

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

INTERIM RESULTS AND OPERATIONAL HIGHLIGHTS

- The revenue for the six months ended 30 June 2024 was RMB313.3 million, representing an increase of 6.3% compared with the same period in 2023.
- The gross profit for the six months ended 30 June 2024 was RMB99.6 million, representing a decrease of 0.8% compared with the same period in 2023.
- The net profit for the six months ended 30 June 2024 was RMB60.3 million, representing an increase of 2.8% compared with the same period in 2023.
- As at 30 June 2024, the Group had 272 contracted projects, contracted GFA of 35.7 million sq.m., 267 projects under management and GFA under management of 31.7 million sq.m..

The board (the “**Board**”) of directors (the “**Directors**”) of Ling Yue Services Group Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results (the “**Interim Results**”) of the Company and its subsidiaries (together, the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2023 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	<i>Notes</i>	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
REVENUE	5	313,294	294,658
Cost of sales		<u>(213,732)</u>	<u>(194,289)</u>
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		<u>709</u>	<u>774</u>
PROFIT BEFORE TAX	6	71,575	71,859
Income tax expense	7	<u>(11,249)</u>	<u>(13,203)</u>
PROFIT FOR THE PERIOD		<u>60,326</u>	<u>58,656</u>
Attributable to:			
Owners of the parent		58,018	53,802
Non-controlling interests		<u>2,308</u>	<u>4,854</u>
		<u>60,326</u>	<u>58,656</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted			
— For profit for the period		<u>RMB0.20</u>	<u>RMB0.19</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
PROFIT FOR THE PERIOD	<u>60,326</u>	<u>58,656</u>
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	<u>3</u>	<u>(21)</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>(15)</u>	<u>118</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>(15)</u>	<u>118</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>60,311</u>	<u>58,774</u>
Attributable to:		
Owners of the parent	58,003	53,920
Non-controlling interests	<u>2,308</u>	<u>4,854</u>
	<u>60,311</u>	<u>58,774</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	30 June 2024	31 December 2023
<i>Notes</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	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
	<hr/>	<hr/>
Total non-current assets	44,315	45,278
CURRENT ASSETS		
Inventories	1,040	1,040
Trade receivables	154,456	121,032
Due from related companies	12,900	18,710
Prepayments and other receivables	41,625	48,632
Cash and bank balances	640,001	602,924
	<hr/>	<hr/>
Total current assets	850,022	792,338
CURRENT LIABILITIES		
Trade payables	28,564	31,404
Other payables and accruals	113,514	120,283
Contract liabilities	134,716	132,563
Due to related companies	361	225
Tax payable	6,176	2,314
	<hr/>	<hr/>
Total current liabilities	283,331	286,789
NET CURRENT ASSETS	<hr/> 566,691	<hr/> 505,549
TOTAL ASSETS LESS CURRENT LIABILITIES	<hr/> 611,006	<hr/> 550,827

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
NON-CURRENT LIABILITIES		
Deferred tax liabilities	<u>1,038</u>	<u>1,140</u>
Total non-current liabilities	<u>1,038</u>	<u>1,140</u>
Net assets	<u>609,968</u>	<u>549,687</u>
EQUITY		
Equity attributable to owners of the parent		
Share capital	2,382	2,382
Reserves	<u>590,247</u>	<u>532,244</u>
	592,629	534,626
Non-controlling interests	<u>17,339</u>	<u>15,061</u>
Total equity	<u>609,968</u>	<u>549,687</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 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 (the "2020 Amendments")</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

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	2023
	RMB'000	RMB'000
	(Unaudited)	(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
	<u> </u>	<u> </u>
Total	<u>313,294</u>	<u>294,658</u>

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	<u>276,291</u>	<u>9,910</u>	<u>27,093</u>	<u>313,294</u>
Total revenue from contracts with customers	<u>276,291</u>	<u>9,910</u>	<u>27,093</u>	<u>313,294</u>
Timing of revenue recognition				
Revenue recognised over time	<u>276,291</u>	<u>8,963</u>	<u>11,120</u>	<u>296,374</u>
Revenue recognised at a point in time	<u>—</u>	<u>947</u>	<u>15,973</u>	<u>16,920</u>
Total revenue from contracts with customers	<u>276,291</u>	<u>9,910</u>	<u>27,093</u>	<u>313,294</u>

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	<u>250,848</u>	<u>20,603</u>	<u>23,207</u>	<u>294,658</u>
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	<u>250,848</u>	<u>20,603</u>	<u>23,207</u>	<u>294,658</u>

6. PROFIT BEFORE TAX

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

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

8. DIVIDENDS

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

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

10. 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
	<hr/>	<hr/>
Total	<u>154,456</u>	<u>121,032</u>

11. 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
	<hr/>	<hr/>
Total	<u>28,564</u>	<u>31,404</u>

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 gross floor area ("GFA") amounted to approximately 35.7 million square meters ("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.

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.

	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	%
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 Xinyang.
- (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.

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	<u>272</u>	<u>35,665</u>	<u>3,985</u>	<u>257</u>	<u>38,689</u>	<u>12,650</u>

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.

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			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.

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	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
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.

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	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
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	<u>27,093</u>	<u>100</u>	<u>23,207</u>	<u>100</u>

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	
	<i>RMB'000</i>	Percentage of revenue %	<i>RMB'000</i>	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	<u>313,294</u>	<u>100</u>	<u>294,658</u>	<u>100</u>

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	2023	Changes in
	gross profit	gross profit	gross profit
	margin	margin	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.

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 of the Company dated 29 June 2021, 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.

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 announcement.

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 in Part 2 of the Corporate Governance Code (“**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) 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 Part 2 of the CG Code during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as 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.

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

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

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

REVIEW OF UNAUDITED INTERIM RESULTS BY THE AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules. The Audit Committee is responsible for reviewing and monitoring the financial reporting, risk management and internal control systems of the Company, and assisting 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. 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 announcement, 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.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.lingyue-service.com), respectively. The interim report of the Company for the six months ended 30 June 2024 will be provided to the Shareholders in due course and will be made available on the above websites, respectively.

By Order of the Board
Ling Yue Services Group Limited
Liu Yuqi
Chairman

Hong Kong, 30 August 2024

As at the date of this announcement, the Board comprises Mr. Liu Yuqi and Ms. Luo Hongping as executive Directors; Ms. Wang Tao and Ms. Hou Sanli as non-executive Directors; and Ms. Luo Ying, Ms. Zhang Qian and Ms. Zou Dan as independent non-executive Directors.