

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

INTERIM REPORT
2021



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Yuhui (*Chairman*)
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

JOINT COMPANY SECRETARIES

Ms. Luo Hongping
Ms. Ko Mei Ying

AUTHORIZED REPRESENTATIVES

Mr. Liu Yuhui
Ms. Ko Mei Ying

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Ms. Zhang Qian (*Chairlady*)
Mr. Liu Yuhui
Ms. Luo Ying

NOMINATION COMMITTEE

Mr. Liu Yuhui (*Chairman*)
Ms. Luo Ying
Ms. Zhang Qian

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

COMPLIANCE ADVISOR

Giraffe Capital Limited

LEGAL ADVISOR AS TO HONG KONG LAW

Sidley Austin

PRINCIPAL BANK

Agricultural Bank of China Chengdu High-tech Industrial Development Zone Branch

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

HEADQUARTERS 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>

Chairman's Statement

The year of 2021 is the 100th anniversary of the founding of the Communist Party of China, the opening year of the “14th Five-Year Plan”, the 40th anniversary of the development of China's property management industry, and a milestone year for the Group. Since the Group was listed on the Stock Exchange on 12 July 2021, and entered the capital market, the Group has been monitoring the market development trend and quickly adapted to the changes in the market. With the development strategy of “Service + Technology + Ecology” and the layout strategy of “Deeply penetrating Sichuan and focusing on western China”, the Group has achieved steady development and stable growth in both scale and performance.

During the Reporting Period, the Group achieved a revenue of RMB255.0 million, representing an increase of 30.7% compared with the same period in 2020, and further enhanced our profitability with a gross profit of approximately RMB79.6 million, representing a period-on-period increase of 25.8%. Net profit achieved in the first half of the year was approximately RMB38.3 million, representing an increase of 8.2% compared with the same period in 2020.

The Group was awarded the “2021 Top 100 Property Management Companies in China” (2021年中國物業服務百強企業) by China Index Academy in the first half of 2021 and improved its ranking by 19 places to 40th from last year. We were also awarded the “2021 Top10 Property Service Enterprises with Capital Focus in China” (2021年中國物業服務企業資本關注度10強) by E&H Think Tank and the “2021 Top 100 Property Service Enterprises with Brand Value in China” (2021年中國物業服務企業品牌價值100強) by E-House China Research and Development Institute and China Real Estate Appraisal Centre, etc..

Deeply penetrate Sichuan, focus on Western China to steadily improve the management scale.

As at 30 June 2021, the Group provided property management services and value-added services for 33 cities in China, with 175 projects under management and approximately 37.6 million square meters of contracted GFA. In particular, the GFA under management was approximately 20.8 million sq.m..

Insist on high-quality service to build beautiful and happy life. High quality service is one of our long-standing core strategies. Upholding the service concept of “Tender Companionship and Touching”, we have further refined the graded management of services based on offline service capability and quality, and released a series of service system standards such as three-tier service standards, case service white paper 2.0 and case refinement manual, etc. Through a comprehensive quality management system and standardized and technological management initiatives, the Group's service quality and service reputation always remain the industry leading level. We have also created a community of poetic companionship for owners through rich community cultural activities.

Deeply lay out community life services to build a diversified service ecology. With the upgrade of business model and the deepening of platform operation, we deeply penetrate in value-added community services, tap the value of community life services, and focus on building a brand of community life service covering the whole cycle of community residents' lives, with multiple scenes and high quality. We focus on the diversified needs of owners, such as housekeeping services, decoration and turnkey furnishing services, community retail services, community convenience services and other all-round services to provide owners with more accurate, more detailed, more professional, more convenient and more intimate comprehensive services to achieve a better life for owners and create more value for owners and society.

Promote the upgrade of technology to create intelligent + future human living. In the Internet era, digitalization and intelligence are not only the endogenous needs of the development of property enterprises, but also the positive response to the owners' demand experience. By building a smart community from multiple aspects of healthy access, thorough guarding, perfect service, whole-house intelligence, and smart core management, we provide owners with convenient and safe community life. In terms of digital construction, adhering to the strategy of both internal and external training and dual-core drive, we have actively explore and build the Lingyue Service Intelligent Property Management Platform, which has integrated business operation platform, community service platform, intelligent Internet of Things platform, infrastructure support platform, big data platform, "Shi Xiang Yue" APP and "Lingyue Home" APP to further optimize operating cost and improve management efficiency while enhancing user experience.

Improve the staff training system to facilitate the rapid development of the enterprise. We will continue to deepen the optimization and reform of our organizational structure to support further deep penetration of the regions and to stimulate organizational vitality. We continue to build a highly efficient, collaborative, flexible and innovative organizational atmosphere driven by our "fellow traveller" culture to provide strong support for the rapid development of new businesses; we will implement an attractive incentive mechanism to promote the team's continuous release and creation of excellent performance; through the professional trainings such as "Strong Soldier Plan", "Ling You Plan", "Ling Yue Plan" and "Ling Ying Plan", we support the echeloned training and talent introduction for the long-term development of the Company, and provide a broad career development space for talents to grow together with the Company; we insist on the corporate core values of "Service First, People-oriented" for the achievements of Shareholders and customers.

Practise social responsibilities to connect the beauty. We actively respond to the national advocacy and industry call to carry out the "City Care" series of public welfare actions, focus on city builders, and care for the city guardians struggling in the front line; we have carried out the public welfare action themed by "Nature Defence, Giant Panda Protection" to care for nature; we have also created more employment and development opportunities for migrant workers and local employees, and actively fulfilled our tax obligations to contribute to the harmony and stability of society.

Looking ahead, in the new stage of industrial development, the Group will continue to uphold the brand concept of "Taking the Leading Role, Delighting the Heart", and untiringly struggle with the unremitting endeavor to persist in creating a harmonious and happy life for the society based on the increasing ability to enhance scale growth, property service capability, life service capability, technology application capability and organizational competitiveness.

Ling Yue Services Group Limited
Mr. Liu Yuhui
Chairman

Management Discussion and Analysis

BUSINESS REVIEW

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 cover 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 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 endeavor 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 2021, the Group's aggregate contracted GFA amounted to approximately 37.6 million sq.m., representing an increase of 10.6% as compared with same period of the last year. As of the same date, the Group managed 175 properties with an aggregate GFA under management of approximately 20.8 million sq.m., representing an increase of 11.2% as compared with same period of the last year.

The following table sets forth the number of properties and GFA under our management, as well as the number of properties we were contracted to manage and corresponding contracted GFA as of the dates indicated.

	As at 30 June	
	2021	2020
Number of properties under management ⁽¹⁾	175	159
Number of properties we were contracted to manage ⁽²⁾	231	226
GFA under management (<i>sq.m. in thousands</i>)	20,834	18,705
Contracted GFA (<i>sq.m. in thousands</i>)	37,649	33,960
Undelivered GFA (<i>sq.m. in thousands</i>) ⁽³⁾	16,815	15,255

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 at the dates indicated. The estimated time of delivery and revenue generation of the undelivered projects as at 30 June 2021 ranges from September 2021 to December 2023.

Management Discussion and Analysis

Geographic Presence of the Group

As at 30 June 2021, the Group has expanded its geographic presence to 33 cities, across 8 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							
	2021				2020			
	Number of projects under management	GFA under management (sq.m.'000)	Revenue		Number of projects under management	GFA under management (sq.m.'000)	Revenue	
		RMB'000	%			RMB'000	%	
Sichuan Province ⁽¹⁾	150	17,601	138,994	79.2	142	16,032	114,367	79.6
Xinjiang Uygur Autonomous Region ⁽²⁾	11	1,574	14,350	8.2	8	1,365	10,984	7.6
Jilin Province ⁽³⁾	3	598	11,143	6.3	3	598	10,910	7.6
Guangdong Province ⁽⁴⁾	8	845	8,460	4.8	6	710	7,503	5.2
Guizhou Province ⁽⁵⁾	1	76	713	0.4	—	—	—	—
Hebei Province ⁽⁶⁾	2	140	1,922	1.1	—	—	—	—
Total	175	20,834	175,582	100.0	159	18,705	143,764	100.0

Notes:

- (1) The Group provided property management services to properties located in Chengdu, Leshan, Meishan, Mianyang, Xichang, Ya'an, Nanchong and Ziyang.
- (2) The Group provided property management services to properties located in Changji, Urumqi and Korla.
- (3) The Group provided property management services to properties located in Changchun.
- (4) The Group provided property management services to properties located in Foshan.
- (5) The Group provided property management services to properties located in Nayong.
- (6) The Group provided property management services to properties located in Chengde.

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					
	2021			2020		
	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⁾	187	28,713	11,112	185	26,164	10,132
Xinjiang Uygur Autonomous Region ⁽²⁾	21	4,059	2,485	18	3,115	1,750
Jilin Province ⁽³⁾	3	598	—	3	598	—
Guangdong Province ⁽⁴⁾	8	1,182	337	8	1,182	472
Guizhou Province ⁽⁵⁾	3	1,471	1,395	3	1,471	1,471
Hebei Province ⁽⁶⁾	3	202	62	3	202	202
Henan Province ⁽⁷⁾	3	829	829	3	633	633
Chongqing Municipality ⁽⁸⁾	1	86	86	1	86	86
Hubei Province ⁽⁹⁾	1	396	396	1	396	396
Jiangsu Province ⁽¹⁰⁾	1	113	113	1	113	113
Total	231	37,649	16,815	226	33,960	15,255

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, Yibin and Ziyang.
- (2) The Group was contracted to provide property management services to properties located in Changji, Kashgar, Korla and Urumchi.
- (3) The Group was contracted to provide property management services to properties located in Changchun.
- (4) The Group was contracted to provide property management services to properties located in Foshan, Shanwei and Huizhou.
- (5) The Group was contracted to provide property management services to properties located in Qiannan, Kaili, Bijie and Zunyi.
- (6) The Group was contracted to provide property management services to properties located in Chengde.
- (7) The Group was contracted to provide property management services to properties located in Xingyang, Luohe, Zhumadian and other cities.
- (8) The Group was contracted to provide property management services to properties located in Chongqing Municipality.
- (9) The Group was contracted to provide property management services to properties located in Jingzhou.
- (10) The Group was contracted to provide property management services to properties located in Xuzhou.

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 at 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							
	2021				2020			
	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⁾	57	9,347	125,059	71.2	42	7,752	98,967	68.8
Joint ventures of Leading Holdings Group ⁽²⁾	2	213	1,930	1.1	—	—	—	—
Non-Leading Holdings Group and non-joint ventures of Leading Holdings Group ⁽³⁾	116	11,274	48,593	27.7	117	10,953	44,797	31.2
Total	175	20,834	175,582	100.0	159	18,705	143,764	100.0

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

	As at 30 June					
	Number of contracted projects	2021 Contracted GFA (sq.m.'000)	Undelivered GFA (sq.m.'000)	Number of contracted projects	2020 Contracted GFA (sq.m.'000)	Undelivered GFA (sq.m.'000)
Leading Holdings Group ⁽¹⁾	87	18,627	9,280	81	17,182	9,430
Joint ventures of Leading Holdings Group ⁽²⁾	11	2,686	2,473	9	2,155	2,155
Non-Leading Holdings Group and non-joint ventures of Leading Holdings Group ⁽³⁾	133	16,336	5,062	136	14,623	3,670
Total	231	37,649	16,815	226	33,960	15,255

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 at the dates indicated, and revenue from property management services by property type and stage of projects for the periods indicated:

	2021				As at/For the six months ended 30 June 2020			
	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	91	13,632	106,566	60.7	72	11,433	74,703	52.0
— Preliminary stage ⁽¹⁾	77	11,199	90,237	51.4	56	9,622	65,913	45.8
— Property owners' association stage ⁽²⁾	14	2,433	16,329	9.3	16	1,811	8,790	6.2
Commercial properties	7	888	44,069	25.1	5	753	43,423	30.2
Public and other properties	77	6,314	24,947	14.2	82	6,519	25,638	17.8
Total	175	20,834	175,582	100.0	159	18,705	143,764	100.0

Notes:

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

In the first half of 2021, revenue from value-added services to non-property owners increased significantly by 46.0% to approximately RMB66.7 million compared to approximately RMB45.7 million in the corresponding period of 2020, mainly due to an increase in income from sales office management services and preliminary planning and design consultancy services. In the first half of 2021, the revenue from value-added services to non-property owners accounted for 26.2% of the total revenue. 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			
	2021		2020	
	RMB'000	%	RMB'000	%
Preliminary planning and design consultancy services	3,508	5.3	1,998	4.4
Sales office management services	49,642	74.4	33,107	72.4
Pre-delivery services	85	0.1	299	0.7
Repair and maintenance services	1,532	2.3	1,736	3.8
Property transaction assistance services	189	0.3	73	0.2
Security support services	11,745	17.6	8,523	18.5
Total	66,701	100.0	45,736	100.0

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.

In the first half of 2021, the revenue from community value-added services increased by 126.8% to approximately RMB12.7 million compared to approximately RMB5.6 million in the corresponding period of 2020, mainly due to an increase in income from decoration and turnkey furnishing services. In the first half of 2021, revenue from community value-added services accounted for 5.0% of total revenue.

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			
	2021		2020	
	RMB'000	%	RMB'000	%
Community space management services	3,434	27.0	2,117	37.6
Decoration and turnkey furnishing services	5,669	44.5	1,823	32.3
Convenient living services	3,456	27.1	1,530	27.1
Community retail services	179	1.4	171	3.0
Total	12,738	100.0	5,641	100.0

PROSPECTS

As a reputable property management company, the Group will strive to continue to focus on developing its business in western China and further penetrate into selected cities in other regions, stick to its high-quality service and further diversify its property management portfolio.

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 RMB255.0 million, representing an increase of approximately 30.7% compared with RMB195.1 million in the same period of 2020.

The following table sets out the revenue contribution of each business segment during the period indicated:

	Six months ended 30 June			
	2021	Percentage of revenue	2020	Percentage of revenue
	RMB'000	%	RMB'000	%
	Unaudited		Unaudited	
Property management services	175,582	68.8	143,764	73.7
Value-added services to non-property owners	66,701	26.2	45,736	23.4
Community value-added services	12,738	5.0	5,641	2.9
Total	255,021	100.0	195,141	100.0

Property management services is still the largest source of revenue for the Group. For the six months ended 30 June 2021, revenue from property management services reached approximately RMB175.6 million, accounting for 68.8% of the total revenue of the Group. Such revenue growth was attributable to an increase in GFA under management. The increase in revenue from value-added services to non-property owners was mainly due to an increase in revenue generated from sales office management services and preliminary planning and design consultancy services. The increase in revenue from community value-added services was mainly due to an increase in revenue generated 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 RMB175.4 million, representing an increase of approximately 33.1% compared with approximately RMB131.8 million in the corresponding period of 2020. The growth rate of the Group's cost of sales was basically the same as the growth rate of revenue.

Gross profit and gross profit margin

During the Reporting Period, the Group's gross profit increased by approximately 25.8% from approximately RMB63.3 million for the corresponding period in 2020 to approximately RMB79.6 million.

During the Reporting Period, the gross profit margin of the Group decreased by 1.3 percentage points to 31.2% from 32.5% for the same period in 2020, mainly due to the cancellation of the policy of exempting employee social insurance payments under the COVID-19 epidemic in the first half of 2021, resulting in a slight increase in sales costs.

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

	Six months ended 30 June		Changes
	2021	2020	
	gross profit margin	gross profit margin	
	%	%	%
Property management services	29.8	31.4	-1.6
Value-added services to non-property owners	45.4	46.6	-1.2
Community value-added services	32.1	33.9	-1.8
Total	31.2	32.5	-1.3

Management Discussion and Analysis

Administrative expenses

During the Reporting Period, the administrative expenses of the Group increased by approximately 66.0% from approximately RMB20.3 million for the same period in 2020 to approximately RMB33.7 million, mainly due to an increase in Listing expenses and labor cost.

Income tax expenses

During the Reporting Period, the income tax expenses of the Group decreased by approximately 3.0% from RMB6.6 million for the same period in 2020 to approximately RMB6.4 million. The decrease in income tax expenses was mainly due to the fact that some of the Group's subsidiaries enjoyed a greater degree of preferential income tax policies for small and low-profit enterprises than in the same period in previous years.

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 RMB35.2 million, representing an increase of approximately 12.1% compared with RMB31.4 million for the same period in 2020.

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 2021, the Group's trade receivables amounted to approximately RMB79.5 million, representing an increase of approximately RMB27.1 million or 51.7% compared with approximately RMB52.4 million as at 31 December 2020. 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 2021, the Group's prepayments, deposits and other receivables amounted to approximately RMB35.6 million, representing an increase of approximately 17.1% compared with approximately RMB30.4 million as at 31 December 2020. The increase was due to an increase in GFA under management as a result of the expansion of business scale.

Trade payables

As at 30 June 2021, the Group's trade payables amounted to approximately RMB27.2 million, representing an increase of approximately 46.2% from approximately RMB18.6 million as at 31 December 2020. The increase was mainly due to an increase in GFA under management as a result of the expansion of the Group's business scale.

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 working capital, which was mainly funded from 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 rate.

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 the PRC. As at 30 June 2021, 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 at the respective dates divided by total equity as at the same dates and multiplied by 100%. Gearing ratios as at 30 June 2021 is not meaningful because our interest-bearing borrowings as at the same dates was nil (as at 31 December 2020: nil).

PLEDGE OF ASSETS

As at 30 June 2021, none of the assets of the Group were pledged.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group had no contingent liabilities.

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

During the Reporting Period, the Group has made acquisitions and disposals of subsidiaries for the reorganization in the preparation of Listing. For details, please refer to the Prospectus. In addition, there was 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 other plan for material investments and capital assets.

EMPLOYEES

As at 30 June 2021, the Group had 3,120 employees (31 December 2020: 3,205 employees). During the Reporting Period, the total staff costs were approximately RMB113.3 million and the total staff costs were approximately RMB103.0 million for the same period in 2020.

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 skills 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.

Given that the Company was listed on the Stock Exchange on 12 July 2021, the principles and code provisions of the CG Code do not apply to the Company during the Reporting Period. From the Listing Date, the Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices.

From the Listing Date to the date of this interim report, so far as the Directors are aware, the Company has complied with all the applicable principles and code provisions set out in the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions. As the Company was not listed during the Reporting Period, the Model Code does not apply to the Company during the Reporting Period. The provisions of the Listing Rules regarding directors' compliance with the code of conduct for securities transactions shall apply to the Company from the Listing Date.

Upon the specific 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 and the code of conduct from the Listing Date.

CHANGES IN DIRECTORS' AND CHIEF EXECUTIVE'S INFORMATION

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 from the date of the published Prospectus to 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.

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 2021, the Company was not listed on the Stock Exchange and Divisions 7 and 8 of Part XV of the SFO and Section 352 of the SFO were not applicable.

As at the Listing Date, 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 ⁽¹⁾⁽²⁾	Approximate percentage of interest in the Company ⁽³⁾
Mr. Liu Yuhui ⁽⁴⁾⁽⁵⁾	Interest in controlled corporations	207,900,000 (L)	74.25% (L)
		10,500,000 (S)	3.75% (S)
Ms. Wang Tao ⁽⁴⁾⁽⁶⁾	Interest in controlled corporations	207,900,000 (L)	74.25% (L)
		10,500,000 (S)	3.75% (S)
Ms. Hou Sanli ⁽⁴⁾⁽⁷⁾	Interest in controlled corporations	207,900,000 (L)	74.25% (L)
		10,500,000 (S)	3.75% (S)

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) The letter "S" denotes the person's short position in the Shares.
- (3) Calculated on the basis of 280,000,000 Shares in issue as at the Listing Date.
- (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 the 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 (being Tianyue Holding, Linghui Holding, Yuelai Holding, Tianyue Capital, Fusheng Capital and Linghui Capital) are all deemed to be interested in the total Shares directly held by Tianyue Holding, Linghui Holding, Yuelai Holding, Tianyue Capital, Fusheng Capital and Linghui Capital. Therefore, each of Mr. Liu Yuhui, Ms. Wang Tao and Ms. Hou Sanli is deemed to be interested in the Shares held by Tianyue Holding, Linghui Holding, Yuelai Holding, Tianyue Capital, Fusheng Capital and Linghui Capital for the purpose of Part XV of the SFO. Pursuant to the Stock Borrowing Agreement, 10,500,000 Shares have been lent to CCB International Capital Limited by Yuelai Holding, which has been returned on 9 August 2021.
- (5) Yuelai Holding is wholly owned by Mr. Liu Yuhui. By virtue of SFO, Mr. Liu Yuhui is deemed to be interested in the Shares held by Yuelai Holding.
- (6) 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.
- (7) 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	Percentage of shareholding interest
Mr. Liu Yuhui	Yuelai Holding	Beneficial owner	1	100.00%
Ms. Wang Tao	Tianyue Capital	Beneficial owner	1	100.00%
Ms. Hou Sanli	Linghui Capital	Beneficial owner	1	100.00%

Save as disclosed above, as at the Listing Date, to the best knowledge of the Directors, 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 2021, the Company was not listed on the Stock Exchange and Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable for the Company during the Period.

As at the Listing Date, 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⁾⁽²⁾	Approximate percentage of interest in the Company ⁽³⁾
Mr. Liu Haowei ⁽⁴⁾⁽⁵⁾	Interest in controlled corporation	207,900,000 (L)	74.25% (L)
		10,500,000 (S)	3.75% (S)
Tianyue Holding ⁽⁴⁾⁽⁵⁾	Beneficial owner	68,960,430 (L)	24.62% (L)
Mr. Liu Ce ⁽⁴⁾⁽⁶⁾	Interest in controlled corporation	207,900,000 (L)	74.25% (L)
		10,500,000 (S)	3.75% (S)
Linghui Holding ⁽⁴⁾⁽⁶⁾	Beneficial owner	68,939,640 (L)	24.62% (L)
Yuelai Holding ⁽⁴⁾⁽⁷⁾	Beneficial owner	68,939,640 (L)	24.62% (L)
		10,500,000 (S)	3.75% (S)
Ms. Long Yiqin ⁽⁴⁾⁽⁸⁾	Interest in controlled corporation	207,900,000 (L)	74.25% (L)
		10,500,000 (S)	3.75% (S)
Ms. Chen Aoao ⁽⁹⁾	Interest of spouse	207,900,000 (L)	74.25% (L)
		10,500,000 (S)	3.75% (S)
Ms. Lan Tian ⁽¹⁰⁾	Interest of spouse	207,900,000 (L)	74.25% (L)
		10,500,000 (S)	3.75% (S)
Mr. Liu Yuqi ⁽¹¹⁾	Interest of spouse	207,900,000 (L)	74.25% (L)
		10,500,000 (S)	3.75% (S)
Mr. Liu Shan ⁽¹²⁾	Interest of spouse	207,900,000 (L)	74.25% (L)
		10,500,000 (S)	3.75% (S)
Huang Guirong ⁽¹³⁾	Interest in controlled corporation	14,814,000 (L)	5.29%(L)
Alpha Wisdom International Limited ⁽¹³⁾	Interest in controlled corporation	14,814,000 (L)	5.29%(L)
Green Honour Limited ⁽¹³⁾	Beneficial owner	14,814,000 (L)	5.29%(L)

Corporate Governance and Other Information

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) The letter "S" denotes the person's short position in the Shares.
- (3) Calculated on the basis of 280,000,000 Shares in issue as at the Listing Date.
- (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 the 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 (being Tianyue Holding, Linghui Holding, Yuelai Holding, Tianyue Capital, Fusheng Capital and Linghui Capital) are all deemed to be interested in the total Shares directly held by Tianyue Holding, Linghui Holding, Yuelai Holding, Tianyue Capital, Fusheng Capital and Linghui Capital. Pursuant to the Stock Borrowing Agreement, 10,500,000 Shares have been lent to CCB International Capital Limited by Yuelai Holding, which has been returned on 9 August 2021.
- (5) 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.
- (6) 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.
- (7) Yuelai Holding is wholly owned by Mr. Liu Yuhui. By virtue of SFO, Mr. Liu Yuhui is deemed to be interested in the Shares held by Yuelai Holding.
- (8) 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.
- (9) 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.
- (10) 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.
- (11) Mr. Liu Yuqi, the spouse of Ms. Hou Sanli, is deemed to be interested in all the Shares that Ms. Hou Sanli is interested in by virtue of the SFO.
- (12) 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.
- (13) Green Honour Limited is wholly owned by Alpha Wisdom International Limited, which is in turn wholly owned by Mr. Huang Guirong. By virtue of SFO, Mr. Huang Guirong is deemed to be interested in the 14,814,000 Shares held by Green Honour Limited through Alpha Wisdom International Limited.

Save as disclosed above, as at the Listing Date, to the best knowledge of the Directors, no other person, 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.

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\$293,596,000, 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 interim report, none 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 interim 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 Over-allotment Option		Actual use of net proceeds from the Listing Date to the date of this interim report		Expected utilizing timeline for unutilized net proceeds		
	Approximate percentage	HK\$'million	HK\$'million	Unutilised net proceeds as of the date of this interim report HK\$'million	2022	2023	2024
Strategic acquisition and investment							
— Acquire and invest in other property management companies	70.0%	194.6	—	194.6	80.2	80.2	34.2
Upgrade information system and equipment	20.0%	55.6	—	55.6	33.4	22.2	—
— Upgrade Lingyue Service Smart Property Management Platforms	10.0%	27.8	—	27.8	16.7	11.1	—
— Upgrade and improve equipment and facilities in the communities under our management	10.0%	27.8	—	27.8	16.7	11.1	—
Working capital	10.0%	27.8	—	27.8	N/A	N/A	N/A
Total	100.0%	278.0	—	278.0			

As at the date of this interim 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. The Directors were not aware of any material change to the planned use of proceeds as at the date of this interim report. The unutilised net proceeds and its following intended timeframe for utilisation will be applied in the manner consistent with that mentioned in the Prospectus.

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

Save for the Company’s Global Offering (including the partial exercise of the Over-allotment Option), neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities for the six months ended 30 June 2021.

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 best knowledge of the Directors, as at the date of this interim report, the Company has maintained a sufficient public float as required by the Listing Rules.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2021.

SUBSEQUENT EVENTS

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\$293,596,000, before deducting underwriting fees, commissions and related expenses.

In addition, 209,940,000 Shares were issued by way of capitalisation. Dealing of the Shares on the Stock Exchange commenced on 12 July 2021.

On 9 August 2021, the Company allotted and issued 5,685,000 Shares at a subscription price of HK\$4.19 per Share pursuant to the partial exercise of the Over-allotment Option.

Save as disclosed above, no material events were undertaken by the Group subsequent to 30 June 2021 and up to the date of this interim report.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with Rules 3.21 and 3.22 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.

The unaudited interim results for the six months ended 30 June 2021 and this interim report have been reviewed by the Audit Committee and auditor of the Company before recommendation to the Board for approval.

Independent Review Report

To the board of directors of Ling Yue Services Group Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 2 to 24, which comprises the condensed consolidated statement of financial position of Ling Yue Services Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2021 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 Interim Financial Reporting (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

25 August 2021

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021

	Notes	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
REVENUE	5	255,021	195,141
Cost of sales		(175,448)	(131,803)
Gross profit		79,573	63,338
Other income and gains	5	1,098	1,187
Administrative expenses		(33,665)	(20,300)
Other expenses		(99)	(526)
Finance costs		(17)	(28)
Impairment losses on financial assets, net		(2,243)	(1,583)
Share of profits and losses of: a joint venture		65	(12)
PROFIT BEFORE TAX	6	44,712	42,076
Income tax expenses	7	(6,377)	(6,635)
PROFIT FOR THE PERIOD		38,335	35,441
Attributable to:			
Owners of the parent		35,733	32,552
Non-controlling interests		2,602	2,889
		38,335	35,441
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— For profit for the period	9	RMB0.17	RMB0.16

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	2021 RMB'000 (Unaudited)	2020 <i>RMB'000</i> (Unaudited)
PROFIT FOR THE PERIOD	38,335	35,441
OTHER COMPREHENSIVE INCOME	(488)	(1,152)
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:		
Change in fair value	(574)	(1,355)
Income tax effect	86	203
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	37,847	34,289
Attributable to:		
Owners of the parent	35,245	31,400
Non-controlling interests	2,602	2,889
	37,847	34,289

Interim Condensed Consolidated Statement of Financial Position

30 June 2021

	<i>Notes</i>	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property plant and equipment	10	946	926
Right-of-use assets		1,100	1,467
Goodwill		22,772	22,772
Other intangible assets		17,192	18,335
Investment in a joint venture		133	68
Equity investments designated at fair value through other comprehensive income		5,749	6,323
Deferred tax assets		3,696	3,703
Total non-current assets		51,588	53,594
CURRENT ASSETS			
Inventories		2,155	2,155
Trade receivables	11	79,452	52,449
Due from related companies	15	58,624	84,307
Prepayments and other receivables		35,581	30,426
Cash and cash equivalents		59,931	68,274
Total current assets		235,743	237,611
CURRENT LIABILITIES			
Trade payables	12	27,156	18,620
Other payables and accruals	13	164,449	148,523
Due to related companies	15	749	510
Tax payable		5,450	6,857
Lease liabilities		744	713
Total current liabilities		198,548	175,223
NET CURRENT ASSETS		37,195	62,388
TOTAL ASSETS LESS CURRENT LIABILITIES		88,783	115,982

Interim Condensed Consolidated Statement of Financial Position

30 June 2021

	<i>Notes</i>	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		189	775
Deferred tax liabilities		2,572	2,739
Total non-current liabilities		2,761	3,514
NET ASSETS			
EQUITY			
Equity attributable to owners of the parent			
Share capital	14	—	—
Reserves		68,976	96,788
Non-controlling interests		68,976	96,788
		17,046	15,680
Total equity		86,022	112,468

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the parent								Total equity RMB'000
	Share capital RMB'000 (note 14)	Merger reserve* RMB'000	Capital reserve* RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Statutory surplus reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	
As at 1 January 2021 (audited)	—	59,841	—	(3,805)	4,188	36,564	96,788	15,680	112,468
Profit for the period	—	—	—	—	—	35,733	35,733	2,602	38,335
Other comprehensive income for the period									
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	(488)	—	—	(488)	—	(488)
Total comprehensive income for the period	—	—	—	(488)	—	35,733	35,245	2,602	37,847
Deemed distribution arising from reorganisation	—	(63,057)	—	—	—	—	(63,057)	—	(63,057)
Contribution from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	275	275
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	(1,511)	(1,511)
At 30 June 2021 (unaudited)	—	(3,216)	—	(4,293)	4,188	72,297	68,976	17,046	86,022

* These reserve accounts comprise the total consolidated reserves of RMB68,976,000 (30 June 2020: RMB63,354,000) in the interim condensed consolidated statements of financial position.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the parent								Total equity RMB'000
	Share capital RMB'000 (note 14)	Merger reserve* RMB'000	Capital reserve* RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Statutory surplus reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	
As at 1 January 2020 (audited)	—	49,841	—	(3,423)	5,968	47,928	100,314	15,368	115,682
Profit for the period	—	—	—	—	—	32,552	32,552	2,889	35,441
Other comprehensive income for the period									
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	(1,152)	—	—	(1,152)	—	(1,152)
Total comprehensive income for the period	—	—	—	(1,152)	—	32,552	31,400	2,889	34,289
Disposal of a subsidiary	—	—	—	—	—	—	—	(1,011)	(1,011)
Dividends declared to the then parent company	—	—	—	—	—	(68,360)	(68,360)	—	(68,360)
Dividends declared to non-controlling shareholders	—	—	—	—	—	—	—	(3,722)	(3,722)
At 30 June 2020 (unaudited)	—	49,841	—	(4,575)	5,968	12,120	63,354	13,524	76,878

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Notes	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		44,712	42,076
Adjustments for:			
Finance costs		17	28
Interest income	5	(108)	(47)
Share of profits and losses of a joint venture		(65)	12
Loss on disposal of a subsidiary		—	491
Depreciation of property, plant and equipment	6	305	204
Depreciation of right-of-use assets	6	367	408
Amortisation of other intangible assets	6	1,143	1,097
Impairment of trade receivables	6	2,427	1,667
Increase in inventories		—	(2,156)
Increase in trade receivables		(29,430)	(19,622)
Increase in prepayments and other receivables		(6,665)	(321)
Increase in trade payables		8,537	7,495
Increase/(decrease) in other payables and accruals		15,926	(4,858)
Decrease/(increase) in amounts due from related companies		10,084	(8,931)
(Decrease)/increase in amounts due to related companies		(392)	26
Cash generated from operations		46,858	17,569
Interest received		108	397
Interest paid		(17)	(28)
Tax paid		(7,859)	(7,342)
Net cash flows from operating activities		39,090	10,596
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	10	(326)	(285)
Disposal of subsidiaries		—	(2,336)
Decrease in other receivables		580	—
Repayment of an advance to a third party		—	1,320
Advances to related companies		(32,038)	(26,484)
Repayment from related companies		49,417	30,639
Net cash flows from investing activities		17,633	2,854

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

Notes	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital injection by the non-controlling shareholders of subsidiaries	275	—
Principal portion of lease payments	(555)	(543)
Capital distribution upon the reorganisation	(63,057)	—
Advance from a related company	631	—
Dividends paid to the then shareholder	(2,360)	—
	<u>(65,066)</u>	<u>(543)</u>
Net cash flows used in financing activities		
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(8,343)	12,907
Cash and cash equivalents at beginning of period	<u>68,274</u>	<u>31,096</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	59,931	44,003
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>59,931</u>	<u>44,003</u>
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND STATEMENT CASH FLOWS	59,931	44,003

1. CORPORATE INFORMATION

Ling Yue Services Group Limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Cayman Islands Companies Law on 28 August 2020. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services for residential and non-residential properties in the People’s Republic of China (“**PRC**”)/Mainland China.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 12 July 2021.

In the opinion of the directors of the Company, 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**”).

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 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 combined financial statements included in the Accountants’ Report set forth in Appendix I to the Company’s prospectus dated on 29 June 2021.

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 combined financial statements for the year ended 31 December 2020, 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 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

- (a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“**RFR**”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy. The amendments did not have any impact on the Group’s interim condensed consolidated financial information.

- (b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendment did not have any impact on the Group’s interim condensed consolidated financial information.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the property management business. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

During the period, the Group operated within one geographical location because all of its revenue was generated in Mainland China and all of its long-term assets/capital expenditure were located/incurred in Mainland China. Accordingly, no further geographical information is presented.

Information about major customers

For the six months ended 30 June 2021, revenue from sales to Leading Holdings Group Limited, a related company, and its subsidiaries ("**Leading Holdings Group**") contributed 24.6% (30 June 2020: 19.9%) 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, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)
<i>Revenue from contracts with customers</i>		
Property management services	175,582	143,764
Value-added services to non-property owners	66,701	45,736
Community value-added services	12,738	5,641
	255,021	195,141

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Disaggregated revenue information for revenue from contracts with customers:

For the six months ended 30 June 2021 (Unaudited)

	Property management services RMB'000	Value-added services to non-property owners RMB'000	Community value-added services RMB'000	Total RMB'000
Type of goods or services				
Rendering of services	175,582	66,701	12,738	255,021
Total revenue from contracts with customers	175,582	66,701	12,738	255,021
Geographical market				
Mainland China	175,582	66,701	12,738	255,021
Timing of revenue recognition				
Revenue recognised over time	175,582	66,336	2,022	243,940
Revenue recognised at a point in time	—	365	10,716	11,081
Total revenue from contracts with customers	175,582	66,701	12,738	255,021

5. REVENUE, OTHER INCOME AND GAINS (Continued)**For the six months ended 30 June 2020 (Unaudited)**

	Property management services <i>RMB'000</i>	Value-added services to non-property owners <i>RMB'000</i>	Community value-added services <i>RMB'000</i>	Total <i>RMB'000</i>
Type of goods or services				
Rendering of services	143,764	45,736	5,641	195,141
Total revenue from contracts with customers	143,764	45,736	5,641	195,141
Geographical market				
Mainland China	143,764	45,736	5,641	195,141
Timing of revenue recognition				
Revenue recognised over time	143,764	45,365	1,256	190,385
Revenue recognised at a point in time	—	371	4,385	4,756
Total revenue from contracts with customers	143,764	45,736	5,641	195,141

**For the six months ended
30 June**

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)
Other income		
Government grants	797	1,018
Bank interest income	108	43
Management consulting service fees from a joint venture	85	85
Interest income from a third party	—	4
Others	108	37
	1,098	1,187

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Cost of services provided	175,448	131,803
Depreciation of property, plant and equipment	305	204
Depreciation of right-of-use assets	367	408
Amortisation of other intangible assets	1,143	1,097
Impairment of financial assets, net:		
Impairment of trade receivables, net	2,427	1,667
Employee benefit expense (excluding directors' and chief executive's Remuneration):		
Wages, salaries and other allowances	94,497	95,868
Pension scheme contributions and social welfare	18,800	7,095
	113,297	102,963

7. INCOME TAX

The Company incorporated in the Cayman Islands and the subsidiaries incorporated in the British Virgin Islands are not subject to corporate income tax as they do not have a place of business (other than a registered office) or carry on any business in the Cayman Islands and British Virgin Islands.

All subsidiaries of the Group operating in Mainland China are taxed in accordance with the PRC Corporate Income Tax Law. The general corporate income tax rate in the PRC is 25%. During the six-month periods ended 30 June 2020 and 2021, certain subsidiaries of the Group enjoyed a 15% preferential income tax rate treatment for western regions in the PRC, while some subsidiaries of the Group enjoyed the preferential tax rate for small and low-profit enterprises.

Income taxes arising in other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions in which the group companies operate. The Group was not liable for income tax in Hong Kong as the Group did not have any assessable income arising in Hong Kong for the six months ended 30 June 2021 and 2020.

7. INCOME TAX (Continued)

Income tax in the interim condensed consolidated statement of profit or loss and other comprehensive income represents:

	For the six months ended 30 June	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)
Current — Mainland China:		
Charge for the period	6,451	6,542
Deferred tax	(74)	93
Total tax charge for the period	6,377	6,635

8. DIVIDENDS

The board of directors resolved not to declare any interim dividend for the six months ended 30 June 2021.

The Group made distributions to the then parent company before the completion of the reorganisation in the amount of RMB68,360,000 for the six months ended 30 June 2020.

The Group made distributions to the non-controlling shareholders before the completion of the reorganisation in the amount of RMB3,722,000 for the six months ended 30 June 2020.

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 number of ordinary shares of 210,000,000 (six months ended 30 June 2020: 210,000,000), for the purpose of computing basic earnings per share. The number of ordinary shares has been adjusted retrospectively for the effect of the issues relating to the reorganisation from August 2020 to January 2021, and the capitalisation issue in July 2021 (note 17), with 210,000,000 shares in aggregate, and as if the reorganisation and capitalisation issues had been completed on 1 January 2020.

The Group had no potential dilutive ordinary shares in issue during the six months ended 30 June 2021 and 2020.

30 June 2021

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

The calculation of the basic earnings per share amount is based on:

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	35,733	32,552
	Number of shares For the six months ended 30 June	
	2021	2020
Shares		
Issue of shares on 28 August 2020	10,000	—
Issue of shares on 21 January 2021	50,000	—
Shares issued at period end	60,000	—
Number of ordinary shares used in the basic earnings per share calculation	210,000,000	210,000,000

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets with at a cost of RMB326,000 (30 June 2020: RMB285,000).

11. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 1 year	61,836	39,298
1 to 2 years	12,222	8,776
2 to 3 years	3,426	2,995
Over 3 years	1,968	1,380
	79,452	52,449

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 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 1 year	27,047	18,429
Over 1 year	109	191
	27,156	18,620

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

The fair values of trade payables approximate to their carrying amounts due to their relatively short term maturity.

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

13. OTHER PAYABLES AND ACCRUALS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Contract liabilities	68,288	62,360
Pending output value added tax	4,097	3,742
Payroll and welfare payables	20,496	24,166
Deposits received	18,846	14,465
Receipts on behalf of customers for utilities	13,496	11,640
Business tax and surcharges	1,988	2,411
Due to non-controlling shareholders of subsidiaries	10,587	9,988
Dividends payable to non-controlling shareholders of subsidiaries	2,195	2,195
Listing expenses	19,321	12,918
Others	5,135	4,638
	164,449	148,523

14. SHARE CAPITAL

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Authorised: 600,000,000 (2020: 38,000,000) ordinary shares of HK\$0.01 each	6,000,000	380,000
Issued and fully paid: 60,000 (2020: 10,000) ordinary shares of HK\$0.01 each	—*	—*

* Less than HK\$1,000

On 28 August 2020, the Company was incorporated in the Cayman Islands as an exempted company with limited liability. As of the date of incorporation, the authorised share capital of the Company was HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. Upon its incorporation, one share was allotted and issued. On 28 August 2020, an additional 9,999 shares were allotted and issued.

On 21 January 2021, an additional 50,000 shares were allotted and issued.

Pursuant to the written resolutions of the Controlling Shareholders passed on 22 June 2021, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares to HK\$6,000,000 divided into 600,000,000 shares by the creation of 562,000,000 additional shares.

15. RELATED PARTY TRANSACTIONS AND BALANCES

- (a) In addition to the transactions detailed elsewhere in this financial information, the Group had the following transactions with related parties during the six months ended 30 June 2021 and 2020:

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Advances to related companies		
Companies controlled by the Controlling Shareholders	—	2,192
The then parent company	32,038	24,292
	32,038	26,484
Repayments from related companies		
Companies controlled by the Controlling Shareholders	—	2,192
The then parent company	49,417	28,447
	49,417	30,639
Advance from a related company		
A Company controlled by the Controlling Shareholders	631	—
Income from property management services and value-added services rendered to related companies (i)		
Companies controlled by the Controlling Shareholders	63,439	46,674
Joint ventures of Leading Holdings Group	5,141	4,896
	68,580	51,570
Rental fees to related companies (i)		
Companies controlled by the Controlling Shareholders	367	367
Management consulting service income (i)		
A joint venture	85	85
Purchase of carparks from a related company (i)		
Company controlled by the Controlling Shareholders	—	2,155

- (i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

30 June 2021

15. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**(b) Outstanding balances with related parties**

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Due from related companies:		
Trade related		
Companies controlled by the Controlling Shareholders	55,664	67,856
Joint ventures of Leading Holdings Group	2,870	1,342
A joint venture	90	90
	58,624	69,288
Due from a related company:		
Non-trade related		
The then parent company	—	15,019
Due to related companies:		
Trade related		
Companies controlled by the Controlling Shareholders	118	510
Due to a related company:		
Non-trade related		
A company controlled by the Controlling Shareholders	631	—

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

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Short-term employee benefits	452	452
Pension scheme contributions and social welfare	68	45
Total compensation paid to key management personnel	520	497

The remuneration of key management personnel is determined with reference to the performance of individuals and market trend.

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Financial assets				
Equity investments designated at fair value through other comprehensive income	5,749	6,323	5,749	6,323

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments and other receivables, financial liabilities included in other payables and accruals, and amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these 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. 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 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. The valuation process and results are discussed with the board of directors twice a year for interim and annual financial reporting.

30 June 2021

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

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2021 and 31 December 2020:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Market approach	Discount for lack of marketability (“ DLOM ”)	25% to 30% (31 December 2020: 25% to 30%)	5% (31 December 2020: 5%) increase/decrease in DLOM would result in a decrease/increase in fair value by RMB396,000 (31 December 2020: RMB436,000)

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.

Fair value hierarchy

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

Assets measured at fair value:

30 June 2021

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Equity investments designated at fair value through other comprehensive income	—	—	5,749	5,749

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

Fair value hierarchy (Continued)

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

Assets measured at fair value: (Continued)

31 December 2020

	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	—	—	6,323	6,323

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

	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Equity investments at fair value through other comprehensive income:		
At 1 January	6,323	6,773
Total losses recognised in other comprehensive income	(574)	(1,355)
At 30 June	5,749	5,418

17. EVENTS AFTER THE REPORTING PERIOD

In connection with the listing of the shares of the Company on the Stock Exchange, 70,000,000 new ordinary shares with a nominal value of HK\$0.01 each were issued at a price of HK\$4.19 per ordinary share for a total cash consideration of HK\$293,596,000, before deducting underwriting fees, commissions and related expenses, including share premium. In addition, 209,940,000 shares were issued by way of capitalisation. Dealing of the shares of the Company on the Stock Exchange commenced on 12 July 2021.

On 9 August 2021, the Company allotted and issued 5,685,000 ordinary shares at a subscription price of HK\$4.19 per share pursuant to the partial exercise of an over-allotment option.

18. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 25 August 2021.

Definitions

“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 Company
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“China” or “PRC”	the People’s Republic of China
“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)
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“COVID-19”	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus
“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”	the Company and its subsidiaries
“HK\$” or “Hong Kong dollar(s)”	Hong Kong dollars, the lawful currency of Hong Kong
“independent third party”	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)

“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 (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 10 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”	six months ended 30 June 2021
“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)

Definitions

“Stock Borrowing Agreement”	the stock borrowing agreement entered into between CCB International Capital Limited and Yuelai Holding, pursuant to which, CCB International Capital Limited borrowed 10,500,000 Shares from Yuelai Holding
“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
“Ultimate Controlling Shareholders”	Mr. Liu Haowei, Mr. Liu Ce, Mr. Liu Yuhui, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli
“Yuelai Holding”	Yuelai Holding Limited, a company incorporated in the BVI with limited liability on 23 July 2020, which is wholly owned by Mr. Liu Yuhui and is one of the Company’s controlling shareholders
“%”	per cent