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## **Ling Yue Services Group Limited**

**領悅服務集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2165)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **ANNUAL RESULTS AND OPERATIONAL HIGHLIGHTS**

##### **Financial Highlights**

- The Group's revenue for the year ended 31 December 2022 was RMB577.7 million, representing an increase of 6.7% compared with the corresponding period of 2021.
- The Group's gross profit for the year ended 31 December 2022 was RMB167.1 million, representing an increase of 7.8% compared with the corresponding period of 2021.
- The net profit for the year ended 31 December 2022 was RMB80.3 million, representing an increase of 6.8% compared with the corresponding period in 2021.
- As at 31 December 2022, the Group had 249 contracted projects, contracted GFA of 37.8 million sq.m., 211 projects under management and GFA under management of 23.6 million sq.m..
- The Board did not recommend the payment of final dividend for the year ended 31 December 2022 (2021: nil).

## STATEMENTS AND NOTES

The board (the “**Board**”) of directors (the “**Directors**”) of Ling Yue Services Group Limited (the “**Company**”) is pleased to announce the consolidated annual results (the “**Annual Results**”) of the Company and its subsidiaries (together, the “**Group**” and “**we**”) for the year ended 31 December 2022 (the “**Year**”), together with the comparative figures for the corresponding period of 2021 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*Year ended 31 December 2022*

		2022	2021
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	4	577,702	541,174
Cost of sales		<u>(410,596)</u>	<u>(386,100)</u>
Gross profit		167,106	155,074
Other income and gains	4	9,028	4,143
Administrative expenses		(56,418)	(67,207)
Impairment losses on financial assets, net		(24,260)	(4,264)
Other expenses		(625)	(304)
Finance costs		(4)	(28)
Share of profits of:			
A joint venture		<u>1,108</u>	<u>205</u>
PROFIT BEFORE TAX	5	95,935	87,619
Income tax expense	6	<u>(15,678)</u>	<u>(12,450)</u>
PROFIT FOR THE YEAR		<u><u>80,257</u></u>	<u><u>75,169</u></u>
Attributable to:			
Owners of the parent		77,004	70,613
Non-controlling interests		<u>3,253</u>	<u>4,556</u>
		<u><u>80,257</u></u>	<u><u>75,169</u></u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted			
— For profit for the year		<u><u>RMB0.27</u></u>	<u><u>RMB0.29</u></u>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

Year ended 31 December 2022

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(431)	(1,241)
Income tax effect	<u>65</u>	<u>186</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>(366)</u>	<u>(1,055)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>(366)</u>	<u>(1,055)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>79,891</u></u>	<u><u>74,114</u></u>
Attributable to:		
Owners of the parent	76,638	69,558
Non-controlling interests	<u>3,253</u>	<u>4,556</u>
	<u><u>79,891</u></u>	<u><u>74,114</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>3,287</b>	1,217
Right-of-use assets		—	733
Goodwill		<b>22,772</b>	22,772
Other intangible assets		<b>14,981</b>	16,566
Investment in a joint venture		<b>1,125</b>	273
Equity investments designated at fair value through other comprehensive income		<b>4,651</b>	5,082
Deferred tax assets		<b>6,274</b>	4,503
Total non-current assets		<b>53,090</b>	51,146
<b>CURRENT ASSETS</b>			
Inventories		<b>1,394</b>	1,519
Trade receivables	9	<b>115,365</b>	77,049
Due from related companies		<b>144,669</b>	148,824
Prepayments and other receivables	10	<b>27,084</b>	34,016
Cash and bank balances		<b>360,987</b>	275,395
Total current assets		<b>649,499</b>	536,803
<b>CURRENT LIABILITIES</b>			
Trade payables	11	<b>48,322</b>	30,670
Other payables and accruals	12	<b>90,360</b>	94,343
Contract liabilities		<b>101,037</b>	77,432
Due to related companies		<b>436</b>	425
Lease liabilities		—	754
Tax payable		<b>7,516</b>	6,171
Total current liabilities		<b>247,671</b>	209,795

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2022

	<i>Note</i>	<b>2022</b> <b>RMB'000</b>	2021 <b>RMB'000</b>
<b>NET CURRENT ASSETS</b>		<b>401,828</b>	327,008
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>454,918</b>	378,154
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<b>2,071</b>	2,405
Total non-current liabilities		<b>2,071</b>	2,405
Net assets		<b>452,847</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>430,865</b>	354,214
		<b>433,247</b>	356,596
Non-controlling interests		<b>19,600</b>	19,153
Total equity		<b>452,847</b>	375,749

## NOTES TO FINANCIAL STATEMENTS

### 1. CORPORATE AND GROUP INFORMATION

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

During the year, 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.

#### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) (which include all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations) issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

## **Basis of consolidation**

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

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>
Annual Improvements to <i>IFRS Standards</i> 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The amendments did not have any significant impact on the financial position or performance of the Group.

## 3. 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

In 2022, revenue from Leading Holdings Group Limited and its subsidiaries (“**Leading Holdings Group**”) contributed 19.3% (2021: 23.5%) of the Group's revenue, respectively. 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 for the year.



#### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>		
Property management services	473,389	369,642
Value-added services to non-property owners	70,002	140,574
Community value-added services	34,311	30,958
	<u>577,702</u>	<u>541,174</u>

#### Revenue from contracts with customers

##### (a) Disaggregated revenue information

For the year ended 31 December 2022

	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>
<b>Types of services</b>				
Rendering of services	473,389	70,002	34,311	577,702
Total revenue from contracts with customers	<u>473,389</u>	<u>70,002</u>	<u>34,311</u>	<u>577,702</u>
<b>Timing of revenue recognition</b>				
Revenue recognised over time	473,389	64,964	11,973	550,326
Revenue recognised at a point in time	—	5,038	22,338	27,376
Total revenue from contracts with customers	<u>473,389</u>	<u>70,002</u>	<u>34,311</u>	<u>577,702</u>

## For the year ended 31 December 2021

	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>
<b>Types of services</b>				
Rendering of services	<u>369,642</u>	<u>140,574</u>	<u>30,958</u>	<u>541,174</u>
Total revenue from contracts with customers	<u><u>369,642</u></u>	<u><u>140,574</u></u>	<u><u>30,958</u></u>	<u><u>541,174</u></u>
<b>Timing of revenue recognition</b>				
Revenue recognised over time	369,642	138,112	6,941	514,695
Revenue recognised at a point in time	<u>—</u>	<u>2,462</u>	<u>24,017</u>	<u>26,479</u>
Total revenue from contracts with customers	<u><u>369,642</u></u>	<u><u>140,574</u></u>	<u><u>30,958</u></u>	<u><u>541,174</u></u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Property management services	<u><u>75,332</u></u>	<u><u>58,362</u></u>

**(b) *Performance obligations***

Information about the Group's performance obligations is summarised below:

*Property management services*

The Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date. The Group has elected the practical expedient not to disclose the remaining performance obligations for these types of contracts. The majority of the property management services contracts do not have a fixed term.

*Value-added services to non-property owners*

Value-added services to non-property owners mainly include preliminary planning and design consultancy services, sales office management services, cleaning, security, greening, repair and maintenance services, security support services, sales assistance services, additional tailored services, housing repair services and pre-delivery inspection services. The term of the contracts for sales assistance is generally set to expire when the counterparties notify the Group that the services are no longer required. Pre-delivery and consulting services are rendered in a short period of time and there were no unsatisfied performance obligations at the end of the respective periods.

*Community value-added services*

Community value-added services mainly include temporary parking service, additional tailored services customised, housing repair services, preliminary planning and design consultancy services. These services are rendered in a short period of time and there were no unsatisfied performance obligations at the end of the respective periods.

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Other income</b>		
Government grants	<b>4,525</b>	2,481
Dividend income from equity investments at fair value through other comprehensive income	<b>310</b>	334
Bank interest income	<b>4,062</b>	233
Management consulting service fees received from a joint venture	<b>73</b>	85
Others	<b>41</b>	246
	<u><b>9,011</b></u>	<u>3,379</u>
<b>Gains</b>		
Gain on disposal of items of property, plant and equipment	<b>17</b>	—
Gain on bargain purchase	<b>—</b>	764
	<u><b>17</b></u>	<u>764</u>
	<u><b>9,028</b></u>	<u>4,143</u>

## 5. PROFIT BEFORE TAX

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Cost of services provided	<b>410,596</b>	386,100
Depreciation of property, plant and equipment	<b>858</b>	525
Depreciation of right-of-use assets	<b>183</b>	734
Amortisation of other intangible assets	<b>2,513</b>	2,286
Auditor's remuneration	<b>1,200</b>	1,810
Impairment of financial assets, net		
Impairment of trade receivables, net	<b>7,388</b>	4,388
Impairment of due from related companies, net	<b>13,544</b>	—
Impairment/(reversal of impairment) of financial assets included in prepayments and other receivables	<b>3,328</b>	(123)
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries and other allowances	<b>216,034</b>	209,489
Pension scheme contributions and social welfare	<b>40,178</b>	39,731
	<b>256,212</b>	249,220

## 6. 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 year ended 31 December 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, including the 25% tax rate, the 15% tax rate under the western preferential tax rate policy, and the preferential tax rate for small and low-profit enterprises. For the year ended 31 December 2022, Lingyue Property Service Group Co., Ltd. and its western branches were subject to the 15% income tax rate, certain subsidiaries were subject to the preferential tax rate for small and low-profit enterprises, and the remaining subsidiaries and branches were subject to the 25% income tax rate.

	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Current — Mainland China:		
Charge for the year	<b>17,718</b>	13,399
Deferred tax	<b>(2,040)</b>	(949)
	<u>15,678</u>	<u>12,450</u>
Total tax charge for the year	<b><u>15,678</u></b>	<b><u>12,450</u></b>

A reconciliation of income tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the income tax expense at the effective income tax rate is follows:

	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Profit before tax	<b>95,935</b>	87,619
Tax at the statutory tax rate	<b>23,984</b>	21,905
Lower tax rates for specific provinces or enacted by local authority	<b>(8,821)</b>	(9,292)
Expenses not deductible for tax	<b>139</b>	55
Tax losses and deductible temporary differences not recognised	<b>725</b>	119
Income not subject to tax	<b>(50)</b>	(165)
Tax losses utilised from previous years	<b>(22)</b>	(167)
Profits and losses attributable to a joint venture	<b>(277)</b>	(5)
	<u>15,678</u>	<u>12,450</u>
Tax charge at the Group's effective rate	<b><u>15,678</u></b>	<b><u>12,450</u></b>

The share of tax charge attributable to a joint venture amounted to RMB369,000 for the year (2021: RMB68,000). It is included in “Share of profits of a joint venture” in the consolidated statement of profit or loss and other comprehensive income.

## 7. DIVIDENDS

The Board proposed no final dividend for the year ended 31 December 2022 (2021: Nil).

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

For the purpose of computing basic and diluted earnings per share, the number of ordinary shares has been adjusted retrospectively for the effect of the reorganisation and the capitalisation issue as described in note 13 as if the reorganisation and capitalisation issue had been completed on 1 January 2020.

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 285,685,000 (2021: 245,436,507) shares in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years of 2022 and 2021 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the years.

The calculations of basic and diluted earnings per share are based on:

	<b>2022</b>	2021
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation:		
From continuing operations	<u><u>77,004</u></u>	<u><u>70,613</u></u>
	<b>Number of shares</b>	
	<b>2022</b>	2021
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	<u><u>285,685,000</u></u>	<u><u>245,436,507</u></u>

## 9. TRADE RECEIVABLES

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	<b>133,812</b>	88,108
Impairment	<b>(18,447)</b>	(11,059)
	<b><u>115,365</u></b>	<b><u>77,049</u></b>

Trade receivables mainly arise from property management services income. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management and credit limits attributed to customers are reviewed once a month. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

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

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	<b>92,902</b>	55,761
1 to 2 years	<b>14,704</b>	13,967
2 to 3 years	<b>5,152</b>	4,897
Over 3 years	<b>2,607</b>	2,424
	<b><u>115,365</u></b>	<b><u>77,049</u></b>



The movements in provision for the loss allowance for impairment of trade receivables are as follows:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
At the beginning of the year	<b>11,059</b>	6,671
Impairment losses, net	<b>7,388</b>	4,388
At the end of the year	<b><u>18,447</u></b>	<b><u>11,059</u></b>

An impairment analysis was performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates were based on the ageing of trade receivables for groupings of various customer segments with similar loss patterns. The calculation reflected the probability-weighted outcome, the time value of money and reasonable and supportable information that was available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables were written off if they aged more than three years and were not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

**As at 31 December 2022**

	<b>Past due</b>				<b>Total</b>
	<b>Less than 1 year</b>	<b>1 to 2 years</b>	<b>2 to 3 years</b>	<b>Over 3 years</b>	
Expected credit loss rate	<b>6.01%</b>	<b>20.71%</b>	<b>39.71%</b>	<b>66.91%</b>	<b>13.79%</b>
Gross carrying amount ( <i>RMB'000</i> )	<b>98,843</b>	<b>18,546</b>	<b>8,546</b>	<b>7,877</b>	<b>133,812</b>
Expected credit losses ( <i>RMB'000</i> )	<b>5,941</b>	<b>3,842</b>	<b>3,394</b>	<b>5,270</b>	<b>18,447</b>

As at 31 December 2021

	Past due				Total
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Expected credit loss rate	5.49%	17.14%	31.94%	52.06%	12.55%
Gross carrying amount (RMB'000)	59,001	16,856	7,195	5,056	88,108
Expected credit losses (RMB'000)	3,240	2,889	2,298	2,632	11,059

## 10. PREPAYMENTS AND OTHER RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Due from third parties	6,380	8,780
Prepayments on behalf of customers to utility suppliers	2,869	4,115
Other prepayments	4,869	6,634
Advances to employees	942	2,546
Deposits	2,671	2,504
Other tax recoverable	1,159	3,445
Other receivables	<u>11,991</u>	<u>6,461</u>
	30,881	34,485
Impairment allowance	<u>(3,797)</u>	<u>(469)</u>
	<u><b>27,084</b></u>	<u><b>34,016</b></u>

Other receivables are unsecured and have no fixed terms of repayment.

The movements in the loss allowance for impairment of other receivables are as follows:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
At the beginning of the year	<b>469</b>	592
Impairment losses recognised/(reversed), net	<b>3,328</b>	(123)
At the end of the year	<b><u>3,797</u></b>	<b><u>469</u></b>

For other receivables included in amounts due from third parties, advances to employees and deposits, the Group made periodic individual assessment on the recoverability based on historical settlement records and past experience.

The Group has assessed that the credit risk of these other receivables included in advances to employees and deposits has not increased significantly since initial recognition and the loss allowance is measured at an amount equal to 12-month ECLs, and has assessed that the expected credit losses are immaterial.

For other receivables included in prepayments on behalf of customers to utility suppliers and other receivables, the Group determined the expected credit loss rate by considering the nature and historical default rates. The Group applied a 5% (2021: 5%) expected credit loss rate to these other receivables during the year.

## 11. TRADE PAYABLES

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

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	<b>44,837</b>	30,434
Over 1 year	<b>3,485</b>	236
	<b><u>48,322</u></b>	<b><u>30,670</u></b>

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

As at 31 December 2022, the carrying amounts of trade payables approximated to their fair values.

## 12. OTHER PAYABLES AND ACCRUALS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Pending output value added tax	6,062	4,646
Payroll and welfare payables	24,665	28,160
Deposits received	25,781	19,256
Receipts on behalf of customers for utilities	16,955	15,779
Consideration payables for acquisition of a subsidiary	—	2,026
Business tax and surcharges	2,843	1,796
Due to non-controlling shareholders of subsidiaries	10,297	11,296
Dividends payable to non-controlling shareholders of subsidiaries	—	2,195
Listing expenses	2,365	4,251
Others	1,392	4,938
	<u>90,360</u>	<u>94,343</u>

Other payables are unsecured and repayable on demand. The fair values of other payables at each reporting date approximated to their corresponding carrying amounts.

## 13. SHARE CAPITAL

### Shares

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Issued and fully paid: 285,685,000 (2021: 285,685,000) ordinary shares of HK\$0.01 each	<u>2,382</u>	<u>2,382</u>

A summary of movements in the Company's share capital is as follows:

	<b>Number of shares in issue</b>	<b>Share capital RMB'000</b>
At 1 January 2021	10,000	—*
Issue of ordinary shares	50,000	—
Issue of ordinary shares upon listing	70,000,000	584
Issue of ordinary shares upon capitalisation	209,940,000	1,751
Issue of ordinary shares upon the over-allotment option	<u>5,685,000</u>	<u>47</u>
At 31 December 2021 and 1 January 2022	285,685,000	2,382
Changes in share capital for the year	<u>—</u>	<u>—</u>
At 31 December 2022	<u><u>285,685,000</u></u>	<u><u>2,382</u></u>

\* *Less than RMB1,000*

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, 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.

## **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 standardisation 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 31 December 2022, the Group has provided property management services and value-added services in 35 cities in China with 249 contracted projects (of which 211 projects have been taken over). The contracted gross floor area (“GFA”) reached approximately 37.8 million square metres (“sq.m.”), increased by around 2.0% as compared to that as at 31 December 2021, among which the GFA under management was approximately 23.6 million sq.m., increased by around 13.4% as compared to that as at 31 December 2021.

## **OUTLOOK**

In 2023, the Group will uphold the service concept of “Friendship, Companionship and Warmheartedness” and insist on the essence of providing quality services.

The Group will establish an innovative value-added service ecosystem. Based on two growth poles of “property management and life services”, we continue to explore innovative value-added services, and keep deepening the innovative value-added service ecosystem to truly realise the coverage of the full lifecycle of community residents.

The Group will promote technology-enabled and digitalised management. We continue to promote technology-enabled properties, leveraging digitalization to realize refined management and operations.

The Group will deepen our brand philosophy and management policy. We are always concerned about people’s happy life. With the corporate vision “To Create Happy and Harmonious Life for the Society”, we will contribute to the Group’s cultural construction and brand value enhancement.

The Group will improve the talent cultivation system, to build a strong talent pool. 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. While focusing on principle business priorities, we provide support to key positions. By conducting five specialized talent training programs, namely “Excellent Joy Program”, “Excellent Joy+ Program”, “Joyful Talent Program”, “Leading and Joyful Trainee Program”, “Leading Talent Program”, we enhance internal talent incubation.

The Group will actively undertake its social responsibility through pro bono activities. We have been carrying out a series of public welfare activities such as “City Care”, “Nature Protection” and “Heart Project” for many years, practicing the concept of wholeheartedly making contribution to public welfare activities, caring for city builders, nature and orphans and seniors living alone, and giving back to the society with public welfare charity.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Model of the Group**

The Group has three business lines, namely, (i) property management services, (ii) value-added services to non-property owners and (iii) community value-added services, forming an integrated service offering to its customers that 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 31 December 2022, the Group's aggregate contracted GFA amounted to approximately 37.8 million sq.m., representing an increase of 2.0% as compared with the same time last year. As at 31 December 2022, the Group managed 211 properties with an aggregate GFA under management of approximately 23.6 million sq.m., representing an increase of 13.4% as compared with same time 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 at the dates indicated.

	<b>As at 31 December</b>	
	<b>2022</b>	2021
Number of properties under management <sup>(1)</sup>	<b>211</b>	183
Number of properties the Group were contracted to manage <sup>(2)</sup>	<b>249</b>	235
GFA under management ( <i>sq.m. in thousands</i> )	<b>23,592</b>	20,804
Contracted GFA ( <i>sq.m. in thousands</i> )	<b>37,834</b>	37,101
Undelivered GFA ( <i>sq.m. in thousands</i> ) <sup>(3)</sup>	<b>14,242</b>	16,297

### 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 31 December 2022 ranges from January 2023 to September 2024.



## Geographic Presence of the Group

As at 31 December 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.

	As at/For the year ended 31 December							
	2022				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	%
Sichuan Province <sup>(1)</sup>	178	18,790	375,030	79.2	152	16,688	298,141	80.7
Xinjiang Uygur Autonomous Region <sup>(2)</sup>	14	1,980	36,745	7.8	14	1,968	26,293	7.1
Guangdong Province <sup>(3)</sup>	8	1,125	24,173	5.1	8	912	18,051	4.9
Jilin Province <sup>(4)</sup>	3	598	19,994	4.2	3	598	22,262	6.0
Hebei Province <sup>(5)</sup>	2	148	3,366	0.7	2	140	3,513	1.0
Henan Province <sup>(6)</sup>	2	224	2,378	0.5	1	12	132	—
Hubei Province <sup>(7)</sup>	1	396	6,350	1.3	1	286	500	0.1
Jiangsu Province <sup>(8)</sup>	1	113	2,130	0.5	1	41	—	—
Guizhou Province <sup>(9)</sup>	1	132	457	0.1	—	—	750	0.2
Chongqing Municipality	1	86	2,766	0.6	—	—	—	—
Yunnan Province	—	—	—	—	1	161	—	—
<b>Total</b>	<b>211</b>	<b>23,592</b>	<b>473,389</b>	<b>100.0</b>	<b>183</b>	<b>20,804</b>	<b>369,642</b>	<b>100.0</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 Foshan, Shanwei and Huizhou.
- (4) The Group provided property management services to properties located in Changchun.
- (5) The Group provided property management services to properties located in Chengde.

- (6) The Group provided property management services to properties located in Zhumadian.
- (7) The Group provided property management services to properties located in Jingzhou.
- (8) The Group provided property management services to properties located in Xuzhou.
- (9) The Group provided property management services to properties located in Kaili.

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

	As at 31 December					
	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>	204	27,940	9,150	187	27,227	10,540
Xinjiang Uygur Autonomous Region <sup>(2)</sup>	22	5,274	3,294	23	4,572	2,604
Guangdong Province <sup>(3)</sup>	9	1,314	189	9	1,314	403
Hebei Province <sup>(4)</sup>	3	211	63	4	265	125
Henan Province <sup>(5)</sup>	3	829	605	3	829	817
Jilin Province <sup>(6)</sup>	3	598	—	3	598	—
Guizhou Province <sup>(7)</sup>	2	1,073	941	2	1,073	1,073
Hubei Province <sup>(8)</sup>	1	396	—	1	396	110
Jiangsu Province <sup>(9)</sup>	1	113	—	1	113	72
Chongqing Municipality	1	86	—	1	86	86
Yunnan Province	—	—	—	1	628	467
<b>Total</b>	<b>249</b>	<b>37,834</b>	<b>14,242</b>	<b>235</b>	<b>37,101</b>	<b>16,297</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 Foshan, Shanwei, Shenzhen and Huizhou.
- (4) The Group was contracted to provide property management services to properties located in Chengde.

- (5) The Group was contracted to provide property management services to properties located in Luohe, Zhumadian and Xingyang.
- (6) The Group was contracted to provide property management services to properties located in Changchun.
- (7) The Group was contracted to provide property management services to properties located in Qiannan, Kaili, Bijie and Zunyi.
- (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 Group. The following tables set forth a breakdown by developer type as at the dates indicated or the periods indicated of the Group's (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 year ended 31 December							
	2022				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>	77	13,060	307,948	65.0	65	10,982	251,631	68.1
Joint ventures of Leading Holdings Group <sup>(2)</sup>	8	886	25,067	5.3	5	579	7,446	2.0
Non-Leading Holdings Group and non-joint ventures of Leading Holdings Group <sup>(3)</sup>	126	9,646	140,374	29.7	113	9,243	110,565	29.9
<b>Total</b>	<b>211</b>	<b>23,592</b>	<b>473,389</b>	<b>100.0</b>	<b>183</b>	<b>20,804</b>	<b>369,642</b>	<b>100.0</b>

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

	As at 31 December					
	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)
Leading Holdings Group <sup>(1)</sup>	97	19,624	6,564	96	19,322	8,340
Joint ventures of Leading Holdings Group <sup>(2)</sup>	16	3,286	2,400	14	3,135	2,556
Non-Leading Holdings Group and non-joint ventures of Leading Holdings Group <sup>(3)</sup>	136	14,924	5,278	125	14,644	5,401
Total	<u>249</u>	<u>37,834</u>	<u>14,242</u>	<u>235</u>	<u>37,101</u>	<u>16,297</u>

*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 the Group's 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:

As at/For the year ended 31 December

	2022				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	%
Residential properties	119	18,416	291,384	61.5	107	16,095	209,603	56.7
— Preliminary stage <sup>(1)</sup>	102	15,007	225,659	47.6	87	12,587	163,406	44.2
— Property owners' association stage <sup>(2)</sup>	17	3,409	65,725	13.9	20	3,508	46,197	12.5
Commercial properties	7	729	86,001	18.2	3	182	102,507	27.7
Public and other properties	85	4,447	96,004	20.3	73	4,527	57,532	15.6
<b>Total</b>	<b>211</b>	<b>23,592</b>	<b>473,389</b>	<b>100.0</b>	<b>183</b>	<b>20,804</b>	<b>369,642</b>	<b>100.0</b>

*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.

During the Year, revenue from value-added services to non-property owners decreased by 50.2% to approximately RMB70.0 million compared to approximately RMB140.6 million in the corresponding period of 2021, mainly due to the decrease of sales office management services and security support services. During the Year, the revenue from value-added services to non-property owners accounted for 12.2% of the total revenue. The following table sets forth a breakdown of the Group's revenue from value-added services to non-property owners for the periods indicated.

	For the year ended 31 December			
	2022		2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Preliminary planning and design consultancy services	3,745	5.4	7,481	5.3
Sales office management services	50,207	71.7	101,191	72.0
Pre-delivery services	842	1.2	238	0.2
Repair and maintenance services	3,601	5.1	8,178	5.8
Property transaction assistance services	3,015	4.3	205	0.1
Security support services	8,592	12.3	23,281	16.6
<b>Total</b>	<b>70,002</b>	<b>100.0</b>	<b>140,574</b>	<b>100.0</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.

During the Year, the revenue from community value-added services increased by 10.8% to approximately RMB34.3 million compared to approximately RMB31.0 million in the corresponding period of 2021, mainly due to the increase of decoration and turnkey furnishing services. During the Year, 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 year ended 31 December			
	2022		2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Community space management services	8,114	23.7	6,786	21.9
Decoration and turnkey furnishing services	18,540	54.0	12,677	40.9
Convenient living services	7,069	20.6	11,006	35.6
Community retail services	588	1.7	489	1.6
<b>Total</b>	<b>34,311</b>	<b>100.0</b>	<b>30,958</b>	<b>100.0</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 Year, the Group's revenue amounted to approximately RMB577.7 million, representing an increase of approximately 6.7% compared with RMB541.2 million in the same period of 2021.

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

	For the year ended 31 December			
	2022		2021	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	<b>473,389</b>	<b>81.9</b>	369,642	68.3
Value-added services to non-property owners	<b>70,002</b>	<b>12.2</b>	140,574	26.0
Community value-added services	<b>34,311</b>	<b>5.9</b>	30,958	5.7
Total	<b><u>577,702</u></b>	<b><u>100.0</u></b>	<b><u>541,174</u></b>	<b><u>100.0</u></b>

Property management services is still the largest source of revenue for the Group. For the year ended 31 December 2022, revenue from property management services reached approximately RMB473.4 million, accounting for 81.9% 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 Year, the cost of sales of the Group was approximately RMB410.6 million, representing an increase of approximately 6.3% compared with approximately RMB386.1 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 Year, the Group's gross profit increased by approximately 7.8% from approximately RMB155.1 million for the corresponding period in 2021 to approximately RMB167.1 million.

During the Year, the gross profit margin of the Group increased by 0.2 percentage points to 28.9% from 28.7% for the same period in 2021, mainly due to the growth rate of revenue being greater than the growth rate of the Group's cost of sales.

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

	For the year ended 31 December		
	2022 gross profit margin	2021 gross profit margin	Changes in gross profit margin
	%	%	%
Property management services	27.8	27.2	0.6
Value-added services to non-property owners	29.7	29.4	0.3
Community value-added services	43.3	42.8	0.5
<b>Total</b>	<b>28.9</b>	<b>28.7</b>	<b>0.2</b>

## Administrative Expenses

During the Year, the administrative expenses of the Group decreased by approximately 16.1% from approximately RMB67.2 million for the same period in 2021 to approximately RMB56.4 million, mainly due to the control of labor cost.

## Income Tax Expense

During the Year, the income tax expenses of the Group increased by approximately 25.9% from RMB12.5 million for the same period in 2021 to approximately RMB15.7 million. The trend was consistent with the increase of profit of the Group during the Reporting Period.



## **Profit Attributable to Owners of the Company**

During the Year, total comprehensive income attributable to owners of the Company for the period was approximately RMB76.6 million, representing an increase of approximately 10.2% compared with RMB69.6 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 31 December 2022, the Group's trade receivables amounted to approximately RMB115.4 million, representing an increase of approximately RMB38.3 million or 49.7% compared with RMB77.0 million as at 31 December 2021. The increase was due to the growth of revenue.

## **Prepayments and Other Receivables**

As at 31 December 2022, the Group's prepayments and other receivables amounted to approximately RMB27.1 million, representing a decrease of approximately 20.4% compared with RMB34.0 million as at 31 December 2021. Due to the increase in occupancy rate, prepayments on behalf of property owners was decreased. And with optimisation of the purchasing management, project reserves decreased.

## **Trade Payables**

As at 31 December 2022, the Group's trade payables amounted to approximately RMB48.3 million, representing an increase of approximately 57.6% 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.

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

## **Cash Position**

As at 31 December 2022, the Group had cash and bank balances of approximately RMB361.0 million (31 December 2021: RMB275.4 million).

## **Current Ratio and Gearing Ratio**

As at 31 December 2022, the Group's current ratio (current assets to current liabilities) is approximately 2.6 (31 December 2021: 2.6). 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 31 December 2022 is not meaningful because the Group's interest-bearing borrowings as at the same dates was nil (as at 31 December 2021: nil).

## **Foreign Exchange Risk**

The Group primarily operates its business in China. The currency in which the Group denominates and settles of its transactions is mainly RMB. Any depreciation of RMB would adversely affect the value of any dividends the Group pays to shareholders of the Company (the "Shareholders") outside of the PRC. As at 31 December 2022, certain bank balances and cash were denominated in Hong Kong dollar, United States dollar and Australian dollar. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk as it is expected that there will be no material foreign exchange exposure.

## **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.

## **Pledge of Assets**

As at 31 December 2022, the pledge deposit of the Group was RMB0.1 million (31 December 2021: RMB0.1 million).

## **Contingent Liabilities**

As at 31 December 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 Year.

## **SIGNIFICANT INVESTMENTS HELD BY THE GROUP**

During the Year, 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 POLICY**

As at 31 December 2022, the Group had 4,405 employees (31 December 2021: 4,121 employees). For the year ended 31 December 2022, the total staff costs were approximately RMB257.4 million and the total staff costs were approximately RMB252.3 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.

## **SUBSEQUENT EVENTS AFTER THE YEAR**

No material events were undertaken by the Group subsequent to 31 December 2022 and up to the date of this announcement.

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

Neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company’s listed shares during the Year.

## **FINAL DIVIDEND**

The Board did not recommend the payment of a final dividend for the year ended 31 December 2022 (31 December 2021: nil).

## **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 Corporate Governance Code (“**CG Code**”) as contained in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as the basis of the Company’s corporate governance practices.

For the Year, so far as the Directors are aware, the Company has complied with all the applicable code provisions as set out in the CG Code.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules 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 for the Year.

The Company is not aware of any incident of non-compliance of the Model Code committed by any Directors, or relevant employees for the Year.

## **REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE**

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix 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 Audit Committee and the Company’s management have also reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to risk management, internal control and financial reporting. The Audit Committee has reviewed and agreed with the management of the Company on the annual results of the Group for the year ended 31 December 2022.

## **SCOPE OF WORK OF THE AUDITOR**

The figures in respect of the Group’s consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group’s auditor, Ernst & Young, to the amounts set out in the Group’s consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company (the “**AGM**”) is scheduled to be convened and held on Monday, 19 June 2023. A notice convening the AGM will be published on the websites of the Hong Kong Exchanges and Clearing Limited and the Company and despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determination of the eligibility of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 14 June 2023 to Monday, 19 June 2023 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, 13 June 2023.

## **PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT**

This announcement will be published on the websites of the Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.lingyue-service.com](http://www.lingyue-service.com)), respectively. The annual report of the Company for the year ended 31 December 2022 will be despatched to the Shareholders and made available on the above-mentioned websites in due course.

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

Hong Kong, 30 March 2023

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