of results of investments accounted for using the equity method		**541**	(117)
(Loss)/profit before taxation		**(646,539)**	138,644
Income tax expense	*10*	**(14,012)**	(34,464)
(Loss)/profit and total comprehensive (expense)/income for the year		**(660,551)**	104,180
(Loss)/profit and total comprehensive (expense)/income for the year attributable to:			
– Owners of the Company		**(664,336)**	100,478
– Non-controlling interests		**3,785**	3,702
		(660,551)	104,180
(Loss)/earnings per share attributable to owners of the Company (expressed in RMB per share)			
– Basic and diluted	*11*	**(1.09)**	0.16

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Note	As at 31 December 2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Property and equipment		**26,607**	28,784
Right-of-use assets		**79**	1,579
Intangible assets		**130,372**	154,485
Investments accounted for using the equity method		**1,488**	5,472
Deferred income tax assets		**53,335**	27,607
		211,881	217,927
Current assets			
Inventories		**538**	532
Trade and other receivables	*13*	**365,401**	375,609
Restricted bank deposits		**1,374**	1,276
Short-term bank deposits		**–**	280,000
Cash and cash equivalents		**22,722**	351,785
		390,035	1,009,202
Total assets		**601,916**	1,227,129
EQUITY			
(Deficit in equity)/equity attributable to owners of the Company			
Share capital		**5,225**	5,225
Reserves		**(62,983)**	601,353
		(57,758)	606,578
Non-controlling interests		**23,639**	20,798
(Total deficit in equity)/total equity		**(34,119)**	627,376

	Note	As at 31 December 2022 RMB'000	2021 RMB'000
LIABILITIES			
Non-current liabilities			
Bank borrowings		**29,860**	41,162
Lease liabilities		**–**	189
Deferred income tax liabilities		**1,843**	11,613
		31,703	52,964
Current liabilities			
Contract liabilities		**116,183**	129,848
Bank borrowings		**11,362**	11,378
Lease liabilities		**50**	1,668
Provision		**37,482**	–
Trade and other payables	*14*	**399,900**	389,742
Current income tax liabilities		**39,355**	14,153
		604,332	546,789
Total liabilities		**636,035**	599,753
Total equity and liabilities		**601,916**	1,227,129

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND REORGANISATION

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, the Cayman Islands. On 9 December 2020, the Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by way of initial public offering. The trading in the shares of the Company has been suspended since 3 April 2023.

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

In the opinion of the directors of the Company (the "**Board**"), as at 31 December 2022, Chuangyuan Holdings Limited ("**Chuangyuan Holdings**"), a company incorporated in the British Virgin Islands ("**BVI**") with limited liability, was the controlling shareholder of the Company. The intermediate holding company of the Company was Jiayuan International Group Limited ("**Jiayuan International**"), an exempted company incorporated in the Cayman Islands with limited liability and its shares were listed on the Stock Exchange until they were delisted on 29 October 2024. The ultimate holding company was Galaxy Emperor Limited ("**Galaxy Emperor**"), a company incorporated in the BVI with limited liability, ultimately controlled by Mr. Shum Tin Ching ("**Mr. Shum**").

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

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

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

These consolidated financial statements for the year ended 31 December 2022 are presented in Renminbi ("**RMB**"), unless otherwise stated.

2 BASIS OF PREPARATION

The principal accounting policies applied in the preparation of the consolidated financial statements are in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as set out below. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance (Cap.622). The consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies (e.g. contingent consideration payable that are measured at fair value).

2.1.1 Suspension of trading, resumption guidance and resumption progress

As described in detail in the announcement dated 7 March 2023, the Group's former auditor, PricewaterhouseCoopers, resigned effective on 6 March 2023. The Board has appointed Elite Partners CPA Limited (the "**Preceding Auditor**") to fill the causal vacancy and additional time was needed to carry out the annual audit for the year ended 31 December 2022. Accordingly, trading of the Company's shares was suspended effective 3 April 2023 due to the delay in publishing the 2022 annual results beyond the mandatory deadline of 31 March 2023.

On 28 June 2023, the Company was notified by the Stock Exchange of the initial resumption guidance (the "**Initial Resumption Guidance**"), requesting the Company to:

(i) publish all outstanding financial results required under the Listing Rules and address any audit modification;

(ii) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; and

(iii) announce all material information for the shareholders and investors to appraise the Company's position.

During the continuation of the audit process for the year ended 31 December 2022, the Company further discovered that there has been a number of abnormal payments and receipts recorded between the Group and certain entities (the "**Abnormal Transactions**") that required further investigation. Therefore, as announced on 12 January 2024, the Company's audit committee (the "**Audit Committee**") decided to engage Grant Thornton Advisory Services Limited as an independent investigation agency (the "**Independent Investigation Agency**") to conduct an investigation into the Abnormal Transactions (the "**Independent Investigation**") and to compile a report (the "**Independent Investigation Report**") for the Audit Committee, the Board and the Preceding Auditor.

On 25 January 2024, Zhonghui Anda Risk Services Limited was appointed as the independent internal control consultant (the "**Independent Internal Control Consultant**") to conduct independent review on the Group's internal control system, policies and procedures (the "**Independent Internal Control Review**"). The review aimed to deliver key findings, recommendations and assess the implementation status of the remedial actions taken in response to these recommendations. The results would be used for the evaluation and assessment by the Board and the Audit Committee.

On 14 February 2024, the Company was notified by the Stock Exchange of the additional resumption guidance (the "**Additional Resumption Guidance**"), requesting the Company to:

(i) conduct an appropriate independent investigation into the Abnormal Transactions, announce the findings and take remedial actions; and

(ii) 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.

On 13 May 2024, the Company was notified by the Stock Exchange of the further additional resumption guidance (the "**Further Additional Resumption Guidance**"), requesting the Company to:

(i) 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.

For details of the Initial Resumption Guidance, Additional Resumption Guidance and Further Additional Resumption Guidance (collectively referred as the "**Resumption Guidance**"), please refer to the announcements made by the Company dated 30 June 2023, 22 February 2024 and 17 May 2024, respectively.

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 taken 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 fulfil 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 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.

2.1.2 Independent Investigation and Independent Internal Control Review

The Independent Investigation Agency and the Independent Internal Control Consultant issued the Independent Investigation Report and the Independent Internal Control Review Report on 19 September 2024. Key findings from both reports, along with the view of the Board and Audit Committee and remedial actions taken by the Board, were published by the Company on 25 September 2024.

The Independent Investigation had certain limitations in respect of the nature and extent of the procedures conducted, mainly arising from limitations in the available information and responses from the individuals involved. During the course of the preparation of the consolidated financial statements of the Group for the year ended 31 December 2022, the Board took into account the following findings of the Independent Investigation and the Independent Internal Control Review, considered the relevant information and supporting evidence available and used their best effort to estimate the relevant financial impact of the matters identified in the Independent Investigation and the Independent Internal Control Review.

Unauthorised deposit and fund transfers

As detailed in the announcement of the Company dated 25 September 2024, in relation to the summary of the key findings of the Independent Investigation, the Audit Committee and the Board concluded that the occurrence of the Abnormal Transactions resulted from the wrongdoings by China Jiayuan Group Limited ("**China Jiayuan**"), a company then indirectly held approximately 74.09% of the issued Shares of the Company and ultimately controlled by Mr. Shum. These transactions were not properly authorised and had bypassed the then corporate governance and internal control of the Group. The Abnormal Transactions were effected by unauthorised and undisclosed deposit and fund transfers without the permission or authorisation of the Board and senior management of the Company. The former management of certain subsidiaries of the Group directly executed instructions from China Jiayuan, without any written records and justifications.

The Abnormal Transactions included both offshore and onshore transactions.

The Offshore Transactions

Based on the Independent Investigation, the Company entered into a consultancy agreement on 1 January 2021 with Evergain Zhiyuan International Trading Limited ("**Evergain**"), a company incorporated in Hong Kong, which was extended through 31 December 2025. Evergain was tasked with advising on and managing acquisition deposits for potential mergers and acquisitions on behalf of the Company. Despite these arrangement and payments, no successful acquisitions materialised, and the Company demanded a refund from Evergain in September 2023. It was only in November 2023, after making inquiries with China Jiayuan and subsequently being notified by Evergain, that the Company became aware of the whereabouts of approximately HK$178,000,000 (equivalent to RMB159,007,000). These deposits had been directed by China Jiayuan to be refunded and transferred from Evergain to Mingyuan Group Investment Limited (明源集團投資有限公司) ("**Mingyuan Group**"), a company incorporated in the BVI with limited liability, which was the then intermediate holding company of the Company and was ultimately controlled by Mr. Shum, without the permission or authorisation of the Board and senior management of the Company in September 2022.

The Onshore Transactions

The Independent Investigation Agency identified that during 2021 and 2022, there were multiple fund inflows and outflows involving the Group and various onshore entities, including independent third parties and related parties of the Company. The former management of certain subsidiaries of the Group, acted upon instructions from China Jiayuan without the permission or authorisation of the Board and senior management of the Company, arranging for unauthorised and undisclosed funds to be transferred to, or received from, these onshore entities. These fund inflows and outflows transactions were for the settlement of debts or payables of entities such as Shanghai Xiangyuan Real Estate Development Co., Ltd. (上海祥源房地產開發有限公司) ("**Shanghai Xiangyuan**"), Zhejiang Jiayuan Shencheng Real Estate Group Co., Ltd. (浙江佳源申城房地產集團有限公司) ("**Zhejiang Shencheng**"), and Nanjing Jiafeng Consultancy Management Co., Ltd. (南京嘉豐諮詢管理有限公司) ("**Nanjing Jiafeng**"), all limited liability companies established in the PRC, and ultimately controlled by Mr. Shum, the then ultimate controlling party of the Company.

Due to these deficiencies in corporate governance and internal controls, particularly the inadequate mechanisms for handling of payment instructions from China Jiayuan, the former management of certain subsidiaries of the Group executed these instructions directly without any written records and justifications. The Company was unable to locate the complete corroborating documents to substantiate the reasons for and the commercial substance of the unauthorised deposit and fund transfer. Consequently, the Audit Committee and the Board were unable to opine on whether these transactions were conducted on normal commercial terms after arm's length negotiation, nor could they deem them fair and reasonable, or in the best interests of the Company and its Shareholders.

A summary of the Abnormal Transactions is set out below:

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Deposits transfer and fund outflows from the Group		
– offshore transactions	**159,007**	–
– onshore transactions	**949,975**	885,975
	1,108,982	885,975
Fund inflows to the Group		
– onshore transactions	**465,163**	885,975
	465,163	885,975

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Net outflows due from		
– Mingyuan Group	**159,007**	–
– Shanghai Xiangyuan	**191,540**	–
– Zhejiang Shencheng	**158,272**	–
– Nanjing Jiafeng	**135,000**	–
Total net outflows	**643,819**	–

Financial impact of the Abnormal Transactions

During the year ended 31 December 2022, the unauthorised deposits transfer under the offshore transactions amounted to approximately RMB159,007,000, (2021: nil) and unauthorised fund inflows and outflows under the onshore transactions amounted to approximately RMB465,163,000 and RMB949,975,000 (2021: RMB885,975,000 and RMB885,975,000), respectively. In the opinion of the Audit Committee and the Board, the unauthorised fund transfers identified during the year ended 31 December 2021 did not lead to net fund outflows, thus having no financial impact on the consolidated financial statements of the Group for the year.

As a consequence of the above unauthorised deposit and fund transfers, as at 31 December 2022, the Group recorded total net outflows of approximately RMB643,819,000 as amounts due from related parties in respect of the Abnormal Transactions and have been included in other receivables. Although the Group has continuously demanded refunds from the related parties and taken appropriate legal actions to recover the outstanding amounts, no repayments have been received to date. After taking into account the expected recoverability of the balances, the Group has concluded that it is unlikely to recover the outstanding amounts and hence the Group recognised a loss on the Abnormal Transactions of RMB643,819,000 to fully write down the balances. This loss was recorded separately in an item in the consolidated statement of comprehensive income for the year ended 31 December 2022.

To prevent the recurrence of similar matters in the future, as published in the Company's announcement dated 25 September 2024, the Company has appointed an internal control consultant to review the Group's internal controls and procedures and provide recommendations and remedial measures to the Group to strengthen the existing corporate governance and internal controls, particularly to strengthen its governance and supervision over the financial controls of the Company. The Group is in the process of implementing the recommended remedial measures.

Unauthorised shares pledged

As detailed in the announcement of the Company dated 30 September 2024, 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 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) ("**Zhejiang Heyuan**"), an indirect wholly-owned PRC subsidiary of the Company, 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), ("**Zhejiang Jiayuan Services**") 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) ("**Zhejiang Zhixiang Dacheng**"), also an indirect wholly-owned PRC subsidiary of the Company, and all underlying interest thereof (the "**Pledged Shares**"). The pledge was to secure the repayment obligation of Mr. Shum, as borrower, in respect of 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 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 property has been auctioned successfully while process on auctioning another pledged properties is in progress. There were 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, should the lender exercise their preferential right to be paid off with the proceeds from the auction or sale of the Pledged Shares, the Group, including Zhejiang Heyuan, may participate in the auction or negotiate directly with the lender to settle the debt and secure the release of the Pledged Shares. The Group also reserves the right to challenge the auction process through legal avenues. Should the Pledged Shares eventually be auctioned or sold, the lender is entitled only to an amount equivalent to the unpaid portion of the loan, while Zhejiang Heyuan could claim damages from Mr. Shum for the recovery of any losses incurred.

With the assistance of an independent third-party valuer, the Group recognised a provision of approximately RMB37,482,000 for loss on unauthorised Pledged Shares. The amount represents the Group's best estimate of the probable cash outflow arising from the obligations under the share pledge agreement, taking into account the net realisable value of the pledged properties. It was recorded separately in an item in the consolidated statement of comprehensive income for the year ended 31 December 2022.

The Board is of the view, based on the legal advice, that the Group will be able to recover the Pledged Shares, and that the civil mediation paper does not affect the normal business and operations of the Group.

2.1.3 Going concern basis

The Group incurred a net loss of approximately RMB660,551,000 during the year ended 31 December 2022, and as of that date, the Group had net current liabilities of approximately RMB214,297,000, capital deficiency of approximately RMB34,119,000 and accumulated losses of approximately RMB450,433,000. Additionally, as detailed in Note 2.1.2, should the Pledged Shares be auctioned or sold, resulting in the Group losing control over Zhejiang Jiayuan Services and its subsidiaries, these entities will therefore be de-consolidated from the consolidated financial statements of Group in accordance with the requirements of HKFRS 10 Consolidated Financial Statements. The Group subsequently incurred an expected credit loss of approximately RMB123,000,000 associated with an unauthorised guarantee as outline in the Company's announcement 13 November 2024. These events and conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of its business. Notwithstanding the above, these consolidated financial statements have been prepared on a going concern basis as the directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group and are satisfied that:

(i) The unconditional financial support from VCL, which has been obtained to procure the necessary finance and support to the Group for a period of not less than twelve months from the date of approval of the consolidated financial statements by the Board; and

(ii) The Board have reviewed the Group's cash flow forecast, prepared by management which covers a period of three years from the end of the reporting period and will continue to assess the impact of the recovery from COVID-19 pandemic, as well as any change in government policy, global financial market, the economy, and the business environment on the Group's operations. The Group will adjust its strategies for its property management businesses accordingly to generate sufficient operating cash flows to meet its current and future obligations;

(iii) The contract liabilities of approximately RMB116,183,000 is non-financial liabilities and will be recognised as revenue in the subsequent year;

(iv) The existing banking facilities available for the Group; and

(v) As detailed in Note 2.1.2 and based on legal advice obtained regarding the unauthorised Pledged Shares, the Group possesses the options to participate in the auction or directly negotiate with the lender to settle the outstanding debt and secure the release of the Pledged Shares. Additionally, the Group reserves the right to challenge the auction process through legal avenues. The Board considers the Group will be able to recover the Pledged Shares and it will not result in a loss of control over Zhejiang Jiayuan Services and its subsidiaries.

In addition, to improve the Group's financial position, the directors of the Company are actively exploring different alternatives for equity or other financing.

Having taken into account the above, the directors consider that the Group will have sufficient financial resources to meet in full its working capital requirements and financial obligations as and when they fall due within the next twelve months. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate operating cash flows in the near future and obtain the continuous financial support from its beneficial owner at a level sufficient to finance the working capital requirements of the Group.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

2.1.4 New and amended standards

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

(a) New and amended standards adopted by the Group

The Group has applied new and amended standards effective for the financial period beginning on 1 January 2022. The adoption of these new and revised standards does not have any significant impact on the consolidated financial statements of the Group.

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

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

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

3 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company.

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

The major operating entities of the Group are domiciled in the PRC and all of the Group's revenue were derived in the PRC during the years ended 31 December 2022 and 2021.

As at 31 December 2022 and 2021, all of the non-current assets were located in the PRC.

4 REVENUE

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Types of services		
Property management services	**790,039**	649,013
Value-added services to property developers	**90,066**	110,507
Community value-added services	**64,688**	61,022
	944,793	820,542
Revenue from contracts with customers is recognised:		
– Over time	**931,660**	804,093
– At a point in time	**13,133**	16,449
	944,793	820,542

For the year ended 31 December 2022, revenue from the entities under the control or significant influence of Mr. Shum, the then ultimate controlling party of the Company, contributed 8% (2021: 12%) of the Group's revenue. Other than these entities, none of the Group's Customers contributed 10% or more of the Group's revenue during the year.

5 OTHER INCOME AND EXPENSES, NET

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Government grants	**6,158**	13,701
Value-added tax refund	**1,956**	2,613
Car park handling fee income	**–**	330
Interest income on bank deposits	**3,117**	1,452
Late fees and penalties	**2,262**	(42)
Others	**(95)**	266
	13,398	18,320

For the year ended 31 December 2022, the government grants were awarding to recognise the Group's past contribution to local economic growth. For the year ended 31 December 2021, the grants included subsidies of RMB9,000,000 received as incentives for listing of the Company's shares on the Stock Exchange. The grants, at the discretion of the relevant authorities, were accounted for as financial support with no future related costs expected to be incurred nor related to any assets. As such, the grants recognised in the consolidated statement of comprehensive income when the grants were received.

6 OTHER GAINS AND LOSSES, NET

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Exchange gain/(loss), net	**13,771**	(5,366)
Fair value gain on consideration payable for business combination	**21,684**	–
Loss on deemed disposal of interest in a joint venture	**–**	(1)
Loss on disposal of an associate	**(124)**	–
Gain on disposal of a subsidiary	**990**	–
Gain on disposals of property and equipment	**1,006**	–
	37,327	(5,367)

7 (LOSS)/PROFIT FOR THE YEAR

The Group's (loss)/profit for the year is stated after charging the following:

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Depreciation of right-of-use assets	**1,500**	2,348
Depreciation of property and equipment	**10,138**	7,657
Amortisation of intangible assets	**9,556**	7,034
Cost of inventories sold	**6,998**	5,011
Auditor's remuneration		
– Annual audit services	**3,900**	2,480
– Non audit services	**11**	514
Short-term lease expenses	**2,525**	1,501

8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Wages, salaries and bonuses	**383,771**	359,632
Social insurance and housing provident fund contributions	**47,451**	38,782
Other benefits	**23,505**	26,082
	454,727	424,496

All employees of the subsidiaries in the PRC participate in employee social insurance plans established in the PRC, which cover pension, medical and other welfare benefits. The plans are organised and administered by the government authorities. Except for the contributions made to these social insurance plans, the Group has no other material commitments owing to the employees. According to the relevant regulations, the contributions paid by the Group are principally determined based on percentages of the basic salaries of employees, subject to certain ceilings imposed. These contributions are expensed as incurred.

During the years ended 31 December 2022 and 2021, the Group had no forfeited contributions which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 December 2022 and 2021 which may be used by the Group to reduce the contribution payable in future years.

Contributions totalling RMB19,631,000 (2021: RMB28,641,000) were payable to the fund at the year-end.

9 FINANCE COSTS

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Interest expense on bank borrowings	**2,277**	1,446
Interest expense on lease liabilities	**22**	100
	2,299	1,546

10 INCOME TAX EXPENSE

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Current income tax charge	**49,510**	45,945
Deferred income tax credit	**(35,498)**	(11,481)
	14,012	34,464

Corporate income tax

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

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit generated in Hong Kong for the year (2021: Nil).

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

11 (LOSS)/EARNINGS PER SHARE – BASIC AND DILUTED

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective years.

	Year ended 31 December	
	2022	2021
(Loss)/profit attributable to owners of the Company (RMB'000)	**(664,336)**	100,478
Weighted average number of ordinary shares in issue (in thousands)	**611,709**	611,549
Basic (loss)/earnings per share (RMB)	**(1.09)**	0.16

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share were the same as the basic (loss)/earnings per share as there were no potentially dilutive ordinary shares outstanding during the years ended 31 December 2022 and 2021.

12 DIVIDENDS

The Board of Directors did not recommend the payment of any dividend for the year ended 31 December 2022.

The final dividend in respect of the year ended 31 December 2021 of HKD79 cents per ten ordinary shares, in an aggregate amount of approximately HKD48,325,000 or approximately RMB39,450,000, taking into account 611,709,000 ordinary shares in issue, was proposed by the Board on 29 March 2022 and was subsequently withdrawn by the Board on 27 June 2022. The final dividend proposed has not been recognised as a liability as at year ended 31 December 2021.

13 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Trade receivables *(a)*	**313,900**	328,791
Other receivables *(b)*	**43,204**	41,591
Prepayments	**8,297**	5,227
Trade and other receivables, net	**365,401**	375,609

As at 31 December 2022, most of the trade and other receivables were denominated in RMB, and the fair value of trade and other receivables approximated their carrying amounts.

(a) Trade receivables

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**481,159**	389,945
Less: allowance for impairment	**(167,259)**	(61,154)
	313,900	328,791

Trade receivables mainly arise from property management services income under lump sum basis and value-added services to property developers. Property management services income under lump sum basis are received in accordance with the terms of the relevant service agreements. Service income from property management services are due for payment by the residents upon the issuance of demand note. No credit term is granted to Customers. The ageing analysis of the trade receivables based on invoice date and net of allowance for impairment was as follows:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
0-60 days	**82,751**	89,156
61-180 days	**66,989**	84,869
181-365 days	**55,216**	72,120
1-2 years	**67,332**	69,079
2-3 years	**36,494**	12,979
3-4 years	**4,844**	568
4-5 years	**12**	20
More than 5 years	**262**	–
	313,900	328,791

(b) Other receivables

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Other receivables		
– Deposits and payments made on behalf of Customers	**47,856**	31,693
– Due from related parties	**10,493**	4,963
– Due from related parties in respect of the Abnormal Transactions (i)	**–**	–
– Others	**840**	5,524
	59,189	42,180
Less: allowance for impairment	**(15,985)**	(589)
	43,204	41,591

(i) As at 31 December 2022, net fund outflows totaling of approximately RMB643,819,000 were arising from the Abnormal Transactions, in which approximately RMB159,007,000 (equivalent to approximately HKD178,000,000), RMB191,540,000, RMB158,272,000 and RMB135,000,000 were due from related parties, namely Mingyuan Group, Shanghai Xiangyuan, Zhenjiang Shencheng and Nanjing Jiafeng, respectively. Although the Group has continuously demanded refunds from the related parties and taken appropriate legal actions to recover the outstanding amounts, no repayments have been received to date. After taking into account the expected recoverability of the balances, the Group has concluded that it is unlikely to recover the outstanding amounts and hence the Group has recognised a loss on the Abnormal Transactions of approximately RMB643,819,000 to fully write down the balances. This loss is recorded separately in an item in the consolidated statement of comprehensive income for the year ended 31 December 2022.

Details of Independent Investigation and the summary of loss on the Abnormal Transactions are set out in Note 2.1.2.

14 TRADE AND OTHER PAYABLES

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Trade payables *(a)*	**94,532**	61,277
Other payables		
– Utility and other charges	**79,376**	53,027
– Owners' maintenance fund	**32,449**	41,822
– Deposits received	**78,225**	87,548
– Consideration payable for business combinations	**5,395**	28,839
– Payroll payable	**72,635**	83,675
– Other taxes payables	**11,657**	14,367
– Others	**25,631**	19,187
	305,368	328,465
	399,900	389,742

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

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
0-60 days	**34,571**	42,430
61-180 days	**19,829**	13,424
181-365 days	**20,051**	2,259
More than 1 year	**20,081**	3,164
	94,532	61,277

AUDIT OPINION

The below sections set out an extract of the report by RSM regarding the Group's consolidated financial statements for the year ended 31 December 2022.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Unmodified Opinion on the Consolidated Financial Position

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Disclaimer of Opinion on the Group's Consolidated Financial Performance and Consolidated Cash Flows

Because of the significance of the matters described in the following paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2022. Accordingly, we do not express an opinion on the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2022.

Basis for Unmodified Opinion on the Group's Consolidated Financial Position and Basis for Disclaimer of Opinion on the Group's Consolidated Financial Performance and Consolidated Cash Flows

As described in Notes 2.1.1 and 2.1.2 to the consolidated financial statements, during the audit process for year ended 31 December 2022, the Company discovered that there has been a number of abnormal payments and receipts recorded between the Group and certain entities (the "**Abnormal Transactions**"). The Audit Committee of the Company appointed an independent investigator to carry out independent investigation (the "**Independent Investigation**") on the Abnormal Transactions. The Independent Investigation was completed and the investigation report was issued on 19 September 2024. The Group has taken into account the findings of the Independent Investigation when it prepared the consolidated financial statements for the year ended 31 December 2022. However, when we conducted our audit work of the Abnormal Transactions, we encountered the scope limitations outlined below.

Unauthorised deposit and fund transfers

As described in Note 2.1.2 to the consolidated financial statements, the Abnormal Transactions consisted of both offshore and onshore transactions. In the view of the board of the directors of the Company (the "**Board**"), all these transactions are the results of the wrongdoings by China Jiayuan Group Limited ("**China Jiayuan**"), a company then indirectly held approximately 74.09% of the issued Shares of the Company and ultimately controlled by Mr. Shum Tin Ching ("**Mr. Shum**"). These transactions were not properly authorised and had bypassed the then corporate governance and internal control of the Group. The Abnormal Transactions were effected by unauthorised and undisclosed debt and fund transfers without the permission or authorisation of the Board and senior management of the Company. The former management of certain subsidiaries of the Group directly executed instructions from China Jiayuan, without any written records and justifications. During the year ended 31 December 2022, unauthorised deposits transfer under the offshore transactions amounted to approximately RMB159,007,000, and unauthorised fund inflows and outflows under the onshore transactions amounted to approximately RMB465,163,000 and RMB949,975,000, respectively.

As a consequence of the above unauthorised deposit and fund transfers, as at 31 December 2022, the Group recorded total net outflows of approximately RMB643,819,000 as amounts due from related parties in respect of the Abnormal Transactions which have been included in other receivables. The Group recognised a loss on the Abnormal Transactions of approximately RMB643,819,000 to fully write down the balances. This loss is recorded separately in an item in the consolidated financial statement of comprehensive income for the year ended 31 December 2022.

Due to the absence of supporting documentation and proper authorisations, we were unable to obtain sufficient appropriate audit evidence to ascertain:

(i) the business rationale and commercial substance of the Abnormal Transactions;

(ii) the completeness, accuracy and validity of the underlying documents of the Abnormal Transactions;

(iii) the counterparties of the Abnormal Transactions;

(iv) the classification and presentation of the loss on the Abnormal Transactions of approximately RMB643,819,000 for the year ended 31 December 2022; and

(v) whether the Abnormal Transactions were properly disclosed.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of the Abnormal Transactions and the elements making up the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2022 and the related disclosures.

Material uncertainty related to going concern

We draw attention to Note 2.1.3 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately RMB660,551,000 during the year ended 31 December 2022 and, as of that date, the Group had net current liabilities of approximately RMB214,297,000, capital deficiency of approximately RMB34,119,000 and accumulated losses of approximately RMB450,433,000, respectively. These conditions, along with other matters set forth in Note 2.1.3 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

STATEMENT OF THE BOARD OF DIRECTORS

To the shareholders of the Company (the "Shareholders"):

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Jiayuan Services Holdings Limited (the "**Company**" or "**Jiayuan Services**", together with its subsidiaries, the "**Group**"), we are pleased to present the report on the annual results of the Group for the year ended 31 December 2022.

Farewell to the high-speed horse race in 2021, and 2022 presents even greater challenges for the property management industry. The harsh winter gives birth to spring, and our hardship ignites hope. With the development opportunity of "three parts construction and seven parts management" in the city, more and more property management companies are gradually changing their business strategies from a focus on "scale growth" to "sustainable development" and from "rapid growth" to "high-quality development", with a more stable and sustainable pace. This is the expected cause for the value return of the property industry, which is gradually moving towards a visible path.

Living in the present, Jiayuan Service has been accumulating strength and making steady progress through organizational restructuring, incentive measures, product systems, control modes, development paths, operational standards, and cost control. We have achieved good results. Centered on the word "stability", we have upgraded and reconstructed the functional products of our projects, fine-tuning the details of homeowners' circulation system and launching the "Jia Yuan Services 2.0 Product System".

At the same time, leveraging on the foundation that has been built up around the "Red Property by the Red Boat" brand over many years, we research the logic of service in detail, place customer desire at the heart of efficiency, use intelligence to create life service scenarios, gear up the quality of lifestyle services with precision, fill lifestyle services touchpoints with satisfaction and pleasant surprises, and deliver correct service, all centering around the philosophy "to extend the organisation reach, to resolve conflicts and serve the grassroots to the frontline". We will continue to improve the level of standardization, standardize the service processes, and create "perfect imagination of details" products, continuously reinforcing the industry's defensive line.

In this critical period of transition to the positive "product era" in the industry, we continue to deepen our cost management system reform and strive to achieve predictive, decision-making, planning, control, accounting, analysis, and assessment of the entire process of management and optimization. Particularly in cost planning and control, through the "diagnostic table", we have used more than nine underlying data dimensions for each of the 20 cost items, utilizing year-on-year, analogy, and chain comparison to identify differences, and accurately present per capita output value, per capita service area, and per square meter per capita spending, achieving unified costs, unified profits, and unified business performance, also achieving precise accounting, optimised costs and best outcomes, and continuously improving per capita service efficiency.

The farther backward you can look, the farther forward you are likely to see. We can only mature and gain a precise perspective of how things are changing after going through difficulties. We are adamant about going back to the beginning of property service, striking a balance between quality and speed, delving deeply into important cities, concentrating on core city clusters, and striving for high-quality development.

By order of the Board
Jiayuan Services Holdings Limited
Pang Bo
Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

Looking back at the entire year of 2022, accompanied by the continued cooling of the domestic real estate market, the property management industry has also begun to return to rationality. In the capital market, the deterioration of fundamentals of real estate has implicated the trend of the property management sector. This implication is particularly evident in the area of private property enterprise, with investors becoming more cautious about the prospects of the property management sector. Not alone but in pairs, the mergers and acquisitions market has also become more cautious, with the overall transaction volume and transaction value shrinking sharply, and state-owned property enterprise being more active than private property enterprise. Nevertheless, the weak cyclicality and strong cash flow remain as the most favorable support for the fundamentals of the property industry.

Business review

As at 31 December 2022, the Group had 322 property management projects with contracted GFA of approximately 60.7 million sq.m., representing a decrease of approximately 3.0% and 3.2%, respectively, as compared with that of 332 property management projects with contracted GFA of approximately 62.7 million sq.m. in the corresponding period in 2021. As at 31 December 2022, the Group had GFA under management of approximately 42.0 million sq.m., representing an increase of approximately 0.2% as compared with that of approximately 41.9 million sq.m. in the corresponding period in 2021. The decrease in contracted GFA was attributable to the Group pruning projects that have had difficulty generating profit for a long time and the increase in GFA under management was attributable to the conversion of contracted GFA and the expansion of market tendering projects.

The revenue of the Group as of 31 December 2022 was approximately RMB944.8 million, representing an increase of approximately 15.1% as compared with that of approximately RMB820.5 million in the corresponding period in 2021. The gross profit of the Group as of 31 December 2022 was approximately RMB279.9 million, representing an increase of approximately 8.4% as compared with that of approximately RMB258.1 million in the corresponding period in 2021. The gross profit margin of the Group as of 31 December 2022 was approximately 29.6% as compared with that of approximately 31.5% in the corresponding period in 2021. The net loss of the Group as of 31 December 2022 was approximately RMB660.6 million, representing a decrease of approximately 734.0% as compared with net profit of approximately RMB104.2 million in the corresponding period in 2021.

In terms of the property management service business, as of 31 December 2022, the revenue of property management service of the Group was approximately RMB790.0 million, representing an increase of approximately 21.7% as compared to that in the corresponding period in 2021, revenue from the property management service business accounted for approximately 83.6% of the Group's total revenue. The increase in the revenue from the property management service is mainly attributable to the increase in average unit price of property fees.

In terms of value-added services to property developers, as of 31 December 2022, the Group's revenue from value-added services to property developers was approximately RMB90.1 million, representing a decrease of approximately 18.5% as compared to that in the corresponding period in 2021. Revenue from value-added services to property developers accounted for approximately 9.5% of the Group's total revenue, representing a decrease of approximately 4 percentage points from approximately 13.5% in the corresponding period in 2021. The decrease in the revenue from value-added services to property developers was mainly due to the impact of the real estate industry, leading to a decrease in the number of on-site cases served by the Group.

In terms of community value-added services, as at 31 December 2022, the revenue of community value-added services was approximately RMB64.7 million, representing an increase of approximately 6.0% as compared to that in the corresponding period in 2021. As at 31 December 2022, revenue from community value-added services business accounted for approximately 6.9% of the Group's total revenue, which is basically stable compared to the corresponding period in 2021. The increase in the revenue from community value-added services was mainly due to the increase in the categories of groceries offered by the Group.

FINANCIAL REVIEW

Revenue

The revenue of the Group derives from three types of services: (i) property management services; (ii) value-added services to property developers; and (iii) community value-added services. The revenue of the Group increased by approximately 15.1% from approximately RMB820.5 million for the year ended 31 December 2021 to approximately RMB944.8 million in for the year ended 31 December 2022.

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

	Year ended 31 December					
	2022		2021		Changes	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services	**790,039**	**83.6**	649,013	79.1	141,026	21.7
Value-added services to property developers	**90,066**	**9.5**	110,507	13.5	(20,441)	(18.5)
Community value-added services	**64,688**	**6.9**	61,022	7.4	3,666	6.0
	944,793	**100.0**	820,542	100.0	124,251	15.1

Property management services

Revenue from property management services increased by approximately 21.7% from approximately RMB649.0 million for the year ended 31 December 2021 to approximately RMB790.0 million for the year ended 31 December 2022, primarily attributable to (i) the increase in the GFA under management; and (ii) the increase in average property service fee.

Value-added services to property developers

Revenue from value-added services to property developers decreased by approximately 18.5% from approximately RMB110.5 million for the year ended 31 December 2021 to approximately RMB90.1 million for the year ended 31 December 2022, primarily attributable to the decrease in the number of venue services items and new projects delivered.

Community value-added services

Revenue from community value-added services increased by approximately 6.0% from approximately RMB61.0 million for the year ended 31 December 2021 to approximately RMB64.7 million for the year ended 31 December 2022, primarily due to the increase in value-added service items and the increase in the number of residents to whom the Group provided community value-added services.

Cost of services and sales

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

Cost of services and sales increased by approximately 18.2% from approximately RMB562.4 million for the year ended 31 December 2021 to approximately RMB664.9 million for the year ended 31 December 2022, primarily due to the increase in staff salary.

Gross profit and gross profit margin

The gross profit of the Group increased by approximately 8.4% from approximately RMB258.1 million for the year ended 31 December 2021 to approximately RMB279.9 million for the year ended 31 December 2022, which was mainly due to the increase of income from property management services.

The gross profit margin decreased from approximately 31.5% for the year ended 31 December 2021 to approximately 29.6% for the year ended 31 December 2022. Such a decrease was primarily attributable to the increase in staff salary.

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

	For the year ended 31 December			
	2022		2021	
	Gross profit *RMB'000*	**Gross profit margin** *%*	Gross profit *RMB'000*	Gross profit margin *%*
Property management services	**225,911**	**28.6**	197,094	30.4
Value-added services to property developers	**28,235**	**31.4**	35,358	32.0
Community value-added services	**25,794**	**39.9**	25,693	42.1
Total	**279,940**	**29.6**	258,145	31.5

Property management services

The gross profit margin of property management services decreased from approximately 30.4% for the year ended 31 December 2021 to approximately 28.6% for the year ended 31 December 2022, which was mainly due to the increase in staff salary.

Value-added services to property developers

The gross profit margin of value-added services to property developers decreased from approximately 32.0% for the year ended 31 December 2021 to approximately 31.4% for the year ended 31 December 2022, primarily due to (i) the decrease in the number of newly-added venue services items and service fees; and (ii) the increase in staff salary.

Community value-added services

The gross profit margin of community value-added services decreased from approximately 42.1% for the year ended 31 December 2021 to approximately 39.9% for the year ended 31 December 2022, primarily due to the increase in staff salary.

Other income and expenses, net

Other net income decreased from approximately RMB18.3 million for the year ended 31 December 2021 to approximately RMB13.4 million for the year ended 31 December 2022 mainly due to the decrease of listing subsidies in 2022 relative to 2021.

Selling and marketing expenses

Selling and marketing expenses decreased from approximately RMB12.5 million for the year ended 31 December 2021 to approximately RMB11.3 million for the year ended 31 December 2022, representing a decrease of approximately 9.6%, mainly as a result of decreased advertising expenses.

Administrative expenses

Administrative expenses decreased from approximately RMB86.8 million for the year ended 31 December 2021 to approximately RMB81.9 million for the year ended 31 December 2022, representing a decrease of approximately 5.6%. The decrease in administrative expenses was mainly attributable to the adjustment in the organisation structure.

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 credit or expenses

Income tax expense was approximately RMB14.0 million for the year ended 31 December 2022, representing a decrease from approximately RMB34.5 million for the year ended 31 December 2021, which was in line with the loss before tax for the year.

Loss/profit and total comprehensive (expense)/income for the year

As a result of the foregoing, the profit and total comprehensive income for the year decreased from approximately RMB104.2 million for the year ended 31 December 2021 to a loss of approximately RMB660.6 million for the year ended 31 December 2022.

The profit and total comprehensive income attributable to owners of the Company for the year decreased from approximately RMB100.5 million for the year ended 31 December 2021 to a loss of approximately RMB664.3 million for the year ended 31 December 2022.

Property and equipment

The property and equipment of the Group decreased from approximately RMB28.8 million as at 31 December 2021 to approximately RMB26.6 million as at 31 December 2022, representing a decrease of approximately 7.6%, mainly due to the yearly depreciation of office equipment and operation equipment.

Intangible assets

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

The intangible assets of the Group decreased from approximately RMB154.5 million as at 31 December 2021 to approximately RMB130.4 million as at 31 December 2022, representing an decrease of approximately 15.6%, mainly due to the yearly amortisation.

Trade and other receivables

Trade receivables mainly arise from provision of property management services, value-added services to property developers and community value-added services. Trade receivables of the Group, net of allowance for impairment, decreased from approximately RMB328.8 million as at 31 December 2021 to approximately RMB313.9 million as at 31 December 2022, representing a decrease of approximately 4.5%. Such a decrease was primarily due to the increase in the provisions for impairment of trade receivables this year.

Other receivables mainly consist of deposits and payments made on behalf of customers. Other receivables, net of allowance for impairment increased from approximately RMB41.6 million as at 31 December 2021 to approximately RMB43.2 million as at 31 December 2022 because of the increase in performance deposit as a result of new projects under management.

Trade and other payables

Trade payables represent the obligations to pay for goods and services acquired in the ordinary course of business from sub-contractors. Trade payables increased from approximately RMB61.3 million as at 31 December 2021 to approximately RMB94.6 million as at 31 December 2022, representing an increase of approximately 54.4%. Such an increase was mainly due to the increase in payables as a result of the increased costs.

Other payables mainly represent (i) consideration payable for business combinations; (ii) payroll payable; (iii) deposits received such as performance bond, retention deposits from property owners, decoration deposits and tender bond; and (iv) owners' maintenance fund which represented various proceeds received on behalf of the property owners. Other payables increased from approximately RMB328.5 million as at 31 December 2021 to approximately RMB305.3 million as at 31 December 2022, mainly due to the increase in utility amount.

Contract liabilities

Contract liabilities mainly arise from property management fee received upfront as of the beginning of a billing cycle but are not recognised as revenue. Contract liabilities decreased from approximately RMB129.8 million as at 31 December 2021 to approximately RMB116.2 million as at 31 December 2022, primarily due to the decrease in eagerness for the property owners to prepay the property management fee for the next year, influenced by the overall economic environment.

Liquidity, financial and capital resources

As at 31 December 2022, the total cash and cash equivalents and restricted bank deposits of the Group amounted to approximately RMB22.7 million (2021: RMB351.8 million) and approximately RMB1.4 million (2021: RMB1.3 million), respectively. The restricted bank deposits remained stable throughout the corresponding periods.

As at 31 December 2022, the Group had bank borrowings of approximately RMB41.2 million (2021: RMB52.5 million), among which approximately RMB11.4 million (2021: RMB11.4 million) will be repayable within one year or on demand. As at 31 December 2022, all current bank borrowings of the Group were denominated in RMB and carried an effective interest rate of 4.60% (2021: 4.75%) per annum. As at 31 December 2022, bank borrowings of approximately RMB41.2 million (2021: RMB52.5 million) were secured by 100% equity interest of Shanghai Jiayuan Baoji Property Services Co., Ltd. and guaranteed jointly by Mr. Shum Tin Ching and an entity controlled by Mr. Shum Tin Ching.

The financial condition of the Group has weakened compared to last year. As at 31 December 2022, the Group's net current liabilities amounted to approximately RMB214.2 million while the Group's net current assets amounted to approximately RMB462.4 million as at 31 December 2021. As at 31 December 2022, the Group's current ratio (current assets/current liabilities) was approximately 0.65 while the Group's current ratio was approximately 1.85 as at 31 December 2021.

Future plans and prospects

"With far and wide ambition, no matter how far away the mountain and the sea it cannot limit your reaches."

The Group has always had firm confidence in achieving its own sustainable and high-quality development. Firstly, adhering to the tenet of "serving with a heart to build a better place", based on the "four satisfactions" of the government, owners, employees, and organizations, innovative ideas, enriching service connotations and broadening service extensions, realizing iterative upgrades of products, emphasizing that service quality is the key to winning owners' satisfaction and support to ensure the stability of business operations; secondly, using innovative concepts and expand horizons, finding new tracks and new momentum for business growth, emphasising good service in projects under management and stabilizing the basic market, strengthening its preferred position for market-oriented expansion, emphasising the use of existing brand advantages and team advantages for actively seeking external cooperation in areas of deep cultivation and development, emphasising the goal of improving the income from community value-added services by providing good life-oriented services; thirdly, keeping pace with the times and continue to improve and achieve the matching and integration of the Company's management mechanism and business operations, establishing a business-oriented organisational structure, management system and incentive measures, align thoughts and understanding, and fully mobilising the subjective initiative, self-consciousness and enthusiasm of employees, to provide high quality services to the owners wholeheartedly.

Capital commitments

As at 31 December 2022, the Group did not have any material capital commitments.

Contingent liabilities

As at 31 December 2022, 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 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 Services (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) 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 borrower, in respect of the loan agreement dated 31 March 2022 entered into between (1) Mr. Zang as the lender; (2) Mr. Shum (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 (3) Jiayuan Chuangsheng Holding Group Co., Ltd.* (佳源創盛控股集團有限公司), a company ultimately and beneficially wholly-owned by Mr. Shum as the guarantor in relation to the provision of the loan in the principal amount of RMB80,000,000.

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

The Group recognised a provision of approximately RMB37,482,000 for loss on unauthorised Pledged Shares.

For details, please refer to the announcement of the Company dated 25 September 2024. Save as disclosed above, as at 31 December 2022, the Group did not have any other material contingent liabilities.

Pledge of assets

As at 31 December 2022, 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.

Losses caused by Abnormal Transactions, unauthorized Pledged Shares

For the year ended 31 December 2022, the loss caused by Abnormal Transactions was approximately RMB643,819,000, and the loss caused by unauthorized Pledged Shares was approximately RMB37,482,000.

MAJOR RISKS AND UNCERTAINTIES

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

Industry risks

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

Business risks

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

Foreign exchange risk

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. The major foreign currency source of the Group was the net proceeds received following the successful listing on the Stock Exchange on 9 December 2020, all of which were denominated in HKD. The Directors expected that the RMB exchange rate would not have any material adverse effect on the operations of the Group. The Group will closely monitor the fluctuations of the RMB exchange rate and adopt prudent measures to reduce potential foreign exchange risk. As at 31 December 2022, the Group did not engage in hedging activities for managing the foreign exchange risk.

Interest rate risk

Except for the interest-bearing bank borrowings, the Group was not exposed to material risk directly relating to changes in market interest rate as at 31 December 2022.

SIGNIFICANT INVESTMENT HELD

The Group had no significant investment held as at 31 December 2022.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2022.

EMPLOYEES AND REMUNERATION POLICY

The Group had 6,155 full-time employees as at 31 December 2022 (31 December 2021: 6,767). The total staff costs for the year ended 31 December 2022 were approximately RMB499.5 million (2021: RMB424.5 million). Employees' remuneration package includes salary, performance bonus and other welfare subsidies. The remuneration of employees is determined in accordance with the Group's remuneration and welfare policies, the employees' positions, performance, company profitability, industry level and market environment.

STAFF TRAINING AND DEVELOPMENT

Employees are critical to the quality of the Group's services and customer experience. Providing employees with career advancement prospects and training in the professional skills necessary to the business is part of the Group's long-term initiative to retain and motivate talents. The Group regularly provides training programmes among management, which are designed to meet the Group's business needs and long-term strategies. The Group draws up course curriculums each year for its employees covering key areas of business operations, including but not limited to corporate culture and policies, technical knowledge required for certain positions, leadership skills and general knowledge of the nature of the Group's services. The Group has capitalised on its industry expertise and developed up to 360 courses for employees, which are provided through onsite training and online platforms such as WeChat and DingTalk. The Group's courses are given by over 80 lecturers composed of managers and other industry experts employed by the Group.

Despite the impact of the COVID-19 epidemic in 2022, the Group has still actively organised various training programmes. For the year ended 31 December 2022, the Group organised training sessions for senior management with 363 participants and a total of 520 hours, training sessions for middle management with 3,708 participants and a total of 7,638 hours and training sessions for general staff with 44,296 participants and a total of 53,928 hours. The Group has also engaged third party lecturers from time to time to enhance its training programmes. In addition, the Group has sent its staff to attend professional training courses organised by external training institutions according to their specific job duties. The Group has developed comprehensive training programmes for different levels of employment. The Group's human resources department normally draws up an annual training plan at the end of each year based on the specific training requirements under the "Yuan Power" ("源動力") programme, induction, on-the-job training, back-up general manager training and promotion training programmes. The Group incorporates mentorship, assessment, feedback and evaluation processes into the training plans to facilitate employee growth and development. The Group believes that its comprehensive training programmes and on-the-job learning facilitate the development and progress of its employees.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board places emphasis on the Group's policies and practices on compliance with legal and regulatory requirements. External legal advisers are engaged to ensure transactions and businesses performed by the Group are within the applicable legal framework. Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time. The Group continues to comply with the relevant laws and regulations such as the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), and other applicable laws and regulations. Based on information available, save for the non-compliance as disclosed in the announcements of the Company dated 24 March 2023, 30 August 2023, 31 October 2023, 30 September 2024 and 13 November 2024, the Directors take the view that the Group has complied with the relevant laws and regulations that have a significant impact on the operations of the Group during the year ended 31 December 2022.

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. Please refer to the announcements of the Company dated 2 October 2024 and 1 November 2024 for details. As at the date hereof, the Company considers that all Resumption Guidance have been fulfilled. The Company will seek to resume trading of the Shares as soon as possible.

Independent Investigation and Internal Control Review

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

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

Unauthorised Guarantees to the then Ultimate Controlling Shareholder

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

Each of Jiayuan Chuangsheng 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), Zhejiang Heyuan Property Services Co., Ltd.* (浙江禾源物業服務有限公司) ("**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 ZhejiangJiayuan Property Services Group Co., Ltd.* (浙江佳源物業服務集團有限公司) 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 Notice**") 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.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

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

The table below sets out the proposed and actual applications of the net proceeds for the year ended 31 December 2022:

Major categories in the prospectus	Unutilised balance as at 1 January 2022 Approximately *(HK$ million)*	Planned use of net proceeds for the year ended 31 December 2022 Approximately *(HK$ million)*	Utilized Amounts for the year ended 31 December 2022 Approximately *(HK$ million)*	Unutilised balance as at 31 December 2022 Approximately *(HK$ million)*	Expected timeline for utilising the unutilised net proceeds
Pursue selective strategic investment and acquisition opportunities and to further develop strategic cooperation	317.2	117.8	2.1	0	31 December 2023
Enrich and expand our service offerings	27	13.5	8.4	0	31 December 2023
Invest in intelligent operational and internal management system	60.3	20.2	3.2	0	31 December 2023
Working capital and general corporate purposes	33.7	16.8	10	0	31 December 2023
Abnormal Transactions *(Note)*			414.5	*0*	
Total	438.2	168.3	438.2	0	

Note: For details, please refer to the announcement of the Company dated 25 September 2024.

For the year ended 31 December 2022, the net proceeds from the listing on the Stock Exchange by way of initial public offering that were utilised in the manners as disclosed in the Prospectus were set out in the table above, while HK$414.5 million, all the remaining net proceeds, have all been used in the Abnormal Transactions.

DIVIDEND

The Board did not propose to declare a final dividend for the year ended 31 December 2022 (For the year ended 31 December 2021: no final dividend was distributed).

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be further postponed to dates to be determined by the Board (the "**AGM**") and the Notice of AGM will be published and despatched in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The timetable for the closure of the Register of Members for the purpose of determining the Shareholders' eligibility to attend and vote at the AGM will be announced in separate announcement.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2022.

CORPORATE GOVERNANCE PRACTICES

The Company and its management are committed to maintaining good corporate governance with an emphasis on the principles of transparency, accountability and independence to all Shareholders. The Company believes that good corporate governance is an essence for a continual growth and enhancement of the Shareholders' value. The Company has applied the principles of and complied with the code provisions stipulated in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 (which has been renumbered to Appendix C1 with effect from 31 December 2023) to the Listing Rules during the year ended 31 December 2022 with the exception of code provision C.2.1 which is explained below.

Code provision C.2.1 of the CG Code stipulates that the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual. Mr. Zhu Hongge was the chairman and the chief executive officer of the Company (who resigned on 26 July 2024). Under the 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.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 (which has been renumbered to Appendix C3 with effect from 31 December 2023) to the Listing Rules as the Company's code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code for the year ended 31 December 2022.

SCOPE OF WORK OF RSM HONG KONG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditors, RSM Hong Kong, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by RSM Hong Kong on the preliminary announcement.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDIT COMMITTEE

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 annual results and the audited consolidated financial statements of the Group for the year ended 31 December 2022.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://jy-fw.cn). The annual report of the Company for the year ended 31 December 2022 containing all the information required by the Listing Rules will be dispatched to the Shareholders and posted on the above websites in due course.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 3 April 2023, and will remain suspended until further notice.

By order of the Board
Jiayuan Services Holdings Limited
Pang Bo
Executive Director

Hong Kong, 4 December 2024

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