

LSFW 魯商服務

Lushang Life Services Co., Ltd.
魯商生活服務股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
Stock Code: 2376



2024
INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Zhongwu (*Chairman*)
Mr. Shao Meng

Non-executive Directors

Ms. Li Lu
Ms. Luo Ye
Ms. Li Han

Independent Non-executive Directors

Ms. Leung Bik San
Ms. Chen Xiaojing
Mr. Ma Tao

BOARD COMMITTEE

Audit Committee

Ms. Leung Bik San (*Chairlady*)
Ms. Li Lu
Ms. Chen Xiaojing

Remuneration Committee

Mr. Ma Tao (*Chairman*)
Mr. Wang Zhongwu
Ms. Chen Xiaojing

Nomination Committee

Ms. Chen Xiaojing (*Chairlady*)
Ms. Li Lu
Mr. Ma Tao

Strategy and ESG Committee

Mr. Wang Zhongwu (*Chairman*)
Mr. Shao Meng
Ms. Chen Xiaojing

SUPERVISORY COMMITTEE

Supervisors

Mr. Wang Hongtao (*Chairman*)
Mr. Zhang Xiangqian
Ms. Pan Meng

JOINT COMPANY SECRETARIES

Mr. Yang Zhen
Mr. Wong Wai Chiu

AUTHORIZED REPRESENTATIVES

Mr. Wang Zhongwu
Mr. Wong Wai Chiu

CORPORATE INFORMATION

REGISTERED OFFICE IN THE PRC

Room 202, Block 2, Lushang Guo'ao City
No. 9777 Jingshi Road
Lixia District, Jinan
Shandong, PRC

HEADQUARTERS IN THE PRC

Room 202, Block 2, Lushang Guo'ao City
No. 9777 Jingshi Road
Lixia District, Jinan
Shandong, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre
248 Queen's Road East, Wanchai
Hong Kong

H SHARE REGISTRAR**Tricor Investor Services Limited**

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

LEGAL ADVISER**As to Hong Kong laws**

Patrick Mak & Tse

As to PRC laws

Commerce & Finance Law Offices

PRINCIPAL BANKS

China Citic Bank Jinan Lixia Branch
Agricultural Bank of China Kaiyuan Branch

COMPANY'S WEBSITE

www.lushangfuwu.com

STOCK CODE

2376



DEFINITIONS

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings:

Acquisition	acquisition of the 100% equity interest in Daantong by the Company, as referred to in the Acquisition Announcement
Acquisition Announcement	the announcement of the Company dated February 27, 2024, in relation to, amongst other things, the Acquisition and the Equity Interest Transfer Agreement
Articles of Association	the articles of association of the Company
associate	has the meaning ascribed thereto under the Listing Rules
Audit Committee	the audit committee of the Company
Board	the board of Directors
China or PRC	the People's Republic of China
Company	Lushang Life Services Co., Ltd (formerly known as Shandong Lushang Property Services Co., Ltd. (山東魯商物業服務有限公司)), a company established in the PRC with limited liability on March 24, 2006 and converted into a joint stock company with limited liability on March 12, 2021 and the H Shares of which are listed on the Stock Exchange (stock code: 2376)
controlling shareholder	has the meaning ascribed thereto under the Listing Rules
Corporate Governance Code	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
Director(s)	director(s) of the Company
Disposal	disposal of the 100% equity interest in Shandong HuiBangDa by the Company, as referred to in the Disposal Announcement
Disposal Announcement	the announcement of the Company dated February 27, 2024, in relation to, amongst other things, the Disposal and the Equity Disposal Agreement
Equity Interest Transfer Agreement	the equity interest transfer agreement in relation to, amongst other things, the Acquisition, as referred to in the Acquisition Announcement
Equity Disposal Agreement	the equity transfer agreement in relation to, amongst other things, the Disposal, as referred to in the Disposal Announcement
Domestic Shares	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid for in RMB
Daantong	Daantong (Shandong) Mechanical and Electrical Equipment Engineering Co., Ltd.* (達安通(山東)機電設備工程有限責任公司) (formerly known as Shandong Lujian Property Management Limited* (山東魯健產業管理有限公司)), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company upon completion of the Acquisition

DEFINITIONS

GFA	gross floor area
Green Development	Shandong Urban and Rural Green Industry Development Investment Co., Ltd. (山東省城鄉綠色產業發展投資有限公司) (formerly known as Shandong Lushang Innovation Development Co., Ltd (山東魯商創新發展有限公司))
Group, we, our or us	the Companies and its subsidiaries
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
H Shares	the ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are listed on the Main Board of the Stock Exchange and subscribed for and traded in Hong Kong dollars
IFRS	International Financial Reporting Standards
Listing	the listing of the H Shares on the Main Board
Listing Date	the date of the Listing, being July 8, 2022
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Lushang Freda	Lushang Freda Pharmaceutical Co., Ltd. (魯商福瑞達醫藥股份有限公司) (formerly known as Lushang Health Industry Development Co., Ltd. (魯商健康產業發展股份有限公司)), a joint stock company established in the PRC with limited liability on April 21, 1993, whose shares are listed on the Shanghai Stock Exchange (stock code: 600223) and a controlling shareholder of the Company
Lushang Freda Group	Lushang Freda and together with its subsidiaries
Main Board	the main board of the Stock Exchange
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
Net Proceeds	the net proceeds from the Listing of approximately HK\$138 million
Period	the six months ended June 30, 2024
Prospectus	the prospectus of the Company dated June 27, 2022
RMB	Renminbi, the lawful currency of the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shandong Commercial	Shandong Commercial Group Co., Ltd.
Shandong Commercial Group	Shandong Commercial and together with its subsidiaries

DEFINITIONS

Shandong HuiBangDa	Shandong HuiBangDa Furbishing Engineering Co., Ltd.* (山東省匯邦達裝飾工程有限公司), a company incorporated in the PRC with limited liability, a wholly-owned subsidiary of the Company prior to the completion of the Disposal
Shareholders	the shareholders of the Company
ShineWing	ShineWing Certified Public Accountants (Special General Partnership) (信永中和會計師事務所(特殊普通合夥)) (“ ShineWing ”), the auditor of the Company
sq.m.	square meters
Stock Exchange	The Stock Exchange of Hong Kong Limited
Supervisors	the supervisors of the Company
treasury shares	has the meaning ascribed thereto under the Listing Rules

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

We are a comprehensive property management service provider with a market leading position in Shandong Province and a proven track record of rapid growth. During the Period, the revenue of the Group was RMB308.6 million, representing a decrease by 1.7% as compared with RMB314.0 million for the six months ended June 30, 2023. The Company's net profit attributable to owners of the parent company during the Period was RMB21.7 million, representing a decrease by 27.7% as compared with RMB30.0 million for the last corresponding period. As at June 30, 2024, the Group had 97 projects under management, with the total gross floor area ("GFA") under management of 23.5 million square meters ("sq.m.") (June 30, 2023: 23.8 million sq.m.), representing a decrease by 1.3%. It also had 97 contracted projects, with total contracted area of 26.8 million sq.m. (June 30, 2023: 27.4 million sq.m.), representing a decrease by 2.2%. Headquartered in Jinan, Shandong Province, through 18 years of development since our establishment in 2006, we have expanded our coverage to nearly all prefecture-level cities in Shandong Province and to Beijing and Harbin. We are deeply rooted in Shandong Province, which, according to CIA, is one of the most populous and economically prosperous provinces in China, and has always been and will continue to be our strategic development focus. According to National Bureau of Statistics, as at June 30, 2024, the aggregate GDP of Shandong Province ranked 3rd among all provinces in China, and the annual disposable income per capita in Shandong Province is higher than the average in China. Throughout the course of our development, we have adhered to our vision of "service provider for wonderful life" ("美好生活服務商") in conducting our business. We believe that our commitment to customer satisfaction and customer-centric culture have shaped our brand image and helped to establish our leading market position in Shandong Province.

Note: After the Acquisition, due to the reasons for the Acquisition as disclosed in the Acquisition Announcement, to align with the business development of the Group, Daantong's original real estate business is no longer in operation and Daantong will focus on new businesses such as elevator maintenance and installation after the Acquisition, so the restated data for the same period in 2023 is not comparable with the data for the same period in 2024. This paragraph uses the data for the same period of 2023 before the restatement for comparison to more accurately reflect the actual operating status of the Company.

The Business Model of the Company

During the Period, we generated revenue primarily from three service lines: (i) property management services; (ii) value-added services to non-property owners; and (iii) community value-added services.

Property management services: accounting for approximately 53.6% of total revenue

For the Period, the Group's revenue from property management services amounted to approximately RMB165.5 million, representing an increase of approximately 0.4% as compared to the same period in 2023, which remained relatively stable.

We have maintained a close and long-term relationship with Shandong Commercial Group. Shandong Commercial is a large-scale holding company with a wider range of investments among other sectors in the commerce and e-commerce industry, the pharmaceutical and cosmetic industry, the life service industry and education, etc. As at June 30, 2024, 67 properties under our management were developed by Shandong Commercial Group, with a total GFA under management of 15.7 million sq.m., representing an increase of 0.9 million sq.m. as compared to June 30, 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW (CONTINUED)**The Business Model of the Company** (Continued)**Property management services: accounting for approximately 53.6% of total revenue** (Continued)

The following table sets forth the changes in the GFA under management of the Group for the periods indicated:

Source of projects	As at June 30,		As at June 30,		Change GFA under management sq.m.'000	Growth rate %
	2024 GFA under management sq.m.'000	Proportion of GFA under management %	2023 GFA under management sq.m.'000	Proportion of GFA under management %		
Related parties	15,691	66.7	14,822	62.2	869	5.9
Third parties	7,818	33.3	9,008	37.8	-1,190	-13.2
Total	23,509	100.0	23,830	100.0	-321	-1.3

Note: The decrease in GFA under the management of the Group in respect of projects from third parties during the Period was mainly due to the Company's exit from certain low-margin relocation housing projects.

The following table sets forth a breakdown of the Group's revenue, GFA under management and number of projects under management by property type for the periods indicated:

Type of projects	2024		2024		2023		2023		Number of projects under management	
	Revenue		GFA under management		Revenue		GFA under management			
	RMB'000	%	sq.m.'000	%	RMB'000	%	sq.m.'000	%		
Residential properties	92,393	55.8	13,106	55.8	39	96,026	58.2	13,981	58.7	46
Non-residential properties										
(1) Commercial properties	44,135	26.7	3,915	16.6	39	39,558	24.0	2,536	10.6	25
(2) Others	28,991	17.5	6,486	27.6	19	29,274	17.8	7,313	30.7	25
Total	165,519	100.0	23,509	100.0	97	164,858	100.0	23,830	100.0	96

We provide property management to a diversified portfolio of properties, including both residential properties and non-residential properties such as commercial complexes, municipal facilities, office buildings, apartments, schools, theme towns, hospitals, banks, industrial parks and airline base property. As of June 30, 2024, we managed a total of 58 non-residential properties, with an aggregate GFA of non-residential properties under management of approximately 10.4 million sq.m.. Our diversified portfolio of properties under management has helped us diversify our revenue streams.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW (CONTINUED)**The Business Model of the Company** (Continued)**Value-added services to non-property owners: accounting for approximately 24.6% of total revenue**

The following table sets forth a breakdown of revenue from value-added services to non-property owners of the Group by service type for the periods indicated:

Service type	As at June 30,			
	2024		2023	
	RMB'000	Percentage of revenue %	RMB'000	Percentage of revenue %
Design services	17,188	22.7	28,445	32.0
Landscaping services	49,994	66.0	45,646	51.4
Preliminary property management services	5,983	7.9	7,687	8.7
Pre-delivery services	1,641	2.2	4,957	5.6
Other customized services	932	1.2	2,047	2.3
Total	75,738	100.0	88,782	100.0

For the Period, the Group's revenue from value-added services to non-property owners amounted to approximately RMB75.7 million, representing a decrease of approximately 14.7% over the same period in 2023, mainly due to the decrease in the number of projects delivered by property developers as a result of the downturn of the real estate market in the PRC, resulting in a decrease in revenue from preliminary property management services, pre-delivery services, design services.

Our value-added services to non-property owners, comprising property developers, cover the entire industry value chain of real estate development. Through the provision of such services, we can establish in-depth and extensive cooperative relationships with property developers, while developing warm interaction with property owners to increase customer stickiness at a relatively early stage.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW (CONTINUED)**The Business Model of the Company** (Continued)**Community value-added services: accounting for approximately 21.8% of total revenue**

The table below sets forth a breakdown of revenue generated from value-added services to community of the Group by service type for the periods indicated:

Service type	As at June 30,			
	2024		2023	
	RMB'000	Percentage of revenue %	RMB'000	Percentage of revenue %
Parking space management services	18,757	27.9	19,741	32.7
Community living services	29,292	43.5	19,923	33.0
Utility management services	14,439	21.5	15,085	25.0
Community space and resource management services	4,804	7.1	5,625	9.3
Total	67,292	100.0	60,374	100.0

We aim to improve our property owners' and residents' quality of life by providing them with access to a wide range of community value-added services. For the Period, the Group's revenue from community value-added services amounted to approximately RMB67.3 million, representing an increase of approximately 11.5% as compared with the same period of 2023, mainly due to the increase in the scale of our community sales and community group meals businesses.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue comes from three main service lines: (i) property management services; (ii) value-added services to non-property owners; and (iii) community value-added services. The following table sets out the breakdown of revenue by service lines during the indicated periods:

Revenue	Six months ended June 30, 2024		2023		Growth Rate %
	RMB'000	Percentage of revenue %	RMB'000	Percentage of revenue %	
Property management services	165,519	53.6	164,858	26.3	0.4
Value-added services to non-property owners	75,738	24.6	88,782	14.2	-14.7
Community value-added services	67,292	21.8	60,374	9.6	11.5
Real estate ¹	–	–	298,483	47.6	-100.0
Leasing ¹	–	–	14,765	2.4	-100.0
Total	308,549	100.0	627,262	100.0	-50.8

Note 1: The businesses and data herein represent the businesses operated by Daantong before the Acquisition, and such businesses are no longer in operation after the Acquisition.

For the Period, the total revenue of the Group was approximately RMB308.5 million (June 30, 2023: approximately RMB627.3 million), representing a decrease of approximately 50.8% as compared with the same period in 2023, primarily due to the restatement of data after the Acquisition. It also represents a decrease of approximately 1.7% as compared with the same period in 2023 before the restatement (the total revenue of the Group for the six months ended June 30, 2023 before the restatement was approximately RMB314.0 million), primarily due to a decrease in revenue of value-added services to non-property owners.

Property management services: The revenue of our property management services increased by 0.4% from RMB164.9 million for the six months ended June 30, 2023 to RMB165.6 million for the Period, which remained relatively stable.

Value-added services to non-property owners: The revenue of our value-added services to non-property owners decreased by 14.7% from RMB88.8 million for the six months ended June 30, 2023 to RMB75.7 million for the Period, primarily due to the decrease in the number of projects delivered by property developers as a result of the downturn of the real estate market in the PRC, resulting in a decrease in revenue from preliminary property management services, pre-delivery services, design services.

Community value-added services: The revenue of our community value-added services increased by 11.5% from RMB60.4 million for the six months ended June 30, 2023 to RMB67.3 million for the Period, primarily due to the increase in the scale of our community sales and community group meals businesses.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONTINUED)**Cost of Sales**

For the Period, the cost of sales of the Group was approximately RMB248.1 million (June 30, 2023: approximately RMB549.4 million), representing a decrease of approximately 54.9% as compared with the same period in 2023, primarily due to the restatement of data after the Acquisition. It also represents an increase of approximately 0.8% as compared with the same period in 2023 before the restatement (the cost of sales of the Group for the six months ended June 30, 2023 before the restatement was approximately RMB246.1 million), which remained relatively stable.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of the gross profit and gross profit margin of the Group by service lines during the indicated periods:

	Six months ended June 30, 2024		Six months ended June 30, 2023	
	Gross profit (RMB'000)	Gross profit margin %	Gross profit (RMB'000)	Gross profit margin %
Property management services	32,202	19.5	31,535	19.1
Value-added services to non-property owners	10,737	14.1	19,182	21.6
Community value-added services	17,516	26.0	17,208	28.5
Real estate	–	–	7,020	2.4
Leasing	–	–	2,876	19.5
Total	60,455	19.6	77,822	12.4

For the Period, our gross profit was approximately RMB60.5 million, representing a decrease of 22.3% as compared with RMB77.8 million for the same period in 2023. The gross profit margin of the Group increased from approximately 12.4% in the same period in 2023 to approximately 19.6%.

For the Period, the gross profit margin of property management services of the Group was approximately 19.5% (June 30, 2023: approximately 19.1%).

The gross profit margin of value-added services to non-property owners of the Group was approximately 14.1% (June 30, 2023: approximately 21.6%). The drop in the gross profit margin of value-added services to non-property owners as compared with the same period last year was mainly due to the downturn in the real estate market, which led to a decrease in revenue from design services with higher gross profit margins and the increase in revenue from landscaping services with lower gross profit margins, which reduced the overall gross profit margin.

The gross profit margin of community value-added services of the Group was approximately 26.0% (June 30, 2023: approximately 28.5%), due to the expansion of the scale of community group meals business with lower gross profit margins.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONTINUED)**Management and Research and Development Expenses**

For the Period, the management and research and development expenses of the Group were approximately RMB26.0 million, representing an increase of approximately 16.6% from approximately RMB22.3 million for the six months ended June 30, 2023, primarily due to the increase in the scale of our community sales and community group meals businesses.

Profit for the Period

For the Period, our profit for the period was approximately RMB21.9 million, representing a decrease of approximately 0.3% from approximately RMB22.0 million in the same period of 2023.

Current Assets

As at June 30, 2024, the current assets of the Group were approximately RMB800.6 million, representing a decrease of approximately 0.3% as compared with approximately RMB803.1 million as at December 31, 2023. As at June 30, 2024, the current ratio (current assets divided by current liabilities) of the Group was approximately 2.3 (December 31, 2023: approximately 2.1).

Fixed Assets and Right-of-use Assets

Our fixed assets and right-of-use assets mainly consist of plant and buildings, machinery and other equipment and vehicles. As at June 30, 2024, the Group's fixed assets and right-of-use assets amounted to approximately RMB50.9 million, representing a decrease of approximately RMB1.6 million as compared with approximately RMB52.5 million as at December 31, 2023, primarily due to the depreciation of the fixed assets and right-of-use assets during the Period.

Trade and Bills Receivables

Our trade and bill receivables increased from RMB313.4 million as at December 31, 2023 to RMB313.6 million as at June 30, 2024, which was stable as compared with the end of 2023.

Prepayments and Other Receivables

Our prepayments and other receivables primarily include (i) prepayments, mainly represents prepayments we made to energy providers on behalf of property owners and residents; and (ii) deposits, mainly represents deposits made for participating in tender and bidding process for obtaining projects and contract performance deposits.

As at June 30, 2024, prepayments and other receivables amounted to approximately RMB9.0 million, representing a decrease of approximately RMB0.5 million as compared with approximately RMB9.5 million as at December 31, 2023, which was stable as compared with the end of 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW *(CONTINUED)*

Trade Payables

As at June 30, 2024, trade payables amounted to approximately RMB184.0 million, representing a decrease of approximately RMB17.7 million as compared with approximately RMB201.7 million as at December 31, 2023, primarily attributable to the Disposal which was completed on May 9, 2024 prior to the end of the Period and hence trade payables in June 2024 did not include trade payables of Shandong HuiBangDa, resulting in a decrease in trade payables as compared with the end of 2023.

Other Payables

Our other payables primarily consist of (i) accrued payroll; (ii) other taxes payables; and (iii) other payables.

As at June 30, 2024, other payables amounted to approximately RMB91.7 million, representing an increase of approximately RMB3.1 million as compared with approximately RMB88.6 million as at December 31, 2023, which remained relatively stable.

Liquidity and Capital Resources

Our principal use of cash has been for working capital purposes. Our main source of liquidity has been generated from cash flow from operations.

Cash and Cash Equivalents

As at June 30, 2024, the Group's cash and cash equivalents amounted to approximately RMB385.0 million, representing a decrease of 6.6% as compared with approximately RMB412.09 million as at December 31, 2023, primarily due to our increased efforts on daily repair and maintenance of building facilities and equipment for the Period to improve the quality of services.

Such cash and cash equivalents included approximately RMB385.0 million (December 31, 2023: RMB412.09 million) denominated in RMB and approximately RMB0.003 million (December 31, 2023: RMB0.003 million) denominated in HK\$, calculated based on the exchange rate as at June 30, 2024.

Interest-bearing Borrowings

Our interest-bearing borrowings was RMB8.01 million as of June 30, 2024 (December 31, 2023: RMB0.1 million), all denominated in RMB with maturity on March 25, 2025 at the fixed rate of 3.5% per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONTINUED)**Pledge of Assets**

As at December 31, 2023, we had pledged assets of RMB2.3 million as securities for our interest-bearing borrowings. During the Period, these pledged assets were released.

Gearing Ratio

Gearing ratio is calculated based on total liabilities, which represent the sum of current liabilities and non-current liabilities, divided by total assets, which represent the sum of current assets and non-current assets, as at the respective dates and multiplied by 100%. Our gearing ratio was 39.5% as at June 30, 2024 (December 31, 2023: 41.6%).

Significant Investments, Material Acquisitions and Disposals***Connected Transaction in relation to the Acquisition of the Equity Interest in Daantong***

On February 27, 2024 (after trading hours of the Stock Exchange), the Company (as purchaser) entered into the Equity Interest Transfer Agreement with Lushang Freda (as vendor) and Daantong (as target company) in relation to the Acquisition. The consideration under the Equity Interest Transfer Agreement in relation to the Acquisition is RMB4,878,300.00 (equivalent to approximately HK\$5,302,500.00).

As at the date of the Acquisition Announcement, Daantong was owned by Lushang Freda as to 100% of its equity interest, and therefore Daantong was a wholly-owned subsidiary of Lushang Freda. Immediately upon the completion of the Equity Interest Transfer Agreement, Daantong has become a directly wholly-owned subsidiary of the Company, and the financial results of Daantong has been consolidated into the consolidated financial statements of the Group. For details, please refer to the Acquisition Announcement.

Completion of the Acquisition took place on March 4, 2024.

Discloseable and Connected Transaction in relation to the Disposal of 100% of the Equity Interest in Shandong HuiBangDa

On February 27, 2024 (after trading hours of the Stock Exchange), the Company (as vendor) entered into the Equity Disposal Agreement with Shandong Urban and Rural Development Group Co., Ltd.* (山東省城鄉發展集團有限公司) (“Shandong Urban”), a company established in the PRC with limited liability and a wholly-owned subsidiary of Shandong Commercial, the controlling Shareholder of the Company (as purchaser) and Shandong HuiBangDa (as target company), pursuant to which the Company has conditionally agreed to sell and Shandong Urban has conditionally agreed to acquire 100% of the equity interest in Shandong HuiBangDa, at the consideration of RMB21,864,000.00 (equivalent to approximately HK\$23,765,217.39) in cash.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONTINUED)

Significant Investments, Material Acquisitions and Disposals (Continued)

Discloseable and Connected Transaction in relation to the Disposal of 100% of the Equity Interest in Shandong HuiBangDa (Continued)

Immediately upon the completion of the Equity Disposal Agreement, Shandong HuiBangDa has been owned by Shandong Urban as to 100% of its equity interest, and following the Disposal, the Company has ceased to have any interest in Shandong HuiBangDa and, accordingly, the financial results of Shandong HuiBangDa has longer been consolidated in the Group's accounts.

For details of the Disposal, please refer to the announcement of the Company dated February 27, 2024, the circular of the Company dated March 22, 2024 and the announcement of the Company dated April 19, 2024.

Completion of the Disposal took place on May 9, 2024.

Save as disclosed in this report, there were no significant investments, material acquisitions and disposals of subsidiaries, associates or joint ventures during the Period.

Future Plans for Material Investments and Capital Assets

The Group has no future plan for material investments or capital assets during the Period. However, the Group will continue to identify new opportunities for business development.

Contingent Liabilities and Commitments

We did not have any other outstanding guarantees or other material contingent liabilities as at June 30, 2024.

Proceeds from the Listing

The Company's H shares were successfully listed on the Stock Exchange on the Listing Date, and 33,340,000 H shares were issued. After deduction of underwriting fees and related expenses, the net proceeds from the Listing were approximately HK\$138 million. The Group intends to use the net proceeds in accordance with the method and schedule set out in the section headed "Future Plans and Use of Proceeds" in the Company's Prospectus and the annual report of the Company for the year ended December 31, 2023.

Foreign Exchange Risk

The Group conducts its business in RMB. The Group will continue to keep track of the foreign exchange risk and take prudent measures to mitigate exchange risk, and take appropriate action where necessary. The Group currently has not adopted any foreign currency hedging policies.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW *(CONTINUED)*

Employees and Remuneration Policy

As at June 30, 2024, the Group had 1,364 employees (as at December 31, 2023: 1,437 employees). During the Period, we have adjusted the composition of our remuneration in line with the industry conditions and strengthened the incentives for value-added operations, investment development and other specialized businesses in order to fully motivate our employees. Compensation for employees of the Group is made with reference to the market as well as the nature of work and individual performance. The Group regularly makes necessary adjustments to the remuneration policies and packages to accommodate the pay levels in the industry.

To retain our employees and improve their performance, the Group is aspired to become a self-driven learning organization, promoting an in-depth training system with senior management taking the lead in teaching, and nurturing talents in a three-dimensional manner through layered and categorized training programs. The Group formulates the Pilot Program (領航計劃) for senior management, Project Cast Gold (鑄金計劃) for middle management, Elite Program (菁英計劃) for basic management, Spark Program (星火計劃) for the first-line positions, and regularly organizes knowledge quizzes to encourage continuous development for all employees and build a learning culture in the workplace.

CHANGE OF AUDITOR

Da Hua Certified Public Accountants (Special General Partnership) (大華會計師事務所(特殊普通合夥)) (“Da Hua”) has resigned as the auditor of the Company with effect from May 28, 2024. ShineWing has been engaged as the new auditor of the Company with effect from June 3, 2024. For details of the change of auditor, please refer to the announcements of the Company dated May 28, 2024 and June 3, 2024.

SUBSEQUENT EVENTS

No events have taken place subsequent to June 30, 2024 and up to the date of this report that may have a material impact on the Group’s operating and financial performance that need to be disclosed.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. The Group has adopted the code provisions in Part 2 of the Corporate Governance Code as its own code of corporate governance.

Save for the deviation for reasons set out below, during the Period, the Group has applied the principles of good corporate governance and complied with the code provisions as set out in Part 2 of the Corporate Governance Code.

Code provision C.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the period from January 1, 2024 to April 25, 2024, Mr. WANG Zhongwu ("**Mr. Wang**") served as currently the chairman and the general manager of the Company. The Board believed that having the same individual in both roles as the chairman and the general manager of the Company would ensure that the Group has consistent leadership and the ability to make and implement the overall strategy of the Group effectively. The Board believed that this structure did not compromise the balance of power and authority between the Board and the management of the Company. The Board had regularly reviewed the effectiveness of this structure to ensure that it was appropriate to the Group's circumstances.

With effect from April 26, 2024, Mr. Wang resigned from the role of general manager of the Company. Since then, Mr. Liu Jiapeng, deputy general manager of the Company, has been temporarily fulfilling the responsibilities of the general manager before the Board appoints a new general manager. The Company will appoint a new general manager in accordance with legal procedures as soon as possible. Therefore, the Company has complied with Code provision C.2.1 of the Corporate Governance Code since April 26, 2024.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as a code of conduct for securities transactions by the Directors and the Supervisors since the Listing Date.

Upon specific enquiry, all Directors and Supervisors confirmed that they have complied with the Model Code during the Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTERESTS**(a) Interests and short positions of the Directors, Supervisors and the chief executive of our Company in the registered capital of our Company and its associated corporations**

As at June 30, 2024, the interests and short positions of the Directors, Supervisors or chief executives of the Company in the Shares, underlying Shares and debentures of the Company's associated corporation (within the meaning of Part XV of SFO), which will be required to be notified to the Company and the Stock Exchange pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

Name	Name of associated corporation	Nature of interest	Number of Shares interested	Approximate percentage of shareholding
Mr. Wang Zhongwu	Lushang Freda	Beneficial owner	100,000 ⁽¹⁾	0.0099%
Ms. Li Lu	Lushang Freda	Beneficial owner	195,900 ⁽²⁾	0.0193%
Mr. Wang Hongtao	Lushang Freda	Beneficial owner	78,000 ⁽³⁾	0.0077%
Mr. Zhang Xiangqian	Lushang Freda	Beneficial owner	26,667 ⁽⁴⁾	0.0026%

Notes:

- (1) Mr. Wang Zhongwu was interested in 100,000 shares of Lushang Freda.
- (2) Ms. Li Lu was interested in 195,900 shares of Lushang Freda.
- (3) Mr. Wang Hongtao was interested in 78,000 shares of Lushang Freda.
- (4) Mr. Zhang Xiangqian was interested in 26,667 shares of Lushang Freda.

Save as disclosed above, as at June 30, 2024, none of the Directors, Supervisors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTERESTS (CONTINUED)**(b) Substantial Shareholders**

So far as is known to the Directors, as of June 30, 2024, the persons (other than Directors, Supervisors and chief executives of the Company) or corporations who had an interest or short position in the shares and/or underlying shares of the Company which has 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 required to be kept under Section 336 of the SFO were as follows:

Name	Nature of interest	Class of Shares	Number of Shares interested ⁽¹⁾	Approximate percentage of shareholding in the relevant class of Shares ⁽²⁾	Approximate percentage of shareholding in the total Shares ⁽³⁾
Lushang Freda	Beneficial owner	Domestic Shares	95,100,000 (L)	95.10%	71.32%
Shandong Commercial ⁽⁴⁾	Interest in controlled corporation	Domestic Shares	100,000,000 (L)	100%	75.0%
Beijing Urban Construction Group Co., Ltd.* (北京城建集團有限責任公司)	Interest in controlled corporation	H Shares	6,495,000 (L)	19.48%	4.87%
Beijing Urban Construction Real Estate Development Co., Ltd.* (北京城建房地產開發有限公司)	Beneficial owner	H Shares	6,495,000 (L)	19.48%	4.87%
HWABAO TRUST CO., LTD	Trustee	H Shares	6,495,000 (L)	19.48%	4.87%
CHINA INTERNATIONAL ECONOMIC TRADING LIMITED	N/A ⁽⁵⁾	H Shares	4,680,000 (L)	14.04%	3.51%
LU DUNKE ⁽⁶⁾	Interest in controlled corporation	H Shares	3,650,000 (L)	10.95%	2.74%

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTERESTS (CONTINUED)

(b) Substantial Shareholders (continued)

Name	Nature of interest	Class of Shares	Number of Shares interested ⁽¹⁾	Approximate percentage of shareholding in the relevant class of Shares ⁽²⁾	Approximate percentage of shareholding in the total Shares ⁽³⁾
Wenshang County Science Advancement and Construction Security and Workforce Co., Ltd.* (汶上縣科進建安勞務有限責任公司) ⁽⁶⁾	Beneficial owner	H Shares	3,650,000 (L)	10.95%	2.74%
FAN QINYUAN ⁽⁷⁾	Interest in controlled corporation	H Shares	3,025,000 (L)	9.07%	2.27%
Nantong Chen Yun Construction Workforce Co., Ltd.* (南通辰運建築勞務有限公司) ⁽⁷⁾	Beneficial owner	H Shares	3,025,000 (L)	9.07%	2.27%
Shandong Tian Qi Venture Capital Co., Ltd.* (山東天齊創業投資有限公司) ⁽⁷⁾	Beneficial owner	H Shares	2,254,500 (L)	6.76%	1.69%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Calculated based on the Company's 100,000,000 Domestic Shares or 33,340,000 H Shares in issue as at June 30, 2024.
- (3) Calculated based on the total number of 133,340,000 Shares in issue as at June 30, 2024.
- (4) Lushang Freda is owned as to 51.62% by Shandong Commercial and 1.69% by Lushang Group Co., Ltd., a company owned as to 68.15% by Shandong Commercial. By virtue of the SFO, Shandong Commercial is deemed to be interested in the Shares held by Lushang Freda. Green Development holds 4,900,000 Shares, representing 3.67% of the total Shares in issue. As of June 30, 2024, Green Development was wholly owned by Shandong Urban and Rural Development Group Co., Ltd. (山東省城鄉發展集團有限公司), which is wholly owned by Shandong Commercial. By virtue of the SFO, Shandong Commercial is deemed to be interested in the Shares held by Green Development.
- (5) Based on the disclosure of interests form submitted by CHINA INTERNATIONAL ECONOMIC TRADING LIMITED on July 11, 2022 in respect of the relevant event that occurred on the Listing Date.
- (6) Wenshang County Science Advancement and Construction Security and Workforce Co., Ltd.* 汶上縣科進建安勞務有限責任公司 is a company beneficially wholly-owned by LU DUNKE.
- (7) Nantong Chen Yun Construction Workforce Co., Ltd.* 南通辰運建築勞務有限公司 is a company beneficially wholly-owned by FAN QINYUAN.

Save as disclosed above, as at June 30, 2024, the Directors were not aware of any persons (other than Directors, Supervisors and chief executives of the Company) who had an interest or short position in the Shares or underlying Shares which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

CORPORATE GOVERNANCE AND OTHER INFORMATION

PROCEEDS FROM THE LISTING

The H Shares were successfully listed on the Main Board of the Stock Exchange on the Listing Date and 33,340,000 H Shares were issued. After deduction of underwriting fees and related expenses, the Net Proceeds from the Listing were approximately HK\$138 million.

The Group intends to use the Net Proceeds in accordance with the method and schedule set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus and the annual report of the Company for the year ended December 31, 2023:

Proposed use of Net Proceeds as set out in the Prospectus		Approximate % of Net Proceeds	Intended use of Net Proceeds (HK\$ million)	Utilised Net Proceeds as of June 30, 2024 (HK\$ million)	Unutilised Net Proceeds as of June 30, 2024 (HK\$ million)	Expected time of full utilisation
Major categories	Sub-categories and specific plans					
<i>Strategic cooperation, acquisitions and investments to expand business scale and diversity property portfolio</i>		<i>60.0</i>	<i>82.80</i>	<i>0</i>	<i>82.80</i>	<i>December 31, 2025</i>
	(i) Strategic acquisitions and investments in property management companies with a focus on managing residential projects	48.0	66.24	0	66.24	
	(ii) Strategic acquisitions and investments in property management companies with a focus on managing non-residential projects to further diversify our managed property portfolio	12.0	16.56	0	16.56	

CORPORATE GOVERNANCE AND OTHER INFORMATION

PROCEEDS FROM THE LISTING (CONTINUED)

Proposed use of Net Proceeds as set out in the Prospectus		Approximate % of Net Proceeds	Intended use of Net Proceeds (HK\$ million)	Utilised Net Proceeds as of June 30, 2024 (HK\$ million)	Unutilised Net Proceeds as of June 30, 2024 (HK\$ million)	Expected time of full utilisation
Major categories (Continued)	Sub-categories and specific plans (Continued)					
<i>Enhance property management services and further develop our diversified community value-added services to improve our customers' experience and satisfaction</i>		15.0	20.70	0	20.70	December 31, 2026
	(i) Further improve our traditional property management services to enhance customer experiences:	10.0	13.80	0	13.80	
	– For training programs, among which:		5.06	0	5.06	
	(a) to provide occupational training programs for our employees to obtain necessary qualifications and licenses for, among others, fire safety, security services, human resources, financial management and greening and gardening;		0.43	0	0.43	
	(b) to hold training classes targeting different levels of our employees, including our management trainees, entry level employees and senior employees, to create a highly professional workforce and ensure the smooth implementation of our standardized operation procedures;		3.60	0	3.60	
	(c) to organize internal competitions to further incentivize our employees and therefore align our employees' interests with ours;		0.17	0	0.17	
	(d) to the training of our internal instructors of our training programs;		0.43	0	0.43	
	(e) to provide to training sessions relating to property management industry to help our employees and management team stay abreast of industry development trends.		0.43	0	0.43	

CORPORATE GOVERNANCE AND OTHER INFORMATION

PROCEEDS FROM THE LISTING (CONTINUED)

Proposed use of Net Proceeds as set out in the Prospectus	Approximate % of Net Proceeds	Intended use of Net Proceeds (HK\$ million)	Utilised Net Proceeds as of June 30, 2024 (HK\$ million)	Unutilised Net Proceeds as of June 30, 2024 (HK\$ million)	Expected time of full utilisation
Major categories (Continued)					
Sub-categories and specific plans (Continued)					
(i) Further improve our traditional property management services to enhance customer experiences: (Continued)					
– For brand promotions, among which:		8.76	0	8.76	
(a) to improve the content of our online platforms such as our official website, TikTok account and WeChat official account to increase the publicity of our brand;		0.26	0	0.26	
(b) to hold press conferences and public relation campaigns to further enhance our brand awareness;		0.95	0	0.95	
(c) to hold publicity campaigns that features our brand ambassadors and our services and products to create more opportunities to interact with our customers and further enhance our social influence;		3.86	0	3.86	
(d) to advertisement on both traditional media and new media platforms; and		2.74	0	2.74	
(e) to unify our firmwide VI designs to consolidate and streamline our brand promotion management.		0.95	0	0.95	
(ii) Further develop our diversified community value-added services	5.0	6.90	0	6.90	

CORPORATE GOVERNANCE AND OTHER INFORMATION

PROCEEDS FROM THE LISTING (CONTINUED)

Proposed use of Net Proceeds as set out in the Prospectus		Approximate % of Net Proceeds	Intended use of Net Proceeds (HK\$ million)	Utilised Net Proceeds as of June 30, 2024 (HK\$ million)	Unutilised Net Proceeds as of June 30, 2024 (HK\$ million)	Expected time of full utilisation
Major categories (Continued)	Sub-categories and specific plans (Continued)					
<i>Invest in technology systems and standardized business operations</i>		15.0	20.70	2.83	17.87	December 31, 2026
<i>Develop technology-supported community platform</i>	(i) Develop our online service platforms to improve interactions with our customers	2.2	3.04	0.50	2.54	
	(ii) Procure and upgrade intelligent devices and facilities at our managed properties, among which:	9.8	13.52	0.85	12.17	
	(a) to monitoring and communication equipment and personnel that manage the smart systems;		1.28	0	1.28	
	(b) to parking lot renovation; and		3.08	0.70	2.38	
	(c) to the smart system assuming that developing and upgrading such systems in each community.		9.14	0.15	8.99	
	(iii) Develop and upgrade our internal management systems, among which:	3.0	4.14	1.48	2.66	
	(a) to internal management system operation and data protection; and		2.50	1.48	1.02	
	(b) to human resource for internal management.		1.64	0	1.64	
<i>Working capital</i>	Working capital and other general corporate purposes.	10.0	13.80	6.62	7.18	December 31, 2024
Total		100.0	138			

CORPORATE GOVERNANCE AND OTHER INFORMATION

PROCEEDS FROM THE LISTING *(CONTINUED)*

As of June 30, 2024, the Directors are not aware of any material change in the planned use of the Net Proceeds. The remaining Net Proceeds which had not been utilized were deposited with licensed financial institution in mainland China. The unutilised Net Proceeds and the above timeline of intended utilization will be applied in the manners disclosed by the Company. However, the expected timeline for the unutilised Net Proceeds is based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of the Group's business and the market conditions.

As disclosed in the announcement of the Company dated July 17, 2023, as the Company has pre-paid part of such listing expenses by using its internal resources, the Company intends to convert the corresponding part of the gross proceeds (being the remaining amount of gross proceeds originally intended for payment of listing expenses in the amount of HK\$46.1 million) (taking into account the interests and exchange revenues) as general working capital of the Company.

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors, Supervisors and chief executive of the Company during the Period and up to the date of this interim report, are set out below:

The changes in information of Director:

Mr. Wang Zhongwu has resigned as the general manager of the Company with effect from April 26, 2024. In addition, since April 2024, Mr. Wang served as the chairman of the board of directors of Shandong Urban and Rural Development Group Co., Ltd.* (山東省城鄉發展集團有限公司).

Save as disclose above, the Directors confirm that no other information during the Period and up to the date of this interim report is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period (including sale of treasury shares). As of the end of the Period, no treasury shares were held by the Company.

INTERIM DIVIDEND

The Board has resolved not to distribute any interim dividend for the Period (for the six months ended June 30, 2023: nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

The Company established the Audit Committee in compliance with the Appendix C1 to the Listing Rules. The Audit Committee consists of three members, namely Ms. Leung Bik San, Ms. Li Lu and Ms. Chen Xiaojing. The chairlady of the Audit Committee is Ms. Leung Bik San, who possesses the appropriate professional qualification, and accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules.

REVIEW OF INTERIM REPORT

The Audit Committee has reviewed the Group's unaudited consolidated financial information for the Period, and discussed with the management and auditors of the Company the accounting principles and practices adopted by the Group.

The independent auditor of the Company, namely ShineWing, has carried out a review of the interim financial information in accordance with China Standards on Review Engagements 2101 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

By order of the Board

Lushang Life Services Co., Ltd.

Mr. WANG Zhongwu

Chairman and executive Director

Jinan, the PRC, August 23, 2024

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

XYZH/2024QDAA3B0135

Lushang Life Services Co., Ltd.

To the Shareholders of Lushang Life Services Co., Ltd.:

We have reviewed the accompanying financial statements of Lushang Life Services Co., Ltd. (hereinafter referred to as “Lushang Services”), which comprise the consolidated and parent company’s balance sheet as at 30 June 2024, the consolidated and parent company’s income statement, the consolidated and parent company’s cash flow statement and the consolidated and parent company’s statement of changes in shareholders’ equity for the period from 1 January 2024 to 30 June 2024, and the related notes to the financial statements. The preparation of these financial statements is the responsibility of the Management of Lushang Services, and our responsibility is to issue a review report on these financial statements based on the conduct of the review engagement.

We conducted the review engagement in accordance with the provisions of the Chinese Certified Public Accountants Review Standards No. 2101 – Review of Financial Statements. The standard requires us to plan and conduct the review to obtain limited assurance that the financial statements do not contain material misstatements. Reviews, limited primarily to inquiring with company personnel and performing analytical procedures on financial data, provide a level of assurance lower than that of an audit. We did not perform an audit, and therefore do not issue an audit opinion.

Based on our review, we have not identified any matters that would lead us to believe that the financial statements have not been prepared in accordance with the requirements of Accounting Standards for Business Enterprises, or have not fairly presented the financial position, results of operations, and cash flows of the entity under review in all material respects.

ShineWing Certified Public Accountants LLP
Beijing, China

CICPA: 李祝善, Li zhushan
CICPA: 姚雪飛, Yao xuefei

23 August 2024

INTERIM CONSOLIDATED BALANCE SHEET

For the six months ended 30 June 2024 – unaudited
(Expressed in Renminbi (“RMB”))

Unit: RMB

Item	Notes	Unaudited June 30, 2024	Audited December 31, 2023
Current assets:			
Cash and bank	4	387,140,221.89	412,656,582.99
Provision for settlement		–	–
Lending funds		–	–
Financial assets held for trading		–	–
Derivative financial assets		–	–
Bills receivable	5	17,348,629.82	17,917,933.62
Accounts receivable	6	296,293,673.20	295,434,336.15
Receivables financing	7	–	200,000.00
Prepayments	8	2,381,830.47	1,897,975.45
Premium receivable		–	–
Reinsurance accounts receivable		–	–
Reinsurance reserves receivable		–	–
Other receivables	9	6,576,866.91	7,614,437.01
Including: Interest receivable		–	–
Dividends receivable		–	–
Redemptory financial assets for sale		–	–
Inventories	10	15,753,983.95	3,424,031.97
Contract assets	11	74,750,228.41	61,128,423.11
Assets held for sale		–	–
Current portion of non-current assets		–	–
Other current assets	12	369,555.25	2,840,033.47
Total current assets		800,614,989.90	803,113,753.77
Non-current assets:			
Loans and advances issued		–	–
Debt investments		–	–
Other debt investments		–	–
Long-term receivables		–	–
Long-term equity investments		–	–
Investments in other equity instruments		–	–
Other non-current financial assets		–	–
Investment properties	13	38,629,067.70	39,504,900.36
Fixed assets	14	49,494,503.41	50,711,300.46
Construction in progress		–	–
Productive biological assets		–	–
Oil and gas assets		–	–
Right-of-use assets	15	1,367,894.94	1,758,722.04
Intangible assets	16	876,497.88	1,083,758.01
Development expenditures		–	–
Goodwill		–	–
Long-term deferred expenses	17	3,069,882.29	2,898,728.72
Deferred tax assets	18	7,615,077.52	6,611,673.12
Other non-current assets		–	–
Total non-current assets		101,052,923.74	102,569,082.71
Total assets		901,667,913.64	905,682,836.48

INTERIM CONSOLIDATED BALANCE SHEET

For the six months ended 30 June 2024 – unaudited
(Expressed in Renminbi (“RMB”))

Item	Notes	Unaudited June 30, 2024	Audited December 31, 2023
Current liabilities:			
Short-term borrowings	19	8,007,561.64	–
Borrowings from central bank		–	–
Borrowing funds		–	–
Financial liabilities held for trading		–	–
Derivative financial liabilities		–	–
Notes payable		–	–
Accounts payable	20	184,008,621.21	201,696,808.99
Payments received in advance	21	399,533.00	336,976.79
Contract liabilities	22	62,676,128.40	71,800,943.11
Financial assets sold for repurchase		–	–
Deposit taking and interbank deposit		–	–
Receivings from vicariously traded securities		–	–
Receivings from vicariously sold securities		–	–
Employee benefits payable	23	21,046,445.46	25,395,648.20
Taxes payable	24	5,215,695.25	2,958,675.69
Other payables	25	65,425,036.93	60,213,944.23
Including: Interest payable		–	–
Dividends payable		10,213,740.00	10,740,000.00
Charges and commissions payable		–	–
Reinsurance accounts payable		–	–
Liabilities held for sale		–	–
Current portion of non-current liabilities	26	834,439.96	952,518.46
Other current liabilities	27	6,657,266.79	12,002,961.85
Total current liabilities		354,270,728.64	375,358,477.32
Non-current liabilities:			
Reserve for insurance contracts		–	–
Long-term borrowings		–	–
Bonds payable		–	–
Including: Preferred stocks		–	–
Perpetual bonds		–	–
Lease liabilities	28	1,763,804.47	1,740,952.23
Long-term payables		–	–
Long-term employee benefits payable		–	–
Provisions		–	–
Deferred income		–	–
Deferred tax liabilities		–	–
Other non-current liabilities		–	–
Total non-current liabilities		1,763,804.47	1,740,952.23
Total liabilities		356,034,533.11	377,099,429.55

INTERIM CONSOLIDATED BALANCE SHEET

For the six months ended 30 June 2024 – unaudited
(Expressed in Renminbi (“RMB”))

Item	Notes	Unaudited June 30, 2024	Audited December 31, 2023
Shareholders' equity:			
Share capital	29	133,340,000.00	133,340,000.00
Other equity instruments		–	–
Including: Preferred stocks		–	–
Perpetual bonds		–	–
Capital reserves	30	213,924,223.38	218,802,523.38
Less: Treasury stocks		–	–
Other comprehensive income		–	–
Special reserves		–	–
Surplus reserves	31	13,003,776.37	13,003,776.37
General risk provisions		–	–
Retained earnings	32	181,154,249.68	159,487,525.92
Total shareholders' equity attributable to parent company		541,422,249.43	524,633,825.67
Non-controlling interests		4,211,131.10	3,949,581.26
Total shareholders' equity		545,633,380.53	528,583,406.93
Total liabilities and shareholders' equity		901,667,913.64	905,682,836.48

INTERIM CONSOLIDATED INCOME STATEMENT

At 30 June 2024 – unaudited
(Expressed in RMB)

Unit: RMB

Item	Notes	January to June 2024	January to June 2023
I. Total Revenue		308,549,283.42	627,262,148.58
Including: Operating revenue	33	308,549,283.42	627,262,148.58
Interest income		–	–
Insurance premiums earned		–	–
Charges and commissions income		–	–
II. Total Cost		273,752,104.98	591,249,391.19
Including: Operating costs	33	248,094,201.19	549,440,623.48
Interest expenses		–	–
Charges and commissions expenses		–	–
Surrender benefits		–	–
Net compensation expenses		–	–
Net appropriation of deposit for insurance		–	–
Dividend expense for the insured		–	–
Reinsurance expenses		–	–
Taxes and surcharges	34	1,911,464.60	11,880,999.16
Selling expenses	35	–	9,899,467.06
Administrative expenses	36	23,572,203.44	20,121,039.12
Research and development expenses	37	2,463,604.88	2,206,520.39
Finance expenses	38	-2,289,369.13	-2,299,258.02
Including: Interest expenses		119,646.17	103,605.47
Interest income		3,124,338.97	3,694,264.42
Add: Other income	39	431,874.61	925,813.03
Income from investments	40	-379,945.42	–
Including: Investment income from associates and joint ventures		–	–
Income from derecognition of financial assets at amortized cost		–	–
Exchange gains		–	–
Gains on net exposure hedging		–	–
Gains on changes in fair value		–	–
Credit impairment losses	41	-7,158,903.19	-6,028,035.56
Impairment losses on assets	42	-203,624.53	-356,616.38
Gains on disposal of assets		–	–
III. Operating profit (Loss indicated with “–”)		27,486,579.91	30,553,918.48
Add: Non-operating income	43	1,524,199.05	63,278.09
Less: Non-operating expenses	44	114,156.18	186,296.78
IV. Profit before tax (Loss indicated with “–”)		28,896,622.78	30,430,899.79
Less: Income tax expenses	45	6,968,349.18	8,430,112.61
V. Net profit (Net Loss indicated with “–”)		21,928,273.60	22,000,787.18
(I) Classified by going concern		21,928,273.60	22,000,787.18
Net profit from continuing operations		21,928,273.60	22,000,787.18
Net profit from discontinuing operations		–	–
(II) Classified by ownership of the equity		21,928,273.60	22,000,787.18
Net profit attributable to the parent company's shareholders		21,666,723.76	21,219,595.17
Net profit attributable to non-controlling interests		261,549.84	781,192.01

INTERIM CONSOLIDATED INCOME STATEMENT

At 30 June 2024 – unaudited
(Expressed in RMB)

Item	Notes	January to June 2024	January to June 2023
VI. Other comprehensive income, net of tax		–	–
Other comprehensive income, net of tax attributable to the parent company's shareholders		–	–
(I) Other comprehensive income that will not be reclassified into profit or loss		–	–
1. Changes in remeasurement of defined-benefit plans		–	–
2. Other comprehensive income that cannot be reclassified under the equity method		–	–
3. Changes in fair value of investments in other equity instruments		–	–
4. Changes in fair value due to the entity's own credit risk		–	–
5. Others		–	–
(II) Other comprehensive income that may be reclassified into profit or loss		–	–
1. Other comprehensive income that may be reclassified under the equity method		–	–
2. Changes in the fair value of other debt investments		–	–
3. Amount included in OCI due to reclassifications of financial assets		–	–
4. Provision for credit impairment of other debt investments		–	–
5. Cash flow hedge reserve (effective portion of gain or loss on hedging instrument)		–	–
6. Foreign currency translation reserve		–	–
7. Others		–	–
Other comprehensive income, net of tax attributable to non-controlling interests		–	–
VII. Total comprehensive income		21,928,273.60	22,000,787.18
Total comprehensive income attributable to the parent company's shareholders		21,666,723.76	21,219,595.17
Total comprehensive income attributable to non-controlling interests		261,549.84	781,192.01
VIII. Earnings per share (EPS):			
(I) Basic earnings per share (Yuan per share)		0.16	0.16
(II) Diluted earnings per share (Yuan per share)		0.16	0.16

INTERIM CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2024 – unaudited
(Expressed in RMB)

Unit: RMB

Items	Notes	January to June 2024	January to June 2023
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and the rendering of services		272,742,063.76	483,779,828.72
Receipts of taxes refunds		1,709,276.06	–
Other cash receipts relating to operating activities	46	25,216,167.27	113,229,341.44
Subtotal of cash inflows from operating activities		299,667,507.09	597,009,170.16
Cash payments for goods and services		223,625,983.56	304,228,368.00
Cash payments to and on behalf of employees		73,754,612.75	91,623,591.47
Payments of all types of taxes and surcharges		18,200,873.68	72,466,129.74
Other cash payments relating to operating activities	46	36,989,138.76	162,987,154.37
Subtotal of cash outflows from operating activities		352,570,608.75	631,305,243.58
Net cash flows from operating activities		-52,903,101.66	-34,296,073.42
II. Cash flows from investing activities:			
Cash receipts from sales and withdrawals of investments		–	–
Cash receipts from returns on investments		–	–
Net proceeds from disposals of fixed assets, intangible assets and other long-term assets		450.00	–
Net proceeds from disposals of subsidiaries and other business units		24,959,508.38	–
Other cash receipts relating to investing activities		–	–
Subtotal of cash inflows from investment activities		24,959,958.38	–
Cash payments for acquisition and construction of fixed assets, intangible assets and other long-term assets		1,597,690.61	3,342,836.92
Cash payments for investments		–	–
Net increase in pledge loans		–	–
Net cash payments for acquisitions of subsidiaries and other business units		–	–
Other cash payments relating to investing activities		–	–
Subtotal of cash outflows from investment activities		1,597,690.61	3,342,836.92
Net cash flows from investing activities		23,362,267.77	-3,342,836.92

INTERIM CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2024 – unaudited
(Expressed in RMB)

Items	Notes	January to June 2024	January to June 2023
III. Cash flows from financing activities:			
Cash receipts from capital contributions		–	–
Including: cash receipts from capital injection into subsidiaries by non-controlling shareholders		–	–
Cash receipts from borrowings		8,000,000.00	–
Other cash receipts relating to financing activities		–	–
Subtotal of cash inflows from financing activities		8,000,000.00	–
Cash paid for repayments of debts		–	–
Cash payments for dividends, profits and interests		526,260.00	658,536.97
Including: dividends and profits paid by subsidiaries to non-controlling shareholders		–	–
Other cash payments relating to financing activities	46	5,018,910.79	766,590.80
Subtotal of cash outflows from financing activities		5,545,170.79	1,425,127.77
Net cash flows from financing activities		2,454,829.21	-1,425,127.77
IV. Effect of changes in foreign exchange rates on cash and cash equivalents			
		16.58	-682,292.70
V. Net increase in cash and cash equivalents		-27,085,988.10	-39,746,330.81
Add: opening balance of cash and cash equivalents		412,094,874.66	428,224,768.89
VI. Closing balance of cash and cash equivalents		385,008,886.56	388,478,438.08

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2024 – unaudited
(Expressed in RMB)

Unit: RMB

Items	January to June 2024													Non-controlling interests	Total shareholders' equity
	Equity attributable to shareholders of the parent company											Others	Subtotal		
	Other equity instruments				Capital reserves	Less: Treasury stocks	Other Comprehensive Income	Special reserves	Surplus reserves	General risk provisions	Retained earnings				
Share capital	Preferred stocks	Perpetual bonds	Others												
I. Balance at the end of last year	133,340,000.00	-	-	-	218,802,523.38	-	-	-	13,003,776.37	-	159,487,525.92	-	524,633,825.67	3,949,581.26	528,583,406.93
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of errors in prior period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of this year	133,340,000.00	-	-	-	218,802,523.38	-	-	-	13,003,776.37	-	159,487,525.92	-	524,633,825.67	3,949,581.26	528,583,406.93
III. Changes during the period ("-" for decreases)	-	-	-	-	-4,878,300.00	-	-	-	-	-	21,666,723.76	-	16,788,423.76	261,549.84	17,049,973.60
(1) Total comprehensive income	-	-	-	-	-	-	-	-	-	-	21,666,723.76	-	21,666,723.76	261,549.84	21,928,273.60
(2) Shareholders' contributions and reductions in capital	-	-	-	-	-4,878,300.00	-	-	-	-	-	-	-	-4,878,300.00	-	-4,878,300.00
1. Common stock capital contribution from shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital contribution from other equity instruments holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payment recognized in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-4,878,300.00	-	-	-	-	-	-	-	-4,878,300.00	-	-4,878,300.00
(3) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) Internal transfer of shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer from capital reserve to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer from surplus reserve to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserve used to offset accumulated losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Changes in defined benefit obligation transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Other comprehensive income transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(5) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Current appropriation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Current utilization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(6) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at the end of the period	133,340,000.00	-	-	-	213,924,223.38	-	-	-	13,003,776.37	-	181,154,249.68	-	541,422,249.43	4,211,131.10	545,633,380.53

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2024 – unaudited
(Expressed in RMB)

Unit: RMB

Items	January to June 2023														Non-controlling interests	Total shareholders' equity
	Equity attributable to shareholders of the parent company												Subtotal			
	Other equity instruments				Capital reserves	Less: Treasury stocks	Other Comprehensive Income	Special reserves	Surplus reserves	General risk provisions	Retained earnings	Others				
Share capital	Preferred stocks	Perpetual bonds	Others													
I. Balance at the end of last year	133,340,000.00	-	-	- 214,329,955.14	-	-	-	9,755,021.62	-	142,800,857.91	-	500,225,834.67	3,120,839.18	503,346,673.85		
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Corrections of errors in prior period	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Business combination under common control	-	-	-	-	-	-	-	-	-	-10,768,237.03	-	-10,768,237.03	-	-10,768,237.03		
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
II. Balance at the beginning of this year	133,340,000.00	-	-	- 214,329,955.14	-	-	-	9,755,021.62	-	132,032,620.88	-	489,457,597.64	3,120,839.18	492,578,436.82		
III. Changes during the period ("-" for decreases)	-	-	-	- 156,091.83	-	-	-	-	-	- 21,219,595.17	-	- 21,375,687.00	781,192.01	22,156,879.01		
(1) Total comprehensive income	-	-	-	-	-	-	-	-	-	- 21,219,595.17	-	- 21,219,595.17	781,192.01	22,000,787.18		
(2) Shareholders' contributions and reductions in capital	-	-	-	- 156,091.83	-	-	-	-	-	-	-	- 156,091.83	-	- 156,091.83		
1. Common stock capital contribution from shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2. Capital contribution from other equity instruments holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
3. Share-based payment recognized in shareholders' equity	-	-	-	- 156,091.83	-	-	-	-	-	-	-	- 156,091.83	-	- 156,091.83		
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(3) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
1. Appropriation to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2. Appropriation to general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(4) Internal transfer of shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
1. Transfer from capital reserve to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2. Transfer from surplus reserve to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
3. Surplus reserve used to offset accumulated losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
4. Changes in defined benefit obligation transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
5. Other comprehensive income transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(5) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
1. Current appropriation	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2. Current utilization	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
IV. Balance at the end of the period	133,340,000.00	-	-	- 214,486,046.97	-	-	-	9,755,021.62	-	153,252,216.05	-	510,833,284.64	3,902,031.19	514,735,315.83		

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 Company background

Lushang Life Services Co., LTD. (The Company, collectively referred to as the Group when including subsidiaries), formerly known as Shandong Lushang Property Services Co., LTD. It was established as a limited liability company in the People's Republic of China (China) on March 24, 2006 in accordance with the PRC Company Law, and was restructured into a limited liability company on March 12, 2021. The registered office of the company is Room 202, Building 2, Lushang Guoao City, No.9777 Jingshi Road, Lixia District, Jinan City, Shandong Province, China. The Company's H shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 8 July 2022 under the stock code 2376.HK.

As of June 30, 2024, the share capital of the Company was 133.34 million yuan, the controlling shareholder was Lushang Freida Pharmaceutical Co., LTD., the parent company of the controlling shareholder was Shandong Commercial Group Co., LTD., and the ultimate actual controller of the Group was the State-owned Assets Supervision and Administration Commission of the Shandong Provincial People's Government.

The Company is in the property services and management industry, providing property management services, community value added services and non-owner value added services primarily in the PRC.

This financial statement has been approved for publication by the company's board of directors on August 23, 2024.

2 The basis for preparation of financial statement

2.1 Compilation Basis

The Company is incorporated in the People's Republic of China and its overseas listed foreign shares have been listed on the Main Board of the Stock Exchange since July 8, 2022, and adopts the International Financial Reporting Standards (IFRS) to prepare its financial statements for the period ending December 31, 2022. In order to improve work efficiency and reduce the cost of preparing two financial statements in accordance with Chinese Accounting Standards for Business Enterprises and International Financial Reporting Standards, on 17 July 2023, the Board considered and approved the preparation of the Company's financial statements and disclosure of related financial information in accordance with Chinese Accounting Standards for Business Enterprises starting from the interim report for the period ended 30 June 2023, An extraordinary General meeting was held on 3 August 2023 and approved the consequential changes to the Articles of Association.

The Group recognizes and measures the actual transactions and events in accordance with the "Accounting Standards for Business Enterprises - Basic Standards" promulgated by the Ministry of Finance and the specific Accounting Standards for Business Enterprises, the Guidelines for the Application of Accounting Standards for Business Enterprises, the Interpretation of Accounting Standards for Business Enterprises and other relevant provisions (hereinafter collectively referred to as "Accounting Standards for Business Enterprises"). In preparing the financial statements, the Company also discloses relevant financial information as required by the Hong Kong Companies Ordinance and the Rules governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

2.2 Going concern

The Group has evaluated its ability to continue as a going concern for 12 months from the end of the reporting period, and has not found any matters or circumstances that raise significant doubts about its ability to continue as a going concern. Therefore, the financial statements have been prepared on the assumption of going concern.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Changes in significant accounting policies and accounting estimates

3.1 Changes in significant accounting policies

There were no changes in accounting policies during the reporting period for the Group.

3.2 Changes in significant accounting estimates

There were no changes in accounting estimates during the reporting period for the Group.

3.3 Retrospective adjustment for business combinations under common control

Pursuant to the "Proposal on the Agreement to Acquire the Equity of Shandong Lujian Industrial Management Co., Ltd." reviewed and approved at the 15th meeting of the first board of directors on February 27, 2024, the Company signed a "Share Transfer Agreement" with its controlling shareholder, Lushang Fruida Pharmaceutical Co., Ltd., to acquire 100% of the equity in Shandong Lujian Industrial Management Co., Ltd. (renamed as "Da'antong (Shandong) Mechanical and Electrical Equipment Engineering Co., Ltd." on March 4, 2024, hereinafter referred to as "Da'antong"). The transaction was completed on March 4, 2024, and for the purpose of convenient calculation, February 29, 2024, was designated as the date of combination.

Since both the Company and Da'antong are under the control of Shandong Commercial Group Co., Ltd., and this control is non-transient, the acquisition of Da'antong by the Company constitutes a business combination under common control. According to the Accounting Standards for Business Enterprises No. 33 - Consolidated Financial Statements and relevant regulations, when the Company adds a subsidiary due to a business combination under common control during the reporting period, it shall be deemed that the reporting entity after the combination has always existed in the previous periods. Therefore, the Company is required to make retrospective adjustments to the financial statement data of previous years. Specifically, when preparing the consolidated balance sheet, the Company should adjust the beginning balances of the consolidated balance sheet; When preparing the consolidated income statement and cash flow statement, it should include the items of Da'antong from the beginning of the combination period to the end of the reporting period in the consolidated income statement and consolidated cash flow statement; Meanwhile, adjustments should be made to the relevant items in the comparative period statements of the above-mentioned reports, treating the reporting entity after the combination as if it had always existed since the time point when the ultimate controller began to exercise control.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Changes in significant accounting policies and accounting estimates (CONTINUED)

3.3 Retrospective adjustment for business combinations under common control (Continued)

The Company retroactively adjusted the financial statements for the comparative period as follows:

3.3.1 Consolidated Balance Sheet

Unit: RMB

Items	December 31 2023 (Before retroactive adjustment)	December 31 2023 (Restated)	Adjustments
Current assets:			
Cash and bank	411,624,018.91	412,656,582.99	1,032,564.08
Notes receivable	17,917,933.62	17,917,933.62	
Accounts receivable	295,434,336.15	295,434,336.15	
Receivables financing	200,000.00	200,000.00	
Prepayments	1,897,975.45	1,897,975.45	
Other receivables	3,767,892.22	7,614,437.01	3,846,544.79
Inventories	3,424,031.97	3,424,031.97	
Contract assets	61,128,423.11	61,128,423.11	
Other current assets	2,840,033.47	2,840,033.47	
Total current assets	798,234,644.90	803,113,753.77	4,879,108.87
Non-current assets:			
Investment properties	39,504,900.36	39,504,900.36	
Fixed assets	50,711,300.46	50,711,300.46	
Right-of-use assets	1,758,722.04	1,758,722.04	
Intangible assets	1,083,758.01	1,083,758.01	
Long-term deferred expenses	2,898,728.72	2,898,728.72	
Deferred tax assets	6,611,673.12	6,611,673.12	
Total non-current assets	102,569,082.71	102,569,082.71	
Total assets	900,803,727.61	905,682,836.48	4,879,108.87
Current liabilities:			
Accounts payable	201,696,808.99	201,696,808.99	
Payments received in advance	336,976.79	336,976.79	
Contract liabilities	71,800,943.11	71,800,943.11	
Employee benefits payable	25,395,648.20	25,395,648.20	
Tax payables	2,957,855.94	2,958,675.69	819.75
Other payables	60,213,944.23	60,213,944.23	
Current portion of non-current liabilities	952,518.46	952,518.46	
Other current liabilities	12,002,961.85	12,002,961.85	
Total current liabilities	375,357,657.57	375,358,477.32	819.75
Non-current liabilities:			
Lease liabilities	1,740,952.23	1,740,952.23	
Total non-current liabilities	1,740,952.23	1,740,952.23	
Total liabilities	377,098,609.80	377,099,429.55	819.75

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Changes in significant accounting policies and accounting estimates (CONTINUED)

3.3 Retrospective adjustment for business combinations under common control (Continued)

The Company retroactively adjusted the financial statements for the comparative period as follows: (Continued)

3.3.1 Consolidated Balance Sheet (Continued)

Items	December 31 2023 (Before retroactive adjustment)	December 31 2023 (Restated)	Adjustments
Equity:			
Share capital	133,340,000.00	133,340,000.00	
Capital reserves	208,802,523.38	218,802,523.38	10,000,000.00
Surplus reserve	13,003,776.37	13,003,776.37	
Retained earnings	164,609,236.80	159,487,525.92	-5,121,710.88
Total shareholders' equity attributable to parent company	519,755,536.55	524,633,825.67	4,878,289.12
Non-controlling interests	3,949,581.26	3,949,581.26	
Total shareholders' equity	523,705,117.81	528,583,406.93	4,878,289.12
Total liabilities and shareholders' equity	900,803,727.61	905,682,836.48	4,879,108.87

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Changes in significant accounting policies and accounting estimates (CONTINUED)

3.3 Retrospective adjustment for business combinations under common control (Continued)

3.3.2 Consolidated Income Statement

Unit: RMB

Items	Six months ended June 30,2023 (Before)	Six months ended June 30,2023 (Restated)	Adjustments
I. Total Revenue	314,013,921.18	627,262,148.58	313,248,227.40
Including: Operating revenue	314,013,921.18	627,262,148.58	313,248,227.40
II. Total Cost	269,297,623.43	591,249,391.19	321,951,767.76
Including: Operating costs	246,088,169.69	549,440,623.48	303,352,453.79
Taxes and surcharges	2,990,805.92	11,880,999.16	8,890,193.24
Selling expenses	–	9,899,467.06	9,899,467.06
Administrative expenses	20,104,328.30	20,121,039.12	16,710.82
Research and development expenses	2,206,520.39	2,206,520.39	
Finance expenses	-2,092,200.87	-2,299,258.02	-207,057.15
Including: Interest expenses	103,605.47	103,605.47	
Interest income	3,461,980.08	3,694,264.42	232,284.34
Add: Other income	911,209.80	925,813.03	14,603.23
Credit impairment losses	-6,028,035.56	-6,028,035.56	
Impairment losses on assets	-356,616.38	-356,616.38	
Gains on disposal of assets			
III. Operating profit (Loss indicated with "-")	39,242,855.61	30,553,918.48	-8,688,937.13
Add: Non-operating income	53,278.09	63,278.09	10,000.00
Less: Non-operating expenses	185,574.86	186,296.78	721.92
IV. Profit before tax (Loss indicated with "-")	39,110,558.84	30,430,899.79	-8,679,659.05
Less: Income tax	8,314,496.12	8,430,112.61	115,616.49
V. Net profit (Net Loss indicated with "-")	30,796,062.72	22,000,787.18	-8,795,275.54
(I) Classified by going concern			
1. Net profit from continuing operations	30,796,062.72	22,000,787.18	-8,795,275.54
2. Net profit from discontinued operations			
(II) Classified by ownership of the equity			
1. Net profit attributable to parent company	30,014,870.71	21,219,595.17	-8,795,275.54
2. Net profit attributable to non-controlling interests	781,192.01	781,192.01	

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Changes in significant accounting policies and accounting estimates (CONTINUED)

3.3 Retrospective adjustment for business combinations under common control (Continued)

3.3.2 Consolidated Statement of Comprehensive Income (Continued)

Items	Six months ended June 30,2023 (Before)	Six months ended June 30,2023 (Restated)	Adjustments
VI. Other comprehensive income, net of tax			
Other comprehensive income after tax attributable to parent company			
(I) Other comprehensive income that will not be reclassified into profit or loss			
(II) Other comprehensive income that may be reclassified into profit or loss			
Other comprehensive income attributable to non-controlling interests after tax			
VII. Total comprehensive income	30,796,062.72	22,000,787.18	-8,795,275.54
Total comprehensive income attributable to parent company	30,014,870.71	21,219,595.17	-8,795,275.54
Total comprehensive income attributable to non-controlling interests	781,192.01	781,192.01	
VIII. Earnings per share (EPS):			
(I) Basic earnings per share (Yuan per share)	0.23	0.16	-0.07
(II) Diluted earnings per share (Yuan per share)	0.23	0.16	-0.07

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Changes in significant accounting policies and accounting estimates (CONTINUED)

3.3 Retrospective adjustment for business combinations under common control (Continued)

3.3.3 Consolidated cash flow statement

Unit: RMB

Items	Six months ended June 30,2023 (Before)	Six months ended June 30,2023 (Restated)	Adjustments
I. Cash flows from operating activities			
Cash receipts from the sale of goods and the rendering of services	270,688,486.64	483,779,828.72	213,091,342.08
Receipts of taxes refunds			
Other cash receipts relating to operating activities	6,747,427.37	113,229,341.44	106,481,914.07
Total cash inflows from operating activities	277,435,914.01	597,009,170.16	319,573,256.15
Cash payments for goods and services	192,764,030.55	304,228,368.00	111,464,337.45
Cash payments to and on behalf of employees	89,217,620.29	91,623,591.47	2,405,971.18
Payments of all types of taxes and surcharges	24,283,497.85	72,466,129.74	48,182,631.89
Other cash payments relating to operating activities	6,191,556.31	162,987,154.37	156,795,598.06
Total cash outflows from operating activities	312,456,705.00	631,305,243.58	318,848,538.58
Net cash flows from operating activities	-35,020,790.99	-34,296,073.42	724,717.57
II. Cash flows from investing activities:			
Cash receipts from sales and withdrawals of investments			
Cash receipts from returns on investments			
Net proceeds from disposals of fixed assets, intangible assets and other long-term assets			
Net proceeds from disposals of subsidiaries and other business units			
Other cash receipts relating to investing activities			
Total cash inflows from investing activities			
Cash payments for acquisition and construction of fixed assets, intangible assets and other long-term assets	3,342,836.92	3,342,836.92	
Cash payments for investments			
Net cash payments for acquisitions of subsidiaries and other business units			
Other cash payments relating to investing activities			
Total cash outflows from investing activities	3,342,836.92	3,342,836.92	
Net cash flows from investing activities	-3,342,836.92	-3,342,836.92	

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 Changes in significant accounting policies and accounting estimates (CONTINUED)

3.3 Retrospective adjustment for business combinations under common control (Continued)

3.3.3 Consolidated cash flow statement (Continued)

Items	Six months ended June 30,2023 (Before)	Six months ended June 30,2023 (Restated)	Adjustments
III. Cash flows from financing activities:			
Cash receipts from capital contributions			
Including: cash receipts from capital injection into subsidiaries by non-controlling shareholders			
Cash receipts from borrowings			
Other cash receipts relating to financing activities			
Total cash inflows from financing activities			
Cash paid for repayments of debts			
Cash payments for dividends, profits and interests	38,536.97	658,536.97	620,000.00
Including: dividends and profits paid by subsidiaries to non-controlling shareholders			
Other cash payments relating to financing activities	766,590.80	766,590.80	
Total cash outflows from financing activities	805,127.77	1,425,127.77	620,000.00
Net cash flows from financing activities	-805,127.77	-1,425,127.77	-620,000.00
IV. Effect of changes in foreign exchange rates on cash and cash equivalents	-682,292.70	-682,292.70	
V. Net increase in cash and cash equivalents	-39,851,048.38	-39,746,330.81	104,717.57
Add: Opening balance of cash and cash equivalents	428,206,054.07	428,224,768.89	18,714.82
VI. Closing balance of cash and cash equivalents	388,355,005.69	388,478,438.08	123,432.39

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

4 Cash and bank

Item	Ending balance	Opening balance
Cash on hand	8,827.65	5,455.50
Bank deposit	122,563,152.38	134,582,458.09
Money deposited with the finance company	262,436,906.53	277,506,961.07
Unexpired interest receivable	2,131,335.33	561,708.33
Total	387,140,221.89	412,656,582.99

5 Notes receivable

5.1 Classification of notes receivable

Item	Ending balance	Opening balance
Bank acceptance note	49,829.11	
Commercial acceptance	17,298,800.71	17,917,933.62
Total	17,348,629.82	17,917,933.62

5.2 Disclosure by the method of provision for bad debts

Type	Book balance		Ending balance Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Withdrawal ratio (%)	
Provision for bad debts on an individual basis					
Provision for bad debts on a portfolio basis	17,460,546.28	100.00	111,916.46	0.64	17,348,629.82
Including: Bank Acceptance Bill Portfolio	50,000.00	0.29	170.89	0.34	49,829.11
Related party portfolio	15,208,245.84	87.10	51,978.44	0.34	15,156,267.40
Aging portfolio	2,202,300.44	12.61	59,767.13	2.71	2,142,533.31
Total	17,460,546.28	100.00	111,916.46	0.64	17,348,629.82

Type	Book balance		Opening balance Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Withdrawal ratio (%)	
Provision for bad debts on an individual basis					
Provision for bad debts on a portfolio basis	18,040,920.49	100.00	122,986.87	0.68	17,917,933.62
Including: Bank Acceptance Bill Portfolio					
Related party portfolio	14,743,920.49	81.72	40,261.45	0.27	14,703,659.04
Aging portfolio	3,297,000.00	18.28	82,725.42	2.51	3,214,274.58
Total	18,040,920.49	100.00	122,986.87	0.68	17,917,933.62

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

5 Notes receivable (CONTINUED)

5.3 Provision for bad debts on notes receivable accrued, recovered or reversed during the period

Type	Opening balance	Changes during the period			Ending balance
		Accrue	Take back or turn back	Resell or write off	
Bank Acceptance Bill Portfolio		170.89			170.89
Related party portfolio	40,261.45	22,175.41		10,458.42	51,978.44
Aging portfolio	82,725.42	50,315.67		73,273.96	59,767.13
Total	122,986.87	72,661.97		83,732.38	111,916.46

Note: Other changes represent amounts transferred from disposal subsidiaries.

5.4 Notes receivable endorsed or discounted by the company at the end of the period and not yet due at the balance sheet date

Item	The amount is recognized at the end of the period	The amount is not recognized at the end of the period
Bank acceptance note		50,000.00
Commercial acceptance		2,840,254.31
Total		2,890,254.31

6 Accounts receivable

6.1 Disclosure by age

The aging analysis of accounts receivable based on transaction dates is as follows:

Aging	Ending balance	Opening balance
Within 1 year	190,998,006.95	200,600,530.37
1-2 years	93,590,040.14	94,489,849.97
2-3 years	26,723,339.61	11,553,291.83
Over 3 years	10,916,543.27	7,954,391.73
Subtotal	322,227,929.97	314,598,063.90
Less: Provision for bad debts	25,934,256.77	19,163,727.75
Total	296,293,673.20	295,434,336.15

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

6 Accounts receivable (CONTINUED)

6.2 Disclosure by the method of provision for bad debts

Type	Book balance		Ending balance Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Withdrawal ratio (%)	Amount
Provision for bad debts on an individual basis					
Provision for bad debts on a portfolio basis	322,227,929.97	100.00	25,934,256.77	8.05	296,293,673.20
Including: Aging portfolio	195,995,277.37	60.83	24,179,610.81	12.34	171,815,666.56
Related party portfolio	126,232,652.60	39.17	1,754,645.96	1.39	124,478,006.64
Total	322,227,929.97	100.00	25,934,256.77	8.05	296,293,673.20

Type	Book balance		Opening balance Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Withdrawal ratio (%)	Amount
Provision for bad debts on an individual basis					
Provision for bad debts on a portfolio basis	314,598,063.90	100.00	19,163,727.75	6.09	295,434,336.15
Including: Aging portfolio	177,084,911.10	56.29	18,083,691.86	10.21	159,001,219.24
Related party portfolio	137,513,152.80	43.71	1,080,035.89	0.79	136,433,116.91
Total	314,598,063.90	100.00	19,163,727.75	6.09	295,434,336.15

6.3 Accounts receivable with bad debt provision based on combination of credit risk characteristics.

6.3.1 Aging portfolio

Aging	Book balance	Ending balance Provision for bad debts	Withdrawal ratio (%)
Within 1 year	124,754,217.93	3,381,325.34	2.71
1-2 years	48,696,004.74	5,200,733.30	10.68
2-3 years	11,951,664.41	5,004,161.88	41.87
Over 3 years	10,593,390.29	10,593,390.29	100.00
Total	195,995,277.37	24,179,610.81	12.34

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

6 Accounts receivable (CONTINUED)

6.3 Accounts receivable with bad debt provision based on combination of credit risk characteristics. (Continued)

6.3.2 Related party portfolio

Aging	Ending balance		Withdrawal ratio (%)
	Book balance	Provision for bad debts	
Within 1 year	66,243,789.02	225,228.89	0.34
1-2 years	44,894,035.40	413,025.13	0.92
2-3 years	14,771,675.20	793,238.96	5.37
Over 3 years	323,152.98	323,152.98	100.00
Total	126,232,652.60	1,754,645.96	1.39

6.3.3 Provision for bad debts on accounts receivable accrued, recovered or reversed during the period

Type	Opening balance	Accrue	Changes during the period			Ending balance
			Take back or turn back	Resell or write off	Other changes	
Provision for bad debts on an individual basis						
Provision for bad debts on a portfolio basis	19,163,727.75	7,014,882.01			244,352.99	25,934,256.77
Including: Aging portfolio	18,083,691.86	6,305,668.67			209,749.72	24,179,610.81
Related party portfolio	1,080,035.89	709,213.34			34,603.27	1,754,645.96
Total	19,163,727.75	7,014,882.01			244,352.99	25,934,256.77

Note: Other changes represent amounts transferred from disposal subsidiaries.

6.3.4 Accounts receivable of the top five accounts receivable at the end of the period collected by the owing party

Unit name	Ending balance	Aging	Percentage of the ending balance of accounts receivable (%)	Provision for bad debts has been made
Mount Taishan Youcun Revitalization Ecotourism Development (Shandong) Co., Ltd.	10,675,571.79	Within 1 year, 1-2years	3.31	61,601.49
Qingdao Lushang Real Estate Development Co., Ltd.	10,539,026.35	Within 1 year, 1-2years, 2-3years	3.27	69,176.74
Jinan Licheng District people's government Tangye sub-district office	9,657,246.11	Within 1 year, 1-2years	3.00	345,845.98
Qingdao Lushang Blue Valley Health Industry Co., Ltd.	9,586,374.86	Within 1 year, 1-2years, 2-3years	2.98	179,095.68
Zibo Lushang Real Estate Co., Ltd.	9,246,941.11	Within 1 year, 1-2years	2.87	36,222.28
Total	49,705,160.22		15.43	691,942.17

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

7 Receivables Financing

Item	Ending balance	Opening balance
Bank acceptance note	–	200,000.00
Total	–	200,000.00

8 Prepayments

8.1 Disclosure by age

Item	Ending balance Amount	Proportion (%)	Opening balance Amount	Proportion (%)
Within 1 year	2,176,056.46	91.36	1,897,975.45	100.00
1-2 years	205,774.01	8.64		
Total	2,381,830.47	100.00	1,897,975.45	100.00

8.2 Prepayments of the top five ending balances collected by prepayment objects

Unit name	Ending balance	Aging	Percentage of the ending balance of total prepayments (%)
State Grid Shandong Electric Power Company	383,768.08	Within 1 year	16.11
Shandong Caozhou Municipal Engineering Co., Ltd.	346,736.33	Within 1 year	14.56
Shandong Yi'anbei Information Consulting Co., Ltd.	194,937.38	1-2 years	8.18
Shandong Lushang Technology Group Co., Ltd.	178,584.91	Within 1 year	7.50
Kingdee Software (China) Co., Ltd.	124,626.10	Within 1 year	5.23
Total	1,228,652.80	–	51.58

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

9 Other receivables

9.1 Classification by nature of other receivable

Nature of payment	Ending balance	Opening balance
Security deposit, deposit	1,383,836.02	1,909,769.79
Reserve fund	–	3,150.00
On behalf of social security provident fund	190,413.49	155,138.45
Pay for the project	406,666.79	400,850.00
Related party transactions	1,651,204.64	5,237,909.43
Others	3,208,409.78	161,199.62
Subtotal	6,840,530.72	7,868,017.29
Less: Provision for bad debts	263,663.81	253,580.28
Total	6,576,866.91	7,614,437.01

9.2 Disclosure by age

Aging	Ending balance	Opening balance
Within 1 year	4,532,274.11	6,054,333.91
1-2 years	1,040,177.23	678,341.34
2-3 years	232,255.97	625,941.04
Over 3 years	1,035,823.41	509,401.00
Subtotal	6,840,530.72	7,868,017.29
Less: Provision for bad debts	263,663.81	253,580.28
Total	6,576,866.91	7,614,437.01

9.3 Disclosure by the method of provision for bad debts

Type	Book balance		Ending balance		Book value
	Amount	Proportion (%)	Provision for bad debts Amount	Withdrawal ratio (%)	
Provision for bad debts on an individual basis	246,252.71	3.60	246,252.71	100.00	–
Provision for bad debts on a portfolio basis	6,594,278.01	96.40	17,411.10	0.26	6,576,866.91
Including: Related party portfolio	1,651,204.64	24.14	17,411.10	1.05	1,633,793.54
Low risk portfolio	4,943,073.37	72.26			4,943,073.37
Aging portfolio					
Total	6,840,530.72	100.00	263,663.81	3.85	6,576,866.91

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

9 Other receivables (CONTINUED)

9.3 Disclosure by the method of provision for bad debts (Continued)

Type	Book balance		Opening balance		Book value
	Amount	Proportion (%)	Provision for bad debts Amount	Provision for bad debts Withdrawal ratio (%)	
Provision for bad debts on an individual basis	248,804.91	3.16	248,804.91	100.00	
Provision for bad debts on a portfolio basis	7,619,212.38	96.84	4,775.37	0.06	7,614,437.01
Including: Related party portfolio	5,237,909.43	66.57	4,775.37	0.09	5,233,134.06
Low risk portfolio	2,381,302.95	30.27			2,381,302.95
Aging portfolio					
Total	7,868,017.29	100.00	253,580.28	3.22	7,614,437.01

9.3.1 Other receivable for which bad debt provision is made on a single item basis

Unit name	Ending balance		Opening balance		Withdrawal ratio (%)	Reason for provision
	Book balance	Provision for bad debts	Book balance	Provision for bad debts		
Tai'an Housing Administration Bureau Property Division	51,855.80	51,855.80	51,855.80	51,855.80	100.00	Recovery risk is expected
Shandong Hengchang Law Firm	17,093.00	17,093.00	17,093.00	17,093.00	100.00	Recovery risk is expected
Owner maintenance fee	3,750.00	3,750.00	3,750.00	3,750.00	100.00	Recovery risk is expected
Jinan Red police safety technical service Co., LTD	2,000.00	2,000.00	2,000.00	2,000.00	100.00	Recovery risk is expected
Tai'an Mingzhu fitness Co., LTD			2,552.20	2,552.20	100.00	Recovery risk is expected
Others	171,553.91	171,553.91	171,553.91	171,553.91	100.00	Recovery risk is expected
Total	246,252.71	246,252.71	248,804.91	248,804.91	100.00	-

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

9 Other receivables (CONTINUED)

9.3 Disclosure by the method of provision for bad debts (Continued)

9.3.2 Other receivable with bad debt provision based on combination of credit risk characteristics

9.3.2.1 Related party portfolio

Aging	Book balance	Ending balance Provision for bad debts	Withdrawal ratio (%)
Within 1 year	936,231.21	3,183.18	0.34
1-2 years	543,551.79	5,000.68	0.92
2-3 years	171,421.64	9,227.24	5.38
Over 3 years			
Total	1,651,204.64	17,411.10	1.05

9.3.2.2 Low risk portfolio

Aging	Book balance	Ending balance Provision for bad debts	Withdrawal ratio (%)
Within 1 year	3,595,897.93		
1-2 years	496,625.44		
2-3 years	22,700.00		
Over 3 years	827,850.00		
Total	4,943,073.37		-

9.3.3 Provision for bad debts of other receivables

Provision for bad debts	Stage 1 Expected credit losses over the next 12 months	Stage 2 Lifetime expected credit losses (no credit impairment)	Stage 3 Lifetime expected credit losses (credit-impaired)	Total
Opening balance	4,775.37		248,804.91	253,580.28
Opening balance in the current period	-	-	-	-
- Transfer into stage 2				
- Transfer into stage 3				
- Switch back to stage 2				
- Switch back to stage 1				
Provision for this period	71,359.21			71,359.21
Switch back in this period				
Resale in this period				
Write-off in this period			2,552.20	2,552.20
Other changes	58,723.48			58,723.48
Ending balance	17,411.10		246,252.71	263,663.81

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

9 Other receivables (CONTINUED)

9.4 Provision for bad debts on other receivable accrued, recovered or reversed during the period

Type	Opening balance	Accrue	Changes during the period		Other changes	Ending balance
			Take back or turn back	Resell or write off		
Provision for bad debts on an individual basis	248,804.91			2,552.20		246,252.71
Provision for bad debts on a portfolio basis	4,775.37	71,359.21			58,723.48	17,411.10
Including: Related party portfolio	4,775.37	71,161.95			58,526.22	17,411.10
Low risk portfolio						
Aging portfolio		197.26			197.26	
Total	253,580.28	71,359.21		2,552.20	58,723.48	263,663.81

Note: Other changes represent amounts transferred from disposal subsidiaries.

9.5 Other receivables not actually written off in the current period

Item	Amount written off
Tai'an Mingzhu fitness Co., LTD	2,552.20

9.6 Other receivables with the top five ending balances collected by debtors

Unit name	Nature of payment	Ending balance	Aging	Proportion of total other receivables (%)	Provision for bad debts
Shandong Lushang Real Estate Co., LTD	Related party transactions	818,425.70	Within 1 year, 1-2years, 2-3years	11.96	10,544.60
Zibo Boshan green Yan Garden engineering Co., LTD	Pay for the project	400,850.00	Over 3 years	5.86	
State grid Shandong electric power company Dongying power supply company	Security deposit	400,000.00	Over 3 years	5.85	
Hu Shihua	Security deposit	300,000.00	1-2years	4.39	
Lushang Freida Pharmaceutical Co., LTD	Related party transactions	214,400.03	Within 1 year, 1-2years	3.13	1,853.55
Total	–	2,133,675.73	–	31.19	12,398.15

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

10 Inventory

Item	Book balance	Ending balance Inventory reserve/contract performance cost impairment provision	Book value
Raw materials	1,098,787.14		1,098,787.14
Stock goods	14,509,179.11		14,509,179.11
Turnover materials	146,017.70		146,017.70
Total	15,753,983.95		15,753,983.95

Item	Book balance	Opening balance Inventory reserve/contract performance cost impairment provision	Book value
Raw materials	620,617.80		620,617.80
Stock goods	2,407,321.04		2,407,321.04
Turnover materials	396,093.13		396,093.13
Total	3,424,031.97		3,424,031.97

11 Contract Assets

11.1 Contract Assets

Item	Book balance	Ending balance Provision for bad debts	Book value
Landscape greening project	43,655,034.66	352,820.94	43,302,213.72
Design service	18,745,532.15	497.36	18,745,034.79
Hardcover engineering	12,724,808.97	21,829.07	12,702,979.90
Total	75,125,375.78	375,147.37	74,750,228.41

Item	Book balance	Opening balance Provision for bad debts	Book value
Landscape greening project	33,819,901.18	159,420.92	33,660,480.26
Design service	4,798,998.07	1,094.11	4,797,903.96
Hardcover engineering	22,711,653.20	41,614.31	22,670,038.89
Total	61,330,552.45	202,129.34	61,128,423.11

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

11 Contract Assets (CONTINUED)

112 Disclosure by the method of provision for bad debts

Type	Book balance		Ending balance		Book value
	Amount	Proportion (%)	Provision for bad debts Amount	Withdrawal ratio (%)	
Provision for bad debts on an individual basis					
Provision for bad debts on a portfolio basis	75,125,375.78	100.00	375,147.37	0.50	74,750,228.41
Including: Related party portfolio	59,863,559.49	79.68	55,125.30	0.09	59,808,434.19
Third party projects	15,261,816.29	20.32	320,022.07	2.10	14,941,794.22
Total	75,125,375.78	100.00	375,147.37	0.50	74,750,228.41

Type	Book balance		Opening balance		Book value
	Amount	Proportion (%)	Provision for bad debts Amount	Withdrawal ratio (%)	
Provision for bad debts on an individual basis					
Provision for bad debts on a portfolio basis	61,330,552.45	100.00	202,129.34	0.33	61,128,423.11
Including: Related party portfolio	41,811,529.24	68.17	98,529.18	0.24	41,691,382.96
Third party projects	19,519,023.21	31.83	103,600.16	0.53	19,437,040.15
Total	61,330,552.45	100.00	202,129.34	0.33	61,128,423.11

113 Provision for bad debts on contract assets accrued, recovered or reversed during the period

Item	Opening balance	Provision	Take back or turn back	Resale or Write-off	Other changes	Ending balance
Related party portfolio	98,529.18	-24,000.12			19,403.76	55,125.30
Third party projects	103,600.16	227,624.65			11,202.74	320,022.07
Total	202,129.34	203,624.53			30,606.50	375,147.37

Note: Other changes represent amounts transferred from disposal subsidiaries.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

12 Other current assets

Item	Ending balance	Opening balance
VAT deduction	180,251.91	2,537,402.59
Prepay other taxes and fees	189,303.34	302,630.88
Total	369,555.25	2,840,033.47

13 Investment properties

13.1 Investment properties measured at cost

Item	Houses and buildings	Total
I. Original cost		
1. Opening balance	39,504,900.36	39,504,900.36
2. The increase in the current period		
3. The amount reduced in the current period		
4. Ending balance	39,504,900.36	39,504,900.36
II. Accumulated depreciation		
1. Opening balance		
2. The increase in the current period	875,832.66	875,832.66
(1) Provision or amortization	875,832.66	875,832.66
3. The amount reduced in the current period		
4. Ending balance	875,832.66	875,832.66
III. Accumulated Impairment Losses		
IV. Book value		
1. Book value at the end of the period	38,629,067.70	38,629,067.70
2. Book value at the beginning of the period	39,504,900.36	39,504,900.36

13.2 At the end of the period, there were investment properties without a title certificate

Item	Book value	Reasons for not applying for the parking property certificate
Jinan Ginza Jingdu Civil air defense parking	31,191,346.09	Civil air defense parking

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

14 Fixed assets

Item	Ending balance	Opening balance
Fixed assets	49,494,503.41	50,711,300.46
Disposal of fixed assets		
Total	49,494,503.41	50,711,300.46

Item	Houses and buildings	Transport equipment	Machinery and other equipment	Total
I. Original cost				
1. Opening balance	41,793,419.69	14,484,448.05	15,544,897.68	71,822,765.42
2. The increase in the current period	–	562,856.26	1,317,159.85	1,880,016.11
(1) purchase	–	562,856.26	1,317,159.85	1,880,016.11
3. The amount reduced in the current period	–	–	581,386.30	581,386.30
(1) Dispose of or scrap	–	–	535,244.72	535,244.72
(2) Reduction in disposal of subsidiaries	–	–	46,141.58	46,141.58
4. Ending balance	41,793,419.69	15,047,304.31	16,280,671.23	73,121,395.23
II. Accumulated depreciation				
1. Opening balance	4,292,928.36	6,566,344.99	10,252,191.61	21,111,464.96
2. The increase in the current period	496,296.84	1,794,108.94	776,090.14	3,066,495.92
(1) Accrue	496,296.84	1,794,108.94	776,090.14	3,066,495.92
3. The amount reduced in the current period	–	–	551,069.06	551,069.06
(1) Dispose of or scrap	–	–	519,977.42	519,977.42
(2) Reduction in disposal of subsidiaries	–	–	31,091.64	31,091.64
4. Ending balance	4,789,225.20	8,360,453.93	10,477,212.69	23,626,891.82
III. Accumulated Impairment Losses				
IV. Book value				
1. Book value at the end of the period	37,004,194.49	6,686,850.38	5,803,458.54	49,494,503.41
2. Book value at the beginning of the period	37,500,491.33	7,918,103.06	5,292,706.07	50,711,300.46

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
(Expressed in RMB unless otherwise indicated)

15 Right-of-use assets
15.1 Right-of-use assets

Item	Houses and buildings	Total
I. Original cost		
1. Opening balance	3,908,271.10	3,908,271.10
2. The increase in the current period		
3. The amount reduced in the current period		
4. Ending balance	3,908,271.10	3,908,271.10
II. Accumulated depreciation		
1. Opening balance	2,149,549.06	2,149,549.06
2. The increase in the current period	390,827.10	390,827.10
(1) Accrue	390,827.10	390,827.10
3. The amount reduced in the current period		
4. Ending balance	2,540,376.16	2,540,376.16
III. Accumulated Impairment Losses		
IV. Book value		
1. Book value at the end of the period	1,367,894.94	1,367,894.94
2. Book value at the beginning of the period	1,758,722.04	1,758,722.04

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

16 Intangible assets

16.1 Intangible assets

Item	Software	Total
I. Original book value		
1. Opening balance	3,258,292.97	3,258,292.97
2. The increase in the current period	268,511.89	268,511.89
(1) purchase	268,511.89	268,511.89
3. The amount reduced in the current period		
4. Ending balance	3,526,804.86	3,526,804.86
II. Accumulated amortization		
1. Opening balance	2,174,534.96	2,174,534.96
2. The increase in the current period	475,772.02	475,772.02
(1) Accrue	475,772.02	475,772.02
3. The amount reduced in the current period		
4. Ending balance	2,650,306.98	2,650,306.98
III. Accumulated Impairment Losses		
IV. Book value		
1. Book value at the end of the period	876,497.88	876,497.88
2. Book value at the beginning of the period	1,083,758.01	1,083,758.01

17 Long-term deferred expenses

Item	Opening balance	The increase in the current period	Amortization in the current period	Other reduction	Ending balance
Fit-out cost	2,898,728.72	639,585.79	468,432.22		3,069,882.29
Total	2,898,728.72	639,585.79	468,432.22		3,069,882.29

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

18 Deferred Tax Assets and Deferred Tax Liabilities

18.1 Unoffset deferred tax assets

Item	Ending balance		Opening balance	
	Deductible temporary differences	Deferred Tax Assets	Deductible temporary differences	Deferred Tax Assets
Credit impairment loss	26,309,837.04	6,078,742.26	19,540,294.90	4,494,399.90
Asset impairment provision	375,147.37	91,554.20	202,129.34	44,641.18
Employee compensation payable	6,143,444.85	1,260,228.64	9,416,789.34	1,953,418.61
Lease liabilities	2,598,244.43	389,736.66	2,553,478.25	383,021.74
Total	35,426,673.69	7,820,261.76	31,712,691.83	6,875,481.43

18.2 Unoffset deferred tax liability

Item	Ending balance		Opening balance	
	Taxable temporary differences	Deferred Tax Liabilities	Taxable temporary differences	Deferred Tax Liabilities
Usufruct assets	1,367,894.94	205,184.24	1,758,722.04	263,808.31
Total	1,367,894.94	205,184.24	1,758,722.04	263,808.31

18.3 Deferred tax assets or liabilities shown net of set-off

Item	Deferred tax assets and liabilities at the end of the period allowance amount	Deferred tax assets or liabilities Ending balance after offset	Deferred tax assets and liabilities beginning offset amount	Deferred tax assets or liabilities after set-off open balance
Deferred Tax Assets	205,184.24	7,615,077.52	263,808.31	6,611,673.12
Deferred Tax Liabilities	205,184.24		263,808.31	

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

19 Short-term borrowings

19.1 Short-term borrowings

Category of borrowings	Ending balance	Opening balance
Credit borrowings	8,007,561.64	
Total	8,007,561.64	

20 Accounts payable

20.1 Accounts payable

Item	Ending balance	Opening balance
Payable for Project cost	71,685,444.25	89,371,698.92
Payable for engineering	91,788,752.30	93,194,280.36
Payable for Expense	1,307,789.86	1,975,297.20
Payable for materials	10,421,876.71	9,657,093.08
Payable for Tentative estimate of accounts	1,730,261.48	780,864.97
Others	7,074,496.61	6,717,574.46
Total	184,008,621.21	201,696,808.99

20.2 The aging analysis of accounts payables (including amounts due to related parties)

The aging analysis of accounts payables based on transaction dates is as follows:

Aging	June 30, 2024	December 31, 2023
Up to 1 year	123,077,275.84	152,737,044.34
1-2 years	38,844,274.26	38,495,716.53
2-3 years	17,905,468.13	9,296,755.27
Over 3 years	4,181,602.98	1,167,292.85
Total	184,008,621.21	201,696,808.99

20.3 Important accounts payable aged over 1 year

Unit name	Ending balance	Reasons for non-repayment or carryforward
Shandong Qilu Landscape Garden Co., LTD	8,996,779.49	unsettled
Qingdao Shangjing Landscape Engineering Co., Ltd.	6,033,316.47	unsettled
Qingdao Longde Municipal Landscape Construction Co., Ltd.	4,560,497.20	unsettled
Shandong Guorui Municipal Garden Engineering Co., LTD	4,376,275.00	unsettled
Shandong Huamai Ronghui Information Technology Co., Ltd.	3,811,650.40	unsettled
Total	27,778,518.56	–

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

21 Payments received in advance

Type	Ending balance	Opening balance
Lease	399,533.00	336,976.79
Total	399,533.00	336,976.79

22 Contract liabilities

Item	Ending balance	Opening balance
Property fee	57,421,635.15	67,504,491.47
Community value-added service	5,254,493.25	4,164,548.01
Landscaping design services		131,903.63
Total	62,676,128.40	71,800,943.11

23 Employee benefits payable

23.1 Employee benefits payable

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
Short-term benefits	21,854,669.02	61,445,807.94	64,643,355.57	18,657,121.39
Post-employment benefits-defined contribution plan	3,540,979.18	6,415,889.21	7,567,544.32	2,389,324.07
Total	25,395,648.20	67,861,697.15	72,210,899.89	21,046,445.46

23.2 List of short-term benefits

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
Salaries, bonuses, allowances and subsidies	9,163,943.52	48,893,383.30	49,488,857.12	8,568,469.70
Employee welfare expenses	–	5,712,348.44	5,598,560.44	113,788.00
Social insurance premiums	2,230,542.85	3,449,973.03	3,966,364.16	1,714,151.72
Including: medical insurance premiums	1,988,007.60	3,260,120.47	3,742,900.12	1,505,227.95
Work injury insurance	242,535.25	189,852.56	223,464.04	208,923.77
Housing Provident Fund	3,645,267.21	2,425,202.15	4,006,555.34	2,063,914.02
Trade union funds and employee education funds	6,814,915.44	944,093.02	1,562,210.51	6,196,797.95
Short-term cumulative paid absence	–	20,808.00	20,808.00	–
Total	21,854,669.02	61,445,807.94	64,643,355.57	18,657,121.39

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

23 Employee benefits payable (CONTINUED)

233 List of defined contribution plans

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
Basic pension insurance	3,386,179.30	6,191,969.71	7,257,966.23	2,320,182.78
Unemployment insurance premiums	154,799.88	223,919.50	309,578.09	69,141.29
Enterprise annuity contribution				
Total	3,540,979.18	6,415,889.21	7,567,544.32	2,389,324.07

24 Taxes payable

Item	Ending balance	Opening balance
VAT	287,109.03	440,443.82
Corporate income tax	4,558,953.03	1,823,746.17
Urban maintenance and construction tax	121,684.78	152,328.12
Education fee surcharge	54,943.20	64,633.57
Local education surcharges	33,566.74	45,650.29
Personal Income Tax	34,654.58	28,720.77
Property tax	123,078.96	379,812.45
Land use tax	581.22	581.22
Stamp duty	1,123.71	22,759.28
Total	5,215,695.25	2,958,675.69

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
(Expressed in RMB unless otherwise indicated)

25 Other payables

Item	Ending balance	Opening balance
Dividend payable	10,213,740.00	10,740,000.00
Other payables	55,211,296.93	49,473,944.23
Total	65,425,036.93	60,213,944.23

25.1 Dividend payable

Item	Ending balance	Opening balance
Common stock	10,213,740.00	10,740,000.00
Total	10,213,740.00	10,740,000.00

25.2 Other payables

25.2.1 Other payables shown by the nature

Nature of payment	Ending balance	Opening balance
Deposit and security deposit	32,412,053.58	26,692,561.67
Advance money on behalf of others	1,460,389.40	1,807,743.52
Escrow fund	9,070,488.90	7,519,181.24
Party building	1,849,958.75	1,904,958.76
Public maintenance fund	1,671,346.98	2,970,899.28
Energy cost	453,696.51	1,595,214.83
Intermediary fee	5,760,607.06	4,261,616.05
Other	2,532,755.75	2,721,768.88
Total	55,211,296.93	49,473,944.23

25.2.2 Important other payables aged over 1 year

Unit name	Ending balance	Reasons for non-repayment or carryforward
Toppan Merrill Financial printing Co., LTD	4,292,183.81	unsettled
Total	4,292,183.81	-

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

26 Current portion of non-current liabilities

Item	Ending balance	Opening balance
Long-term payables due within one year		139,992.44
Lease liabilities due within one year	834,439.96	812,526.02
Total	834,439.96	952,518.46

27 Other current liabilities

Item	Ending balance	Opening balance
Endorsed acceptance without termination of confirmation	2,890,254.31	7,692,236.13
Pending write-off tax	3,767,012.48	4,310,725.72
Total	6,657,266.79	12,002,961.85

28 Lease liabilities

Item	Ending balance	Opening balance
Within 1 year	883,889.52	883,889.52
1-2 years	883,889.54	883,889.54
2-3 years	883,889.54	883,889.54
3-4 years		
Subtotal of total lease payments	2,651,668.60	2,651,668.60
Less: Unrecognized financing charges	53,424.17	98,190.35
Subtotal of Net lease liability	2,598,244.43	2,553,478.25
Less: Lease liabilities due within one year	834,439.96	812,526.02
Total	1,763,804.47	1,740,952.23

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
(Expressed in RMB unless otherwise indicated)

29 Share capital

Item	Opening balance	Issue new shares	Increase or decrease during the period			Subtotal	Ending balance
			Bonus shares	Provident fund conversion	Other		
Total number of shares	133,340,000.00	-	-	-	-	-	133,340,000.00

30 Capital reserves

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
Capital surplus (share premium)	218,802,523.38	-	4,878,300.00	213,924,223.38
Total	218,802,523.38	-	4,878,300.00	213,924,223.38

The decrease of RMB 4,878,300.00 in capital surplus for the current period is due to the payment of the consideration for business combination under common control.

31 Surplus Reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
Statutory surplus reserve	13,003,776.37	-	-	13,003,776.37
Total	13,003,776.37	-	-	13,003,776.37

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

32 Retained earnings

Item	Current period	Previous period
Retained earnings at the end of the previous period before adjustment	159,487,525.92	142,800,857.91
Total retained earnings adjustment at the beginning of the period (increase +, decrease -)	-	-10,768,237.03
A business combination under common control	-	-10,768,237.03
The adjusted retained earnings at the beginning of the period	159,487,525.92	132,032,620.88
Add: Net profit attributable to the parent company's shareholders for the period	21,666,723.76	21,219,595.17
Less: Appropriation to statutory surplus reserve		
Appropriation to arbitrary surplus reserve		
Common stock dividends		
Common stock dividends transferred to share capital		
Retained earnings at the end of the period	181,154,249.68	153,252,216.05

33 Operating revenue and operating costs

33.1 Operating revenue and operating costs

Item	Amount in the current period		Amount in the previous period	
	revenue	Cost	revenue	Cost
Main business	308,043,060.62	247,928,049.85	612,254,541.23	537,551,487.04
Other business	506,222.80	166,151.34	15,007,607.35	11,889,136.44
Total	308,549,283.42	248,094,201.19	627,262,148.58	549,440,623.48

33.2 The situation of the revenue generated by the contract

Contract classification	Amount in the current period		
	Main business	Other business	Total
Service type			
Including: Property management services	165,012,712.04	506,222.80	165,518,934.84
Community value-added services	67,292,353.35	-	67,292,353.35
Value-added services to non-property owners	75,737,995.23	-	75,737,995.23
Real Estate			
Leasing			
Classified by operating area			
Including: China	308,043,060.62	506,222.80	308,549,283.42
Classification by time of transfer of services			
Including: Transfer at a certain point	63,491,416.32	-	63,491,416.32
Transfer within a certain period of time	244,551,644.30	506,222.80	245,057,867.10
Total	308,043,060.62	506,222.80	308,549,283.42

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
(Expressed in RMB unless otherwise indicated)

33 Operating revenue and operating costs (CONTINUED)

33.2 The situation of the revenue generated by the contract (Continued)

Contract classification	Amount in the previous period		Total
	Main business	Other business	
Service type			
Including: Property management services	164,615,698.30	242,589.97	164,858,288.27
Community value-added services	60,374,098.12		60,374,098.12
Value-added services to non-property owners	88,781,534.79		88,781,534.79
Real Estate	298,483,210.02		298,483,210.02
Leasing		14,765,017.38	14,765,017.38
Classified by operating area			
Including: China	612,254,541.23	15,007,607.35	627,262,148.58
Classification by time of transfer of services			
Including: Transfer at a certain point	356,503,593.00		356,503,593.00
Transfer within a certain period of time	255,750,948.23	15,007,607.35	270,758,555.58
Total	612,254,541.23	15,007,607.35	627,262,148.58

34 Taxes and surcharges

Item	Amount in the current period	Amount in the previous period
Urban maintenance and construction tax	710,817.26	1,573,665.51
Education surcharge	308,449.10	700,535.59
Local education fees surcharge	205,632.76	438,562.89
Stamp duty	58,313.73	310,629.71
Property tax	612,903.34	2,706,159.76
Land use tax	12,597.36	12,597.36
Environmental protection tax	862.59	3,312.96
Vehicle usage tax	1,888.46	840.96
Water resource tax		449,307.00
Others		3,305.52
Land value added tax		5,682,081.90
Total	1,911,464.60	11,880,999.16

35 Selling expense

Item	Amount in the current period	Amount in the previous period
Advertising expenses		3,364,388.67
commission		6,535,078.39
Total		9,899,467.06

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

36 Administrative expenses

Item	Amount in the current period	Amount in the previous period
Employee compensation	16,085,790.79	12,898,443.45
Intermediary fee	3,393,418.65	2,986,519.75
Depreciation of fixed assets	893,638.17	929,852.24
Travel expenses	480,275.13	439,682.86
Service charge	471,204.35	223,003.21
Office expenses	413,812.59	168,900.04
Depreciation of right-of-use assets	390,827.10	390,827.10
Business entertainment expenses	303,883.27	206,063.69
Amortization of intangible assets	176,537.14	170,466.38
Printing and publishing expenses	166,766.08	450,213.84
Amortization of long-term deferred expenses	121,195.80	109,201.74
Network communication fee	76,586.13	127,587.91
Funds for party building	18,021.96	158,198.38
Publicity and recruitment fee	–	158,072.28
Other	580,246.28	704,006.25
Total	23,572,203.44	20,121,039.12

37 R&D expenses

Item	Amount in the current period	Amount in the previous period
Employee compensation	2,463,604.88	2,206,520.39
Total	2,463,604.88	2,206,520.39

38 Finance expenses

Item	Amount in the current period	Amount in the previous period
Interest expense	119,646.17	103,605.47
Less: Interest income	3,124,338.97	3,694,264.42
Exchange gains and losses	30,551.18	682,292.70
Bank charges and others	684,772.49	609,108.23
Total	-2,289,369.13	-2,299,258.02

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
(Expressed in RMB unless otherwise indicated)

39 Other income

Sources of other income	Amount in the current period	Amount in the previous period
Government subsidy	316,639.08	13,554.49
Military and veteran relief	74,215.88	246,000.10
VAT relief	12,580.31	574,031.32
Personal income tax handling fee refund	24,539.34	81,159.91
Reemployment tax incentives and deductions	3,900.00	7,800.00
Other	-	3,267.21
Total	431,874.61	925,813.03

40 Income from investments

Item	Amount in the current period	Amount in the previous period
Investment income from disposal of long-term equity investments	-379,945.42	
Total	-379,945.42	

41 Credit impairment losses

Item	Amount in the current period	Amount in the previous period
Bad debt loss on accounts receivable	-7,014,882.01	-5,949,769.28
Bad debt loss on other receivables	-71,359.21	-43,824.80
Bad debt loss on notes receivable	-72,661.97	-34,441.48
Total	-7,158,903.19	-6,028,035.56

42 Impairment losses on assets

Item	Amount in the current period	Amount in the previous period
Impairment loss of contract assets	-203,624.53	-356,616.38
Total	-203,624.53	-356,616.38

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

43 Non-operating income

43.1 Non-operating income details

Item	Amount in the current period	Amount in the previous period	Amount included in non-recurring gains and losses for the current period
Government subsidy	1,520,000.00		1,520,000.00
other	4,199.05	63,278.09	4,199.05
Total	1,524,199.05	63,278.09	1,524,199.05

43.2 Government subsidies recognized in gains and losses for the current period

Item	Amount in the current period	Amount in the previous period	Asset-related/ Income related
Jinjiutiao government subsidy, 2022	1,500,000.00		Income related
Other	20,000.00		Income related
Total	1,520,000.00		

44 Non-operating expenses

Item	Amount in the current period	Amount in the previous period	Amount included in non-recurring gains and losses for the current period
Loss on destruction and retirement of non-current assets	15,267.30	12,194.21	15,267.30
Donation	1,000.00	721.92	1,000.00
Overdue payment	97,812.01	67,837.53	97,812.01
Fine		50,200.00	
Damages for breach of contract		55,341.52	
Other	76.87	1.60	76.87
Total	114,156.18	186,296.78	114,156.18

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

45 Income tax expense

45.1 Income tax expense

Item	Amount in the current period	Amount in the previous period
Current income tax expense in accordance with tax codes which includes: corporate income tax in mainland China	8,072,056.63	9,386,073.31
Deferred Income Taxes expense	-1,103,707.45	-955,960.70
Total	6,968,349.18	8,430,112.61

45.2 Accounting profit and income tax expense adjustment process

Item	Amount in the current period
Total profit	28,896,622.78
Income tax expense at statutory/applicable tax rate	7,224,155.70
The impact of different tax rates applied to subsidiaries	-437,968.22
Effect of adjusting income tax for previous periods	
Impact of non-taxable income	
Impact of non-deductible costs, expenses and losses	24,728.70
Effect of using deductible losses of previously unrecognized Deferred Tax Assets	
The impact of deductible temporary differences or deductible losses on Deferred Tax Assets not recognized in the current period	
Additional deductible expenses under research and development expenses	-369,540.73
Effect of disposal of subsidiaries	561,048.86
Tax rate adjustments result in changes to the opening balances of deferred tax assets/liabilities	-34,075.13
Additional deductible expenses under tax law	
Income tax expense	6,968,349.18

46 Cash flow statement items

46.1 Cash flows from operating activities

46.1.1 Other cash receipts relating to operating activities

Item	Amount in the current period	Amount in the previous period
Receive current payments and others	21,824,816.22	111,513,309.67
Government subsidy	1,836,639.08	270,621.80
Interest income	1,554,711.97	1,445,409.97
Total	25,216,167.27	113,229,341.44

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

46 Cash flow statement items (CONTINUED)

46.1 Cash flows from operating activities (Continued)

46.1.2 Other cash payments relating to operating activities

Item	Amount in the current period	Amount in the previous period
Current and other payments	30,299,493.04	149,651,782.72
Out-of-pocket expenses related to administrative expenses	5,905,984.35	4,678,527.93
Out-of-pocket expenses related to finance charges	684,772.49	609,108.23
Non-operating expenses	98,888.88	173,380.65
Out-of-pocket expenses related to selling expenses		7,874,354.84
Total	36,989,138.76	162,987,154.37

46.2 Cash flows from financing activities

46.2.1 Other cash payments relating to financing activities

Item	Amount in the current period	Amount in the previous period
Lease payment	140,610.79	766,590.80
Payment for the consideration in a business combination under common control	4,878,300.00	
Total	5,018,910.79	766,590.80

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

47 Supplementary information on cash flow statement

47.1 Supplementary information on cash flow statement

Item	Amount in the current period	Amount in the previous period
1. Adjusting net profit to cash flow from operating activities:		
Net profit	21,928,273.60	22,000,787.18
Add: Impairment losses on assets	203,624.53	356,616.38
Credit impairment loss	7,158,903.19	6,028,035.56
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	3,942,328.58	3,489,281.03
Amortization of right-of-use assets	390,827.10	390,827.10
Amortization of intangible assets	475,772.02	417,430.00
Amortization of long-term deferred expenses	468,432.22	109,201.74
Loss on disposal of fixed assets, intangible assets and other long-term assets (gains are listed with "-")		
Loss of scrapping of fixed assets (income is listed with "-")	14,817.30	-
Loss from changes in fair value (gains are listed with "-")		
Finance expenses (income is listed with "-")	150,197.35	785,898.17
Investment loss (gains are listed with "-")	379,945.42	
Decrease in Deferred Tax Assets (increases are listed with "-")	-1,103,707.45	-1,071,577.19
Increase in Deferred Tax Liabilities (decrease is listed with "-")		
Decrease in inventory (increases are marked with "-")	-12,329,951.98	136,934,376.36
Decrease in operating receivables (increases are listed with "-")	-51,438,051.85	9,421,142.00
Increase in operating payables (decrease is listed with "-")	-23,144,511.69	-213,275,822.43
Other	-	117,730.68
Net cash flow from operating activities	-52,903,101.66	-34,296,073.42
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Debt to capital		
Convertible corporate bonds maturing within one year		
New use right assets in the current period		
3. Net changes in cash and cash equivalents		
Ending balance of cash	385,008,886.56	388,478,438.08
Less: opening balance of cash	412,094,874.66	428,224,768.89
Add: ending balance of cash equivalents		
Less: opening balance of cash equivalents		
Cash and cash equivalents	-27,085,988.10	-39,746,330.81

47.2 Net cash received from disposal of subsidiaries during the period

Item	Amount
Cash and cash equivalents received from disposal of subsidiaries during the period	21,864,000.00
Less: Cash and cash equivalents held by the company at the date of loss of control	722,891.62
Add: Cash or cash equivalents received from disposal of subsidiaries in previous periods	3,818,400.00
Net cash received from disposal of subsidiaries	24,959,508.38

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

47 Supplementary information on cash flow statement (CONTINUED)

473 Composition of cash and cash equivalents

Item	Ending balance	Opening balance
Cash	385,008,886.56	412,094,874.66
Of which: cash on hand	8,827.65	5,455.50
Bank deposits that can be used for payment at any time	385,000,058.91	412,089,419.16
Other monetary funds available for payment at any time		
Balance of cash and cash equivalents at the end of the period	385,008,886.56	412,094,874.66
Of which: the use of restricted cash and cash equivalents by the parent company or an intra-group subsidiary		

48 Monetary items of foreign currency

Item	Foreign currency balance at the end of the period	Converted exchange rate	RMB balance converted at the end of the period
Monetary fund	–	–	2,343.07
Of which: HKD	2,567.24	0.9127	2,343.07
Other payables	–	–	4,292,183.81
Of which: HKD	4,702,732.34	0.9127	4,292,183.81

49 Leasing

The Group as the lessee

Item	Amount in the current period
Interest expense on lease liabilities	45,384.53
Short-term lease charges recognised in profit or loss using the simplified approach	875,323.59
Lease charges for low-value assets (other than short-term leases) recognised in profit or loss using the simplified treatment	
Total cash outflows related to leases	1,455,457.79