

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

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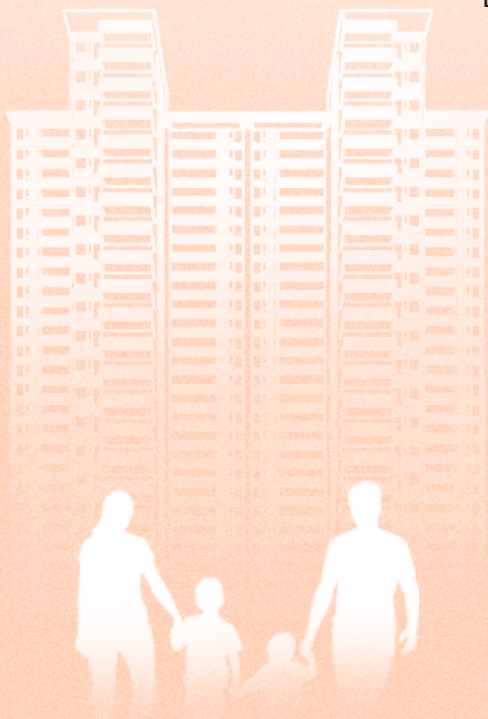
**2022** INTERIM REPORT





# CONTENTS

Corporate Information	2
Management Discussion and Analysis	4
Corporate Governance and Other Information	18
Independent Review Report	25
Interim Condensed Consolidated Statement of Profit or Loss	26
Interim Condensed Consolidated Statement of Comprehensive Income	27
Interim Condensed Consolidated Statement of Financial Position	28
Interim Condensed Consolidated Statement of Changes in Equity	30
Interim Condensed Consolidated Statement of Cash Flows	32
Notes to Interim Condensed Consolidated Financial Information	34
Definitions	48



# 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. Tang King Yin  
(*appointed on 24 January 2022*)  
Ms. Mak Po Man (*resigned on 24 January 2022*)

## AUTHORIZED REPRESENTATIVES

Mr. Liu Yuhui  
Ms. Tang King Yin  
(*appointed on 24 January 2022*)  
Ms. Mak Po Man (*resigned on 24 January 2022*)

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

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

## AUDITOR

Ernst & Young  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditors*

## COMPLIANCE ADVISOR

Giraffe Capital Limited

## LEGAL ADVISOR AS TO HONG KONG LAW

Sidley Austin

## PRINCIPAL BANKS

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place  
348 Kwun Tong Road  
Kowloon  
Hong Kong

## HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

## REGISTERED OFFICE

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

**PRINCIPAL SHARE REGISTRAR  
AND TRANSFER OFFICE**

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

**HONG KONG SHARE REGISTRAR**

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

**STOCK CODE**

2165

**COMPANY'S WEBSITE**

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



# Management Discussion and Analysis

## BUSINESS REVIEW

In 2022, the property management industry experienced, and was impacted by, periodic fluctuations along with challenges. The Chinese government issued relevant policies to support property management enterprises in offering more convenient and diversified life services to residents so as to substantially improve the service quality, intelligence level and standardization of property management. The Group proactively responded to market changes, focused on its core businesses and kept expanding its service scenarios. It also took an initiative in establishing presence throughout the industrial chain, speeded up exploration and innovation of value-added service ecology, kept optimizing its revenue and profit structure, and raised its management scale and brand strength to a new level.

The Group continued to uphold the development strategy of “Deep Exploration in Sichuan, Main Focus on Western China and Nationwide Expansion”, to facilitate the establishment of growth poles of Sichuan and Xinjiang, and has achieved steady growth of management scale. As at 30 June 2022, the Group has provided property management services and value-added services in 35 cities in China with 250 contracted projects (of which 202 projects have been taken over). The contracted GFA reached approximately 38 million sq.m., increased by around 0.8% as compared to that as at 30 June 2021, among which the GFA under management was approximately 22 million sq.m., increased by around 5.7% as compared to that as at 30 June 2021.

## OUTLOOK

**The Group firmly believes that service quality is the cornerstone of development.** The Group, always with the service concept of “Friendship, Companionship and Warmheartedness”, puts customers first, enhances customer service capabilities, and earns customers’ trust through sincere services, striving to meet and exceed customers’ expectations. In addition, it keeps improving the standardisation, intelligence level and precision of services in pursuit of finer service quality. During the Reporting Period, we launched the Orange Storm quality enhancement program, based on which we established a long-term quality management mechanism. By reinforcing the quality control system, we continued to enhance our strengths in basic services, dig deeper and wider into current market, and maintain industry-leading service quality. Despite scattered recurrence of the pandemic nationwide, the Group stood firm in the front line, and took actions to protect the lives and properties of property owners.

**The Group will speed up exploration and innovation of value-added service ecology.** Based on “property services and life services”, we will fully enhance our business positioning, product strategy and innovative marketing for new community retail. In line with users’ needs and community characteristics, we focus on strategic products in the FMCG category. We organise the “Shopping Spree Day” on occasion of anniversaries, and plan online and offline themed marketing activities so as to effectively monetize traffic and improve sales performance. While expanding into the industry chain of life services to bring in high-quality suppliers, we will enrich our service and product portfolios, and keep promoting businesses including interior decoration, turnkey furnishing services, housekeeping, and asset agency to develop a high-quality community life service brand that covers the full lifecycle and multiple scenarios of residents’ life, and create more values for property owners and the society.

**The Group will accelerate intelligent services and technology upgrading.** During the Reporting Period, we have carried out intelligent upgrading and transformation of multiple scenarios at projects under management to enhance operational efficiency and management standards. We have fully improved customer information management, quality operation control, financial management and internal control process optimisation.

**The Group has announced new brand concept and business philosophy.** We are always concerned about people’s happy life. With the corporate vision “To Create Happy and Harmonious Life for the Society”, the Group launched new brand concept of “Leading and Joy” and business philosophy.

**The Group attaches great importance to the training and development of employees to facilitate its rapid growth.** We have kept in-depth optimisation and reform of organisational structure to support deeper regional development and revitalize the organisation. We continue to build an efficient, collaborative, flexible and innovative organisational atmosphere driven by a culture of “like-minded mates”, and provide strong support for the rapid development of new businesses; we have adopted appealing incentives to motivate teams to constantly achieve and create excellent performance; professional training sessions, such as “Leading Talent Program”, “Joyful Talent Program”, “Leading and Joyful Trainee Program”, “Excellent Joy Program” and “Front Line Skillset Training” and “Service Manners”, are provided to support the long-term development of the Company’s talent pipeline and recruitment, and offer a wide range of career development opportunities that enable talents to grow with the Group; we abide by the core value of “Services and People First” to serve our shareholders and customers.

**The Group actively undertakes its social responsibility.** With active response to the national advocacy and industry call, we are concerned about and care for the city builders and city protectors who are struggling in the front line, by carrying out public welfare actions, the “City Care”, for four consecutive years; we carried out the second editions of the “Nature’s Defence — Guarding the Bears” public welfare action to care for nature.

## Management Discussion and Analysis

### Prospect

Given the opportunities and challenges in the fast development stage of the industry, the Group will uphold the brand concept of “Leading and Joy” and corporate vision “To Create Happy and Harmonious Life for the Society”, and continue to focus on the quality-based foundation. The Group will innovate in service quality, management scale and operational efficiency, and will undertake its responsibilities, care for property owners, repay society, and create values. In addition, we will forge ahead with the mission of “Happy Lingyue and Healthy Life”.

### Property Management Services

The Group has been providing property management services since its establishment in 2002. As at 30 June 2022, the Group’s aggregate contracted GFA amounted to approximately 38.0 million sq.m., representing an increase of 0.8% as compared with same period of the last year. As at the same date, the Group managed 202 properties with an aggregate GFA under management of approximately 22.0 million sq.m., representing an increase of 5.7% 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 were contracted to manage and corresponding contracted GFA as of the dates indicated.

	<b>As at 30 June</b>	
	<b>2022</b>	2021
Number of properties under management <sup>(1)</sup>	<b>202</b>	175
Number of properties we were contracted to manage <sup>(2)</sup>	<b>250</b>	231
GFA under management (sq.m. in thousands)	<b>22,022</b>	20,834
Contracted GFA (sq.m. in thousands)	<b>37,969</b>	37,649
Undelivered GFA (sq.m. in thousands) <sup>(3)</sup>	<b>15,947</b>	16,815

*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 2022 ranges from July 2022 to September 2024.

### Geographic Presence of the Group

As at 30 June 2022, the Group has expanded its geographic presence to 35 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.

## Management Discussion and Analysis

	As at/For the six months ended 30 June							
	2022				2021			
	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 <sup>(1)</sup>	169	17,843	176,446	78.8	150	17,601	138,994	79.2
Xinjiang Uygur Autonomous Region <sup>(2)</sup>	15	2,061	18,605	8.3	11	1,574	14,350	8.2
Jilin Province <sup>(3)</sup>	3	598	10,747	4.8	3	598	11,143	6.3
Guangdong Province <sup>(4)</sup>	8	912	10,601	4.7	8	845	8,460	4.8
Guizhou Province <sup>(5)</sup>	1	35	—	—	1	76	713	0.4
Hebei Province <sup>(6)</sup>	2	148	1,478	0.7	2	140	1,922	1.1
Henan Province <sup>(7)</sup>	1	12	704	0.3	—	—	—	—
Chongqing	1	86	1,385	0.6	—	—	—	—
Hubei Province <sup>(8)</sup>	1	286	3,034	1.4	—	—	—	—
Jiangsu Province <sup>(9)</sup>	1	41	952	0.4	—	—	—	—
<b>Total</b>	<b>202</b>	<b>22,022</b>	<b>223,952</b>	<b>100</b>	<b>175</b>	<b>20,834</b>	<b>175,582</b>	<b>100</b>

### Notes:

- (1) The Group provided property management services to properties located in Chengdu, Leshan, Meishan, Mianyang, Xichang, Ya'an, Nanchong, Ziyang, Panzhihua and Emeishan.
- (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, Huizhou, Haifeng.
- (5) The Group provided property management services to properties located in Kaili.
- (6) The Group provided property management services to properties located in Chengde.
- (7) The Group provided property management services to properties located in Zhumadian.
- (8) The Group provided property management services to properties located in Jingzhou.
- (9) The Group provided property management services to properties located in Xuzhou.



## Management Discussion and Analysis

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

	As at 30 June					
	2022			2021		
	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 <sup>(1)</sup>	203	27,910	10,067	187	28,713	11,112
Xinjiang Uygur Autonomous Region <sup>(2)</sup>	24	5,439	3,378	21	4,059	2,485
Jilin Province <sup>(3)</sup>	3	598	—	3	598	—
Guangdong Province <sup>(4)</sup>	9	1,314	402	8	1,182	337
Guizhou Province <sup>(5)</sup>	2	1,073	1,038	3	1,471	1,395
Hebei Province <sup>(6)</sup>	3	211	63	3	202	62
Henan Province <sup>(7)</sup>	3	829	817	3	829	829
Chongqing Municipality	1	86	—	1	86	86
Hubei Province <sup>(8)</sup>	1	396	110	1	396	396
Jiangsu Province <sup>(9)</sup>	1	113	72	1	113	113
<b>Total</b>	<b>250</b>	<b>37,969</b>	<b>15,947</b>	<b>231</b>	<b>37,649</b>	<b>16,815</b>

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, Yibin and Ziyang and Dujiangyan.
- (2) The Group was contracted to provide property management services to properties located in Changji, Kashgar, Korla, Tacheng 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, Shenzhen and Huizhou.
- (5) The Group was contracted to provide property management services to properties located in Kaili 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 Luohe, Zhumadian and Xinyang.
- (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 Xuzhou.

### Source of Properties under Management

The Group primarily offers property management services to properties developed by Leading Holdings. 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				2021				
	2022	2022		2021		2021		2021	
	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 <sup>(1)</sup>	72	11,664	150,285	67.1	57	9,347	125,059	71.2	
Joint ventures of Leading Holdings Group <sup>(2)</sup>	6	661	7,451	3.3	2	213	1,930	1.1	
Non-Leading Holdings Group and non-joint ventures of Leading Holdings Group <sup>(3)</sup>	124	9,697	66,216	29.6	116	11,274	48,593	27.7	
<b>Total</b>	<b>202</b>	<b>22,022</b>	<b>223,952</b>	<b>100</b>	<b>175</b>	<b>20,834</b>	<b>175,582</b>	<b>100</b>	

## Management Discussion and Analysis

### 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	2022 Contracted GFA (sq.m.'000)	Undelivered GFA (sq.m.'000)	Number of contracted projects	2021 Contracted GFA (sq.m.'000)	Undelivered GFA (sq.m.'000)
Leading Holdings Group <sup>(1)</sup>	96	19,322	7,658	87	18,627	9,280
Joint ventures of Leading Holdings Group <sup>(2)</sup>	16	3,286	2,625	11	2,686	2,473
Non-Leading Holdings Group and non-joint ventures of Leading Holdings Group <sup>(3)</sup>	138	15,361	5,664	133	16,336	5,062
<b>Total</b>	<b>250</b>	<b>37,969</b>	<b>15,947</b>	<b>231</b>	<b>37,649</b>	<b>16,815</b>

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				2021			
	2022							
	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	114	16,793	139,124	62.1	91	13,632	106,566	60.7
— Preliminary stage <sup>(1)</sup>	97	13,499	115,987	51.8	77	11,199	90,237	51.4
— Property owners' association stage <sup>(2)</sup>	17	3,294	23,137	10.3	14	2,433	16,329	9.3
Commercial properties	8	736	44,754	20.0	7	888	44,069	25.1
Public and other properties	80	4,493	40,074	17.9	77	6,314	24,947	14.2
<b>Total</b>	<b>202</b>	<b>22,022</b>	<b>223,952</b>	<b>100</b>	<b>175</b>	<b>20,834</b>	<b>175,582</b>	<b>100</b>

#### 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.

## Management Discussion and Analysis

In the first half of 2022, revenue from value-added services to non-property owners decreased by 35.9% to approximately RMB42.8 million compared to approximately RMB66.7 million in the corresponding period of 2021, mainly due to the decrease of sales office management services and security support services. In the first half of 2022, the revenue from value-added services to non-property owners accounted for 15.1% 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			
	2022		2021	
	RMB'000	%	RMB'000	%
Preliminary planning and design consultancy services	1,992	4.7	3,508	5.3
Sales office management services	30,844	72.1	49,642	74.4
Pre-delivery services	339	0.8	85	0.1
Repair and maintenance services	916	2.1	1,532	2.3
Property transaction assistance services	664	1.5	189	0.3
Security support services	8,031	18.8	11,745	17.6
<b>Total</b>	<b>42,786</b>	<b>100</b>	<b>66,701</b>	<b>100</b>

### 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 2022, the revenue from community value-added services increased by 30.4% to approximately RMB16.6 million compared to approximately RMB12.7 million in the corresponding period of 2021, mainly due to the increase of decoration and turnkey furnishing services. In the first half of 2022, revenue from community value-added services accounted for 5.9% of total revenue.

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			
	2022		2021	
	RMB'000	%	RMB'000	%
Community space management services	3,841	23.1	3,434	27.0
Decoration and turnkey furnishing services	9,840	59.2	5,669	44.5
Convenient living services	2,745	16.6	3,456	27.1
Community retail services	184	1.1	179	1.4
<b>Total</b>	<b>16,610</b>	<b>100</b>	<b>12,738</b>	<b>100</b>

## 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 RMB283.3 million, representing an increase of approximately 11.1% compared with RMB255.0 million in the same period of 2021.

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

	Six months ended 30 June			
	2022		2021	
	RMB'000	Percentage of revenue	RMB'000	Percentage of revenue
	Unaudited	%	Unaudited	%
Property management services	223,952	79.0	175,582	68.8
Value-added services to non-property owners	42,786	15.1	66,701	26.2
Community value-added services	16,610	5.9	12,738	5.0
<b>Total</b>	<b>283,348</b>	<b>100</b>	<b>255,021</b>	<b>100</b>



## Management Discussion and Analysis

Property management services is still the largest source of revenue for the Group. For the six months ended 30 June 2022, revenue from property management services reached approximately RMB224.0 million, accounting for 79.0% 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 the decrease of sales office management services and security support services. The increase in revenue from community value-added services was mainly due to the increase of 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 RMB198.4 million, representing an increase of approximately 13.1% compared with approximately RMB175.4 million in the corresponding period of 2021. 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 6.8% from approximately RMB79.6 million for the corresponding period in 2021 to approximately RMB85.0 million.

During the Reporting Period, the gross profit margin of the Group decreased by 1.2 percentage points to 30.0% from 31.2% for the same period in 2021, mainly due to the growth rate of revenue was less than the growth rate of the Group's cost of sales.

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

	Six months ended 30 June		
	2022 gross profit margin %	2021 gross profit margin %	Changes in gross profit margin %
Property management services	28.7	29.8	-1.1
Value-added services to non-property owners	31.1	45.4	-14.3
Community value-added services	44.3	32.1	12.2
<b>Total</b>	<b>30.0</b>	<b>31.2</b>	<b>-1.2</b>

### **Administrative expenses**

During the Reporting Period, the administrative expenses of the Group decreased by approximately 16.1% from approximately RMB33.7 million for the same period in 2021 to approximately RMB28.3 million, mainly due to there was no listing expense during the Reporting Period.

### **Income tax expenses**

During the Reporting Period, the income tax expenses of the Group increased by approximately 21.7% from RMB6.4 million for the same period in 2021 to approximately RMB7.8 million. The increase in income tax expenses was mainly due to the growth of revenue.

### **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 RMB46.1 million, representing an increase of approximately 30.7% compared with RMB35.2 million for the same period in 2021.

### **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 2022, the Group's trade receivables amounted to approximately RMB108.6 million, representing an increase of approximately RMB31.6 million or 41.0% compared with RMB77.0 million as at 31 December 2021. The increase was due to the growth of revenue.

### **Prepayments, deposits and other receivables**

As at 30 June 2022, the Group's prepayments, deposits and other receivables amounted to approximately RMB36.0 million, representing an increase of approximately 5.8% compared with RMB34.0 million as at 31 December 2021. 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 2022, the Group's trade payables amounted to approximately RMB37.0 million, representing an increase of approximately 20.7% from approximately RMB30.7 million as at 31 December 2021. The increase was mainly due to an increase in GFA under management as a result of the expansion of the Group's business scale.

## Management Discussion and Analysis

### 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 listing and 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 of the PRC. As at 30 June 2022, 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 2022 is not meaningful because our interest-bearing borrowings as at the same dates was nil (as at 31 December 2021: nil).

## CONTINGENT LIABILITIES

As of 30 June 2022, the Group had no contingent liabilities.



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

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 of the Company dated 29 June 2021, the Group had no plan for material investments and capital assets.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2022, the Group had 3,909 employees (31 December 2021: 4,121 employees). During the Reporting Period, the total staff costs were approximately RMB131.9 million and the total staff costs were approximately RMB113.3 million for the same period in 2021.

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.

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices. For the six months ended 30 June 2022, so far as the Directors are aware, the Company has complied with all the applicable 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. 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 for the six months ended 30 June 2022.

## 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 as at the date of this interim report.

## SHARE OPTION SCHEME

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

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 2022, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise be notified to the Company and the Stock Exchange pursuant to the Model Code are set out below:

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

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

*Notes:*

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Calculated on the basis of 285,685,000 Shares in issue as at 30 June 2022.
- (3) Pursuant to the Acting in Concert Deed, our Ultimate Controlling Shareholders have agreed and confirmed that from the date when they became the registered owners and/or beneficial owners of the equity interests in our Group until after Listing and to the date when any one of them cease to be our Controlling Shareholders: (a) they had been and would continue to be parties acting in concert and they have agreed to consult with each other and reach an unanimous consensus among themselves before the decision, implementation and agreement on all material management affairs, votings and/or commercial decisions, including but not limited to financial and operational matters, of any member of our Group; (b) they had casted and would continue to cast their votes as directors and/or shareholders (as appropriate) unanimously for or against all resolutions in all board and shareholders' meetings and discussions of any member of our Group; and (c) they had cooperated and would continue to cooperate with one another to acquire, maintain and consolidate the control and management of our Group. By virtue of the SFO, each of our Ultimate Controlling Shareholders together with their respective investment holding companies (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.
- (4) 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.
- (5) Tianyue Capital is wholly owned by Ms. Wang Tao. By virtue of SFO, Ms. Wang Tao is deemed to be interested in the Shares held by Tianyue Capital.
- (6) Linghui Capital is wholly owned by Ms. Hou Sanli. By virtue of SFO, Ms. Hou Sanli is deemed to be interested in the Shares held by Linghui Capital.

## Corporate Governance and Other Information

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

<u>Name of Director</u>	<u>Name of associated corporation</u>	<u>Nature of Interest</u>	<u>Number of Shares Held</u>	<u>Percentage of shareholding interest</u>
Mr. Liu Yuhui	Yuelai Holding	Beneficial owner	1	100.00%
Mr. Liu Yuhui	Yue Lai Investment	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 30 June 2022, so far as the Directors are aware, none of the Directors and chief executives of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### INTERESTS OF PERSONS OTHER THAN THE DIRECTORS AND CHIEF EXECUTIVES

As at 30 June 2022, 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:

<u>Name of Shareholder</u>	<u>Nature of interest/Capacity</u>	<u>Number of Shares held<sup>(1)</sup></u>	<u>Approximate percentage of interest in the Company<sup>(2)</sup></u>
Mr. Liu Haowei <sup>(3)(4)</sup>	Interest in controlled corporation	213,298,000 (L)	74.66%
Tianyue Holding <sup>(3)(4)</sup>	Beneficial Owner	68,960,430 (L)	24.14%
Mr. Liu Ce <sup>(3)(5)</sup>	Interest in controlled corporation	213,298,000 (L)	74.66%
Linghui Holding <sup>(3)(5)</sup>	Beneficial Owner	68,939,640 (L)	24.13%
Yuelai Holding <sup>(3)(6)</sup>	Beneficial Owner	68,939,640 (L)	24.13%
Ms. Long Yiqin <sup>(3)(7)</sup>	Interest in controlled corporation	213,298,000 (L)	74.66%
Ms. Chen Aoao <sup>(8)</sup>	Interest of spouse	213,298,000 (L)	74.66%
Ms. Lan Tian <sup>(9)</sup>	Interest of spouse	213,298,000 (L)	74.66%
Mr. Liu Yuqi <sup>(10)</sup>	Interest of spouse	213,298,000 (L)	74.66%
Mr. Liu Shan <sup>(11)</sup>	Interest of spouse	213,298,000 (L)	74.66%



### Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Calculated on the basis of 285,685,000 Shares in issue as at 30 June 2022.
- (3) Pursuant to the Acting in Concert Deed, our Ultimate Controlling Shareholders have agreed and confirmed that from the date when they became the registered owners and/or beneficial owners of the equity interests in our Group until after Listing and to the date when any one of them cease to be our Controlling Shareholders: (a) they had been and would continue to be parties acting in concert and they have agreed to consult with each other and reach an unanimous consensus among themselves before the decision, implementation and agreement on all material management affairs, votings and/or commercial decisions, including but not limited to financial and operational matters, of any member of our Group; (b) they had casted and would continue to cast their votes as directors and/or shareholders (as appropriate) unanimously for or against all resolutions in all board and shareholders' meetings and discussions of any member of our Group; and (c) they had cooperated and would continue to cooperate with one another to acquire, maintain and consolidate the control and management of our Group. By virtue of the SFO, each of our Ultimate Controlling Shareholders together with their respective investment holding companies (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.
- (4) Tianyue Holding is wholly owned by Mr. Liu Haowei. By virtue of SFO, Mr. Liu Haowei is deemed to be interested in the Shares held by Tianyue Holding.
- (5) Linghui Holding is wholly owned by Mr. Liu Ce. By virtue of SFO, Mr. Liu Ce is deemed to be interested in the Shares held by Linghui Holding.
- (6) 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.
- (7) 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.
- (8) Ms. Chen Aobao (陳鶯鶯), the spouse of Mr. Liu Haowei, is deemed to be interested in all the Shares that Mr. Liu Haowei is interested in by virtue of the SFO.
- (9) Ms. Lan Tian (蘭添), the spouse of Mr. Liu Ce, is deemed to be interested in all the Shares that Mr. Liu Ce is interested in by virtue of the SFO.
- (10) Mr. Liu 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.
- (11) Mr. Liu Shan, the spouse of Ms. Wang Tao, is deemed to be interested in all the Shares that Ms. Wang Tao is interested in by virtue of the SFO.

Save as disclosed above, as at 30 June 2022, the Company was not aware that any person (other than a Director or chief executive of the Company) has any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register kept by the Company under section 336 of the SFO, or were directly or indirectly interested in 5% or more of the shares of the Company.

## INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2022.

## USE OF NET PROCEEDS FROM THE LISTING

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

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

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

	Planned use of net proceeds as stated in the Prospectus and taking into account the net proceeds received from the partial exercise of the Over-allotment Option		Actual use of net proceeds from 1 January 2022 to 30 June 2022		Expected utilising timeline for unutilised net proceeds			
	Approximate percentage	HK\$'million	Unutilised net proceeds as at 1 January 2022	Unutilised net proceeds as at 30 June 2022	HK\$'million			
					2022	2023	2024	
Strategic acquisition and investment								
— Acquire and invest in other property management companies	70.0%	194.6	194.6	—	194.6	80.2	80.2	34.2
Upgrade information system and equipment	20.0%	55.6	55.6	2.4	53.2	—	—	—
— Upgrade Lingyue Service Smart Property Management Platforms	10.0%	27.8	27.8	0.2	27.6	16.5	11.1	—
— Upgrade and improve equipment and facilities in the communities under our management	10.0%	27.8	27.8	2.2	25.6	14.5	11.1	—
Working capital	10.0%	27.8	—	—	—	—	—	—
<b>Total</b>	<b>100.0%</b>	<b>278.0</b>	<b>250.2</b>	<b>2.4</b>	<b>247.8</b>	<b>111.2</b>	<b>102.4</b>	<b>34.2</b>

As at the date of this report, the unutilised net proceeds were applied to short-term demand deposits with well-established and licensed commercial banks and authorized financial institutions. Further details of the breakdown and description of the use of proceeds are set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. The Directors were not aware of any material change to the planned use of proceeds as at the date of this report. The unutilised net proceeds 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**

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 2022.

### **CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES**

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

### **SUFFICIENCY OF PUBLIC FLOAT**

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

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

### **SUBSEQUENT EVENTS**

No material events were undertaken by the Group subsequent to 30 June 2022 and up to this interim report.

### AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix 14 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 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 interim report for the six months ended 30 June 2022 has been reviewed by the Audit Committee and auditors of the Company.





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**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 26 to 47, 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 2022 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 inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

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

**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong

31 August 2022

# Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022

	Notes	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>REVENUE</b>	5	<b>283,348</b>	255,021
Cost of sales		<b>(198,390)</b>	(175,448)
Gross profit		<b>84,958</b>	79,573
Other income and gains		<b>2,637</b>	1,098
Administrative expenses		<b>(28,260)</b>	(33,665)
Impairment losses on financial assets, net		<b>(2,899)</b>	(2,243)
Other expenses		<b>(146)</b>	(99)
Finance costs		<b>(7)</b>	(17)
Share of profit of:			
A joint venture		<b>649</b>	65
<b>PROFIT BEFORE TAX</b>	6	<b>56,932</b>	44,712
Income tax expense	7	<b>(7,763)</b>	(6,377)
<b>PROFIT FOR THE PERIOD</b>		<b>49,169</b>	38,335
Attributable to:			
Owners of the parent		<b>46,065</b>	35,733
Non-controlling interests		<b>3,104</b>	2,602
		<b>49,169</b>	38,335
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	9		
Basic and diluted			
— For profit for the period		<b>RMB0.16</b>	RMB0.17

# Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 <i>RMB'000</i> (Unaudited)
<b>PROFIT FOR THE PERIOD</b>	<b>49,169</b>	38,335
<b>OTHER COMPREHENSIVE INCOME</b>		
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	<b>(1)</b>	(574)
Income tax effect	<b>—*</b>	86
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<b>(1)</b>	(488)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>(1)</b>	(488)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>49,168</b>	37,847
Attributable to:		
Owners of the parent	<b>46,064</b>	35,245
Non-controlling interests	<b>3,104</b>	2,602
	<b>49,168</b>	37,847

\* Less than RMB1,000

# Interim Condensed Consolidated Statement of Financial Position

30 June 2022

	Notes	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	2,179	1,217
Right-of-use assets		367	733
Goodwill		22,772	22,772
Other intangible assets		15,386	16,566
Investment in a joint venture		922	273
Equity investments designated at fair value through other comprehensive income		5,081	5,082
Deferred tax assets		4,575	4,503
<b>Total non-current assets</b>		<b>51,282</b>	51,146
<b>CURRENT ASSETS</b>			
Inventories		1,394	1,519
Trade receivables	11	108,611	77,049
Due from related companies	14	169,145	148,824
Prepayments and other receivables		35,999	34,016
Cash and bank balances		307,085	275,395
<b>Total current assets</b>		<b>622,234</b>	536,803
<b>CURRENT LIABILITIES</b>			
Trade payables	12	37,024	30,670
Other payables and accruals		93,766	94,343
Contract liabilities		109,437	77,432
Due to related companies	14	438	425
Lease liabilities		380	754
Tax payable		5,242	6,171
<b>Total current liabilities</b>		<b>246,287</b>	209,795
<b>NET CURRENT ASSETS</b>		<b>375,947</b>	327,008
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>427,229</b>	378,154



## Interim Condensed Consolidated Statement of Financial Position

30 June 2022

	<i>Notes</i>	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<b>2,238</b>	2,405
<b>Total non-current liabilities</b>		<b>2,238</b>	2,405
<b>Net assets</b>		<b>424,991</b>	375,749
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	13	<b>2,382</b>	2,382
Reserves		<b>400,278</b>	354,214
		<b>402,660</b>	356,596
Non-controlling interests		<b>22,331</b>	19,153
<b>Total equity</b>		<b>424,991</b>	375,749

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the parent								Total equity RMB'000
	Share capital RMB'000 Note 13	Share premium RMB'000	Merger reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	
<b>At 1 January 2022 (audited)</b>	<b>2,382</b>	<b>250,925</b>	<b>(3,216)</b>	<b>(4,860)</b>	<b>11,554</b>	<b>99,811</b>	<b>356,596</b>	<b>19,153</b>	<b>375,749</b>
Profit for the period	—	—	—	—	—	46,065	46,065	3,104	49,169
Other comprehensive income for the period:									
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	(1)	—	—	(1)	—	(1)
Total comprehensive income for the period	—	—	—	(1)	—	46,065	46,064	3,104	49,168
Capital injection by non-controlling interests	—	—	—	—	—	—	—	74	74
<b>At 30 June 2022 (unaudited)</b>	<b>2,382</b>	<b>250,925*</b>	<b>(3,216)*</b>	<b>(4,861)*</b>	<b>11,554*</b>	<b>145,876*</b>	<b>402,660</b>	<b>22,331</b>	<b>424,991</b>

## Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the parent							Total equity RMB'000
	Share capital RMB'000 Note 13	Merger 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	
<b>At 1 January 2021 (audited)</b>	—	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)
Capital injection by non- controlling interests	—	—	—	—	—	—	275	275
Dividends paid to non- controlling interests	—	—	—	—	—	—	(1,511)	(1,511)
<b>At 30 June 2021 (unaudited)</b>	—	(3,216)*	(4,293)*	4,188*	72,297*	68,976	17,046	86,022

\* These reserve accounts comprise the consolidated reserves of RMB400,278,000 (30 June 2021: RMB68,976,000) in the interim condensed consolidated statements of financial position.

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Note	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		56,932	44,712
Adjustments for:			
Finance costs		7	17
Share of profit of a joint venture		(649)	(65)
Interest income		(324)	(108)
Depreciation of property, plant and equipment	6	273	305
Depreciation of right-of-use assets	6	367	367
Amortisation of other intangible assets	6	1,253	1,143
Impairment of trade receivables	6	2,871	2,427
Impairment of other receivables	6	27	—
		60,757	48,798
Decrease in inventories		125	—
Decrease in restricted cash		1	—
Decrease in pledged deposits		5	—
Increase in trade receivables		(34,433)	(29,430)
Increase in prepayments and other receivables		(3,946)	(6,665)
Increase in trade payables		6,354	8,537
(Decrease)/increase in other payables and accruals		(577)	9,998
Increase in contract liabilities		32,005	5,928
(Increase)/decrease in amounts due from related companies		(20,321)	10,084
Increase/(decrease) in amounts due to related companies		13	(392)
		39,983	46,858
Cash generated from operations			
Interest received		324	108
Interest paid		(7)	(17)
Tax paid		(8,932)	(7,859)
		31,368	39,090
Net cash flows from operating activities			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment	10	(1,235)	(326)
Purchase of other intangible assets		(73)	—
Decrease in other receivables		1,936	580
Advances to related companies		—	(32,038)
Repayment of advances from related companies		—	49,417
		628	17,633
Net cash flows from investing activities			

## Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 <i>RMB'000</i> (Unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital injection by non-controlling interests	<b>74</b>	275
Principal portion of lease payments	<b>(374)</b>	(555)
Capital distribution upon the reorganisation	—	(63,057)
Advance from a related company	—	631
Dividends paid to the then shareholder	—	(2,360)
	<hr/>	<hr/>
Net cash flows used in financing activities	<b>(300)</b>	(65,066)
	<hr/>	<hr/>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	<b>31,696</b>	(8,343)
Cash and cash equivalents at beginning of period	<b>275,289</b>	68,274
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		
	<b>306,985</b>	59,931
	<hr/>	<hr/>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>307,085</b>	59,931
Less: Pledged deposits	<b>100</b>	—
	<hr/>	<hr/>
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	<b>306,985</b>	59,931
	<hr/>	<hr/>
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	<b>306,985</b>	59,931
	<hr/>	<hr/>



# Notes to Interim Condensed Consolidated Financial Information

30 June 2022

## 1. CORPORATE AND GROUP INFORMATION

Ling Yue Services Group Limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands. The registered office 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**”) was 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 Yuelai Holding Limited, Linghui Holding Limited, Tianyue Holding Limited, Tianyue Capital Limited, Fusheng Capital Holding Limited and Linghui Capital 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 2022 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 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 consolidated financial statements for the year ended 31 December 2021, 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 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRS Standards 2018–2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

The nature and impact of the revised IFRSs are described below

- (a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (d) *Annual Improvements to IFRS Standards 2018–2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:
- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or Standards modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
  - IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

### 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 2022, revenue from Leading Holdings Group Limited and its subsidiaries ("**Leading Holdings Group**") contributed 25.2% (30 June 2021: 24.6%) 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:

	<b>For the six months ended 30 June</b>	
	<b>2022 RMB'000 (Unaudited)</b>	2021 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Property management services	<b>223,952</b>	175,582
Value-added services to non-property owners	<b>42,786</b>	66,701
Community value-added services	<b>16,610</b>	12,738
	<b>283,348</b>	255,021

### Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2022

	<b>Property management services RMB'000 (Unaudited)</b>	<b>Value-added services to non-property owners RMB'000 (Unaudited)</b>	<b>Community value-added services RMB'000 (Unaudited)</b>	<b>Total RMB'000 (Unaudited)</b>
	<b>Type of services</b>			
Rendering of services	<b>223,952</b>	<b>42,786</b>	<b>16,610</b>	<b>283,348</b>
Total revenue from contracts with customers	<b>223,952</b>	<b>42,786</b>	<b>16,610</b>	<b>283,348</b>
<b>Timing of revenue recognition</b>				
Revenue recognised over time	<b>223,952</b>	<b>40,988</b>	<b>4,604</b>	<b>269,544</b>
Revenue recognised at a point in time	<b>—</b>	<b>1,798</b>	<b>12,006</b>	<b>13,804</b>
Total revenue from contracts with customers	<b>223,952</b>	<b>42,786</b>	<b>16,610</b>	<b>283,348</b>

## Notes to Interim Condensed Consolidated Financial Information

30 June 2022

### 5. REVENUE (Continued)

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

For the six months ended 30 June 2021

	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)
<b>Type of services</b>				
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
<b>Timing of revenue recognition</b>				
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

### 6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
Cost of services provided	198,390	175,448
Depreciation of property, plant and equipment	273	305
Depreciation of right-of-use assets	367	367
Amortisation of other intangible assets	1,253	1,143
Impairment of financial assets, net:		
Impairment of trade receivables, net	2,871	2,427
Impairment of prepayments and other receivables, net	27	—



## 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 2022.

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 2022, Lingyue Property Service Group Co., Ltd. and its western branches were subject to the 15% income tax rate, and the remaining branches were subject to the 25% income tax rate, the subsidiaries are subject to the preferential tax rate policy for small and low-profit enterprises.

	<b>For the six months ended 30 June</b>	
	<b>2022 RMB'000 (Unaudited)</b>	2021 RMB'000 (Unaudited)
Current — Mainland China:		
Charge for the period	<b>8,002</b>	6,451
Deferred tax	<b>(239)</b>	(74)
Total tax charge for the period	<b>7,763</b>	6,377

## 8. DIVIDENDS

The board of directors has resolved not to pay an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

## Notes to Interim Condensed Consolidated Financial Information

30 June 2022

### 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 2021: 210,000,000) shares in issue during the period, as adjusted to reflect the rights issue during the period.

No adjustment has been made to the basic earnings per share amounts presented during the six months ended 30 June 2022 and 2021 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	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	<b>46,065</b>	35,733
	Number of shares	
	For the six months ended 30 June	
	2022	2021
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>285,685,000</b>	210,000,000

### 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired assets with at a cost of RMB1,235,000 (30 June 2021: RMB326,000).

## 11. TRADE RECEIVABLES

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

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within 1 year	<b>79,130</b>	55,761
1 to 2 years	<b>20,679</b>	13,967
2 to 3 years	<b>5,613</b>	4,897
Over 3 years	<b>3,189</b>	2,424
	<b>108,611</b>	77,049

## 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:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within 1 year	<b>36,714</b>	30,434
Over 1 year	<b>310</b>	236
	<b>37,024</b>	30,670

## Notes to Interim Condensed Consolidated Financial Information

30 June 2022

### 13. SHARE CAPITAL

#### Shares

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Authorised: 600,000,000 (2021:600,000,000) ordinary shares of HK\$0.01 each	<b>6,000,000</b>	6,000,000
Issued and fully paid: 285,685,000 (2021:285,685,000) ordinary shares of HK\$0.01 each	<b>2,382</b>	2,382

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.

In connection with the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited (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\$293,300,000, before deducting underwriting fees, commissions and related expenses. In addition, 209,940,000 shares were issued by way of capitalisation. Dealings in the shares of the Company on the Stock Exchange commenced on 12 July 2021.

On 9 August 2021, the over-allotment option has been fully exercised and the Company allotted and issued 5,685,000 additional shares at HK\$4.19 per share.

## 14. RELATED PARTY TRANSACTIONS

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

	<b>For the six months ended 30 June</b>	
	<b>2022 RMB'000 (Unaudited)</b>	<b>2021 RMB'000 (Unaudited)</b>
Advances to a related company: The then parent company	—	32,038
Repayments of advances from a related company: The then parent company	—	49,417
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, ii)		
Companies controlled by the Controlling Shareholders	<b>71,343</b>	63,439
Joint ventures of Leading Holdings Group	<b>3,902</b>	5,141
Associates of Leading Holdings Group	<b>1,049</b>	—
	<b>76,294</b>	68,580
Rental fees to related companies: (i) Companies controlled by the Controlling Shareholders	<b>367</b>	367
Management consulting service income: (i) A joint venture	—	85

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



## Notes to Interim Condensed Consolidated Financial Information

30 June 2022

### 14. RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
<b>Due from related companies:</b>		
<b>Trade related</b>		
Companies controlled by the Controlling Shareholders	<b>165,661</b>	144,168
Joint ventures of Leading Holdings Group	<b>2,461</b>	3,330
Associates of Leading Holdings Group	<b>995</b>	1,324
A joint venture	<b>28</b>	2
	<b>169,145</b>	148,824
<b>Due to related companies:</b>		
<b>Trade related</b>		
Companies controlled by the Controlling Shareholders	<b>438</b>	8
Joint ventures of Leading Holdings Group	<b>—</b>	417
	<b>438</b>	425

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

	<b>For the six months ended 30 June</b>	
	<b>2022 RMB'000 (Unaudited)</b>	2021 RMB'000 (Unaudited)
Short-term employee benefits	<b>408</b>	452
Pension scheme contributions and social welfare	<b>70</b>	68
Total compensation paid to key management personnel	<b>478</b>	520

## 15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

Set out below is a summary of a significant unobservable input to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2022 and 31 December 2021:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Discount for lack of marketability (" <b>DLOM</b> ")	25% to 30% (31 December 2021: 25% to 30%)	5% (31 December 2021: 5%) increase/decrease in DLOM would result in a decrease/increase in fair value by RMB350,000 (31 December 2021: RMB350,000)

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.

## Notes to Interim Condensed Consolidated Financial Information

30 June 2022

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

#### Fair value hierarchy

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

#### Assets measured at fair value:

As at 30 June 2022

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Equity investments designated at fair value through other comprehensive income	—	—	5,081	5,081

As at 31 December 2021

	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	—	—	5,082	5,082

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

### Fair value hierarchy (Continued)

#### Assets measured at fair value: (Continued)

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

	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 <b>RMB'000</b> <b>(Unaudited)</b>
Equity investments at fair value through other comprehensive income:		
At 1 January	<b>5,082</b>	6,323
Total losses recognised in other comprehensive income	<b>(1)</b>	(574)
At 30 June	<b>5,081</b>	5,749

The Group did not have any financial liabilities measured at fair value as at 30 June 2022 (31 December 2021: Nil).

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2021: Nil).

## 16. EVENTS AFTER THE REPORTING PERIOD

There is no significant subsequent event undertaken by the Company after 30 June 2022.

## 17. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial information was approved and authorised for issue by the board of directors of the Company on 31 August 2022.

## Definitions

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

“Articles” or “Articles of Association”	the articles of association of the Company (as amended from time to time)
“Acting in Concert Deed”	the acting in concert deed dated 29 January 2021 and executed by the Ultimate Controlling Shareholders
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors
“BVI”	the British Virgin Islands
“China” or “PRC”	The People’s Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Company”	Ling Yue Services Group Limited (領悅服務集團有限公司) (formerly known as Ling Yue Group Limited (領悅集團有限公司)), an exempted company incorporated in the Cayman Islands with limited liability on 28 August 2020, the Shares of which are listed on the Stock Exchange (Stock Code: 2165)
“CG Code”	the Corporate Governance Code contained in Part 2 of Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Fusheng Capital”	Fusheng Capital Holding Limited, a company incorporated in the BVI with limited liability on 27 July 2020, which is wholly owned by Ms. Long Yiqin and is one of the Company’s controlling shareholders
“GFA”	gross floor area
“Global Offering”	has the meaning ascribed to it in the Prospectus
“Group”, “we”, “our” or “us”	the Company and its subsidiaries
“HK\$” or “Hong Kong dollar(s)”	Hong Kong dollars, the lawful currency of Hong Kong



“independent third party(ies)”	an individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates (within the meaning of the Listing Rules)
“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”	For the six months ended 30 June 2022
“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

## Definitions

“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Tianyue Capital”	Tianyue Capital Limited, a company incorporated in the BVI with limited liability on 23 July 2020, which is wholly owned by Ms. Wang Tao and is one of the Company’s controlling shareholders
“Tianyue Holding”	Tianyue Holding Limited, a company incorporated in the BVI with limited liability on 23 July 2020, which is wholly owned by Mr. Liu Haowei and is one of the Company’s controlling shareholders
“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
“Yue Lai Investment”	Yue Lai Investment Limited, a company incorporated in the BVI with limited liability on 5 June 2019, which is wholly owned by Mr. Liu Yuhui and is one of the Company’s controlling shareholders
“%”	per cent