



**Runhua Living Service Group Holdings Limited**

**润华生活服务集团控股有限公司**

*(a company incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2455)**


# 2024

## INTERIM REPORT



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Yang Liquan (*Chairman of the Board*)  
Mr. Fei Zhongli (*Chief Executive Officer*)

### Non-executive Directors

Mr. Luan Tao  
Mr. Luan Hangqian  
Mr. Cheng Xin

### Independent Non-Executive Directors

Ms. Chen Haiping (*Resigned on 15 July 2024*)  
Ms. Wang Yushuang (*Appointed on 15 July 2024*)  
Ms. Bao Ying  
Ms. He Murong

## AUDIT COMMITTEE

Ms. Chen Haiping (*Chairlady*) (*Resigned on 15 July 2024*)  
Ms. Wang Yushuang (*Chairlady*)  
(*Appointed on 15 July 2024*)  
Mr. Cheng Xin  
Ms. Bao Ying

## REMUNERATION COMMITTEE

Ms. He Murong (*Chairlady*)  
Mr. Yang Liquan  
Ms. Chen Haiping (*Resigned on 15 July 2024*)  
Ms. Wang Yushuang (*Appointed on 15 July 2024*)

## NOMINATION COMMITTEE

Mr. Yang Liquan (*Chairman*)  
Ms. He Murong  
Ms. Bao Ying

## AUTHORISED REPRESENTATIVES

Ms. Ng Ka Man  
Mr. Yang Liquan

## COMPANY SECRETARY

Ms. Ng Ka Man

## INDEPENDENT AUDITOR

SHINEWING (HK) CPA Limited  
*Registered Public Interest Entity Auditor*  
17/F, Chubb Tower, Windsor House  
311 Gloucester Road  
Causeway Bay  
Hong Kong

## LEGAL ADVISERS

*As to Cayman Islands law:*  
Campbells  
Floor 35, Room 3507  
Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

## COMPLIANCE ADVISER

Zhongtai International Capital Limited  
19/F  
Li Po Chun Chambers  
189 Des Voeux Road Central  
Central  
Hong Kong



## CORPORATE INFORMATION

### REGISTERED OFFICE

Floor 4, Willow House  
Cricket Square  
Grand Cayman KY1-9010  
Cayman Islands

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

6th Floor, Building No. 1  
Lemeng Center  
No. 28988 Jingshi Road  
Jinan City  
Shandong Province  
PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two  
Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFER

Campbells Corporate Services Limited  
Floor 4, Willow House  
Cricket Square  
Grand Cayman KY1-9010  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong

### PRINCIPAL BANKS

Agricultural Bank of China Co., Ltd. (Jinan Dajin Branch)  
Industrial and Commercial Bank of China Limited  
(Jinan Huaiyin Branch)

### WEBSITE

[www.sdrhwy.cn](http://www.sdrhwy.cn)

### STOCK CODE

2455

# FINANCIAL SUMMARY

The following is a summary of the results and assets and liabilities of Runhua Living Service Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) for six months ended 30 June 2023 and 30 June 2024, respectively.

## RESULTS

	Six months ended 30 June		Changes
	2024 RMB'000	2023 RMB'000	
Revenue	407,475	366,230	11.3%
Gross profit	61,252	67,835	(9.7%)
Profit before tax	24,338	26,922	(9.6%)
Income tax expense	(6,875)	(6,645)	3.5%
Profit for the period and total comprehensive income for the period	17,463	20,277	(13.9%)
Profit and total comprehensive income attributable to: Owners of the parent	17,558	20,161	(12.9%)

## CONSOLIDATED FINANCIAL POSITION

	30 June 2024 RMB'000	31 December 2023 RMB'000	Changes
Total assets	700,508	715,549	(2.1%)
Total liabilities	337,955	374,572	(9.8%)
Total equity attributable to: Owner of the Company	362,317	340,330	6.5%

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Company was successfully listed on the Main Board of the Stock Exchange on 17 January 2023 (the “**Listing Date**”). The Company issued 75,000,000 ordinary shares with a par value of US\$0.0001 each at an offer price of HK\$1.70 per share, raising net proceeds of HK\$89.9 million (after deducting the listing expenses).

The Group is a reputable integrated property management service provider in the PRC, with a primary focus in Shandong Province by upholding the strategy of “Shandong Focus (精耕山東)”. Over the years, the Group have gradually expanded the geographic presence from Jinan to cover 15 of the 16 prefecture-level cities in Shandong Province. Apart from the properties located in Shandong Province, the Group also managed projects located in Beijing, Hebei Province and Jiangsu Province.

The Group’s commitment to quality of service has set a benchmark for high quality property management in the market, which forms the crux of achieving customer loyalty and retention. For the six months ended 30 June 2024, 93.2% of total revenue was generated from the provision of property management services to customers, of which 94.0% came from non-residential properties (such as hospitals, public properties and commercial and other non-residential properties) and the remaining 6.1% came from residential properties. As a result, the Group’s property management services have been and will continue to strategically focus on non-residential properties in the PRC.

In 2023, the Group received “TOP500 Property Management Companies of China” from CRIC Property Management and Beijing Zhongwu Research Association Information Technology Co., Ltd.. The Group was also awarded “TOP3 Hospital Property Management Companies in Shandong”, “TOP3 School Property Management Companies in Shandong”, “TOP10 Famous Brands in Shandong”, “TOP100 Property Service Satisfaction Enterprises of China” and “Exemplary organization of Enterprise Culture Construction in Shandong”.

The services provided by the Group can be broadly divided into four business segments by their nature, namely (i) property management services; (ii) property engineering and landscape construction services; (iii) leasing services from investment properties; and (iv) other services.

Leveraging the Group’s extensive experience in Shandong Province, the Group actively explores and pursues opportunities to expand the property portfolio and bolster the geographic presence across Shandong Province by securing more projects, with a specific interest in high-end hospitals and public properties for improving the Group’s profile and exposure in the market.

## FUTURE PROSPECTS

The board of directors of the Company (the “**Board**”) is of the view that the public offering has affected the views of customers on the Group and believes that the public offering is a supplementary form of promotion that will further enhance its corporate image, help to strengthen brand awareness and market reputation, enhance credibility with the public and potential business partners, and provide the Company with a broader shareholder base to improve the liquidity of share trading. In addition, the Board is of the view that the listing will enable the Group to enter the capital market for future financing at the time of the listing and subsequent stages, which will certainly contribute to the future business development of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

Since its establishment, the Group has mainly focused on providing services in Shandong Province and adhering to the strategy of “Market Development in Shandong”. In view of the sustained growth of China’s economy and urbanization, as well as the expected increase in the number of new properties (residential and non-residential), in addition to achieving business growth through organic growth measures, the Group plans to increase its market share in cities within Shandong Province where it has already conducted business through acquisitions and business partnerships, and to enter other nearby developed markets such as the Yangtze River Delta and the Beijing-Tianjin-Hebei region through the acquisition of well-known local property management companies.

There has been no change in the intended use of the net proceeds previously disclosed in the prospectus (the “**Prospectus**”) of the Company regarding its global offering of shares (the “**Global Offering**”) as of 30 December 2022, and the expected timetable for the use of the net proceeds will depend on the business development of the Company.

## FINANCIAL PERFORMANCE

### Revenue

The Group’s revenue is mainly generated from four business segments divided by their nature, namely: (i) property management services; (ii) property engineering and landscape construction services; (iii) leasing services from investment properties; and (iv) other services.

The following table sets out a breakdown of revenue by type of services provided during the period shown:

	Six months ended 30 June					
	2024		2023		Growth rate	
	Revenue RMB’000	%	Revenue RMB’000	%		
Property management services	379,581	93.2	340,017	92.8	11.6	
Property engineering services and landscape construction services	6,876	1.7	16,226	4.4	(57.6)	
Leasing services from investment property	13,576	3.3	7,529	2.1	80.3	
Other services	7,442	1.8	2,458	0.7	203.1	
<b>Total</b>	<b>407,475</b>	<b>100.0</b>	<b>366,230</b>	<b>100.0</b>	<b>11.3</b>	

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out a breakdown of revenue from the provision of property management services by type of property under management during the period shown:

	Six months ended 30 June				
	2024		2023		Growth rate
	Revenue RMB'000	%	Revenue RMB'000	%	
Hospitals	184,789	48.7	146,793	43.2	25.9
Public properties	121,299	32	117,226	34.5	3.5
Commercial and other non-residential properties	50,405	13.3	50,232	14.7	0.3
Residential properties	23,088	6.1	25,766	7.6	(10.4)
<b>Total</b>	<b>379,581</b>	<b>100</b>	<b>340,017</b>	<b>100</b>	<b>11.6</b>

Revenue increased by RMB41.3 million or 11.3%, from RMB366.2 million for the six months ended 30 June 2023 to RMB407.5 million for the six months ended 30 June 2024, mainly due to the increase in revenue from the property management sector business from RMB340.0 million for the six months ended 30 June 2023 to RMB379.6 million for the six months ended 30 June 2024. The increase in revenue from the property management sector was mainly due to (i) the new property management service agreement entered into in the second half of 2023 for hospitals and public properties; and (ii) the growth of public properties business brought about by the recovery after the COVID-19.

### Service Costs

The Group's service costs mainly include staff costs, subcontracting costs, materials, and consumables and other service costs. The service costs of the Group increased by 16.0% from RMB298.4 million for the six months ended 30 June 2023 to RMB346.2 million for the six months ended 30 June 2024. The increase was mainly due to the increase in the number of front-line staff deployed and subcontractors appointed for new property management business, which was in line with the increase in revenue during the Reporting Period.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Gross Profit and Gross Profit Margin

The gross profit of the Group decreased by RMB6.5 million or 9.6% from RMB67.8 million for the six months ended 30 June 2023 to RMB61.3 million for the six months ended 30 June 2024.

The following table sets out a breakdown of gross profit and gross profit margin by business segments during the period shown:

	Six months ended 30 June			
	2024		2023	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Property management services	53,784	14.2	61,537	18.1
Property engineering services and landscape construction services	1,007	14.6	2,407	14.8
Leasing services from investment property	5,146	37.9	2,322	30.8
Other services	1,315	17.7	1,569	63.8
<b>Total</b>	<b>61,252</b>	<b>15.0</b>	<b>67,835</b>	<b>18.5</b>

For the six months ended 30 June 2024, the Group's gross profit margin decreased by 3.5% compared with the same period last year.

The gross profit margin of property management services decreased by 3.9%, mainly due to a decrease of 3.4% in gross profit from the provision of property management services to public properties during the Reporting Period compared with the same period in 2023. The decrease was due to the Group's acquisition of several property management service contracts for large public properties around the end of 2023 and the relatively high staff costs and facility maintenance costs incurred in the early stages of such property management business (namely, the first half of 2024).

The gross profit margin of property engineering and landscape construction services decreased by 0.2%, and basically unchanged from the last year.

The gross profit margin of leasing services from investment properties increased by 7.1%, primarily due to the relatively high gross profit margin of subleasing a sizeable investment property located in Jinan City.

Gross profit margin for other services decreased by 46.1%, mainly due to an increase in outsourcing labor costs for patient care and postpartum care services, resulting in a 40% decrease in gross profit.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Other Income and Gains and Expenses, Net

Other income and gains and expenses mainly include government grants and bank interest income. The net amount of other income and gains and expenses decreased by RMB2.7 million, or 48.2%, from RMB5.6 million for the six months ended 30 June 2023 to RMB2.9 million for the six months ended 30 June 2024. The decrease in other income and gains and expenses was mainly due to a decrease in cash held by the Company denominated in HKD in the first half of 2024 compared to the first half of 2023, resulting in a decrease of RMB1.5 million in exchange gains. The government grants has decreased by RMB1.0 million compared to the same period in 2023.

### Sales and Distribution Expenses

Sales and distribution expenses decreased from RMB5.4 million for the six months ended 30 June 2023 to RMB1.0 million for the six months ended 30 June 2024. The main reason is that the rental rate has been relatively stable in 2024, resulting in a reduction in marketing expenses.

### Administrative Expenses

Administrative expenses decreased from RMB37.7 million for the six months ended 30 June 2023 to RMB34.4 million for the six months ended 30 June 2024. The main reason is the listing expenses of RMB2.5 million incurred in the first half of 2023.

### Financial Costs

Financial costs decreased by RMB0.2 million, or 4.5%, from RMB4.4 million for the six months ended 30 June 2023 to RMB4.2 million for the six months ended 30 June 2024.

### Share of Profit/(Loss) of an Associate

Share of profit of an associate decreased by RMB1.0 million, or 112.0%, from RMB976 thousand for the six months ended 30 June 2023 to a loss of RMB117 thousand for the six months ended 30 June 2024. The decrease was due to losses incurred for the six months ended 30 June 2024.

### Income Tax Expense and Effective Tax Rate

Income tax expenses increased by RMB0.3 million, or 3.5%, from RMB6.6 million for the six months ended 30 June 2023 to RMB6.9 million for the six months ended 30 June 2024.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the enterprise income tax rate of the Group’s PRC subsidiaries is 25%, unless subject to tax deduction or exemption. The effective tax rates for the six months ended 30 June 2024 and 2023 were 28.2% and 24.7%, respectively.

### Profit and Net Profit Margin for the Period

As a result of the foregoing, the net profit decreased by RMB2.8 million or 13.9% from RMB20.3 million for the six months ended 30 June 2023 to RMB17.5 million for the six months ended 30 June 2024, and the net profit margin decreased from 5.5% for the six months ended 30 June 2023 to 4.3% for the six months ended 30 June 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Property and Equipment

The property and equipment of the Group mainly includes buildings, electronic equipment and furniture, fixtures and equipment. As at 30 June 2024, the Group's property and equipment amounted to RMB19.6 million, representing a decrease of RMB0.3 million compared with RMB19.9 million as at 31 December 2023, mainly due to (i) purchase of RMB3.2 million on property and equipment, with depreciation of RMB2.7 million included in the cost expenses for the Reporting Period, and (ii) the disposal of RMB1.5 million of property and equipment, with a cumulative depreciation transfer of RMB0.7 million.

### Investment Properties

Investment properties mainly refer to commercial properties located in China, which have been or are intended to be leased or subleased to third parties under operating leases for the provision of the property leasing services. The investment properties decreased from RMB90.0 million as at 31 December 2023 to RMB82.7 million as at 30 June 2024, mainly due to the derecognition.

### Investment in an Associate

The investment in an associate represents the Group's 41% interests in Tianjin Tianfu Property Management Co., Ltd.\* (天津天孚物業管理有限公司) ("**Tianjin Tianfu**"), which is a property management company located in Tianjin. The investment decreased from RMB137.6 million as at 31 December 2023 to RMB137.5 million as at 30 June 2024, primarily due to the loss of Tianjin Tianfu, and the investment calculated according to the shareholding ratio decreased by RMB0.1 million.

### Trade Receivables

The trade receivables are mainly fees receivable from the property management services, and property engineering and landscape construction services. The Group's trade receivables as at 30 June 2024 amounted to RMB234.2 million, representing an increase of RMB40.6 million or 21.0% as compared to RMB197.8 million as at 31 December 2023, mainly due to (i) the increase of the revenue and the scale of business operations; and (ii) the settlement period required by government and public agency clients has increased compared to 2023.

### Prepayments, Other Receivables and Other Assets

Prepayment, other receivables and other assets comprised prepayments to suppliers, deposits and other receivables and deferred listing expenses, prepayment, other receivables and other assets increased from RMB37.2 million as at 31 December 2023 to RMB47.0 million as at 30 June 2024, primarily due to the increase of the deposits and other receivables. The increase was due to an increase of RMB6.1 million in other receivables, including (i) an increase of RMB2.1 million in transactions with Shenzhen Shenhua Property Group Co., LTD during this year; (ii) an increase of RMB1.7 million in the reserve fund; (iii) an increase of RMB4.9 million in the temporary loan of the Company; and (iv) a decrease of RMB2.7 million in the deposit.

### Trade Payables

As at 30 June 2024, the Group's trade payables amounted to RMB44.6 million, representing a decrease of RMB5.1 million or 10.4% from RMB49.7 million as at 31 December 2023, mainly due to a reduction of RMB4.8 million in labor costs paid to a major supplier during the Reporting Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Other Payables and Accruals

Other payables and accruals decreased from RMB142.0 million as at 31 December 2023 to RMB109.7 million as at 30 June 2024, mainly due to (i) a reduction of salaries, overtime pay, and bonuses for property management services in the first half of 2024 by RMB27.0 million; (ii) an increase of contract liabilities and collection on behalf of customers and other by RMB14.6 million; and (iii) the repayment of RMB10.0 million to Tianjin Tianfu by the Company in 2024, and an increase of RMB1.3 million in other tax payables.

### Liquidity, Financial Resources and Capital Structure

The Group's cash and cash equivalents amounted to RMB125.4 million (of which RMB29.0 million (31 December 2023: RMB15 million) is denominated in HKD and the rest in RMB) (31 December 2023: RMB195.3 million).

The total amount of interest-bearing bank borrowings and other borrowings decreased from RMB105.0 million as at 31 December 2023 to RMB102.0 million as at 30 June 2024. As at 30 June 2024, the interest-bearing bank borrowings and other borrowings amounting to (i) RMB20.0 million (31 December 2023: RMB20.0 million) were carried at fixed interest rates ranging from 4.30% to 5.60% (31 December 2023: ranging from 4.30% to 5.60%) per annum and repayable within one year; (ii) RMB11.1 million (31 December 2023: RMB13.1 million) were carried at fixed interest rates ranging from 4.65% to 5.67% (31 December 2023: ranging from 4.45% to 5.67%) per annum and repayable within one year; (iii) RMB20.0 million (31 December 2023: Nil) was carried at fixed interest rates at 5.67% (31 December 2023: Nil) per annum and repayable within three years; and (iv) RMB22.3 million (31 December 2023: RMB33.4 million) were carried at floating rates of loan prime rate (31 December 2023: floating rates of loan prime rate) per annum and repayable in one to four years (31 December 2023: one to four years). The gearing ratio (total interest-bearing debts divided by total equity) as at 30 June 2024 was approximately 28.1% (31 December 2023: 30.7%). The current ratio (total current assets divided by total current liabilities) as at 30 June 2024 was 1.8 (31 December 2023: 1.7).

The share capital of the Company consists only of ordinary shares. As at the date of this report, the issued share capital of the Company is USD30,000, including 300,000,000 shares with a par value of USD0.0001 per share.

### Capital Expenditure and Commitment

The Group's capital expenditure for the six months ended 30 June 2024 mainly included expenditure on property and equipment, investment properties and other intangible assets, amounted to a total of RMB4.9 million (30 June 2023: RMB3.2 million). As at 30 June 2024, the Group had no capital commitments (31 December 2023: Nil).

### Contingent Liabilities

As at 30 June 2024, the Group had no any outstanding guarantees or other significant contingent liabilities.

### Cash Flow

For the six months ended 30 June 2024, the net cash flow from operating activities was RMB47.5 million, mainly due to an increase in trade receivables. For the six months ended 30 June 2024, the net cash flow from investing activities was RMB4.3 million, mainly due to the purchase of financial assets at FVTPL. For the six months ended 30 June 2024, net cash from financing activities was RMB20.1 million, mainly due to the repayment of interest-bearing bank loans.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Pledge of Assets

As at 30 June 2024, certificates of deposit of RMB4.0 million owned by the Group were pledged as security for bank loans of RMB20.0 million with an interest rate of 5.67% and repayable within two years (31 December 2023: RMB4.0 million owned by the Group were pledged as security for bank loans amounting to RMB17.0 million at an interest rate of 5.67% and repayable within two years).

### Foreign Exchange Risk

The Group operates its business primarily in the PRC. RMB is the currency used by the Group for valuation and settlement of all transactions. Any depreciation of RMB would adversely affect the value of any dividends paid by the Group to shareholders outside the PRC. Majority of the Group's cash and cash equivalents is denominated in RMB. The Group is currently not engaged in hedging activities that are designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange activities and make its best efforts to protect the cash value of the Group.

### Treasury Policy

The Group has adopted a prudent financial management approach for its treasury policy, and therefore maintained a healthy liquidity position for the six months ended 30 June 2024. In order to manage liquidity risk, the Board closely monitors the liquidity position of the Group to ensure that the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

## SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the six months ended 30 June 2024, the Company did not have any significant investments (including significant investments that account for 5% or more of the total assets of the Group) or significant acquisitions or disposals of subsidiaries, associates and joint ventures.

## FUTURE PLANS FOR MAJOR INVESTMENTS OR CAPITAL ASSETS

In accordance with the proposed use of the proceeds disclosed in the section headed "Use of Proceeds from the Global Offering" in this report, the Group intends to apply part of the net proceeds raised from the Global Offering to the acquisition of a property management company. As at the date of this report, the Group has no other significant future investment plans.

The Group may look into business and investment opportunities in different business areas and consider whether any asset or business acquisitions, restructuring or diversification may become appropriate in order to improve its long-term competitiveness.



## MANAGEMENT DISCUSSION AND ANALYSIS

### USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Main Board of the Stock Exchange through Global Offering at 17 January 2023. The Global Offering includes a public offering of 7,500,000 shares in Hong Kong and an international offering of 67,500,000 shares, both of which are priced at HKD1.70 per share. After deducting underwriting fees and related expenses, the net proceeds from the Global Offering (including the number of shares issued and allotted as a result of the partial exercise of the over-allotment option) amounted to HKD89.9 million. The following table provides details of the net proceeds from the aforementioned global offering, both used and not yet used, as of 30 June 2024:

Purpose	Percentage of total income	Planned distribution of net proceeds HKD million (Approximately)	Net amount of proceeds unused up as at 1 January 2024 HKD million (Approximately)	Net amount of proceeds used during the Reporting Period HKD million (Approximately)	Net amount of proceeds unused up to 30 June 2024 HKD million (Approximately)	Expected timetable for all balances to be used up
Strategic investments and acquisitions to expand property management business	54.3	48.8	48.8	0	48.8	Before the end of 2025
Developing, strengthening, and implementing information technology	28.0	25.2	20.8	0	20.8	Before the end of 2025
Improve employee incentive mechanisms to attract, cultivate, and retain talent	17.7	15.9	12.0	0	12.0	Before the end of 2025
	100.0	89.9	81.6	0	81.6	

The net proceeds unused are currently held as bank deposits and are intended to be used in the same manner as the distribution disclosed in the Prospectus. For further information, please refer to the section headed “Future Plans and Use of Proceeds” in the Prospectus.



## MANAGEMENT DISCUSSION AND ANALYSIS

### EMPLOYEE AND COMPENSATION POLICY

As at 30 June 2024, the Group employed 11,073 employees (31 December 2023: 9,906). The Group also engages subcontractors to provide labor-intensive work, such as general cleaning and security services. There is no fixed term for the employment contract, or if there is a fixed term, the term generally does not exceed five years, after which the Group assesses whether to renew the contract based on performance evaluation. All full-time employees are paid a fixed salary and other allowances depending on their position. In addition, employees will also be given discretionary bonuses based on their performance. The Group conducts regular performance evaluations to ensure that employees receive feedback according to their performance.

For the six months ended 30 June 2024, the total employee costs (including salaries, other employee benefits, and retirement plan contributions for directors and other employees of the Group) were RMB234.6 million (for the six months ended 30 June 2023: RMB194.7 million). The increase in employee costs is mainly due to the increase in the number of front-line staff and the increase in average salaries, which is consistent with the business growth in the first half of 2024.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board and the management of the Group are committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability of the Company.

Throughout the Reporting Period, the Company has adopted and complied with all applicable code provisions under the Corporate Governance Code in Appendix C1 to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the “**Listing Rules**”).

## AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Company (the “**Audit Committee**”) is currently composed of two independent non-executive Directors (namely, Ms. Wang Yushuang and Ms. Bao Ying) and one non-executive Director (namely, Mr. Cheng Xin). Ms. Wang Yushuang is the chairlady of the Audit Committee and holds the appropriate professional qualifications as required by Rules 3.10(2) and 3.21 of the Listing Rules.

The unaudited interim results of the Group for the six months ended 30 June 2024 have been reviewed by the Audit Committee and management. The Audit Committee is of the view that such results comply with applicable accounting standards, Listing Rules, and other applicable legal requirements, and has made sufficient disclosure.

## SECURITIES TRANSACTION OF DIRECTORS

The Company has adopted a code of conduct (the “**Code of Conduct**”) regarding securities transactions by the Directors on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set forth in Appendix C3 to the Listing Rules.

The Company has made specific enquiry to all Directors, and all Directors confirmed that they have complied with all required standards set out in the Model Code and the Code of Conduct during the Reporting Period.

## PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules during the Reporting Period. The Company maintained the minimum level of public float of 25% of its total issued share capital.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### CHANGES TO DIRECTORS' INFORMATION

On 15 July 2024, the Board announced that Ms. Chen Haiping has resigned as an independent non-executive Director, the chairlady of the Audit Committee, and the member of the remuneration committee of the Company. Subsequent to the resignation of Ms. Chen Haiping, Ms. Wang Yushuang has been appointed as an independent non-executive Director, the chairlady of the Audit Committee and the member of the remuneration committee of the Company.

Please refer to the announcement of the Company dated 15 July 2024 for details.

Save as disclosed above, from 1 January 2024 and up to the date of this report, there is no change to the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

For the six months ended 30 June 2024, the Company or any of its subsidiaries has not purchased, sold or redeemed any listed securities (including sale of treasury shares, if any) of the Company.

### RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility to ensure that sound risk management and internal control system is established and maintained within the Group, as well as its responsibility to review its effectiveness. Such system aims to manage and reduce the business risks faced by the Group to an acceptable extent, but not eliminating the risks of failure to achieve business objectives. Moreover, it can only provide reasonable, and not absolute, assurance against material misstatement, loss or fraud. The Company has established risk management procedures which comprise the following process:

- Risk identification: identify major and significant risks that could affect the achievement of goals of the Group;
- Risk evaluation and assessment: assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence; and
- Risk management and mitigation: develop effective control activities to mitigate the risks.

In particular, procedures have been designed for safeguarding assets against unauthorised use or disposition, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance of applicable laws, rules and regulations. Risk identification and management is the responsibility of the management of the Group. As at 30 June 2024, no significant internal control deficiencies or major areas of concern have been identified.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

The Board has authorised the Audit Committee to take charge of the on-going monitoring of the Group's risk management and internal control system, as well as the annual review of its effectiveness. Such review covers all material control aspects, including financial control, operation control, and compliance control.

The Group's internal control system includes a well-established organisational structure with clearly defined lines of responsibility and authority. The day-to-day departmental operations are entrusted to individual department which is accountable for its own conduct and performance and is required to operate its own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments of the department's business and implementation of the policies and strategies set by the Board on a regular basis. All departments conduct internal control assessment annually to identify potential risks that may impact the business operation of the Group. Self-evaluation has been conducted by checking key operational and financial processes, regulatory compliance, and information security. An internal audit department has been established to conduct risk management and internal audit of the Group. It performs risk-based audits to review the effectiveness of the Group's risk management and internal control systems so as to provide assurance that key business and operational risks are identified and managed. The work carried out by the internal audit department reports to the Audit Committee with its findings and makes recommendations at least twice a year.

During the Reporting Period, in connection with the Listing, the Board has reviewed the effectiveness of the Group's internal control and risk management systems and received the confirmation from the management in respect of the effectiveness of the Group's internal control and risk management systems to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards. Accordingly, the Company considers the systems are effective and adequate. The review covered all material controls, including financial, operational and compliance controls and risk management functions. The management of the Company actively monitors the regional economy, trend of property management services industry, reliance on continuing connected transactions and changes in applicable laws and regulations, and assesses income and expenditure and absorptive capacity of business expansions. The recommendations submitted by independent consultant have been accepted by the Company and implemented in stages, to further enhance the policies, procedures and practices of its internal control and risk management.

### MATERIAL LEGAL PROCEEDINGS

During the Reporting Period and up to the date of this report, the Company was not involved in any material legal proceeding or arbitration. To the best knowledge of the Directors, as at the date of this report, there is no material legal proceeding or claim which is pending or threatened against the Company.

### INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2024.

### SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Group did not have any other significant event after 30 June 2024 and up to the date of this report.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DISCLOSURE OF INTERESTS

#### Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporations

As at 30 June 2024, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code under the Listing Rules, are set out below:

Director	Nature of interests	Number of issued Shares held	Percentage of interest
Mr. Luan Tao <sup>(2)(3)</sup>	Interest in a controlled corporation; Interest held jointly with another person; Interest of spouse	164,706,700	54.90%
Mr. Luan Hangqian <sup>(3)(4)</sup>	Interest in a controlled corporation; Interest held jointly with another person	164,706,700	54.90%
Mr. Yang Liquan <sup>(5)</sup>	Interest in a controlled corporation	9,467,821	3.16%
Mr. Fei Zhongli <sup>(6)</sup>	Interest in a controlled corporation	2,896,039	0.97%
Mr. Cheng Xin <sup>(7)</sup>	Interest in a controlled corporation	5,569,306	1.86%

*Notes:*

- All the interests disclosed above represent long positions in the Shares.
- Springrain Investment Limited is held as to 59.85% by Mr. Luan Tao. Therefore, Mr. Luan Tao is deemed to be interested in the Shares which Springrain Investment Limited is interested in under the SFO. Mr. Luan Tao is the spouse of Ms. Liang Yuefeng and therefore Mr. Luan Tao is deemed to be interested in the Shares held by Ms. Liang Yuefeng.
- On 18 June 2021, Mr. Luan Tao, Mr. Luan Hangqian and Ms. Liang Yuefeng entered into the Concert Parties Confirmatory Deed, pursuant to which they reaffirmed that they had been acting in concert in respect of each of the members of the Group before the date of the Concert Parties Confirmatory Deed, and shall continue the same thereafter. As such, pursuant to the parties acting in concert arrangement, each of the Controlling Shareholders, i.e. Springrain Investment Limited, Mr. Luan Tao, Mr. Luan Hangqian and Ms. Liang Yuefeng is deemed to be interested in approximately 54.90% of the issued share capital of the Company as at the date of this report.
- Springrain Investment Limited is held as to 37.10% by Mr. Luan Hangqian. Therefore, Mr. Luan Hangqian is deemed to be interested in the Shares which Springrain Investment Limited is interested in under the SFO.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

5. Shares in which Mr. Yang Liqun is interested consist of 9,467,821 Shares held by Yangliqun Ltd, a company wholly-owned by Mr. Yang Liqun, in which Mr. Yang Liqun is deemed to be interested under the SFO.
6. Shares in which Mr. Fei Zhongli is interested consist of 2,896,039 Shares held by Feizhongli run heart service Ltd, a company wholly-owned by Mr. Fei Zhongli, in which Mr. Fei Zhongli is deemed to be interested under the SFO.
7. Shares in which Mr. Cheng Xin is interested consist of 5,569,306 Shares held by Chengxin&Susan Ltd, a company wholly-owned by Mr. Cheng Xin, in which Mr. Cheng Xin is deemed to be interested under the SFO.

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

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

So far as is known to the Company, as at 30 June 2024, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Director	Nature of interests	Number of issued Shares held	Percentage of interest
Mr. Luan Tao <sup>(2)(3)</sup>	Interest in a controlled corporation; Interest held jointly with another person; Interest of spouse	164,706,700	54.90%
Mr. Luan Hangqian <sup>(3)(4)</sup>	Interest in a controlled corporation; Interest held jointly with another person	164,706,700	54.90%
Ms. Liang Yuefeng <sup>(3)(4)(5)</sup>	Interest in a controlled corporation; Interest held jointly with another person; Interest of spouse	164,706,700	54.90%
Springrain Investment Limited	Beneficial owner	164,706,700	54.90%
Jinan Huaiyin Urban Construction Investment Group Co., Ltd.* (濟南槐蔭城市建設投資集團有限公司) <sup>(6)</sup>	Beneficial owner	26,478,000	8.83%

\* For identification purpose only

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Notes:

1. All the interests disclosed above represent long positions in the Shares.
2. Springrain Investment Limited is held as to 59.85% by Mr. Luan Tao. Therefore, Mr. Luan Tao is deemed to be interested in the Shares which Springrain Investment Limited is interested in under the SFO. Mr. Luan Tao is the spouse of Ms. Liang Yuefeng and therefore Mr. Luan Tao is deemed to be interested in the Shares held by Ms. Liang Yuefeng.
3. On 18 June 2021, Mr. Luan Tao, Mr. Luan Hangqian and Ms. Liang Yuefeng entered into the Concert Parties Confirmatory Deed, pursuant to which they reaffirmed that they had been acting in concert in respect of each of the members of the Group before the date of the Concert Parties Confirmatory Deed, and shall continue the same thereafter. As such, pursuant to the parties acting in concert arrangement, each of the Controlling Shareholders, i.e. Springrain Investment Limited, Mr. Luan Tao, Mr. Luan Hangqian and Ms. Liang Yuefeng is deemed to be interested in approximately 54.90% of the issued share capital of the Company as at the date of this report.
4. Springrain Investment Limited is held as to 37.10% by Mr. Luan Hangqian. Therefore, Mr. Luan Hangqian is deemed to be interested in the Shares which Springrain Investment Limited is interested in under the SFO.
5. Springrain Investment Limited is 3.05% held by Ms. Liang Yuefeng. Therefore, Ms. Liang Yuefeng is deemed to be interested in the Shares which Springrain Investment Limited is interested in under the SFO. Ms. Liang Yuefeng is the spouse of Mr. Luan Tao and therefore Ms. Liang Yuefeng is deemed to be interested in the Shares held by Mr. Luan Tao.
6. Jinan Huaiyin Urban Construction Investment Group Co., Ltd.\* (濟南槐蔭城市建設投資集團有限公司) is wholly-owned by Development and Reform Bureau of Huaiyin District, Jinan City\* (濟南市槐蔭區發展和改革局).

Save as disclosed above, as at 30 June 2024, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

## SHARE INCENTIVE SCHEMES

### (i) Post-IPO Share Option Scheme

The Company adopted a share option scheme through written shareholders' resolution on 14 December 2022 (the "**Post-IPO Share Option Scheme**"). The Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date on which the Post-IPO Share Option Scheme is adopted and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless being terminated earlier by the Shareholders in general meeting. Accordingly, as at the date of this interim report, the remaining life of the Post-IPO Share Option Scheme is approximately eight years and three months.

#### Purpose

The purpose of the Post-IPO Share Option Scheme is to provide an incentive or reward for the grantees for their contribution or potential contribution to the Group.

#### Selected Participants

The Directors (which expression shall, for the purpose of this paragraph, include the Board or a duly authorised committee thereof) may, at their absolute discretion, invite (i) any director and employee of any member of the Group; and (ii) any director or employee of any of the holding companies, fellow subsidiaries or associated companies of the Company (the "**Participant**"), who the Board considers, in its sole discretion, have contributed or will contribute to the development and growth of the Group, to take up options to subscribe for Shares.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Maximum Number of the Shares

The maximum number of Shares in respect of which options and awards may be granted under the Post-IPO Share Option Scheme and any other schemes of the Company shall not in aggregate exceed the number of Shares that shall represent 10% of the total number of Shares in issue immediately upon completion of the Global Offering and the capitalisation issue, which is 30,000,000 Shares, representing 10% of the total number of Shares in issue as at the date of this report.

### Maximum Entitlement of a Participant

Where any further grant of options to a Participant, if exercised in full, would result in the total number of Shares already issued or to be issued upon exercise of all options or awards granted and to be granted to such Participant (including exercised, cancelled and outstanding options) in any twelve (12) months period up to and including the date of such further grant exceed 1% of the total number of Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Participant and his close associates (or associates if the Grantee is a connected person) abstaining from voting.

### Exercise price

The price per Share at which a Participant may subscribe for Shares upon exercise of an option (the “**Exercise Price**”) shall be determined by the Board in its sole discretion but in any event shall be at least the highest of:

- (i) the official closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets on the date of the offer of grant, which must be a business day;
- (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of the offer of grant; and
- (iii) the nominal value of a Share; provided that for the purpose of determining the Exercise Price under subparagraph (ii) above where the Shares have been listed on the Stock Exchange for less than five Business Days preceding the date on which the option is offered to the Participant, the issue price of the Shares in connection with such listing shall be deemed to be the closing price of the Shares for each Business Day falling within the period before the listing of the Shares on the Stock Exchange.

A nominal consideration of HK\$1.00 is payable upon acceptance of the grant of an option.

### Time of vesting and exercise of options

An offer made to a participant shall remain open for acceptance by such participant for a period of five business days from the offer date (inclusive of the offer date). Any offer must be accepted in its entirety and can under no circumstances be accepted of less than the number of Shares for which it is offered.

An option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date on which an option is offered to a participant, subject to the provisions for early termination under the Post-IPO Share Option Scheme. In any event, the minimum period for which an option must be held before it can be exercised shall be 12 months.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Grant of Options

An offer shall be made to an Eligible Participant by an offer document in such form as the Board may from time to time determine (the “**Offer Document**”), requiring the participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Post-IPO Share Option Scheme.

An option shall be deemed to have been granted to (subject to certain restrictions in the Post-IPO Share Option Scheme), and accepted by, the Participant and to have taken effect upon the issue of an option certificate after the duplicate Offer Document comprising acceptance of the option duly signed by the Participant, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant of the option is received by the Company on or before the last day for acceptance set out in the Offer Document. The remittance is not in any circumstances refundable and shall be deemed as part payment of the Exercise Price. Once accepted, the option is granted as from the date on which it was offered to the Grantee.

### No Options Granted under the Post-IPO Share Option Scheme

Between the Listing Date and up to the date of this report, no share options had been granted, exercised, cancelled or lapsed pursuant to the Post-IPO Share Option Scheme since its adoption and there is no outstanding share option under the Post-IPO Share Option Scheme. As at 1 January 2024 and 30 June 2024, the number of options available for grant under the Post-IPO Share Option Scheme were 30,000,000.

For details of the Post-IPO Share Option Scheme, please refer to the section headed “Statutory and General Information – D. Share Incentive Scheme – I. Post-IPO Share Option Scheme” in the Appendix V to the Prospectus.

### (ii) Pre-IPO RSU Scheme

The Group adopted the pre-IPO restricted share unit scheme (the “**Pre-IPO RSU Scheme**”) on 14 December 2022 to incentivise employees and officers. The Company has appointed Tricor Trust (Hong Kong) Limited as the RSU Trustee to assist with the administration and vesting of restricted share units (“**RSU**”) granted pursuant to the RSU Scheme. The Company selects the RSU participants under the Pre-IPO RSU Scheme at its discretion before the Listing.

The Pre-IPO RSU Scheme shall be each valid and effective for a term of ten years commencing on the adoption date, being 14 December 2022. The vesting period for an award of RSUs shall be the fifth anniversary year after the grant of award of RSUs, or any other time as determined by the Board or an advisory committee appointed by the Board (the “**Advisory Committee**”). The vesting price shall be HK\$1.5 per awarded Share. The Board or the Advisory Committee shall have the right to adjust the vesting price from time to time. As at 30 June 2024, RSUs in respect of 5,569,306 underlying Shares (representing approximately 1.86% of the total issued shares as at the date of this report) had been granted to five RSU participants pursuant to the Pre-IPO RSU Scheme.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

The following table shows the details of the RSUs granted by the Company under the Pre-IPO RSU Scheme on an individual basis:

Name	Position held within the Group	Number of underlying Shares represented by the RSUs	Date of grant	Approximate percentage shareholding as at the date of this report	Vesting period
Cui Yongsheng (崔永生)	Officer for the office of the board of directors of Shandong Runhua Property Management Co., Ltd. * (山東潤華物業管理有限公司 (“Shandong Runhua”))	1,113,862	20 December 2022	0.37%	5 years from the date of grant
Yu Xue (于雪)	General manager of finance department of Shandong Runhua	1,113,861	20 December 2022	0.37%	5 years from the date of grant
Li Zhigang (李智剛)	Head of human resources department of Shandong Runhua	1,113,861	20 December 2022	0.37%	5 years from the date of grant
Yu Sumin (于蘇敏)	Head of quality assurance department of Shandong Runhua	1,113,861	20 December 2022	0.37%	5 years from the date of grant
Wang Yating (王雅婷)	Deputy general manager and head of operation and risk control management centre of Shandong Runhua	1,113,861	20 December 2022	0.37%	5 years from the date of grant

None of the grantees of the RSUs under Pre-IPO RSU Scheme are Directors, members of the senior management of the Company or otherwise core connected person of the Company.

For details of the Pre-IPO RSU Scheme, please refer to the section headed “Statutory and General Information – D. Share Incentive Scheme – II. Pre-IPO RSU Scheme” in the Appendix V to the Prospectus.

During the Reporting Period, no Share may be issued in respect of options and RSUs granted under the Post-IPO Share Option Scheme and the Pre-IPO RSU Scheme. Accordingly, the number of shares that may be issued in respect of the options and awards granted under the Post-IPO Share Option Scheme and the Pre-IPO RSU Scheme during the Reporting Period divided by weighted average number of Shares in issue for the Reporting Period is nil.

# INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT

For the six months ended 30 June 2024

	Notes	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
<b>REVENUE</b>	4	<b>407,475</b>	366,230
Cost of services		<b>(346,223)</b>	(298,395)
<b>Gross profit</b>		<b>61,252</b>	67,835
Other income and gains and expenses, net	4	<b>2,910</b>	5,593
Sales and distribution expense		<b>(1,044)</b>	(5,416)
Administrative expense		<b>(34,417)</b>	(37,659)
Finance costs	6	<b>(4,246)</b>	(4,407)
Share of (loss) profit of an associate		<b>(117)</b>	976
<b>PROFIT BEFORE TAX</b>	5	<b>24,338</b>	26,922
Income tax expense	7	<b>(6,875)</b>	(6,645)
<b>PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>17,463</b>	20,277
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
Owners of the parent		<b>17,558</b>	20,161
Non-controlling interests		<b>(95)</b>	116
		<b>17,463</b>	20,277
<b>EARNINGS PER SHARE</b>			
Basic and diluted	9	<b>RMB0.06</b>	RMB0.07

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property and equipment	10	19,633	19,852
Investment properties	11	82,719	89,996
Other intangible assets		2,034	2,241
Interests in an associate		137,514	137,631
Other receivables and other assets		2,325	2,326
Deferred tax assets		19,636	6,736
<b>TOTAL NON-CURRENT ASSETS</b>		<b>263,861</b>	<b>258,782</b>
<b>CURRENT ASSETS</b>			
Inventories		183	111
Trade receivables	13	234,213	193,575
Contract assets		25,830	30,221
Prepayments and other receivables		46,960	37,233
Restricted deposits	14	4,041	290
Cash and cash equivalents	14	125,420	195,337
<b>TOTAL CURRENT ASSETS</b>		<b>436,647</b>	<b>456,767</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	15	44,583	49,745
Other payables and accruals		109,700	141,979
Interest-bearing bank borrowings		51,140	71,200
Lease liabilities	12	27,295	10,945
Tax payable		11,545	12,634
<b>TOTAL CURRENT LIABILITIES</b>		<b>244,263</b>	<b>286,503</b>
<b>NET CURRENT ASSETS</b>		<b>192,384</b>	<b>170,264</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>456,245</b>	<b>429,046</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		50,819	33,400
Lease liabilities	12	30,488	54,535
Deferred tax liabilities		12,385	134
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>93,692</b>	<b>88,069</b>
<b>NET ASSETS</b>		<b>362,553</b>	<b>340,977</b>
<b>EQUITY</b>			
Share capital	16	205	205
Reserves		362,112	340,125
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>362,317</b>	<b>340,330</b>
<b>NON-CONTROLLING INTERESTS</b>		<b>236</b>	<b>647</b>
<b>TOTAL EQUITY</b>		<b>362,553</b>	<b>340,977</b>

**Yang Liqun**  
Director

**Fei Zhongli**  
Director

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

Equity attributable to owners of the parent										
	Share capital (Note 16)	Shares planned to be held by restricted stock units*	Stock premium reserve*	Stock based payment reserve*	Merge reserve*	Statutory reserve*	Retained earnings*	Other reserves*	Total	Non- controlling interests
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>On 1 January 2024 (Audited)</b>	205	(1,200)	98,211	9,878	31,214	22,031	179,572	419	340,330	647
Profit for the period	-	-	-	-	-	-	17,558	-	17,558	(95)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Equity-settled share-based compensation	-	-	-	2,225	-	-	-	-	2,225	-
Other	-	-	2,204	-	-	-	-	-	2,204	-
Distribution of dividends	-	-	-	-	-	-	-	-	-	(316)
<b>On 30 June 2024 (Unaudited)</b>	205	(1,200)	100,415	12,103	31,214	22,031	197,130	419	362,319	236
										362,553



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

Equity attributable to owners of the parent											
	Shares planned to be held by restricted stock units*	Stock premium reserve*	Stock based payment reserve*	Merge reserve*	Statutory reserve*	Retained earnings*	Other reserves*	Total	Non- controlling interests	Total equity	
Share capital (Note 16)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
On 1 January 2023 (Audited)	1	(1,200)	2,027	7,845	31,214	18,871	141,273	419	200,450	377	200,827
Profit for the period	-	-	-	-	-	-	20,161	-	20,161	116	20,277
Total comprehensive income for the period	-	-	-	-	-	-	20,161	-	20,161	116	20,277
Equity-settled share-based compensation	-	-	-	905	-	-	-	-	905	-	905
Capital contribution from shareholders	138	-	-	-	-	-	-	-	138	-	138
Issue of shares in initial public offering	51	-	110,127	-	-	-	-	-	110,178	-	110,178
Share issue expense	-	-	(13,928)	-	-	-	-	-	(13,928)	-	(13,928)
Capitalisation issue	15	-	(15)	-	-	-	-	-	-	-	-
On 30 June 2023 (Unaudited)	205	(1,200)	98,211	8,750	31,214	18,871	161,434	419	317,904	493	318,397

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	30 June 2024 (Unaudited) RMB'000	30 June 2023 (Unaudited) RMB'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	24,338	26,922
Adjustments for:		
Finance costs	4,246	4,407
Share of profit of an associate	117	(976)
Fair value gains on financial assets at fair value through profit or loss ("FVTPL")	–	(1)
Bank interest income	(341)	(288)
Interest income from financial assets	(41)	(130)
Depreciation of property and equipment	2,682	2,191
Depreciation of investment properties	9,603	8,277
Amortisation of other intangible assets	207	199
Net loss on disposal of items of property and equipment	24	(43)
(Reversal of) provision for impairment of trade receivables	(1,496)	4,618
Equity-settled share award expenses	2,225	905
Foreign exchange difference, net	(2,144)	(3,691)
<b>Operating cash flows before movements in working capital</b>	<b>39,421</b>	<b>42,390</b>
Decrease (increase) in restricted deposits	3,751	(2)
Decrease (increase) in contract assets	4,391	(1,318)
Increase in inventories	(72)	(19)
Increase in trade receivables	(40,638)	(30,438)
Increase in prepayments and other receivables	(9,727)	(11,878)
Decrease in trade payables	(5,162)	(1,793)
Decrease in other payables and accruals	(30,837)	(15,928)
Cash used in operations	(38,873)	(18,986)
Bank interest income	341	288
Income tax paid	(8,737)	(10,413)
<b>Net cash used in operating activities</b>	<b>(47,269)</b>	<b>(29,111)</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	30 June 2024 (Unaudited) RMB'000	30 June 2023 (Unaudited) RMB'000
<b>INVESTING ACTIVITIES</b>		
Purchase of items of property and equipment	(3,157)	(1,449)
Proceeds from disposal of items of property and equipment	224	189
Purchase of investment properties	(1,782)	(1,747)
Purchase of financial assets at FVTPL	50,000	(65,000)
Proceeds from disposal of financial assets at FVTPL	(50,000)	60,000
Interest from financial assets	41	130
Net cash used in investing activities	(4,674)	(7,877)
<b>FINANCING ACTIVITIES</b>		
Repayment of interest-bearing bank borrowings	(28,100)	(22,100)
New interest-bearing bank borrowings	20,000	39,950
Principal portion of lease payments	(7,771)	(6,855)
Interest paid	(4,246)	(4,407)
Capital contribution from shareholders	–	102,500
Share issue expense	–	(839)
Net cash (used in) from financing activities	(20,117)	108,249
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(72,061)</b>	<b>71,261</b>
Cash and cash equivalents at the beginning of period	195,337	64,664
The impact of exchange rate fluctuations	2,144	3,691
<b>Cash and cash equivalents at the end of period</b>	<b>125,420</b>	<b>139,616</b>
<b>Analysis of cash and cash equivalents balance</b>		
Cash and cash equivalents presented in the interim condensed consolidated statement of financial position	125,420	139,616
<b>Cash and cash equivalents presented in the interim condensed consolidated statement of cash flow</b>	<b>125,420</b>	<b>139,616</b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 1. GENERAL

Runhua Living Service Group Holdings Limited (the “**Company**”) is an exempted company with limited liability incorporated in the Cayman Islands under the Companies Act of the Cayman Islands. The registered office address of the Company is Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands. The principal place of business is located at 6th Floor, Building No. 1 Lemeng Center, No. 28988 Jingshi Road, Jinan City, Shandong Province, the People’s Republic of China (the “**PRC**”).

The Company is an investment holding company. The Company’s subsidiaries were involved in the provision of property management services, property engineering services and landscape construction services, leasing services from investment properties and other services in the PRC.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 17 January 2023.

The Directors of the Company acknowledge that the ultimate holding company of the Company is Springrain Investment Limited, a limited company incorporated in the British Virgin Islands (“**BVI**”).

## 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reports” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the application disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange. The interim condensed consolidated financial information does not include all the information and disclosures required by the annual financial statements and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2023.

## 2.2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

During this period, the Group has applied for the first time the following new and revised Hong Kong Financial Reporting Standards issued by HKICPA, which take effect for the Group’s financial year starting from 1 January 2024:

Amendments to HKFRS 16  
Amendments to HKAS 1

*Lease Liability in a Sales and Leaseback*  
*Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

Amendments to HKAS 1  
Amendments to HKAS 7 and HKFRS 7

*Non-current Liabilities with Covenants*  
*Supplier Finance Arrangements*

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 3. OPERATING SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. The directors of the Company have chosen to organise the Group around differences in services. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

For management purposes, the Group has four reportable operating segments as follows:

- The property management services segment includes property management services and other related services.
- The property engineering and landscape construction services segment includes property engineering related services and landscape construction services.
- The leasing services from investment properties segment comprises, principally, investing in prime commercial space for its rental income potential.
- The others segment mainly includes (i) the technological development services which are mainly software supporting services and (ii) the intermediary services for patient nursing and post-natal caring services.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 3. OPERATING SEGMENT INFORMATION (Continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. No analysis of segment assets and liabilities is presented as management does not regularly review such information for the purpose of resource allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Six months ended 30 June 2024	Property management services (Unaudited) RMB'000	Property engineering and landscape construction services (Unaudited) RMB'000	Lease services from investment property (Unaudited) RMB'000	Others (Unaudited) RMB'000	Elimination of intersegment sales (Unaudited) RMB'000	Total (Unaudited) RMB'000
<b>Segment revenue</b> (note 4)						
Sales to external customers	379,581	6,876	13,576	7,442	-	407,475
Intersegment sales	-	3	-	-	(3)	-
	379,581	6,879	13,576	7,442	(3)	407,475
<b>Segment results</b>	20,416	404	4,284	687	-	25,791
<b>Reconciliation</b>						
Other income and gains and expenses, net						2,910
Share of result of an associate						(117)
Finance costs						(4,246)
Profit before tax						24,338



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 3. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 June 2023	Property management services (Unaudited) RMB'000	Property engineering and landscape construction services (Unaudited) RMB'000	Lease services from investment property (Unaudited) RMB'000	Others (Unaudited) RMB'000	Elimination of intersegment sales (Unaudited) RMB'000	Total (Unaudited) RMB'000
<b>Segment revenue</b> (note 4)						
Sales to external customers	340,017	16,226	7,529	2,458	–	366,230
Intersegment sales	–	3,000	–	–	(3,000)	–
	340,017	19,226	7,529	2,458	(3,000)	366,230
<b>Segment results</b>	28,889	1,166	(3,714)	937	–	27,278
<b>Reconciliation</b>						
Other income and gains and expenses, net						5,593
Share of profit of an associate						976
Finance costs						(4,407)
Corporate and other unallocated expenses						(2,518)
Profit before tax						26,922

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

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

An analysis of revenue is as follows:

	Six months ended 30 June 2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>	<b>393,899</b>	358,701
<b>Revenue from other sources:</b>		
Gross rental income from investment properties operating leases	13,576	7,529
	<b>407,475</b>	366,230

#### Revenue from contracts with customers

##### (a) Disaggregated revenue information

	Six months ended 30 June 2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
<b>Types of services</b>		
Property management services	379,581	340,017
Property engineering services and landscape construction services	6,876	16,226
Others	7,442	2,458
<b>Total revenue from contracts with customers</b>	<b>393,899</b>	358,701
<b>Timing of revenue recognition</b>		
Services transferred overtime	393,899	358,701

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 4. REVENUE, OTHER INCOME AND GAINS AND EXPENSES, NET (Continued)

### Revenue from contracts with customers (Continued)

#### (b) Performance obligations

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

##### *Property management services*

The performance obligation is satisfied over time as services are rendered. Management service contracts are for periods of one to five years. The Group is billed based on the time when or before the services are provided.

##### *Property engineering services and landscape construction services*

The performance obligation is satisfied over time as services are rendered. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

##### *Other services*

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Other service contracts are for periods of one year or less, or are billed based on the time when the services are provided.

#### (c) Information about geographical areas

Since 100% of the Group's revenue and operating profit were generated from Mainland China and 100% of the Group's non-current assets other than financial instruments and deferred tax assets were located in Mainland China during the Reporting Period, no further geographical information of operating segments presented.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 4. REVENUE, OTHER INCOME AND GAINS AND EXPENSES, NET (Continued)

### Revenue from contracts with customers (Continued)

#### (d) Information about major customers

The Group has a large number of customers, and none of the revenue from these customers accounted for 10% or more of the Group's revenue during the period (six months ended 30 June 2023: nil).

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Other income		
Government grants	88	1,139
Bank interest income	341	288
Interest income from financial assets	41	130
	470	1,557
Gains and expenses		
Foreign exchange difference, net	2,144	3,691
Net (loss) gains on disposal of items of property and equipment	(24)	43
Fair value gains on financial assets at fair value through profit or loss	–	1
Others	320	301
	2,440	4,036
	2,910	5,593

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of services provided*	139,791	113,870
Depreciation of property and equipment	2,682	2,191
Depreciation of investment properties	9,603	8,277
Amortization of intangible assets**	207	199
Employee benefit expenses (including directors' and chief executive's remuneration)		
Wages and salaries	213,901	172,491
Pension scheme contributions	20,707	10,795
Equity-settled share award expenses	2,225	905
(Reversal of) provision for impairment of trade receivables	(1,496)	4,618
Listing expenses	–	2,518

\* The amount of cost of services excludes those included in depreciation of property and equipment, depreciation of investment properties and employee benefit expenses, which are included in the respective total amounts disclosed separately above for each of these types of expenses during the period.

\*\* The amortization of intangible assets during the Reporting Period is included in administrative expenses in the consolidated profit and loss statement.

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on interest-bearing bank borrowings	2,929	2,668
Interest on lease liabilities	1,317	1,739
	4,246	4,407

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
PRC Enterprise Income Tax		
Current Tax	7,245	8,492
Under provision in prior years	279	243
Deferred tax	(649)	(2,090)
Total	6,875	6,645

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and its subsidiary incorporated in the British Virgin Islands are not subject to any income tax.

Under the Hong Kong tax laws, the Company's subsidiary in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5% for taxable income earned in Hong Kong before 1 April 2018. Starting from the financial year commencing on 1 April 2018, the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HKD2,000,000 and 16.5% for any assessable profits in excess of HKD2,000,000. No provision for Hong Kong profits tax was made for the periods ended 30 June 2024 and 2023 on the basis that the subsidiary did not have any assessable profits arising in or derived from Hong Kong for both periods.

In accordance with the PRC EIT, subsidiaries established in the PRC were subject to the income tax rate of 25% during the Reporting Period.

According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementing the Preferential Income Tax Policies for Small Low-profit Enterprises (Announcement No. 13 [2022] of the Ministry of Finance and the State Taxation Administration) jointly issued by the Ministry of Finance and the State Taxation Administration, during the period from 1 January 2022 to 31 December 2024, for the portion of annual taxable income amount which exceeds RMB1 million but not more than RMB3 million, the taxable income amount is reduced at a rate of 25%, and it is subject to enterprise income tax at a rate of 20%.

According to the Announcement No. 12 [2021] and No. 6 [2023] of the Ministry of Finance and the State Taxation Administration jointly issued by the Ministry of Finance and the State Taxation Administration, during the period from 1 January 2021 to 31 December 2024, for the portion of annual taxable income amount which does not exceed RMB1 million, the taxable income amount is reduced at a rate of 12.5%, and it is subject to enterprise income tax at a rate of 20%. Certain of the Group's PRC subsidiaries and branches were qualified as small low-profit enterprises and thus were entitled to tax incentives during the period.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 8. INTERIM DIVIDENDS

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the period was 300,000,000 (30 June 2023: 287,347,361), representing the weighted average number of ordinary shares of the Company immediately after the capitalisation issue (as explained in note 13), as if all these shares had been in issue throughout the periods ended 30 June 2024 and 2023.

The Group had no potentially dilutive ordinary shares in issue for the period.

The calculation of the basic and diluted earnings per share is based on the following:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<b>Earnings:</b>		
Profit attributable to ordinary equity holders of the parent	17,558	20,161
	Six months ended 30 June	
	Number of Shares	
	2024	2023
<b>Shares:</b>		
Weighted average number of ordinary shares in issue during the period, used in the basic and diluted earnings per share calculation	300,000,000	287,347,361
Earnings per share		
Basic and diluted (RMB)	0.06	0.07

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 10. PROPERTY AND EQUIPMENT

As at 30 June 2024, the cost of assets purchased by the Group was RMB3,157,000 (30 June 2023: RMB1,449,000).

For the six months ended 30 June 2024, the Group sold assets with a net book value of RMB248,000 (30 June 2023: RMB146,000), resulting in a net loss of RMB24,000 (30 June 2023: net profit: RMB43,000) from the sale.

## 11. INVESTMENT PROPERTIES

The Group's investment properties are located on the land in the PRC with a period of land use right from 20 to 40 years for self-owned properties, which are measured using a cost model and depreciated on a straight-line basis over their estimated useful lives to write off their costs (net of estimated residual value).

Investment properties leased to third parties and related parties are operating leases. As at 30 June 2024, the carrying amount of the investment property subleased or intended to be subleased was RMB58,206,000 (30 June 2023: RMB63,183,000).

As at 30 June 2024, the Group had not obtained the ownership certificates for certain car parking lots with a net book value of approximately RMB8,126,000 (30 June 2023: RMB8,076,000).

At the end of the Reporting Period, the fair value of the Group's investment properties was approximately RMB97,298,000 (30 June 2023: RMB116,086,000).

The fair value estimations for the self-owned properties and leased properties were both at Level 3 of the fair value hierarchy.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 12. LEASES

### The Group as a lessee

The Group has lease contracts for commercial buildings and car parks. Leases of commercial buildings and car parks generally have lease terms between 1 year and 9 years.

#### (a) Lease liabilities

During the period, the carrying amount and changes of lease liabilities are as follows:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Book value at the beginning of the period	65,480	83,655
Interest increase confirmed during the period	1,317	1,739
Lease term revision resulting from changes in the irrevocable lease period	(7,982)	(801)
Payment	(7,771)	(8,594)
Leases newly added in this period	6,738	–
Book value at the end of the period	57,782	75,999
Current	27,295	13,487
Non-current	30,488	62,512
	57,782	75,999

The Group has applied practical and expedient methods to all eligible rental discounts granted by lessors for leasing certain properties during the period.

#### (b) The amounts recognised in profit or loss in relation to leases are as follows:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on lease liabilities	1,317	1,739
Depreciation of investment properties and right-of-use assets	9,603	6,513
Expense relating to short-term leases	48	2,329
Total amount recognised in profit or loss	10,968	10,581

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

### 13. TRADE RECEIVABLES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade receivables	236,986	197,844
Impairment	(2,773)	(4,269)
	234,213	193,575

At the end of the Reporting Period, an ageing analysis of the trade receivables, net of impairment, based on the invoice date, is as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 1 year	215,941	178,045
1 to 2 years	14,169	15,002
Over 2 years	4,103	528
	234,213	193,575

### 14. CASH AND CASH EQUIVALENTS, AS WELL AS RESTRICTED DEPOSITS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Cash and bank balances	129,461	195,627
Reduce:		
A fixed deposit secured for a bank loan	(4,000)	–
Restricted fixed-term deposits	(41)	(290)
Cash and cash equivalents	125,420	195,337

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 15. TRADE PAYABLES

At the end of Reporting Period, an ageing analysis of the trade payables, based on the invoice date, is as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 3 months	30,491	35,323
3 to 6 months	806	4,450
6 months to 1 year	2,842	3,168
Over 1 year	10,444	6,804
Total	44,583	49,745

## 16. SHARE CAPITAL

Shares	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Authorised (number of shares) ordinary shares of USD0.0001	500,000,000	500,000,000
Issued and paid (number of shares) ordinary shares of USD0.0001	300,000,000	300,000,000

As at 30 June 2024, the total number of ordinary shares issued by the Company was 300,000,000 (31 December 2023: 300,000,000).

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 16. SHARE CAPITAL (Continued)

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

	Number of shares in issue	Share capital RMB'000
At 1 January 2023 (Audited)	202,000,000	1
Capital contribution from shareholders	–	138
Capitalisation Issue ( <i>note (a)</i> )	23,000,000	15
Issue of shares ( <i>note (b)</i> )	75,000,000	51
At 31 December 2023 (Audited), 1 January 2024 (Audited) and 30 June 2024 (Unaudited)	300,000,000	205

### (a) Capitalisation issue

Pursuant to the resolutions of the shareholders passed on 14 December 2022, the Company allotted and issued a total of 23,000,000 ordinary shares (including 569,306 shares been allotted to the RSU SPV), credited as fully paid at par, to Springrain Investment, Anlan BVI Companies, Lutong BVI Companies, Archery Capital Management Limited, and RSU SPV equally on 17 January 2023 by way of capitalisation of the sum of USD2,300 (equivalent to approximately RMB15,000) standing to the credit of the share premium account of the Company.

### (b) Issue of shares

On 17 January 2023, the ordinary shares of the Company were listed on the Stock Exchange, and in connection with the Company's listing, 75,000,000 ordinary shares of par value USD0.0001 each were issued at a price of HK\$1.70 per share. The proceeds of USD7,500 (equivalent to approximately RMB51,000), representing the par value, were credit to the Company's share capital. The remaining proceeds of HK\$127,441,000 (equivalent to approximately RMB110,127,000) before share issue expense of approximately RMB13,928,000 were credited to share premium account.

## 17. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had no undisclosed contingent liabilities.

## 18. COMMITMENT ISSUES

At the end of the reporting period, the Group did not have any significant commitment issues.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 19. RELATED PARTY TRANSACTION

Mr. Luan Tao, Mr. Luan Hangqian, and Ms. Liang Yuefeng have entered into a concerted action personnel agreement, whereby they acknowledge and confirm that they have been taking concerted action in exercising their rights as shareholders of Runhua Living Service Group Holdings Limited prior to entering into the agreement, and agree to continue doing so in the future. In case of any disagreement between Mr. Luan Hangqian and Ms. Liang, Mr. Luan Tao's decision shall prevail.

Mr. Luan Tao

Controlling shareholder

Ms. Liang Yuefeng

Wife of controlling shareholder

Mr. Luan Hangqian

Son of the controlling shareholder

(a) The transactions between our group and related parties are as follows:

		Six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
		RMB'000	RMB'000
	Notes		
<b>Services provided to related parties</b>			
<i>Property management provided</i>			
The entity controlled by Mr. Luan Tao	(i)	3,858	10,034
The entity controlled by Mr. Luan Hangqian	(i)	2,379	1,763
The entities controlled by Mr. Luan Tao and Mr. Luan Hangqian	(i)	28	73
		6,265	11,870
<i>Provide property engineering services and landscaping construction services</i>			
The entity controlled by Mr. Luan Hangqian	(i)	179	6,997
The entity controlled by Mr. Luan Tao	(i)	437	994
		616	7,991
<i>Other</i>			
Tianjin Tianfu	(i)	11	376
The entity controlled by Mr. Luan Tao	(i)	–	64
		11	440
		6,892	20,301

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 19. RELATED PARTY TRANSACTION (Continued)

(a) The transactions between our group and related parties are as follows:  
(Continued)

		Six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
		RMB'000	RMB'000
	Notes		
<b>Purchase from related parties</b>			
<i>Accept leasing services</i>			
The entity controlled by Mr. Luan Tao	(i)	734	918
The entity controlled by Ms. Liang Yuefeng	(i)	–	–
Subtotals		734	918
<i>Accept services</i>			
The entity controlled by Mr. Luan Tao	(i)	7	20
The entity controlled by Mr. Luan Hangqian	(i)	–	–
Subtotals		7	20
Total		741	938

- (i) The above service fees and prices for other transactions are determined based on similar terms provided to third-party customers.
- (ii) During the period, the entity controlled by Mr. Luan Tao granted the Group a license to use certain trademarks owned by a Chinese entity on a royalty free basis (the "Licensed Trademarks"). The Group entered into a three-year trademark license agreement with the entity in 2021 on a royalty free basis.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 19. RELATED PARTY TRANSACTION (Continued)

### (b) Salary of the main management personnel of the Group

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Salary, allowances, and benefits in kind	1,272	1,675
Equity-settled share award expenses	2,225	359
Pension scheme contributions	58	160
	3,555	2,194

### (c) Outstanding balance of related parties

	30 June	31 December
	2024	2023
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Due from Related parties		
<i>Trade receivables</i>		
The entity controlled by Mr. Luan Hangqian	13,832	11,851
The entity controlled by Mr. Luan Tao	4,448	101
Entity controlled by Ms. Liang Yuefeng	147	276
The entities controlled by Mr. Luan Tao and Mr. Luan Hangqian	28	–
	18,455	12,228
<i>Contract assets</i>		
The entity controlled by Mr. Luan Hangqian	16,420	15,645
The entity controlled by Ms. Liang Yuefeng	562	562
The entity controlled by Mr. Luan Tao	29	–
	17,011	16,207

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

### 19. RELATED PARTY TRANSACTION (Continued)

#### (c) Outstanding balance of related parties (Continued)

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Accounts payable to related parties		
<i>Trade payables</i>		
The entity controlled by Mr. Luan Tao	388	–
<i>Contract liabilities</i>		
The entity controlled by Mr. Luan Tao	9	–
<i>Other payables</i>		
The entity controlled by Mr. Luan Hangqian	1,111	1,111

The balance is unsecured, interest free, and has no fixed repayment term.

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

The management has assessed that the fair value of cash and cash equivalents, financial assets at fair value through profit or loss, restricted deposits, trade receivables, financial assets recognized as prepayments, other receivables and other assets, short-term interest-bearing bank borrowings, trade payables, financial liabilities recognized as other payables and accrued expenses are similar to their carrying amounts, mainly due to the short-term maturity of these instruments.

The management evaluates the fair value of non-spot portion of other receivables, other assets, as well as interest-bearing bank borrowings, by discounting expected future cash flows using current interest rate of tools with similar terms, credit risk, and remaining maturity. The fair value changes of non-spot portion of other receivables and other assets are not significant. The fair value of non-current portion of bank loans with floating interest rates is similar to their book value, as these book values are discounted using the relevant actual floating annual interest rate similar to the current lending rate.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

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

(Continued)

### Fair value hierarchy

The carrying amount and fair value of the non-current financial instruments of the Group (excluding those with a carrying amount reasonably similar to fair value) are as follows:

	Carrying amounts		Fair values	
	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Financial assets				
Other receivables and other assets, non-current	2,326	2,326	2,326	2,326
Financial liabilities				
Interest-bearing bank loans	50,819	33,400	50,819	33,400

The finance department of the Group is responsible for formulating policies and procedures for fair value management of financial instruments. The finance department of the Company reports directly to the CFO and the board of directors. On each reporting date, the Company's finance department analyzes the changes in the value of financial instruments and determines the main input data used for valuation. The valuation is reviewed and approved by the Chief Financial Officer. The valuation process and results will be discussed with the board of directors for annual financial reporting.

The fair value of financial assets and liabilities is recorded based on the tradable amount of the instrument in the current transaction of the voluntary counterparty (excluding forced or liquidation sales).

As at 30 June 2024 and 31 December 2023, the Group did not hold any liabilities measured at fair value.

During this period, in terms of financial assets and financial liabilities, there were no conversions between level 1 and level 2 of fair value measurement, nor were there any transfers in or out of level 3 (as at 30 June 2023: nil).

## 21. SUBSEQUENT EVENTS

After the end of the Reporting Period, there were no significant subsequent events.