

Ling Yue Services Group Limited
領悅服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

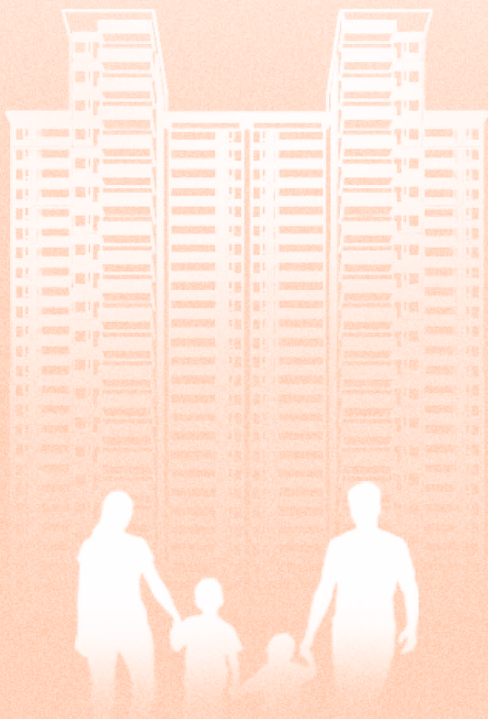
Stock Code : 2165

2024 INTERIM REPORT



CONTENTS

Corporate Information	2
Management Discussion and Analysis	4
Corporate Governance and Other Information	17
Interim Condensed Consolidated Statement of Profit or Loss	24
Interim Condensed Consolidated Statement of Comprehensive Income	25
Interim Condensed Consolidated Statement of Financial Position	26
Interim Condensed Consolidated Statement of Changes in Equity	28
Interim Condensed Consolidated Statement of Cash Flows	30
Notes to Interim Condensed Consolidated Financial Information	32
Definitions	45



Corporate Information

BOARD OF DIRECTORS

Executive directors

Mr. Liu Yuqi (*Chairman*)
(*appointed on 12 January 2024*)
Mr. Liu Yuhui (*Chairman*)
(*resigned on 12 January 2024*)
Ms. Luo Hongping

Non-executive directors

Ms. Wang Tao
Ms. Hou Sanli

Independent non-executive directors

Ms. Luo Ying
Ms. Zhang Qian
Ms. Zou Dan

COMPANY SECRETARY

Mr. So Wing Chun
(*appointed on 23 February 2024 and resigned on 30 July 2024*)
Ms. Luo Hongping
(*resigned on 23 February 2024*)
Ms. Tang King Yin
(*resigned on 23 February 2024*)
Ms. Yan Hoi Ling Jovian
(*appointed on 30 July 2024*)

AUTHORIZED REPRESENTATIVES

Mr. Liu Yuqi
(*appointed on 12 January 2024*)
Mr. So Wing Chun
(*appointed on 23 February 2024 and resigned on 30 July 2024*)
Mr. Liu Yuhui
(*resigned on 12 January 2024*)
Ms. Tang King Yin
(*resigned on 23 February 2024*)
Ms. Yan Hoi Ling Jovian
(*appointed on 30 July 2024*)

AUDIT COMMITTEE

Ms. Zou Dan (*Chairlady*)
Ms. Luo Ying
Ms. Zhang Qian

REMUNERATION COMMITTEE

Ms. Zhang Qian (*Chairlady*)
Mr. Liu Yuqi
(*appointed on 12 January 2024*)
Mr. Liu Yuhui
(*resigned on 12 January 2024*)
Ms. Luo Ying

NOMINATION COMMITTEE

Mr. Liu Yuqi (*Chairman*)
(*appointed on 12 January 2024*)
Mr. Liu Yuhui (*Chairman*)
(*resigned on 12 January 2024*)
Ms. Luo Ying
Ms. Zhang Qian

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditors

LEGAL ADVISOR AS TO HONG KONG LAW

Sidley Austin

PRINCIPAL BANKS

Agricultural Bank of China
Chengdu Zijin Branch

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

44/F, Tower A
Leading International Finance Center
No. 151, 2nd Tianfu Street
Gaoxin District
Chengdu, Sichuan Province
PRC

REGISTERED OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services
Limited
Shops 1712–1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

2165

COMPANY'S WEBSITE

<http://www.lingyue-service.com>

Management Discussion and Analysis

BUSINESS REVIEW

The Group remains steadfast in its development strategy of “deep cultivation in Southwest China, establishing a strong presence in Xinjiang, and pursuing nationwide development” and boosts two growth poles of “Sichuan and Xinjiang” of the Company. As a result, the management scale has achieved steady growth. Furthermore, the Group is expanding its operations in sectors such as schools, parks, and public buildings, gradually advancing towards a comprehensive and diversified market. As of 30 June 2024, the Group provided property management services and value-added services for 36 cities in China, with a total of 272 contracted projects (of which 267 projects have been taken over).

OUTLOOK

In the face of opportunities and challenges brought about by the rapid industry growth, in the second half of 2024, we are committed to upholding our service philosophy of “Friendship, Companionship, and Warmheartedness”. With quality as our foundation and warm services as our core, we will strengthen our operational fundamentals, prioritize value creation for customers, expand our service coverage, and persistently pursue long-term, high-quality corporate development.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Model of the Group

The Group has three business lines, namely, (i) property management services, (ii) value-added services to non-property owners, and (iii) community value-added services, forming an integrated service offering to its customers that covers the entire value chain of property management.

- Property management services. The Group offers a wide range of property management services to property owners, residents and property developers, as well as tenants in non-residential properties under our management. The Group’s services typically include security services, cleaning and greening services, and repair and maintenance services. The Group manages a diverse portfolio of properties, including residential properties, commercial properties and public and other properties.
- Value-added services to non-property owners. The Group offers value-added services to non-property owners, including (i) preliminary planning and design consultancy services; (ii) sales office management services; (iii) pre-delivery services; (iv) repair and maintenance services; (v) property transaction assistance services; and (vi) security support services.
- Community value-added services. The Group offers community value-added services primarily to property owners and residents to make their lives more convenient, such as (i) community space management services; (ii) decoration and turnkey furnishing services; (iii) convenient living services; and (iv) community retail services.

The Group offers a comprehensive portfolio of property management services in order to diversify the Group's sources of revenue and achieve rapid growth. In recent years, the Group has been strengthening its community value-added service offerings. Leveraging its in-depth understanding of the needs of residents, the Group endeavors to further diversify its community value-added services. Community value-added services have been enhancing the Group's financial performance, as they typically generate higher profit margins, as compared to other types of property management services. The Group will continue to gain greater market shares and expand business presence in China.

Property Management Services

The Group has been providing property management services since its establishment in 2002. As at 30 June 2024, the Group's aggregate contracted GFA amounted to approximately 35.7 million sq.m., representing a decrease of 7.8% as compared with same period of the last year. As at the same date, the Group managed 267 properties with an aggregate GFA under management of approximately 31.7 million sq.m., representing an increase of 21.7% as compared with same period of the last year.

The following table sets forth the number of properties and GFA under the Group's management, as well as the number of properties the Group was contracted to manage and the corresponding contracted GFA as of the dates indicated.

	As at 30 June	
	2024	2023
Number of properties under management ⁽¹⁾	267	228
Number of properties contracted for management ⁽²⁾	272	257
GFA under management (thousand sq.m.)	31,680	26,039
Contracted GFA (thousand sq.m.)	35,665	38,689
Undelivered GFA (thousand sq.m.) ⁽³⁾	3,985	12,650

Notes:

- (1) Refers to properties that have been delivered to the Group for property management purposes.
- (2) Refers to all properties for which the Group has entered into the relevant property management service agreements, which may include properties that have not been delivered to the Group for property management purposes in addition to properties under management.
- (3) Undelivered GFA is calculated as the difference between contracted GFA and GFA under management as of the dates indicated. The estimated time of delivery and revenue generation of the undelivered projects as at 30 June 2024 ranges from July 2024 to August 2031.

Management Discussion and Analysis

Geographic Presence of the Group

As at 30 June 2024, the Group has expanded its geographic presence to 36 cities, across 9 provinces, 1 autonomous region and 1 municipality. The following table sets forth a breakdown of total number of projects under management and GFA under management by geographic region as at the dates indicated, and revenue from property management services by geographic region for the periods indicated below.

	2024				As at/For the six months ended 30 June 2023			
	Number of projects under management	GFA under management (sq.m.'000)	Revenue RMB'000	%	Number of projects under management	GFA under management (sq.m.'000)	Revenue RMB'000	%
Sichuan Province ⁽¹⁾	228	24,686	217,001	78.7	195	21,062	199,698	79.6
Xinjiang Uygur Autonomous Region ⁽²⁾	14	3,243	22,161	8.0	12	1,873	15,751	6.3
Guangdong Province ⁽³⁾	9	1,314	13,325	4.8	8	1,148	12,313	4.9
Jilin Province ⁽⁴⁾	3	598	10,312	3.7	3	598	10,980	4.4
Hebei Province ⁽⁵⁾	3	200	1,221	0.4	2	148	1,447	0.6
Henan Province ⁽⁶⁾	3	446	4,310	1.6	3	286	2,886	1.2
Hubei Province ⁽⁷⁾	1	396	3,425	1.2	1	396	3,875	1.5
Jiangsu Province ⁽⁸⁾	1	142	762	0.3	1	113	875	0.3
Guizhou Province ⁽⁹⁾	3	467	2,330	0.8	2	329	1,617	0.6
Chongqing Municipality	2	188	1,444	0.5	1	86	1,406	0.6
Total	267	31,680	276,291	100	228	26,039	250,848	100

Notes:

- (1) The Group provided property management services to properties located in Chengdu, Emeishan, Guangyuan, Leshan, Luzhou, Meishan, Mianyang, Nanchong, Panzhihua, Xichang, Ya'an, Huili, Dazhou, Ziyang, Kangding, Batang, Chongzhou, Zigong and Dujiangyan.
- (2) The Group provided property management services to properties located in Kashgar, Urumqi and Korla.
- (3) The Group provided property management services to properties located in Foshan, Shanwei, Shenzhen and Huizhou.
- (4) The Group provided property management services to properties located in Changchun.
- (5) The Group provided property management services to properties located in Chengde.
- (6) The Group was contracted to provide property management services to properties located in Luohe, Zhumadian and Xingyang.
- (7) The Group provided property management services to properties located in Jingzhou.
- (8) The Group provided property management services to properties located in Wuxi.
- (9) The Group was contracted to provide property management services to properties located in Kaili.

Management Discussion and Analysis

The following table sets forth a breakdown of the Group's total number of contracted projects, contracted GFA and undelivered GFA by geographic region as at the dates indicated.

	As at 30 June					
	2024			2023		
	Number of contracted projects	Contracted GFA (sq.m.'000)	Undelivered GFA (sq.m.'000)	Number of contracted projects	Contracted GFA (sq.m.'000)	Undelivered GFA (sq.m.'000)
Sichuan Province ⁽¹⁾	231	26,692	2,006	214	28,922	7,860
Xinjiang Uygur Autonomous Region ⁽²⁾	15	4,233	990	19	4,868	2,995
Guangdong Province ⁽³⁾	9	1,314	—	9	1,314	167
Hebei Province ⁽⁴⁾	3	200	—	3	211	63
Henan Province ⁽⁵⁾	3	818	372	3	829	542
Jilin Province ⁽⁶⁾	3	598	—	3	598	—
Guizhou Province ⁽⁷⁾	3	942	475	2	1,073	744
Hubei Province ⁽⁸⁾	1	396	—	1	396	—
Jiangsu Province ⁽⁹⁾	1	142	—	1	113	—
Chongqing Municipality	2	188	—	1	86	—
Hunan Province	—	—	—	1	279	279
Fujian Province ⁽¹⁰⁾	1	142	142	—	—	—
Total	272	35,665	3,985	257	38,689	12,650

Notes:

- (1) The Group was contracted to provide property management services to properties located in Chengdu, Emeishan, Guangyuan, Leshan, Luzhou, Meishan, Mianyang, Nanchong, Panzhihua, Xichang, Ya'an, Huili, Dazhou, Ziyang, Kangding, Batang, Chongzhou, Zigong and Dujiangyan.
- (2) The Group was contracted to provide property management services to properties located in Kashgar, Korla and Urumqi.
- (3) The Group was contracted to provide property management services to properties located in Foshan, Shanwei, Shenzhen and Huizhou.
- (4) The Group was contracted to provide property management services to properties located in Chengde.
- (5) The Group was contracted to provide property management services to properties located in Luohe, Zhumadian and Xingyang.
- (6) The Group was contracted to provide property management services to properties located in Changchun.
- (7) The Group was contracted to provide property management services to properties located in Kaili.
- (8) The Group was contracted to provide property management services to properties located in Jingzhou.
- (9) The Group was contracted to provide property management services to properties located in Wuxi.
- (10) The Group was contracted to provide property management services to properties located in Xiamen.

Management Discussion and Analysis

Source of Properties under Management

The Group primarily offers property management services to properties developed by Leading Holdings Group. The following tables set forth a breakdown by developer type as of the dates indicated or the periods indicated of our (i) total number of projects under management and GFA under management, as well as revenue from property management services; and (ii) total number of contracted projects, contracted GFA and undelivered GFA.

Breakdown of the Group's Total Number of Projects under Management, GFA under Management and Revenue from Property Management Services by Developer Type

	As at/For the six months ended 30 June							
	2024				2023			
	Number of projects under management	GFA under management (sq.m.'000)	Revenue RMB'000	%	Number of projects under management	GFA under management (sq.m.'000)	Revenue RMB'000	%
Leading Holdings Group ⁽¹⁾	94	16,431	183,358	66.4	86	14,458	168,288	67.1
Joint ventures of Leading Holdings Group ⁽²⁾	10	1,812	14,722	5.3	10	1,120	6,289	2.5
Non-Leading Holdings Group and non-joint ventures of Leading Holdings Group ⁽³⁾	163	13,437	78,211	28.3	132	10,461	76,271	30.4
Total	267	31,680	276,291	100	228	26,039	250,848	100

Breakdown of the Group's Total Number of Contracted Projects, Contracted GFA and Undelivered GFA by Developer Type

	As at 30 June					
	2024	2024		2023	2023	
	Number of contracted projects	Contracted GFA (sq.m.'000)	Undelivered GFA (sq.m.'000)	Number of contracted projects	Contracted GFA (sq.m.'000)	Undelivered GFA (sq.m.'000)
Leading Holdings Group ⁽¹⁾	97	18,169	1,738	98	20,008	5,550
Joint ventures of Leading Holdings Group ⁽²⁾	10	2,028	216	16	3,390	2,270
Non-Leading Holdings Group and non-joint ventures of Leading Holdings Group ⁽³⁾	165	15,468	2,031	143	15,291	4,830
Total	272	35,665	3,985	257	38,689	12,650

Notes:

- (1) Refers to properties solely developed by Leading Holdings Group or jointly developed by Leading Holdings Group and third-party property developers in which Leading Holdings Group held a controlling interest.
- (2) Refer to properties jointly developed by the Leading Holdings Group and third-party property developers in which the Leading Holdings Group did not hold a controlling interest.
- (3) Refer to properties developed solely by third-party property developers independent from Leading Holdings Group.

Management Discussion and Analysis

Type of Properties under Management

The Group primarily managed residential properties. The Group also managed other types of properties such as commercial properties and public and other properties. The following table sets forth a breakdown of our total GFA under management by property type as of the dates indicated, and revenue from property management services by property type and stage of projects for the periods indicated:

	As at/For the six months ended 30 June							
	2024				2023			
	Number of projects under management	GFA under management (sq.m.'000)	Revenue RMB'000	%	Number of projects under management	GFA under management (sq.m.'000)	Revenue RMB'000	%
Residential properties	143	24,980	206,108	74.6	132	20,467	190,798	76.1
— Preliminary stage ⁽¹⁾	122	21,021	170,479	61.7	116	17,232	165,576	66.0
— Property owners' association stage ⁽²⁾	21	3,959	35,629	12.9	16	3,235	25,222	10.1
Commercial properties	8	1,216	38,133	13.8	6	700	31,706	12.6
Public and other properties	116	5,484	32,050	11.6	90	4,872	28,344	11.3
Total	267	31,680	276,291	100	228	26,039	250,848	100

Notes:

- (1) Refers to residential property projects for which property owners' associations were not established as of the dates indicated.
- (2) Refers to residential property projects for which property owners' associations were established as of the dates indicated.

Value-added Services to Non-property Owners

The Group's value-added services to non-property owners include (i) preliminary planning and design consultancy services; (ii) sales office management services; (iii) pre-delivery services; (iv) repair and maintenance services; (v) property transaction assistance services; and (vi) security support services.

During the Reporting Period, revenue from value-added services to non-property owners decreased by 51.9% to approximately RMB9.9 million compared to approximately RMB20.6 million in the corresponding period of 2023, mainly due to a decrease in revenue from sales office management services and repair and maintenance services. During the Reporting Period, the revenue from value-added services to non-property owners accounted for 3.2% of the total revenue of the Group. The following table sets forth a breakdown of our revenue from value-added services to non-property owners for the periods indicated.

For the six months ended 30 June

	For the six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Preliminary planning and design consultancy services	2,110	21.3	113	0.5
Sales office management services	6,500	65.6	15,792	76.7
Pre-delivery services	525	5.3	1,032	5.0
Repair and maintenance services	505	5.1	2,130	10.3
Property transaction assistance services	270	2.7	1,536	7.5
Total	9,910	100	20,603	100

Community Value-added Services

The Group offers community value-added services to property owners and residents, including (i) community space management services; (ii) decoration and turnkey furnishing services; (iii) convenient living services; and (iv) community retail services.

During the Reporting Period, the revenue from community value-added services increased by 16.7% to approximately RMB27.1 million compared to approximately RMB23.2 million in the corresponding period of 2023, mainly due to an increase in revenue from decoration and turnkey furnishing services. During the Reporting Period, revenue from community value-added services accounted for 8.6% of total revenue of the Group.

Management Discussion and Analysis

The following table sets forth a breakdown of the Group's revenue from community value-added services during the periods indicated.

	For the six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Community space management services	3,915	14.4	3,342	14.4
Decoration and turnkey furnishing services	16,766	61.9	13,149	56.7
Convenient living services	6,314	23.3	6,621	28.5
Community retail services	98	0.4	95	0.4
Total	27,093	100	23,207	100

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from three major businesses: (i) property management services; (ii) value-added services to non-property owners; and (iii) community value-added services. During the Reporting Period, the Group's revenue amounted to approximately RMB313.3 million, representing an increase of approximately 6.3% compared with RMB294.7 million in the same period of 2023. The following table sets out the revenue contribution of each business segment during the period indicated:

	Six months ended 30 June			
	2024		2023	
	RMB'000	Percentage of revenue	RMB'000	Percentage of revenue
	Unaudited	%	Unaudited	%
Property management services	276,291	88.2	250,848	85.1
Value-added services to non-property owners	9,910	3.2	20,603	7.0
Community value-added services	27,093	8.6	23,207	7.9
Total	313,294	100	294,658	100

Property management services is still the largest source of revenue for the Group. For the six months ended 30 June 2024, revenue from property management services amounted to approximately RMB276.3 million, accounting for 88.2% of the total revenue of the Group. Such revenue growth was attributable to an increase in GFA under management. The decrease in revenue from value-added services to non-property owners was mainly due to a decrease in revenue from sales office management services and repair and maintenance services. The increase in revenue from community value-added services was mainly due to an increase in revenue from decoration and turnkey furnishing services.

Cost of Sales

The cost of sales of the Group mainly includes (i) staff costs; (ii) subcontracting costs; (iii) costs of consumables; (iv) utilities costs; (v) office expenses; and (vi) repair and maintenance costs.

During the Reporting Period, the cost of sales of the Group was approximately RMB213.7 million, representing an increase of approximately 10.0% compared with approximately RMB194.3 million in the corresponding period of 2023. The increase in cost of sales of the Group was mainly due to an increase in operating costs as a result of the increasing GFA under management of the Group.

Gross profit and gross profit margin

During the Reporting Period, the Group's gross profit decreased by 0.8% from approximately RMB100.4 million for the corresponding period in 2023 to approximately RMB99.6 million.

During the Reporting Period, the gross profit margin of the Group decreased by 2.3 percentage points to 31.8% from 34.1% for the same period in 2023, mainly due to an increase in operating costs.

The gross profit margin of the Group by business line is as follows:

	Six months ended 30 June		
	2024 gross profit margin %	2023 gross profit margin %	Changes in gross profit margin %
Property management services	30.2	32.7	-2.5
Value-added services to non-property owners	33.3	35.0	-1.7
Community value-added services	46.9	48.3	-1.4
Total	31.8	34.1	-2.3

Administrative expenses

During the Reporting Period, the administrative expenses of the Group increased by approximately 12.1% from approximately RMB24.5 million for the same period in 2023 to approximately RMB27.5 million, mainly due to the increase of labor cost.

Management Discussion and Analysis

Income tax expenses

During the Reporting Period, the income tax expenses of the Group decreased by approximately 14.8% from RMB13.2 million for the same period in 2023 to approximately RMB11.2 million. The decrease in income tax expenses was mainly due to the taxable profit mainly contributed by the companies which applied preferential income tax rates.

Profit attributable to owners of the Company

During the Reporting Period, the profit and total comprehensive income attributable to owners of the Company for the period was approximately RMB58.0 million, representing an increase of approximately 7.6% compared with RMB53.9 million for the same period in 2023.

Trade receivables

The Group's trade receivables mainly relate to income from property management services, value added services to non-property owners and community value-added services provided to independent third parties. As at 30 June 2024, the Group's trade receivables amounted to approximately RMB154.5 million, representing an increase of approximately RMB33.5 million or 27.6% compared with approximately RMB121.0 million as at 31 December 2023. The increase was due to an increase in GFA under management as a result of the expansion of the Group's business scale.

Prepayments, deposits and other receivables

As at 30 June 2024, the Group's prepayments, deposits and other receivables amounted to approximately RMB41.6 million, representing a decrease of approximately 14.4% compared with approximately RMB48.6 million as at 31 December 2023. The decrease was due to a significant decrease in balance of cash in transit.

Trade payables

As at 30 June 2024, the Group's trade payables amounted to approximately RMB28.6 million, representing a decrease of approximately 9% from approximately RMB31.4 million as at 31 December 2023. The decrease was mainly due to a decrease in outsourcing costs of the Group.

Liquidity and financial resources

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet the funding requirements of the Group in the foreseeable future.

During the Reporting Period, the Group's principal use of cash was investment, information construction and working capital, which was mainly funded by proceeds from the Company's operations.

Interest rate risk

As the Group had no significant interest-bearing assets and liabilities, the Group is not exposed to material risk directly relating to changes in market interest rates.

Foreign exchange risk

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles all of its transactions is Renminbi. Any depreciation of Renminbi would adversely affect the value of any dividends the Group pays to Shareholders outside of the PRC. As at 30 June 2024, the Group had no cash at banks denominated in foreign currencies. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk.

Gearing ratio

Gearing ratio is calculated based on the sum of interest-bearing borrowings as of the respective dates divided by total equity as of the same dates and multiplied by 100%. Gearing ratios as at 30 June 2024 is not meaningful because our interest-bearing borrowings as at the same dates was nil (as at 31 December 2023: nil).

CONTINGENT LIABILITIES

As of 30 June 2024, the Group had no contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

There were no material acquisition and disposal of subsidiaries, associated companies and joint ventures by the Group during the Reporting Period.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the Reporting Period, there were no significant investments held by the Group.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the section “Future Plans and Use of Proceeds” in the Prospectus, the Group had no plan for material investments and capital assets as at 30 June 2024.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group had 6,218 employees (31 December 2023: 5,644 employees). During the Reporting Period, the total staff costs were approximately RMB149.5 million as compared to approximately RMB135.0 million for the same period in 2023.

The Group will further enhance its employee training program with internal and external resources. The employee training programs primarily cover key areas in the Group's business operations, which provide continuous training to its existing employees at different levels to specialize and strengthen their skill sets.

The Group adopts remuneration policies similar to its peers in the industry. The remuneration payable to its staff is fixed by reference to the duties and the prevailing market rates in the region. Discretionary performance bonus after assessments is paid to employees to reward their contributions. The Group is subject to social insurance contribution plans or other pension schemes prescribed by the local governments and is required to pay on behalf of its employees, a monthly social insurance funds covering pension fund, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance, and the housing provident fund, or to contribute regularly to mandatory provident fund schemes on behalf of its employees. In determining the remuneration and compensation packages of the Directors and senior management, the Group will take into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

Corporate Governance and Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining and strengthening high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness, in order to safeguard and protect the interests of the Shareholders and to enhance corporate value and accountability system.

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices. So far as the Directors are aware, the Company has complied with all the applicable code provisions set out in the CG Code during the Reporting Period.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions. Upon the enquiries made to all Directors, they confirmed that they have complied with the standards for securities transactions by Directors as set out in the Model Code during the Reporting Period.

CHANGES IN DIRECTORS' AND CHIEF EXECUTIVE'S INFORMATION

Save as disclosed, there are no changes in the directors' information required to be disclosed pursuant to 13.51(2) paragraphs (a) to (e) and paragraph (g) of the Listing Rules as at the date of this interim report.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme through written resolutions on 22 June 2021 (the "**Share Option Scheme**"). The purpose of the Share Option Scheme is to recognize and acknowledge the contributions that the eligible participants had or may have made to the Group. The Directors believe the Share Option Scheme will enable the Group to reward the Group's employees, Directors and other selected participants for their contributions to the Group. For details of the Share Option Scheme, please refer to the section headed "Appendix IV — Statutory and General Information — D. Other Information — 1. Share Option Scheme" in the Prospectus.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the aggregate of the Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, and such 10% limit represents 28,000,000 Shares, representing 9.80% of the total Shares in issue as at the date of this interim report. As at 1 January 2024 and 30 June 2024, the options available for grant under the Share Option Scheme is 28,000,000 Shares.

Since the date of the adoption of the Share Option Scheme and up to the end of the Reporting Period, no options have been granted, exercised, cancelled or lapsed under the Share Option Scheme, and there were no outstanding options under the Share Option Scheme.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30 June 2024, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise be notified to the Company and the Stock Exchange pursuant to the Model Code are set out below:

(i) interests in shares or underlying shares of the company

Name of Director	Nature of Interest	Number of Shares Held ⁽¹⁾	Approximate percentage of interest in the Company ⁽²⁾
Mr. Liu Yuqi ⁽³⁾	Interest of spouse	213,313,000 (L)	74.67%
Ms. Wang Tao ⁽⁴⁾⁽⁵⁾	Interest in controlled corporations	213,313,000 (L)	74.67%
Ms. Hou Sanli ⁽⁴⁾⁽⁶⁾	Interest in controlled corporations	213,313,000 (L)	74.67%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Calculated on the basis of 285,685,000 Shares in issue as at 30 June 2024.
- (3) Mr. Liu Yuqi is the spouse of Ms. Hou Sanli. By virtue of SFO, Mr. Liu Yuqi is deemed to be interested in the shares held by Ms. Hou Sanli.
- (4) Pursuant to the Acting in Concert Deed, our Ultimate Controlling Shareholders have agreed and confirmed that from the date when they became the registered owners and/or beneficial owners of the equity interests in our Group until after Listing and to the date when any one of them cease to be our Controlling Shareholders: (a) they had been and would continue to be parties acting in concert and they have agreed to consult with each other and reach an unanimous consensus among themselves before the decision, implementation and agreement on all material management affairs, votings and/or commercial decisions, including but not limited to financial and operational matters, of any member of our Group; (b) they had casted and would continue to cast their votes as directors and/or shareholders (as appropriate) unanimously for or against all resolutions in all board and shareholders' meetings and discussions of any member of our Group; and (c) they had cooperated and would continue to cooperate with one another to acquire, maintain and consolidate the control and management of our Group. By virtue of the SFO, each of our Ultimate Controlling Shareholders together with their respective investment holding companies are all deemed to be interested in the total Shares directly held by such investment holding companies. Therefore, each of Ms. Wang Tao and Ms. Hou Sanli is deemed to be interested in the Shares held by Tianyue Holding, Linghui Holding, Tianyue Capital, Fusheng Capital, Linghui Capital and Jin Sha Jiang for the purpose of Part XV of the SFO.
- (5) Tianyue Capital is wholly owned by Ms. Wang Tao. By virtue of SFO, Ms. Wang Tao is deemed to be interested in the Shares held by Tianyue Capital.
- (6) Linghui Capital is wholly owned by Ms. Hou Sanli. By virtue of SFO, Ms. Hou Sanli is deemed to be interested in the Shares held by Linghui Capital.

(ii) interests in shares or underlying shares of the Company's associated corporations (long position)

Name of Director	Name of associated corporation	Nature of Interest	Number of Shares Held	Percentage of shareholding interest
Ms. Wang Tao	Tianyue Capital	Beneficial owner	1	100.00%
Ms. Hou Sanli	Linghui Capital	Beneficial owner	1	100.00%
Mr. Liu Yuqi	Linghui Capital	Interest of spouse	1	100.00%

Save as disclosed above, as at 30 June 2024, so far as the Directors are aware, none of the Directors and chief executives of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF PERSONS OTHER THAN THE DIRECTORS AND CHIEF EXECUTIVES

As at 30 June 2024, the following persons, other than a Director or chief executive of the Company, had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of Interest/Capacity	Number of Shares Held ⁽¹⁾	Approximate percentage of interest in the Company ⁽²⁾
Mr. Liu Haowei ⁽³⁾⁽⁴⁾	Interest in controlled corporation	213,313,000 (L)	74.67%
Tianyue Holding ⁽³⁾⁽⁴⁾	Beneficial Owner	68,960,430 (L)	24.14%
Mr. Liu Ce ⁽³⁾⁽⁵⁾	Interest in controlled corporation	213,313,000 (L)	74.67%
Linghui Holding ⁽³⁾⁽⁵⁾	Beneficial Owner	68,939,640 (L)	24.13%
Ms. Long Yiqin ⁽³⁾⁽⁶⁾	Interest in controlled corporation	213,313,000 (L)	74.67%
Ms. Chen Aoao ⁽⁸⁾	Interest of spouse	213,313,000 (L)	74.67%
Ms. Lan Tian ⁽⁹⁾	Interest of spouse	213,313,000 (L)	74.67%
Mr. Liu Yuhui ⁽³⁾⁽⁷⁾	Interest in controlled corporation	213,313,000 (L)	74.67%
Jin Sha Jiang ⁽³⁾⁽⁷⁾	Beneficial Owner	74,352,640 (L)	26.03%
Mr. Liu Shan ⁽¹⁰⁾	Interest of spouse	213,313,000 (L)	74.67%
Hai Yue Holding Limited	Beneficial owner	22,781,000 (L)	7.98%

Corporate Governance and Other Information

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Calculated on the basis of 285,685,000 Shares in issue as at 30 June 2024.
- (3) Pursuant to the Acting in Concert Deed, our Ultimate Controlling Shareholders have agreed and confirmed that from the date when they became the registered owners and/or beneficial owners of the equity interests in our Group until after Listing and to the date when any one of them cease to be our Controlling Shareholders: (a) they had been and would continue to be parties acting in concert and they have agreed to consult with each other and reach an unanimous consensus among themselves before the decision, implementation and agreement on all material management affairs, votings and/or commercial decisions, including but not limited to financial and operational matters, of any member of our Group; (b) they had casted and would continue to cast their votes as directors and/or shareholders (as appropriate) unanimously for or against all resolutions in all board and shareholders' meetings and discussions of any member of our Group; and (c) they had cooperated and would continue to cooperate with one another to acquire, maintain and consolidate the control and management of our Group. By virtue of the SFO, each of our Ultimate Controlling Shareholders together with their respective investment holding companies are all deemed to be interested in the total Shares directly held by such investment holding companies.
- (4) Tianyue Holding is wholly owned by Mr. Liu Haowei. By virtue of SFO, Mr. Liu Haowei is deemed to be interested in the Shares held by Tianyue Holding.
- (5) Linghui Holding is wholly owned by Mr. Liu Ce. By virtue of SFO, Mr. Liu Ce is deemed to be interested in the Shares held by Linghui Holding.
- (6) Fusheng Capital is wholly owned by Ms. Long Yiqin. By virtue of SFO, Ms. Long Yiqin is deemed to be interested in the Shares held by Fusheng Capital.
- (7) Jin Sha Jiang is wholly owned by Mr. Liu Yuhui. By virtue of SFO, Mr. Liu Yuhui is deemed to be interested in the Shares held by Jin Sha Jiang.
- (8) Ms. Chen Aoao, the spouse of Mr. Liu Haowei, is deemed to be interested in all the Shares that Mr. Liu Haowei is interested in by virtue of the SFO.
- (9) Ms. Lan Tian, the spouse of Mr. Liu Ce, is deemed to be interested in all the Shares that Mr. Liu Ce is interested in by virtue of the SFO.
- (10) Mr. Liu Shan, the spouse of Ms. Wang Tao, is deemed to be interested in all the Shares that Ms. Wang Tao is interested in by virtue of the SFO.

Save as disclosed above, as at 30 June 2024, the Company was not aware that any person (other than a Director or chief executive of the Company) has any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register kept by the Company under section 336 of the SFO, or were directly or indirectly interested in 5% or more of the shares of the Company.

INTERIM DIVIDEND

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

USE OF NET PROCEEDS FROM THE LISTING

On 12 July 2021, the Shares were listed on the Stock Exchange and in connection with the Listing, 70,000,000 new Shares with a nominal value of HK\$0.01 each were issued at a price of HK\$4.19 per Share for a total cash consideration of HK\$293,300,000, before deducting underwriting fees, commissions and related expenses. On 9 August 2021, the Company allotted and issued further 5,685,000 Shares at a subscription price of HK\$4.19 per Share pursuant to the partial exercise of the Over-allotment Option. The Company received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the Global Offering (including the partial exercise of the Over-allotment Options) of approximately HK\$278.0 million.

As stated in the Prospectus and the announcement of the Company dated 5 August 2021, the Group intended to use the net proceeds as follows: (i) approximately 70.0% or HK\$194.6 million, will be used for strategic acquisitions and investments; (ii) approximately 20.0% or HK\$55.6 million, will be used to upgrade information system and equipment; and (iii) approximately 10.0% or HK\$27.8 million, will be used for working capital and general corporate purposes. As at the date of this report, approximately HK\$34.3 million of the net proceeds raised from the Listing were applied by the Company. The net proceeds would be allocated and used according to the purposes and timeframe set out in the Prospectus.

The following table sets forth details of the net proceeds as at the date of this report:

	Planned use of net proceeds as stated in the Prospectus and taking into account the net proceeds received from the partial exercise of the Overallotment Option		Actual use of net proceeds from		Expected utilising timeline for unutilised net proceeds		
	Approximate percentage	HK\$'million	Unutilised net proceeds as at 1 January 2024 HK\$'million	1 January 2024 to 30 June 2024 HK\$'million	Unutilised net proceeds as at 30 June 2024 HK\$'million	HK\$'million 2024	2025
Strategic acquisition and investment							
— Acquire and invest in other property management companies	70.0%	194.6	193.3	—	193.3	97.3	96.0
Upgrade information system and equipment							
— Upgrade Lingyue Service Smart Property Management Platforms	10.0%	27.8	26.5	0.9	25.6	10.2	15.4
— Upgrade and improve equipment and facilities in the communities under our management	10.0%	27.8	20.2	3.4	16.8	7.7	9.1
Working capital	10.0%	27.8	—	—	—	—	—
Total	100.0%	278.0	240.0	4.3	235.7		

Corporate Governance and Other Information

As at the date of this report, the unutilised net proceeds were applied to short-term demand deposits with well-established and licensed commercial banks and authorized financial institutions. Further details of the breakdown and description of the use of proceeds are set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. In response to the changes in the industry, the Group will be more cautious in external investment in mergers and acquisitions. Meanwhile, the upgraded system can meet the management needs of the Group at the current stage. Therefore, the expected timeline for the planned use of the proceeds of the Group has been delayed. Save as disclosed, the Directors were not aware of any material change to the planned use of proceeds as at the date of this report. The unutilised net proceeds will be applied in the manner consistent with that mentioned in the Prospectus.

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

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company (including sales of treasury shares) during the Reporting Period. As at 30 June 2024, no treasury shares were held by the Company.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Pursuant to Rule 8.08(1)(a) of the Listing Rules provides that there must be an open market in the securities for which listing is sought and a sufficient public float of an issuer’s listed securities. This normally means that at least 25% of the issuer’s total issued shares must at all times be held by the public.

Based on the information that is publicly available to the Company and to the knowledge of the Directors, as at the date of this interim report, the Company has maintained a sufficient public float as required under the Listing Rules.

SUBSEQUENT IMPORTANT EVENTS AFTER THE REPORTING PERIOD

There have been no important events affecting the Company since 30 June 2024 and up to the date of this interim report.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee is responsible for reviewing and monitoring the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit.

The Audit Committee comprises of three members, namely Ms. Luo Ying, Ms. Zhang Qian, and Ms. Zou Dan, all of whom are the independent non-executive Directors of the Company. Ms. Zou Dan has been appointed as the chairlady of the Audit Committee and has the appropriate professional qualifications or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

As at the date of this interim report, the Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2024. The Audit Committee and the Company's management have also reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to risk management, internal control and financial reporting. The Audit Committee has agreed with the management of the Company on the interim results of the Group for the six months ended 30 June 2024.

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

	Notes	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
REVENUE	5	313,294	294,658
Cost of sales		(213,732)	(194,289)
Gross profit		99,562	100,369
Other income and gains		3,273	4,204
Administrative expenses		(27,475)	(24,511)
Impairment losses on financial assets and goodwill, net		(4,341)	(8,878)
Other expenses		(153)	(96)
Finance costs		—	(3)
Share of profit of:			
Joint ventures		709	774
PROFIT BEFORE TAX	6	71,575	71,859
Income tax expense	7	(11,249)	(13,203)
PROFIT FOR THE PERIOD		60,326	58,656
Attributable to:			
Owners of the parent		58,018	53,802
Non-controlling interests		2,308	4,854
		60,326	58,656
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted			
— For profit for the period		RMB0.20	RMB0.19

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	60,326	58,656
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(18)	139
Income tax effect	3	(21)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	(15)	118
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(15)	118
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	60,311	58,774
Attributable to:		
Owners of the parent	58,003	53,920
Non-controlling interests	2,308	4,854
	60,311	58,774

Interim Condensed Consolidated Statement of Financial Position

30 June 2024

	<i>Notes</i>	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	4,419	5,655
Goodwill		18,470	18,470
Other intangible assets		8,433	8,767
Investments in joint ventures		2,953	2,606
Equity investments designated at fair value through other comprehensive income		4,064	4,082
Deferred tax assets		5,976	5,698
Total non-current assets		44,315	45,278
CURRENT ASSETS			
Inventories		1,040	1,040
Trade receivables	11	154,456	121,032
Due from related companies	14	12,900	18,710
Prepayments and other receivables		41,625	48,632
Cash and bank balances		640,001	602,924
Total current assets		850,022	792,338
CURRENT LIABILITIES			
Trade payables	12	28,564	31,404
Other payables and accruals		113,514	120,283
Contract liabilities		134,716	132,563
Due to related companies	14	361	225
Tax payable		6,176	2,314
Total current liabilities		283,331	286,789
NET CURRENT ASSETS		566,691	505,549
TOTAL ASSETS LESS CURRENT LIABILITIES		611,006	550,827
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,038	1,140
Total non-current liabilities		1,038	1,140
Net assets		609,968	549,687

Interim Condensed Consolidated Statement of Financial Position

30 June 2024

	<i>Notes</i>	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	2,382	2,382
Reserves		590,247	532,244
		592,629	534,626
Non-controlling interests		17,339	15,061
Total equity		609,968	549,687

Liu Yuqi
Director

Luo Hongping
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the parent									
	Share capital RMB'000 Note 13	Share premium RMB'000	Merger reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024 (audited)	2,382	250,925	(3,216)	(5,710)	13	31,406	258,826	534,626	15,061	549,687
Profit for the period	—	—	—	—	—	—	58,018	58,018	2,308	60,326
Other comprehensive income for the period:										
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	(15)	—	—	—	(15)	—	(15)
Total comprehensive income for the period	—	—	—	(15)	—	—	58,018	58,003	2,308	60,311
Capital injection by non-controlling interests	—	—	—	—	—	—	—	—	45	45
Dividends declared to non-controlling interests	—	—	—	—	—	—	—	—	(75)	(75)
At 30 June 2024 (unaudited)	2,382	250,925*	(3,216)*	(5,725)*	13*	31,406*	316,844*	592,629	17,339	609,968

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the parent									
	Share capital RMB'000 Note 13	Share premium RMB'000	Merger reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023 (audited)	2,382	250,925	(3,216)	(5,226)	13	21,163	167,206	433,247	19,600	452,847
Profit for the period	—	—	—	—	—	—	53,802	53,802	4,854	58,656
Other comprehensive income for the period:										
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	118	—	—	—	118	—	118
Total comprehensive income for the period	—	—	—	118	—	—	53,802	53,920	4,854	58,774
Capital injection by non-controlling interests	—	—	—	—	—	—	—	—	245	245
Dividends declared to non-controlling interests	—	—	—	—	—	—	—	—	(1,416)	(1,416)
At 30 June 2023 (unaudited)	2,382	250,925*	(3,216)*	(5,108)*	13*	21,163*	221,008*	487,167	23,283	510,450

* These reserve accounts comprise the consolidated reserves of RMB590,247,000 (30 June 2023: RMB484,785,000) in the interim condensed consolidated statements of financial position.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Notes	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		71,575	71,859
Adjustments for:			
Finance costs		—	3
Share of profit of joint ventures		(709)	(774)
Interest income		(2,182)	(2,585)
Depreciation of property, plant and equipment	6	1,745	659
Amortisation of other intangible assets	6	1,038	1,397
Impairment of goodwill	6	—	4,302
Impairment of trade receivables	6	4,654	3,922
Reversal of impairment of due from related companies	6	(106)	(682)
Impairment of other receivables	6	(207)	1,336
		75,808	79,437
Decrease in inventories		—	126
Decrease in restricted cash		10	145
Increase in trade receivables		(38,078)	(21,746)
Decrease/(increase) in prepayments and other receivables		7,209	(10,183)
Decrease in trade payables		(2,840)	(9,099)
(Decrease)/increase in other payables and accruals		(5,843)	6,469
Increase in contract liabilities		2,153	15,982
Decrease/(increase) in amounts due from related companies		5,916	(22,390)
Increase/(decrease) in amounts due to related companies		136	(74)
Cash generated from operations		44,471	38,667
Interest received		2,187	2,585
Interest paid		—	(3)
Tax paid		(7,767)	(15,231)
Net cash flows from operating activities		38,891	26,018

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

Notes	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from joint ventures	360	450
Purchases of items of property, plant and equipment	(512)	(675)
Proceeds from disposal of items of property, plant and equipment	2	—
Purchase of other intangible assets	(703)	(363)
Decrease in other receivables	5	343
Net cash flows used in investing activities	(848)	(245)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital injection by non-controlling interests	45	245
Dividends paid to non-controlling shareholders	(1,001)	(490)
Net cash flows used in financing activities	(956)	(245)
NET INCREASE IN CASH AND CASH EQUIVALENTS	37,087	25,528
Cash and cash equivalents at beginning of period	602,193	360,742
CASH AND CASH EQUIVALENTS AT END OF PERIOD	639,280	386,270
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	640,001	386,370
Less: Restricted cash	621	—
Pledged deposits	100	100
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	639,280	386,270
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	639,280	386,270

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

1. CORPORATE AND GROUP INFORMATION

Ling Yue Services Group Limited (the “**Company**”) is incorporated and registered as an exempted company with limited liability in the Cayman Islands. The Company and its subsidiaries now comprising the Group underwent the reorganisation which was completed on 21 January 2021. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 12 July 2021. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

During the period, the Company and its subsidiaries (together, the “**Group**”) were mainly involved in the provision of property management services, value-added services to non-property owners and community value-added services.

The ultimate controlling shareholders of the Company are Mr. Liu Yuhui, Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli (the “**Controlling Shareholders**”).

In the opinion of the directors, the investment holding companies of the Company are Linghui Holding Limited, Tianyue Holding Limited, Tianyue Capital Limited, Fusheng Capital Holding Limited, Linghui Capital Limited and Jin Sha Jiang Holding Limited, which are incorporated in the British Virgin Islands with limited liability, and controlled by the Controlling Shareholders.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards (“**IFRSs**”) for the first time for the current period’s financial information.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendment to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “ 2020 Amendments ”)
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> (the “ 2022 Amendments ”)
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group’s business which includes property management services income and value-added services income by project locations for the purpose of making decisions about resource allocation and performance assessment. As all the locations have similar economic characteristics and are similar in the nature of property management services, the nature of the aforementioned business processes, the type or class of the customer for the aforementioned business and the methods used to distribute the property management services and value-added services, all locations were aggregated as one reportable operating segment.

Geographical information

No geographical information is presented as the Group’s revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

For the six months ended 30 June 2024, revenue from Leading Holdings Group Limited and its subsidiaries (“**Leading Holdings Group**”) contributed 6.8% (30 June 2023: 16.7%) of the Group’s revenue. Other than the revenue from Leading Holdings Group, no revenue derived from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group’s revenue during the period.

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024 RMB’000 (Unaudited)	2023 <i>RMB’000</i> (Unaudited)
<i>Revenue from contracts with customers</i>		
Property management services	276,291	250,848
Value-added services to non-property owners	9,910	20,603
Community value-added services	27,093	23,207
Total	313,294	294,658

5. REVENUE (Continued)**Disaggregated revenue information for revenue from contracts with customers***For the six months ended 30 June 2024*

	Property management services RMB'000 (Unaudited)	Value-added services to non-property owners RMB'000 (Unaudited)	Community value-added services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Type of services				
Rendering of services	276,291	9,910	27,093	313,294
Total revenue from contracts with customers	276,291	9,910	27,093	313,294
Timing of revenue recognition				
Revenue recognised over time	276,291	8,963	11,120	296,374
Revenue recognised at a point in time	—	947	15,973	16,920
Total revenue from contracts with customers	276,291	9,910	27,093	313,294

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

5. REVENUE (Continued)

Disaggregated revenue information for revenue from contracts with customers (Continued)

For the six months ended 30 June 2023

	Property management services <i>RMB'000</i> (Unaudited)	Value-added services to non-property owners <i>RMB'000</i> (Unaudited)	Community value-added services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Type of services				
Rendering of services	250,848	20,603	23,207	294,658
Total revenue from contracts with customers	250,848	20,603	23,207	294,658
Timing of revenue recognition				
Revenue recognised over time	250,848	18,452	3,039	272,339
Revenue recognised at a point in time	—	2,151	20,168	22,319
Total revenue from contracts with customers	250,848	20,603	23,207	294,658

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Cost of services provided	213,732	194,289
Depreciation of property, plant and equipment	1,745	659
Amortisation of other intangible assets	1,038	1,397
Impairment of goodwill	—	4,302
Impairment of financial assets, net:		
Impairment of trade receivables, net	4,654	3,922
Reversal of impairment of due from related companies, net	(106)	(682)
Impairment of financial assets included in prepayments and other receivables, net	(207)	1,336

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable profit currently arising in Hong Kong for the six months ended 30 June 2024.

All subsidiaries of the Group operating in Mainland China are taxed in accordance with the Chinese Corporate Income Tax Law. There were three types of tax rates during the reporting period for the Group, including the 25% tax rate, the 15% tax rate under the western preferential tax rate policy, and the preferential tax rate policy for small and low-profit enterprises. For the six months ended 30 June 2024, Lingyue Property Service Group Co., Ltd. and its western branches were subject to the 15% income tax rate, certain subsidiaries were entitled to the preferential tax rate for small and low-profit enterprises, and the remaining subsidiaries and branches were subject to income tax at a rate of 25%.

	For the six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Current — Mainland China:		
Charge for the period	11,627	14,007
Deferred tax	(378)	(804)
Total tax charge for the period	11,249	13,203

8. DIVIDENDS

The board of directors has resolved not to pay an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 285,685,000 (six months ended 30 June 2023: 285,685,000) shares in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented during the six months ended 30 June 2024 and 30 June 2023 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the periods.

The calculations of basic earnings per share are based on:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	58,018	53,802
	Number of shares	
	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	285,685,000	285,685,000

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets with at a cost of RMB512,000 (30 June 2023: RMB675,000).

11. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the date of revenue recognition, net of provision for the loss allowance for impairment, is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 year	115,753	97,070
1 to 2 years	26,097	14,196
2 to 3 years	8,691	7,219
Over 3 years	3,915	2,547
Total	154,456	121,032

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 year	26,027	28,922
Over 1 year	2,537	2,482
Total	28,564	31,404

13. SHARE CAPITAL

Shares

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Issued and fully paid: 285,685,000 (2023: 285,685,000) ordinary shares of HK\$0.01 each	2,382	2,382

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

14. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in this financial information, the Group had the following transactions with related parties during the period:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Income from property management services and value-added services rendered to related companies: (i, ii)		
Companies controlled by the Controlling Shareholders	21,247	49,347
Joint ventures of Leading Holdings Group	1,190	5,254
Associates of Leading Holdings Group	526	662
	22,963	55,263

- (i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.
- (ii) These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

14. RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Due from related companies:		
Trade related		
Companies controlled by the Controlling Shareholders	15,177	21,675
Joint ventures of Leading Holdings Group	1,129	1,204
Associates of Leading Holdings Group	308	1,067
Joint ventures	124	34
	16,738	23,980
Impairment	(3,838)	(5,270)
	12,900	18,710
Due to related companies:		
Trade related		
Companies controlled by the Controlling Shareholders	361	225
	361	225

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Short-term employee benefits	586	261
Pension scheme contributions and social welfare	125	41
Total compensation paid to key management personnel	711	302

30 June 2024

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of the unlisted equity investment has been estimated by using the market approach, using the ratio of price to book value ("**PB ratio**") of certain comparable companies in the same industry, in arriving at an indicated value of the unlisted equity interest. The valuation takes account of a discount for lack of marketability on this investment. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting periods.

Set out below is a summary of a significant unobservable input to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2024 and 31 December 2023:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Discount for lack of marketability (" DLOM ")	25% to 30% (31 December 2023: 25% to 30%)	5% (31 December 2023: 5%) increase/decrease in DLOM would result in a decrease/increase in fair value by RMB280,000 (31 December 2023: RMB281,000)

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2024

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Equity investments designated at fair value through other comprehensive income	—	—	4,064	4,064

As at 31 December 2023

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Equity investments designated at fair value through other comprehensive income	—	—	4,082	4,082

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Assets measured at fair value: (Continued)

The movements in fair value measurements within Level 3 during the periods are as follows:

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Equity investments at fair value through other comprehensive income — unlisted:		
At 1 January	4,082	4,651
Total (losses)/gains recognised in other comprehensive income	(18)	139
At 30 June	4,064	4,790

The Group did not have any financial liabilities measured at fair value as at 30 June 2024 (31 December 2023: Nil).

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2023: Nil).

16. EVENTS AFTER THE REPORTING PERIOD

There is no significant subsequent event undertaken by the Company after 30 June 2024.

17. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial information was approved and authorised for issue by the board of directors of the Company on 30 August 2024.

In this report, unless the context otherwise requires, the following words and expressions have the following meanings.

“Acting in Concert Deed”	the acting in concert deed dated 29 January 2021 and executed by the Ultimate Controlling Shareholders
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors
“BVI”	the British Virgin Islands
“China” or “PRC”	The People’s Republic of China, but for the purpose of this interim report and for geographical reference only and except where the context requires, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Company”	Ling Yue Services Group Limited (領悅服務集團有限公司) (formerly known as Ling Yue Group Limited (領悅集團有限公司)), an exempted company incorporated in the Cayman Islands with limited liability on 28 August 2020, the Shares of which are listed on the Stock Exchange (Stock Code: 2165)
“CG Code”	the Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Fusheng Capital”	Fusheng Capital Holding Limited, a company incorporated in the BVI with limited liability on 27 July 2020, which is wholly owned by Ms. Long Yiqin and is one of the Company’s controlling shareholders
“GFA”	gross floor area
“Global Offering”	has the meaning ascribed to it in the Prospectus
“Group”, “we”, “our” or “us”	the Company and its subsidiaries
“HK\$” or “Hong Kong dollar(s)”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent third party(ies)”	an individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates (within the meaning of the Listing Rules)

Definitions

“Jin Sha Jiang”	Jin Sha Jiang Holding Limited, a company incorporated in the BVI with limited liability on 5 June 2019, which is wholly owned by Mr. Liu Yuhui and is one of the Company’s controlling shareholders
“Leading Holdings”	Leading Holdings Group Limited (領地控股集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 15 July 2019 and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 6999)
“Leading Holdings Group”	Leading Holdings and its subsidiaries
“Linghui Capital”	Linghui Capital Limited, a company incorporated in the BVI with limited liability on 23 July 2020, which is wholly owned by Ms. Hou Sanli and is one of the Company’s controlling shareholders
“Linghui Holding”	Linghui Holding Limited, a company incorporated in the BVI with limited liability on 23 July 2020, which is wholly owned by Mr. Liu Ce and is one of the Company’s controlling shareholders
“Listing”	the listing of the Shares on the Stock Exchange
“Listing Date”	12 July 2021, the date on which dealings in the Shares on the Stock Exchange first commence
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Over-allotment Option”	the option granted by the Company to allot and issue up to an aggregate of 10,500,000 additional Shares in connection with the Global Offering of the Company as disclosed in the Prospectus
“Prospectus”	the prospectus of the Company dated 29 June 2021
“Reporting Period”	For the six months ended 30 June 2024
“RMB” or “Renminbi”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Tianyue Capital”	Tianyue Capital Limited, a company incorporated in the BVI with limited liability on 23 July 2020, which is wholly owned by Ms. Wang Tao and is one of the Company’s controlling shareholders
“Tianyue Holding”	Tianyue Holding Limited, a company incorporated in the BVI with limited liability on 23 July 2020, which is wholly owned by Mr. Liu Haowei and is one of the Company’s controlling shareholders
“treasury shares”	has the meaning ascribed to it under the Listing Rules
“Ultimate Controlling Shareholders”	Mr. Liu Haowei, Mr. Liu Ce, Mr. Liu Yuhui, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli
“%”	per cent