



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



2026
INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ning Daoju
Mr. Shao Meng

Non-executive Directors

Mr. Wang Zhongwu (*Chairman*)
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 Han
Ms. Chen Xiaojing

Remuneration Committee

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

Nomination Committee

Ms. Chen Xiaojing (*Chairlady*)
Mr. Ning Daoju
Mr. Ma Tao

Strategy and ESG Committee

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

COMPANY SECRETARY

Mr. Yang Zhen

AUTHORIZED REPRESENTATIVES

Mr. Wang Zhongwu
Mr. Yang Zhen

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

17/F, Leighton Centre
77 Leighton Road, Causeway Bay
Hong Kong
(with effect from January 30, 2026)

CORPORATE INFORMATION

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:

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. (魯商生活服務股份有限公司) (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)	the director(s) of the Company
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
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 Company 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 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

DEFINITIONS

Listing Date	the date of the Listing, being July 8, 2022
Listing Rules	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
Main Board	the main board of the Stock Exchange
Model Code	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\$138.40 million
Period	the six months ended June 30, 2026
Proposed Change	the proposed revision or reallocation for the intended use of the Net Proceeds together with revision of the intended timetable for use of the unutilised proceeds
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. (山東省商業集團有限公司) (formerly known as Shandong Commercial Group General Corporation (山東省商業集團總公司)), a company established in the PRC with limited liability on November 26, 1992, which is controlled by the State-owned Assets Supervision and Administration Commission of Shandong Provincial Government (山東省人民政府國有資產監督管理委員會) and a controlling Shareholder
Share(s)	Domestic Share(s) and H Share(s)
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)), the auditor of the Company
sq.m.	square meters
Stock Exchange	The Stock Exchange of Hong Kong Limited
treasury shares	has the meaning ascribed thereto under the Listing Rules
Urban Garden	Shandong Urban Garden Engineering Co., Ltd.* (山東城發園林工程有限公司) (formerly known as Shandong Blue Shore Garden Engineering Co., Ltd.* (山東藍岸園林工程有限公司)), a company incorporated in the PRC with limited liability and a former subsidiary of the Company

* for identification purpose only

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 approximately RMB266.6 million, representing a decrease by approximately 9.3% as compared with approximately RMB293.8 million for the six months ended June 30, 2025. The Company's net profit attributable to owners of the parent company during the Period was approximately RMB11.2 million, representing a decrease by approximately 30.4% as compared with approximately RMB16.0 million for the last corresponding period. As at June 30, 2026, the Group had 115 projects under management, with the total GFA under management of approximately 23.5 million sq.m. (June 30, 2025: approximately 23.1 million sq.m.), representing an increase by approximately 1.9%. It also had 115 contracted projects, with total contracted area of approximately 26.4 million sq.m. (June 30, 2025: approximately 26.0 million sq.m.), representing an increase by approximately 1.5%. Headquartered in Jinan, Shandong Province, through 20 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 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, 2026, the aggregate GDP of Shandong Province was ranked the third place 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 "Building a nationwide first-class modern service enterprise" ("打造全國一流的現代化服務企業") 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.

The Business Model of the Company

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

Property management services: accounting for approximately 70.1% of total revenue

For the Period, the Group's revenue from property management services amounted to approximately RMB187.0 million, representing an increase of approximately 2.6% as compared to the corresponding period in 2025, primarily due to the optimization of our project portfolio and strategic expansion of commercial properties business during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW (CONTINUED)**The Business Model of the Company** (Continued)**Property management services: accounting for approximately 70.1% 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	
	2026	Proportion of	2025	Proportion of	GFA under	Growth rate
	GFA under	GFA under	GFA under	GFA under	management	%
	management	management	management	management	sq.m.'000	
	sq.m.'000	%	sq.m.'000	%		
Related parties	17,602	74.8	16,461	71.3	1,141	6.9
Third parties	5,917	25.2	6,614	28.7	-697	-10.5
Total	23,519	100	23,075	100.0	444	1.9

Note: The decrease in GFA under 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 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 properties	As at June 30,									
	2026				2025					
	Revenue		GFA under	Number of	Revenue		GFA under	Number of		
	RMB'000	%	sq.m.'000	projects under	RMB'000	%	sq.m.'000	projects under		
				management				management		
Residential properties	100,921	54.0	13,086	38	100,244	55.0	13,099	39		
Non-residential properties										
(1) Commercial properties	55,000	29.4	4,706	57	51,101	28.0	4,241	40		
(2) Others	31,071	16.6	5,727	20	30,982	17.0	5,735	21		
Total	186,992	100.0	23,519	115	182,327	100.0	23,075	100.0		100

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. As of June 30, 2026, we managed a total of 77 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 6.6% 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,			
	2026	Percentage of revenue	2025	Percentage of revenue
	RMB'000	%	RMB'000	%
Design services	8,633	49.1	18,973	40.3
Landscaping services	—	—	20,993	44.5
Preliminary property management services	5,843	33.3	5,433	11.5
Pre-delivery services	1,709	9.7	1,073	2.3
Other customized services	1,392	7.9	658	1.4
Total	17,577	100.0	47,130	100.0

For the Period, the Group's revenue from value-added services to non-property owners amounted to approximately RMB17.6 million, representing a decrease of approximately 62.7% over the corresponding period in 2025, mainly due to (i) the slump in the real estate market, which directly impacted the downstream design services sector, leading to a decline in design services volume; and (ii) starting in the second half of the year 2025, our former subsidiary, Urban Garden was excluded from the scope of consolidated financial statements due to capital increases by other shareholders, resulting in a year-over-year decrease in revenue from landscaping services.

Our value-added services to non-property owners (covering the entire cycle of real estate development) provide services for the entire process from project planning, development to operation through in-depth participation. We not only build strategic synergy with property developers, but also establish in-depth interaction with future property owners through precise demand matching and customized service solutions before the property is delivered, thereby continuously improving customer value recognition and brand loyalty throughout the project life cycle.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW (CONTINUED)**The Business Model of the Company** (Continued)

Community value-added services: accounting for approximately 23.3% 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,			
	2026 RMB'000	Percentage of revenue %	2025 RMB'000	Percentage of revenue %
Parking space management services	20,246	32.6	21,907	34.0
Community living services	23,749	38.3	23,771	36.9
Utility management services	14,338	23.1	15,244	23.7
Community space and resource management services	3,706	6.0	3,471	5.4
Total	62,039	100.0	64,393	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 RMB62.0 million, representing a decrease of approximately 3.7% as compared with the same period of 2025, primarily attributable to rising vacancy rates in commercial projects during the Period. There has been a double loss of both tenants and customer foot traffic, putting downward pressure on revenue from energy fees and parking fees.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue comes from (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 business lines during the indicated periods:

Revenue	Six months ended June 30, 2026		2025		Growth Rate
	RMB'000	Percentage of revenue %	RMB'000	Percentage of revenue %	
Property management services	186,992	70.1	182,327	62.1	2.6
Value-added services to non-property owners	17,577	6.6	47,130	16.0	-62.7
Community value-added services	62,039	23.3	64,393	21.9	-3.7
Total	266,608	100.0	293,850	100.0	-9.3

For the Period, the total revenue of the Group was approximately RMB266.6 million (June 30, 2025: approximately RMB293.8 million), representing a decrease of approximately 9.3% as compared with the corresponding period in 2025, primarily due to a decrease in revenue from value-added services to non-property owners.

Value-added services to non-property owners: The revenue of our value-added services to non-property owners decreased by approximately 62.7% from approximately RMB47.1 million for the six months ended June 30, 2025 to approximately RMB17.6 million for the Period, mainly due to (i) the slump in the real estate market, which directly impacted the downstream design services sector, leading to a decline in design services volume; and (ii) starting in the second half of the year 2025, our former subsidiary, Urban Garden was excluded from the scope of consolidated financial statements due to capital increases by other shareholders, resulting in a year-over-year decrease in revenue from landscaping services.

Community value-added services: The revenue of our community value-added services decreased by approximately 3.7% from approximately RMB64.4 million for the six months ended June 30, 2025 to approximately RMB62.0 million for the Period, primarily due to rising vacancy rates in commercial projects during the Period. There has been a double loss of both tenants and customer foot traffic, putting downward pressure on revenue from energy fees and parking fees.

Property management services: The revenue of our property management services increased by approximately 2.6% from approximately RMB182.3 million for the six months ended June 30, 2025 to approximately RMB187.0 million for the Period, primarily due to the optimization of our project portfolio and strategic expansion of commercial properties business during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

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

For the Period, the cost of sales of the Group was approximately RMB216.4 million (June 30, 2025: approximately RMB231.8 million), representing a decrease of approximately 6.7% as compared with the corresponding period in 2025, due to (i) the slump in the real estate market, which directly impacted the downstream design services sector, leading to a decline in design services volume and a cost reduction; and (ii) starting in the second half of the year 2025, our former subsidiary, Urban Garden was excluded from the scope of consolidated financial statements due to capital increases by other shareholders, resulting in a year-over-year decrease in cost from landscaping services.

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 business lines during the indicated periods:

	Six months ended June 30,			
	2026		2025	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Property management services	30,198	16.1	33,547	18.4
Value-added services to non-property owners	4,335	24.7	11,871	25.2
Community value-added services	15,723	25.3	16,639	25.8
Total	50,256	18.9	62,058	21.1

For the Period, the Group's gross profit was approximately RMB50.3 million, representing a decrease of approximately 19.0% as compared with approximately RMB62.1 million for the corresponding period in 2025. The gross profit margin of the Group decreased from approximately 21.1% in the corresponding period in 2025 to approximately 18.9% for the Period.

For the Period, the gross profit margin of property management services of the Group was approximately 16.1% (June 30, 2025: approximately 18.4%). The drop in the gross profit margin as compared with the corresponding period in 2025 was mainly due to the expansion of commercial properties business with lower gross profit margin during the Period.

The gross profit margin of value-added services to non-property owners of the Group was approximately 24.7% (June 30, 2025: approximately 25.2%). The decline in the gross profit margin of value-added services to non-property owners during the Period as compared with the corresponding period in 2025 was mainly due to the slump in the real estate market. Revenue from high-margin design services has declined, dragging down the overall gross profit margin.

The gross profit margin of community value-added services of the Group was approximately 25.3% (June 30, 2025: approximately 25.8%), which was stable as compared with the same period of 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW *(CONTINUED)*

Administrative and Other Expenses

For the Period, the total administrative expenses of the Group were approximately RMB23.3 million, representing a decrease of approximately 17.7% from approximately RMB28.3 million for the six months ended June 30, 2025, primarily due to the streamlining of management levels and a reasonable reduction in administrative expenses.

Profit for the Period

Our profit for the Period was approximately RMB11.1 million, representing a decrease of approximately 30.9% from approximately RMB16.0 million for the corresponding period in 2025.

Current Assets

As at June 30, 2026, the current assets of the Group were approximately RMB711.6 million, representing an increase of approximately 0.3% as compared with approximately RMB709.7 million as at December 31, 2025. As at June 30, 2026, the current ratio (current assets divided by current liabilities) of the Group was approximately 2.7 times (December 31, 2025: approximately 2.7 times).

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, 2026, the Group's fixed assets and right-of-use assets amounted to approximately RMB47.3 million, representing a decrease of approximately RMB1.9 million as compared with approximately RMB49.2 million as at December 31, 2025, primarily due to an increase in depreciation of fixed assets and right-of-use assets during the Period.

Trade and Bills Receivables

As at June 30, 2026, trade and bills receivables amounted to approximately RMB267.1 million, representing an increase of approximately RMB19.6 million as compared with approximately RMB247.5 million as at December 31, 2025, mainly due to a natural increase in accounts receivables resulting from the expansion of the property business, as well as the payment habits of property owners.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits 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, 2026, prepayments, deposits and other receivables amounted to approximately RMB13.8 million, representing an increase of approximately RMB1.8 million as compared with approximately RMB12.0 million as at December 31, 2025, mainly due to an increase in security deposits paid resulting from the expansion of property management services business.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONTINUED)**Trade Payables**

As at June 30, 2026, trade payables amounted to approximately RMB93.9 million, representing an increase of approximately RMB7.5 million as compared with approximately RMB86.4 million as at December 31, 2025, mainly due to an increase in property services revenue, as well as higher outsourcing expenses payable and material procurement costs.

Accrued Expenses and Other Payables

Our accrued expenses and other payables primarily consist of (i) accrued payroll and other benefits; (ii) deposits; (iii) receipts and payments on behalf of property owners; and (iv) other payables and accruals.

As at June 30, 2026, accrued expenses and other payables amounted to approximately RMB87.5 million, representing an increase of approximately RMB6.4 million as compared with approximately RMB81.1 million as at December 31, 2025, mainly due to an increase in security deposits, escrow funds, and dividends payable under other payables.

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. The Group has adopted a prudential liquidity management policy, closely monitoring the utilization of cash and cash balances to maintain a sound financial position.

Cash and Cash Equivalents

As at June 30, 2026, the Group's cash and cash equivalents amounted to approximately RMB397.4 million, representing a decrease of approximately 5.0% as compared with approximately RMB418.1 million as at December 31, 2025, primarily due to an increase of our investment in routine repairs and maintenance of building facilities and equipment during the Period, which helped improve service quality.

Such cash and cash equivalents included approximately RMB397.40 million (December 31, 2025: approximately RMB418.06 million) denominated in RMB and approximately RMB0.019 million (December 31, 2025: approximately RMB0.022 million) denominated in HK\$, calculated based on the exchange rate as at June 30, 2026.

Interest-bearing Borrowings

Our interest-bearing borrowings were approximately RMB8.01 million as of June 30, 2026 (December 31, 2025: approximately RMB8.01 million), all denominated in RMB with maturity on March 3, 2027 at the fixed rate of 3.0% per annum.

Pledge of Assets

As at June 30, 2026, the Group had not pledge any of our assets (December 31, 2025: nil).

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 approximately 30.8% as at June 30, 2026 (December 31, 2025: approximately 30.6%).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW *(CONTINUED)*

Significant Investments, Material Acquisitions and Disposals

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, 2026.

Proceeds from the Listing

The Company was listed on the Main Board on July 8, 2022. After deducting underwriting fees and commissions and relevant expenses, Net Proceeds from the Listing amounted to approximately HK\$138.40 million. The Group intends to use the Net Proceeds in accordance with the updated method and schedule as set out in the Company's announcement dated December 19, 2025 and the latest annual report of the Company.

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.

Employees and Remuneration Policy

As at June 30, 2026, the Group had 1,292 employees (as at December 31, 2025: 1,310 employees). During the Period, the Company actively implemented the revised special business incentive programs from the previous year to comprehensively motivate 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.

The Company took "system-based, talent-driven, training-enabled" as its strategic orientation and built a three-in-one management system. Through deepening market-oriented reforms, the Company has fully implemented the competitive mechanism for managers, innovatively implemented the "star rating" three-channel talent development model, established a "one person, one form, two contracts" to deepen the contractual management system, with an aim to form a dual-link mechanism between performance and salary, and fully release the organizational effectiveness and talent potential. Focusing on the dimension of team building, the Company innovatively created a dual-drive model of "family culture · happy culture", built a three-dimensional training system covering all employees, and promoted the dual improvement of organizational learning ability and employee competence through hierarchical and classified customized training projects.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed in this report, no events have taken place subsequent to June 30, 2026 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 contained in Appendix C1 to the Listing Rules as its own code of corporate governance.

During the Period, the Group has applied the principles of good corporate governance and complied with all the code provisions as set out in Part 2 of the Corporate Governance Code.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct regulating Directors' dealings in securities of the Company.

Having made specific enquiry of all the Directors, all Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the Period.

DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors and chief executive of the Company in the registered capital of the Company and its associated corporation

As at June 30, 2026, the interests and short positions of the Directors or chief executive 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	60,000 ⁽¹⁾	0.0059%

Note:

(1) Mr. Wang Zhongwu was interested in 60,000 shares of Lushang Freda.

Save as disclosed above, as at June 30, 2026, none of the Directors 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 corporation, 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, 2026, the persons (other than Directors and chief executive 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⁾
Shandong Commercial ⁽⁴⁾	Interest in controlled corporation	Domestic Shares	100,000,000 (L)	100.00%	75.00%
Lushang Freda	Beneficial owner	Domestic Shares	95,100,000 (L)	95.10%	71.32%
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, 2026.
- (3) Calculated based on the total number of 133,340,000 Shares in issue as at June 30, 2026.
- (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, 2026, 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, 2026, the Directors were not aware of any persons (other than Directors and chief executive 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 on the Listing Date and 33,340,000 H Shares were issued. After deduction of underwriting fees and commissions and related expenses, the Net Proceeds from the Listing were approximately HK\$138.40 million.

The Group intends to use the Net Proceeds in accordance with the updated method and schedule as set out in the Company's announcement dated December 19, 2025 and the latest annual report of the Company:

Proposed use of Net Proceeds under Proposed Change	Approximate % of Net Proceeds	Intended use of Net Proceeds (HK\$ million)	Utilised Net Proceeds as of June 30, 2026 (HK\$ million)	Unutilised Net Proceeds as of June 30, 2026 (HK\$ million)	Expected time of full utilisation
Major categories					
<i>Investments including strategic partnerships, acquisitions, and capital increase in subsidiaries to expand the Group's business scope and scale</i>	40%	55.36	0.00	55.36	December 31, 2028
<i>Enhance property management services and further develop our diversified community value-added services to improve our customers' experience and satisfaction</i>	15%	20.76	0.71	20.05	December 31, 2027
<i>Promotion of ESG Development</i>	10%	13.84	0.00	13.84	December 31, 2027
<i>Invest in technology systems and standardized business operations</i>	15%	20.76	6.93	13.83	December 31, 2027
<i>Working capital and other general corporate purposes</i>	20%	27.68	22.28	5.40	December 31, 2027
Total		138.40	29.92	108.48	

As of June 30, 2026, 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 utilised were deposited with licensed financial institution in Mainland China. The unutilised Net Proceeds and the above timeline of intended utilisation 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CHANGES IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE

Up to the publication date of this report, there was no change to information which was required to be disclosed by Directors and chief executive of the Company 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, 2025: nil).

AUDIT COMMITTEE

The Company established the Audit Committee on June 6, 2022 pursuant to Rule 3.21 of the Listing Rules with written terms of reference in compliance with Principle D.3 of the Corporate Governance Code. The Audit Committee consists of three members, namely Ms. Leung Bik San (梁碧珊), Ms. Li Han (李涵) and Ms. Chen Xiaojing (陳曉靜). The chairlady of the Audit Committee is Ms. Leung Bik San (梁碧珊), who is an independent non-executive Director with the appropriate professional qualifications or accounting or related financial management expertise.

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 auditor of the Company the accounting principles and practices adopted by the Group.

The independent auditor of the Company, 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 Non-executive Director

Jinan, the PRC, August 28, 2026

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

XYZH/2026QDAA3B0215

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 June 30, 2026, 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 January 1, 2026 to June 30, 2026, 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: Li Zhushan
CICPA: Yao Xuefei

August 28, 2026

INTERIM CONSOLIDATED BALANCE SHEET

As at June 30, 2026

Unit: RMB

Items	Notes	June 30, 2026	December 31, 2025
Current assets:			
Cash and bank	4	400,694,213.63	420,605,756.35
Financial assets held for trading		—	—
Derivative financial assets		—	—
Notes receivable	5	15,863,920.82	25,599,910.64
Accounts receivable	6	251,282,030.17	221,944,895.83
Receivables financing		—	—
Prepayments	7	2,402,404.79	2,401,057.86
Other receivables	8	11,376,544.68	9,598,906.10
Including: Interest receivable		—	—
Dividends receivable		—	—
Inventories	9	10,295,953.36	6,654,880.49
Contract assets	10	18,944,267.56	22,855,078.09
Assets held for sale		—	—
Current portion of non-current assets		—	—
Other current assets	11	695,649.60	1,105.21
Total current assets		711,554,984.61	709,661,590.57
Non-current assets:			
Debt investments		—	—
Other debt investments		—	—
Long-term receivable		—	—
Long-term equity investments	12	37,425,848.27	36,931,107.62
Investments in other equity instruments		—	—
Other non-current financial assets		—	—
Investment properties	13	37,001,012.91	37,925,631.87
Fixed assets	14	46,501,013.45	48,297,578.99
Construction in progress		—	—
Productive biological assets		—	—
Oil and gas assets		—	—
Right-of-use assets	15	754,409.15	918,032.17
Intangible assets	16	811,388.45	1,008,184.62
Development expenditures		—	—
Goodwill		—	—
Long-term deferred expenses	17	4,725,453.55	5,446,420.68
Deferred tax assets	18	14,108,255.72	10,252,752.15
Other non-current assets		—	—
Total non-current assets		141,327,381.50	140,779,708.10
Total assets		852,882,366.11	850,441,298.67

INTERIM CONSOLIDATED BALANCE SHEET

As at June 30, 2026

Items	Notes	June 30, 2026	December 31, 2025
Current liabilities:			
Short-term borrowings	20	8,006,000.00	8,006,888.89
Financial liabilities held for trading		—	—
Derivative financial liabilities		—	—
Notes payable		—	—
Accounts payable	21	93,905,185.14	86,376,849.02
Payments received in advance	22	153,063.66	280,935.15
Contract liabilities	23	64,206,703.50	79,922,530.22
Employee benefits payable	24	10,381,377.84	17,185,214.85
Taxes payable	25	8,178,585.10	8,399,493.86
Other payables	26	68,969,612.21	55,476,176.84
Including: Interest payable		—	—
Dividends payable		16,138,010.00	10,270,800.00
Liabilities held for sale		—	—
Current portion of non-current liabilities	27	105,692.68	97,338.19
Other current liabilities	28	7,902,057.89	3,827,459.51
Total current liabilities		261,808,278.02	259,572,886.53
Non-current liabilities:			
Long-term borrowings		—	—
Bonds payable		—	—
Including: Preferred stocks		—	—
Perpetual bonds		—	—
Lease liabilities	29	631,650.31	580,716.43
Long-term payables		—	—
Long-term employee benefits payable		—	—
Provisions		—	—
Deferred income		—	—
Deferred tax liabilities	18	853.31	31,540.25
Other non-current liabilities		—	—
Total non-current liabilities		632,503.62	612,256.68
Total liabilities		262,440,781.64	260,185,143.21

INTERIM CONSOLIDATED BALANCE SHEET

As at June 30, 2026

Items	Notes	June 30, 2026	December 31, 2025
Shareholders' equity:			
Share capital	30	133,340,000.00	133,340,000.00
Other equity instruments		—	—
Including: Preferred stocks		—	—
Perpetual bonds		—	—
Capital reserves	31	215,555,753.10	215,555,753.10
Less: Treasury stock		—	—
Other comprehensive income		—	—
Special reserve		—	—
Surplus reserve	32	20,861,119.73	20,861,119.73
Retained earnings	33	216,559,084.02	216,269,688.93
Total shareholders' equity attributable to parent company		586,315,956.85	586,026,561.76
Non-controlling interests		4,125,627.62	4,229,593.70
Total shareholders' equity		590,441,584.47	590,256,155.46
Total liabilities and shareholders' equity		852,882,366.11	850,441,298.67

INTERIM CONSOLIDATED INCOME STATEMENT

For the period from January to June 2026

Unit: RMB

Items	Notes	January to June 2026	January to June 2025
I. Total Revenue		266,607,807.34	293,849,628.79
Including: Operating revenue	34	266,607,807.34	293,849,628.79
II. Total Cost		238,944,571.06	259,116,525.19
Including: Operating costs	34	216,351,968.16	231,791,940.13
Taxes and surcharges	35	1,565,800.76	1,635,526.97
Selling expenses		—	—
Administrative expenses	36	19,285,768.25	24,747,828.25
Research and development expenses	37	3,990,124.18	3,530,783.29
Finance expenses	38	-2,249,090.29	-2,589,553.45
Including: Interest expenses		137,366.89	152,878.89
Interest income		3,001,743.15	3,228,254.72
Add: Other income	39	233,859.59	165,618.71
Income from investments	40	494,740.65	—
Including: Investment income from associates and joint ventures		494,740.65	—
Income from derecognition of financial assets at amortized cost		—	—
Foreign exchange gains		—	—
Gains on net exposure hedging		—	—
Gains on changes in fair value		—	—
Credit impairment losses	41	-14,044,838.22	-13,627,852.13
Impairment losses on assets	42	-11,557.42	90,418.51
Gains on disposal of assets	43	54,778.27	—
III. Operating profit(Loss indicated with “-”)		14,390,219.15	21,361,288.69
Add: Non-operating income	44	27,231.91	4,506.97
Less: Non-operating expenses	45	142,894.67	100,035.35
IV. Profit before tax (Loss indicated with “-”)		14,274,556.39	21,265,760.31
Less: Income tax expenses	46	3,221,917.38	5,277,040.92
V. Net profit (Net Loss indicated with “-”)		11,052,639.01	15,988,719.39
(I) Classified by going concern		11,052,639.01	15,988,719.39
Net profit from continuing operations		11,052,639.01	15,988,719.39
Net profit from discontinuing operations		—	—
(II) Classified by ownership of the equity		11,052,639.01	15,988,719.39
Net profit attributable to the parent company's shareholders		11,156,605.09	16,034,324.40
Net profit attributable to non-controlling interests		-103,966.08	-45,605.01

INTERIM CONSOLIDATED INCOME STATEMENT

For the period from January to June 2026

Items	Notes	January to June 2026	January to June 2025
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		11,052,639.01	15,988,719.39
Total comprehensive income attributable to the parent company's shareholders		11,156,605.09	16,034,324.40
Total comprehensive income attributable to non-controlling interests		-103,966.08	-45,605.01
VIII. Earnings per share (EPS):			
(I) Basic earnings per share (RMB per share)		0.08	0.12
(II) Diluted earnings per share (RMB per share)		0.08	0.12

INTERIM CONSOLIDATED CASH FLOW STATEMENT

For the period from January to June 2026

Unit: RMB

Items	Notes	January to June 2026	January to June 2025
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and the rendering of services		294,173,047.31	296,899,356.57
Receipts of taxes refunds		—	—
Other cash receipts relating to operating activities	47	17,554,503.52	58,804,829.23
Subtotal of cash inflows from operating activities		311,727,550.83	355,704,185.80
Cash payments for goods and services		212,958,464.11	219,789,308.53
Cash payments to and on behalf of employees		75,774,064.57	82,359,382.29
Payments of all types of taxes and surcharges		20,909,354.65	19,171,273.90
Other cash payments relating to operating activities	47	16,394,004.13	62,276,879.65
Subtotal of cash outflows from operating activities		326,035,887.46	383,596,844.37
Net cash flows from operating activities		-14,308,336.63	-27,892,658.57
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		88,275.00	—
Net proceeds from disposals of subsidiaries and other business units		—	—
Other cash receipts relating to investing activities		—	—
Subtotal of cash inflows from investment activities		88,275.00	—
Cash payments for acquisition and construction of fixed assets, intangible assets and other long-term assets		1,231,104.10	1,890,191.52
Cash payments for investments		—	—
Net increase in secured 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		1,231,104.10	1,890,191.52
Net cash flows from investing activities		-1,142,829.10	-1,890,191.52

INTERIM CONSOLIDATED CASH FLOW STATEMENT

For the period from January to June 2026

Items	Notes	January to June 2026	January to June 2025
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	8,000,000.00
Cash receipts from issuance of bonds		—	—
Other cash receipts relating to financing activities		—	—
Subtotal of cash inflows from financing activities		8,000,000.00	8,000,000.00
Cash paid for repayments of debts		8,000,000.00	8,000,000.00
Cash payments for dividends, profits and interests		5,122,955.57	132,144.47
Including: dividends and profits paid by subsidiaries to non-controlling shareholders		—	—
Other cash payments relating to financing activities	47	90,347.00	—
Subtotal of cash outflows from financing activities		13,213,302.57	8,132,144.47
Net cash flows from financing activities		-5,213,302.57	-132,144.47
IV. Effect of changes in foreign exchange rates on cash and cash equivalents		-810.72	-356.48
V. Net increase in cash and cash equivalents		-20,665,279.02	-29,915,351.04
Add: opening balance of cash and cash equivalents		418,083,023.70	425,171,708.53
VI. Closing balance of cash and cash equivalents	48	397,417,744.68	395,256,357.49

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period from January to June 2026

Unit: RMB

January to June 2026													
Items	Equity attributable to shareholders of the parent company											Non-controlling interests	Total shareholders' equity
	Other equity instruments												
	Share capital	Preferred stocks	Perpetual bonds	Others	Capital reserves	Less: Treasury stocks	Other Comprehensive Income	Special reserves	Surplus reserves	Retained earnings	Subtotal		
I. Balance at the end of last year	133,340,000.00	-	-	-	215,555,753.10	-	-	-	20,861,119.73	216,269,688.93	586,026,561.76	4,229,593.70	590,256,155.46
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	-	-	-	215,555,753.10	-	-	-	20,861,119.73	216,269,688.93	586,026,561.76	4,229,593.70	590,256,155.46
III. Changes during the period (*- for decreases)	-	-	-	-	-	-	-	-	-	289,395.09	289,395.09	-103,966.08	185,429.01
(1) Total comprehensive income	-	-	-	-	-	-	-	-	-	11,156,605.09	11,156,605.09	-103,966.08	11,052,639.01
(2) Shareholders' contributions and reductions in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) Profit distribution	-	-	-	-	-	-	-	-	-	-10,867,210.00	-10,867,210.00	-	-10,867,210.00
1. Appropriation to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-10,867,210.00	-10,867,210.00	-	-10,867,210.00
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	-	-	-	215,555,753.10	-	-	-	20,861,119.73	216,559,084.02	586,315,956.85	4,125,627.62	590,441,584.47

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period from January to June 2026

Unit: RMB

January to June 2025														
Equity attributable to shareholders of the parent company														
Other equity instruments														
Items	Share capital	Preferred stocks	Perpetual bonds	Others	Capital reserves	Less: Treasury stocks	Other Comprehensive Income	Special reserves	Surplus reserves	Retained earnings	Subtotal	Non-controlling interests	Total shareholders' equity	
I. Balance at the end of last year	133,340,000.00	-	-	-	213,924,223.38	-	-	-	16,964,526.57	200,618,239.78	564,846,989.73	3,982,723.27	568,829,713.00	
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	-	-	-	213,924,223.38	-	-	-	16,964,526.57	200,618,239.78	564,846,989.73	3,982,723.27	568,829,713.00	
III. Changes during the period (*: for decreases)	-	-	-	-	-	-	-	-	-	1,633,604.40	1,633,604.40	-45,605.01	1,587,999.39	
(1) Total comprehensive income	-	-	-	-	-	-	-	-	-	16,034,324.40	16,034,324.40	-45,605.01	15,988,719.39	
(2) Shareholders' contributions and reductions in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	
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	-	-	-	-	-	-	-	-	-	-	-	-	-	
(3) Profit distribution	-	-	-	-	-	-	-	-	-	-14,400,720.00	-14,400,720.00	-	-14,400,720.00	
1. Appropriation to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Appropriation to general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-14,400,720.00	-14,400,720.00	-	-14,400,720.00	
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	-	-	-	16,964,526.57	202,251,844.18	566,480,594.13	3,937,118.26	570,417,712.39	

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I 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 (the **"PRC"**) on March 24, 2006 in accordance with the PRC Company Law, and was restructured into a joint stock limited company on March 12, 2021. The registered office of the company is Room 202, Building 2, Lushang Guobao City, No. 9777 Jingshi Road, Lixia District, Jinan City, Shandong Province, China. The Company's H shares were listed on the main board (the **"Main Board"**) of the Stock Exchange of Hong Kong Limited (the **"Stock Exchange"**) on July 8, 2022 under the stock code 2376.HK.

As of June 30, 2026, the share capital of the Company was RMB133.34 million, the controlling Shareholder was Lushang Freda 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 (the **"Board"**) of directors (the **"Directors"**) on August 28, 2026.

2 The basis for preparation of financial statement

2.1 Compilation Basis

The Company is incorporated in the PRC 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 (the **"IFRSs"**) 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 (**"CASBE"**) and IFRSs, on July 17, 2023, the Board considered and approved the preparation of the Company's financial statements and disclosure of related financial information in accordance with CASBE starting from the interim report for the period ended June 30, 2023. An extraordinary General meeting was held on August 3, 2023 and approved the consequential changes to the Articles of Association.

The Group's financial statements are prepared based on the actual transactions and events, following the "Accounting Standards for Business Enterprises" promulgated by the Ministry of Finance, including their application guidelines, interpretations, and other relevant provisions, as well as the rules and regulations of the China Securities Regulatory Commission, specifically the "No. 15 of the Rules for the Preparation of Information Disclosure by Companies Offering Public Securities – General Requirements for Financial Reporting (Revised 2023)". Additionally, the financial statements comply with the disclosure requirements of Hong Kong's Companies Ordinance and the listing rules of the Stock Exchange.

2.2 Going concern

The Group has evaluated its ability to continue as a going concern for 12 months from the end of the six months ended June 30, 2026 (the **"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 INFORMATION

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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 Period for the Group.

3.2 Changes in significant accounting estimates

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

4 Cash and bank

Items	Ending balance	Opening balance
Cash on hand	3,458.00	2,200.00
Bank deposit	109,391,702.53	109,012,978.48
Money deposited with the finance company	288,022,584.15	309,067,845.22
Other monetary funds	3,276,468.95	2,522,732.65
Total	400,694,213.63	420,605,756.35

The Group's restricted cash and cash equivalents as at the end of the Period are as follows:

Items	Ending balance	Opening balance
Guarantee deposit	480,003.19	1,480,003.19
Unexpired interest receivable	2,796,465.76	1,042,729.46
Total	3,276,468.95	2,522,732.65

5 Notes receivable

5.1 Classification of notes receivable

Items	Ending balance	Opening balance
Bank acceptance drafts	7,662.70	551,773.41
Commercial acceptance drafts	15,856,258.12	25,048,137.23
Total	15,863,920.82	25,599,910.64

5.2 Disclosure by the method of provision for bad debts

Types	Book balance		Ending balance		Book value
	Amount	Proportion (%)	Amount	Provisioning ratio (%)	
Provision for bad debts on an individual basis	—	—	—	—	—
Provision for bad debts on a collective basis	16,083,255.73	100.00	219,334.91	1.36	15,863,920.82
Including:					
Listed bank acceptance drafts portfolio	—	—	—	—	—
Related party portfolio	13,037,438.83	81.06	48,508.11	0.37	12,988,930.72
Aging portfolio	3,045,816.90	18.94	170,826.80	5.61	2,874,990.10
Total	16,083,255.73	100.00	219,334.91	1.36	15,863,920.82

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(Expressed in RMB unless otherwise indicated)

5 Notes receivable (CONTINUED)

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

Types	Book balance		Opening balance		Book value
	Amount	Proportion (%)	Amount	Provision for bad debts Provisioning ratio (%)	
Provision for bad debts on an individual basis	–	–	–	–	–
Provision for bad debts on a collective basis	25,790,502.73	100.00	190,592.09	0.74	25,599,910.64
Including:					
Listed bank acceptance drafts portfolio	–	–	–	–	–
Related party portfolio	22,771,523.30	88.29	43,265.89	0.19	22,728,257.41
Aging portfolio	3,018,979.43	11.71	147,326.20	4.88	2,871,653.23
Total	25,790,502.73	100.00	190,592.09	0.74	25,599,910.64

5.2.1 Notes receivable with bad debt provision based on grouping of credit risk characteristics

5.2.1.1 Related party portfolio

Aging	Book balance	Ending balance Provision for bad debts	Provisioning ratio (%)
Within 1 year	13,037,438.83	48,508.11	0.37
Total	13,037,438.83	48,508.11	–

5.2.1.2 Aging portfolio

Aging	Book balance	Ending balance Provision for bad debts	Provisioning ratio (%)
Within 1 year	3,045,816.90	170,826.80	5.61
Total	3,045,816.90	170,826.80	–

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

January 1, 2026 to June 30, 2026
(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

Types	Opening balance	Changes during the period			Other decreases	Ending balance
		Accrue	Recover or reverse	Transfer or write off		
Bank acceptance drafts portfolio		-	-	-	-	-
Related party portfolio	43,265.89	5,242.22	-	-	-	48,508.11
Aging portfolio	147,326.20	23,500.60	-	-	-	170,826.80
Total	190,592.09	28,742.82	-	-	-	219,334.91

5.4 Notes receivable pledged at the end of the Period

None.

5.5 Notes receivable endorsed or discounted at the end of the Period and not yet due at the balance sheet date

Item	The amount derecognized at the end of the Period	The amount not derecognized at the end of the Period
Bank acceptance drafts		
Commercial acceptance drafts	-	4,060,676.20
Total	-	4,060,676.20

5.6 Notes receivable actually written off during the Period

None.

5.7 The aging analysis of notes receivable

The Group's notes receivable at the end of the Period are aged within 180 days.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

January 1, 2026 to June 30, 2026

(Expressed in RMB unless otherwise indicated)

6 Accounts receivable

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

Aging	Ending balance	Opening balance
Within 1 year	186,951,627.11	152,887,281.46
1-2 years	62,864,934.57	56,546,620.72
2-3 years	23,211,757.14	29,356,889.05
Over 3 years	41,100,067.86	32,055,325.26
Subtotal	314,128,386.68	270,846,116.49
Less: Provision for bad debts	62,846,356.51	48,901,220.66
Total	251,282,030.17	221,944,895.83

6.2 Disclosure by the method of provision for bad debts

Types	Book balance		Ending balance		Book value
	Amount	Proportion (%)	Amount	Provisioning ratio (%)	
Provision for bad debts on an individual basis	–	–	–	–	–
Provision for bad debts on a collective basis	314,128,386.68	100.00	62,846,356.51	20.01	251,282,030.17
Including: Aging portfolio	208,118,661.58	66.25	53,339,255.73	25.63	154,779,405.85
Related party portfolio	106,009,725.10	33.75	9,507,100.78	8.97	96,502,624.32
Total	314,128,386.68	100.00	62,846,356.51	20.01	251,282,030.17

Types	Book balance		Opening balance		Book value
	Amount	Proportion (%)	Amount	Provisioning ratio (%)	
Provision for bad debts on an individual basis	–	–	–	–	–
Provision for bad debts on a collective basis	270,846,116.49	100.00	48,901,220.66	18.05	221,944,895.83
Including: Aging portfolio	177,154,345.20	65.41	43,293,694.70	24.44	133,860,650.50
Related party portfolio	93,691,771.29	34.59	5,607,525.96	5.99	88,084,245.33
Total	270,846,116.49	100.00	48,901,220.66	18.05	221,944,895.83

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January 1, 2026 to June 30, 2026
(Expressed in RMB unless otherwise indicated)

6 Accounts receivable (CONTINUED)

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

6.2.1 Accounts receivable with bad debt provision based on grouping of credit risk characteristics

6.2.1.1 Aging portfolio

Aging	Book balance	Ending balance Provision for bad debts	Provisioning ratio (%)
Within 1 year	109,202,092.70	6,124,676.73	5.61
1-2 years	46,323,006.03	8,387,002.20	18.11
2-3 years	20,429,121.33	6,663,135.28	32.62
Over 3 years	32,164,441.52	32,164,441.52	100.00
Total	208,118,661.58	53,339,255.73	—

6.2.1.2 Related party portfolio

Aging	Book balance	Ending balance Provision for bad debts	Provisioning ratio (%)
Within 1 year	77,749,534.41	289,280.96	0.37
1-2 years	16,541,928.54	179,149.84	1.08
2-3 years	2,782,635.81	103,043.64	3.70
Over 3 years	8,935,626.34	8,935,626.34	100.00
Total	106,009,725.10	9,507,100.78	—

6.3 Provision for bad debts on accounts receivable accrued, recovered or reversed during the Period

Types	Opening balance	Changes during the Period		Ending balance
		Accrue	Other decreases	
Provision for bad debts on an individual basis	—	—	—	—
Provision for bad debts on a collective basis	48,901,220.66	13,945,135.85	—	62,846,356.51
Including: Aging portfolio	43,293,694.70	10,045,561.03	—	53,339,255.73
Related party portfolio	5,607,525.96	3,899,574.82	—	9,507,100.78
Total	48,901,220.66	13,945,135.85	—	62,846,356.51

6.4 Accounts receivable actually written off during the period

None.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

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(Expressed in RMB unless otherwise indicated)

6 Accounts receivable (CONTINUED)

6.5 The situation of the top five accounts receivable and contract assets at the end of the Period, aggregated by the debtor

Name	Balance of accounts receivable	Balance of contract assets	Balance of accounts receivable and contract assets	Proportion of the total ending balance(%)	The total of provisions for bad debts
Harbin Lushang Real Estate Co., LTD.	18,067,821.16	5,158,390.39	23,226,211.55	6.97	954,301.29
Zibo Boshan District Municipal, Garden and Environmental Sanitation Service Center	13,464,621.07	–	13,464,621.07	4.04	2,167,463.07
Jinan Licheng District people's government Tangye sub-district office	10,183,211.72	–	10,183,211.72	3.06	1,075,938.58
Shandong Institute of Commerce and Technology	9,346,292.46	–	9,346,292.46	2.80	47,958.14
Qingdao Lushang Langu Health Industry Co., Ltd.	7,133,512.22	–	7,133,512.22	2.14	30,165.37
Total	58,195,458.63	5,158,390.39	63,353,849.02	19.01	4,275,826.45

7 Prepayments

7.1 Disclosure by aging

Items	Ending balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	2,163,873.39	90.07	2,216,454.81	92.31
1-2 years	65,163.23	2.71	11,234.88	0.47
2-3 years	173,368.17	7.22	173,368.17	7.22
Total	2,402,404.79	100.00	2,401,057.86	100.00

7.2 The situation of the top five prepayments at the end of the Period, aggregated by the payee

Name	Ending balance	Proportion of the total ending balance (%)
State Grid Shandong Electric Power Company Linyi power supply company	367,014.95	15.28
State Grid Shandong Electric Power Company Jinan power supply company	337,354.85	14.04
Shandong Jun Tong Property Management Co., Ltd.	173,368.17	7.22
Jinan Licheng District Environmental Sanitation Management Center	158,489.00	6.60
State Grid Shandong Electric Power Company Dongying power supply company	125,000.00	5.20
Total	1,161,226.97	48.34

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8 Other receivables

Items	Ending balance	Opening balance
Other receivables	11,376,544.68	9,598,906.10
Total	11,376,544.68	9,598,906.10

8.1 Disclosure by nature

Nature	Ending balance	Opening balance
Security deposit, deposit	2,889,164.77	2,561,033.60
Advanced social security and housing fund	218,678.10	197,303.10
Payments for projects	847,028.96	847,028.96
Related party transactions	1,501,037.78	1,094,303.86
POS in-transit funds, etc.	1,003,283.61	2,750,620.62
Residential maintenance fund	4,846,676.10	2,729,246.42
Others	823,513.91	101,248.54
Subtotal	12,129,383.23	10,280,785.10
Less: Provision for bad debts	752,838.55	681,879.00
Total	11,376,544.68	9,598,906.10

8.2 Disclosure by aging

Aging	Ending balance	Opening balance
Within 1 year	8,527,245.46	7,635,492.98
1-2 years	2,016,761.05	1,473,038.21
2-3 years	493,522.81	71,251.53
Over 3 years	1,091,853.91	1,101,002.38
Subtotal	12,129,383.23	10,280,785.10
Less: Provision for bad debts	752,838.55	681,879.00
Total	11,376,544.68	9,598,906.10

8.3 Disclosure by the method of provision for bad debts

Types	Book balance		Ending balance Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Provisioning ratio (%)	
Provision for bad debts on an individual basis	177,303.91	1.46	177,303.91	100.00	–
Provision for bad debts on a collective basis	11,952,079.32	98.54	575,534.64	4.82	11,376,544.68
Including: Related party portfolio	1,501,037.78	12.39	49,772.90	3.32	1,451,264.88
Low risk portfolio	8,817,200.77	72.69	–	–	8,817,200.77
Aging portfolio	1,633,840.77	13.46	525,761.74	32.18	1,108,079.03
Total	12,129,383.23	100.00	752,838.55	6.21	11,376,544.68

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(Expressed in RMB unless otherwise indicated)

8 Other receivables (CONTINUED)

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

Types	Book balance		Opening balance		Book value
	Amount	Proportion (%)	Amount	Provisioning ratio (%)	
Provision for bad debts on an individual basis	177,303.91	1.72	177,303.91	100.00	–
Provision for bad debts on a collective basis	10,103,481.19	98.28	504,575.09	4.99	9,598,906.10
Including: Related party portfolio	1,094,303.86	10.65	34,224.33	3.13	1,060,079.53
Low risk portfolio	8,071,917.89	78.51			8,071,917.89
Aging portfolio	937,259.44	9.13	470,350.76	50.18	466,908.68
Total	10,280,785.10	100.00	681,879.00	6.63	9,598,906.10

8.3.1 Other receivables for which bad debt provision is made on an individual basis

Name	Ending balance		Provisioning ratio (%)	Reason for provision
	Book balance	Provision for bad debts		
Owner maintenance fee	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	100.00	Recovery risk is expected
Others	171,553.91	171,553.91	100.00	Recovery risk is expected
Total	177,303.91	177,303.91	100.00	–

8.3.2 Other receivables with bad debt provision based on grouping of credit risk characteristics

8.3.2.1 Related party portfolio

Aging	Ending balance		Provisioning ratio (%)
	Book balance	Provision for bad debts	
Within 1 year	841,768.45	3,131.95	0.37
1-2 years	254,246.52	2,753.50	1.08
2-3 years	375,022.81	13,887.45	3.70
Over 3 years	30,000.00	30,000.00	100.00
Total	1,501,037.78	49,772.90	–

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January 1, 2026 to June 30, 2026
(Expressed in RMB unless otherwise indicated)

8 Other receivables (CONTINUED)

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

8.3.2 Other receivables with bad debt provision based on grouping of credit risk characteristics (Continued)

8.3.2.2 Low risk portfolio

Aging	Book balance	Ending balance Provision for bad debts	Provisioning ratio (%)
Within 1 year	6,898,665.20	—	—
1-2 years	1,316,335.57	—	—
2-3 years	118,500.00	—	—
Over 3 years	483,700.00	—	—
Total	8,817,200.77	—	—

8.3.2.3 Aging portfolio

Aging	Book balance	Ending balance Provision for bad debts	Provisioning ratio (%)
Within 1 year	786,811.81	44,128.90	5.61
1-2 years	446,178.96	80,782.84	18.11
2-3 years	—	—	—
Over 3 years	400,850.00	400,850.00	100.00
Total	1,633,840.77	525,761.74	—

8.3.3 Provision for bad debts of other receivables in ECL general approach

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	103,725.09	—	578,153.91	681,879.00
Opening balance in the current period	—	—	—	—
– Transfer into stage 2	—	—	—	—
– Transfer into stage 3	—	—	—	—
– Reverse into stage 2	—	—	—	—
– Reverse into stage 1	—	—	—	—
Accrue in the period	70,959.55	—	—	70,959.55
Reverse in the period	—	—	—	—
Transfer in the period	—	—	—	—
Write-off in the period	—	—	—	—
Other decreases	—	—	—	—
Ending balance	174,684.64	—	578,153.91	752,838.55

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

January 1, 2026 to June 30, 2026

(Expressed in RMB unless otherwise indicated)

8 Other receivables (CONTINUED)

8.4 Provision for bad debts on other receivables accrued, recovered or reversed during the Period

Types	Opening balance	Changes during the period				Ending balance
		Accrue	Recover/ reverse	Transfer/ write off	Other decreases	
Provision for bad debts on an individual basis	177,303.91	–	–	–	–	177,303.91
Provision for bad debts on a collective basis	504,575.09	70,959.55	–	–	–	575,534.64
Including: Related party portfolio	34,224.33	15,548.57	–	–	–	49,772.90
Low risk portfolio						
Aging portfolio	470,350.76	55,410.98	–	–	–	525,761.74
Total	681,879.00	70,959.55	–	–	–	752,838.55

8.5 Other receivables actually written off in the current Period

None.

8.6 The situation of the top five other receivables at the end of the Period, aggregated by the debtor

Name	Nature	Ending balance	Aging	Proportion of total other receivables (%)	Provision for bad debts
Jinan Public Security Housing Service Center	Public Maintenance Fund	4,846,676.10	Within 1 year, 1-2 years	39.96	–
POS In-Transit Funds	POS In-Transit Funds	1,003,283.61	Within 1 year	8.27	–
Guangzhou Ehui Trading Co., LTD.	Security Deposit	500,000.00	Within 1 year	4.12	–
Zhangdian District Youdongxi Imaging Studio	Security Deposit	500,000.00	Within 1 year	4.12	–
Zibo Zhigeng Culture Media Co., LTD.	Security Deposit	500,000.00	Within 1 year	4.12	–
Total	–	7,349,959.71	–	60.59	–

9 Inventories

9.1 Classification of Inventories

Items	Book balance	Ending balance		Book balance	Opening balance	
		Inventory reserve	Book value		Inventory reserve	Book value
Raw materials	3,859,269.20	–	3,859,269.20	2,366,730.76	–	2,366,730.76
Stock goods	6,814,298.46	435,314.30	6,378,984.16	4,665,764.03	435,314.30	4,230,449.73
Turnover materials	57,700.00	–	57,700.00	57,700.00	–	57,700.00
Total	10,731,267.66	435,314.30	10,295,953.36	7,090,194.79	435,314.30	6,654,880.49

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

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9 Inventories (CONTINUED)

9.2 Provision for inventory write-down and provision for impairment of contract performance costs

Item	Opening balance	Increase for the Period		Decrease for the Period		Ending balance
		Accrue	Other	Reversal or write-off	Other	
Stock goods	435,314.30	–	–	–	–	435,314.30
Total	435,314.30	–	–	–	–	435,314.30

10 Contract assets

10.1 Contract assets

Items	Book balance	Ending balance		Book balance	Opening balance	
		Provision for bad debts	Book value		Provision for bad debts	Book value
Landscape greening project						
Design service	9,854,793.82	543.87	9,854,249.95	9,858,393.82	–	9,858,393.82
Hardcover engineering	9,224,863.93	134,846.32	9,090,017.61	13,120,517.04	123,832.77	12,996,684.27
Total	19,079,657.75	135,390.19	18,944,267.56	22,978,910.86	123,832.77	22,855,078.09

10.2 Disclosure by the method of provision for bad debts

Types	Book balance		Ending balance		Book value
	Amount	Proportion (%)	Amount	Provisioning ratio (%)	
Provision for bad debts on an individual basis					
Provision for bad debts on a collective basis	19,079,657.75	100.00	135,390.19	0.71	18,944,267.56
Including: Related party portfolio	11,564,073.49	60.61	22,805.96	0.20	11,541,267.53
Third party projects	7,515,584.26	39.39	112,584.23	1.50	7,403,000.03
Total	19,079,657.75	100.00	135,390.19	0.71	18,944,267.56

Types	Book balance		Opening balance		Book value
	Amount	Proportion (%)	Amount	Provisioning ratio (%)	
Provision for bad debts on an individual basis					
Provision for bad debts on a collective basis	22,978,910.86	100.00	123,832.77	0.54	22,855,078.09
Including: Related party portfolio	15,463,326.60	67.29	23,575.69	0.15	15,439,750.91
Third party projects	7,515,584.26	32.71	100,257.08	1.33	7,415,327.18
Total	22,978,910.86	100.00	123,832.77	0.54	22,855,078.09

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10 Contract assets (CONTINUED)

10.3 Provision for bad debts on contract assets accrued, recovered or reversed during the Period

Items	Opening balance	Accrue	Recover or reverse	Other decreases	Ending balance
Related party portfolio	23,575.69	-769.73	–	–	22,805.96
Third party projects	100,257.08	12,327.15	–	–	112,584.23
Total	123,832.77	11,557.42	–	–	135,390.19

10.4 Contract Assets actually written off during the Period

None.

11 Other current assets

Items	Ending balance	Opening balance
Value-added tax credit carryover	684,744.96	
Prepaid other taxes and fees	10,904.64	1,105.21
Total	695,649.60	1,105.21

12 Long-term equity investments

12.1 Information on long-term equity investments

Investee units	Beginning balance	Beginning balance of impairment provision	Additional investment	Investment reduction	Changes during the Period						Ending balance	Ending balance of impairment provision
					Investment income/ (loss) recognised under equity method	Other comprehensive income adjustments	Other changes in equity	Declared cash dividends or profit	Impairment provision recognised	Others		
I. Associated Enterprises												
Shandong Urban Garden Engineering Co., Ltd.*	36,931,107.62	–	–	–	494,740.65	–	–	–	–	–	37,425,848.27	–
Total	36,931,107.62	–	–	–	494,740.65	–	–	–	–	–	37,425,848.27	–

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13 Investment properties

13.1 Investment properties measured at cost

Items	Houses and buildings	Total
I. Original cost		
1. Opening balance	41,559,059.31	41,559,059.31
2. The increase in the current Period	—	—
(1) Purchase	—	—
3. The amount reduced in the current Period	—	—
4. Ending balance	41,559,059.31	41,559,059.31
II. Accumulated depreciation		
1. Opening balance	3,633,427.44	3,633,427.44
2. The increase in the current Period	924,618.96	924,618.96
(1) Provision or amortization	924,618.96	924,618.96
3. The amount reduced in the current Period	—	—
4. Ending balance	4,558,046.40	4,558,046.40
III. Accumulated impairment losses	—	—
IV. Book value		
1. Book value at the end of the Period	37,001,012.91	37,001,012.91
2. Book value at the beginning of the Period	37,925,631.87	37,925,631.87

13.2 Investment properties for which the property rights certificate has not been completed

Items	Book value	Reasons for not having completed the property rights certificate
Jinan Inzone Jingdu civil air defense parking spaces	28,156,080.75	Civil air defense parking spaces cannot be registered with property rights
Dongying City Square parking spaces	1,875,275.85	Civil air defense parking spaces cannot be registered with property rights
Total	30,031,356.60	

14 Fixed assets

Items	Ending balance	Opening balance
Fixed assets	46,501,013.45	48,297,578.99
Fixed assets in liquidation	—	—
Total	46,501,013.45	48,297,578.99

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14 Fixed assets

14.1 The situation of fixed assets

Items	Houses and buildings	Transportation equipment	Machinery and other equipment	Total
I. Original cost				
1. Opening balance	41,793,419.69	16,913,509.31	20,576,974.15	79,283,903.15
2. The increase in the current Period	–	27,075.79	1,171,257.73	1,198,333.52
(1) Purchase	–	27,075.79	1,171,257.73	1,198,333.52
(2) Transfer from construction in progress	–	–	–	–
(3) Other transfer	–	–	–	–
3. The amount reduced in the current Period	–	482,766.07	726,624.84	1,209,390.91
(1) Dispose of or scrap	–	482,766.07	726,624.84	1,209,390.91
(2) Reduction in disposal of subsidiaries	–	–	–	–
(3) Other reductions	–	–	–	–
4. Ending balance	41,793,419.69	16,457,819.03	21,021,607.04	79,272,845.76
II. Accumulated depreciation				
1. Opening balance	6,278,115.72	11,316,914.03	13,391,294.41	30,986,324.16
2. The increase in the current Period	496,296.84	1,024,870.21	1,402,293.92	2,923,460.97
(1) Accrue	496,296.84	1,024,870.21	1,402,293.92	2,923,460.97
(2) Other transfer	–	–	–	–
3. The amount reduced in the current Period	–	458,627.76	679,325.06	1,137,952.82
(1) Dispose of or scrap	–	458,627.76	679,325.06	1,137,952.82
(2) Reduction in disposal of subsidiaries	–	–	–	–
(3) Other reductions	–	–	–	–
4. Ending balance	6,774,412.56	11,883,156.48	14,114,263.27	32,771,832.31
III. Accumulated impairment losses	–	–	–	–
IV. Book value				
1. Book value at the end of the Period	35,019,007.13	4,574,662.55	6,907,343.77	46,501,013.45
2. Book value at the beginning of the Period	35,515,303.97	5,596,595.28	7,185,679.74	48,297,578.99

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

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(Expressed in RMB unless otherwise indicated)

15 Right-of-use assets

15.1 The situation of right-of-use assets

Items	Houses and buildings	Total
I. Original cost		
1. Opening balance	4,668,922.18	4,668,922.18
2. The increase in the current Period	126,889.10	126,889.10
(1) Rent	126,889.10	126,889.10
3. The amount reduced in the current Period	—	—
4. Ending balance	4,795,811.28	4,795,811.28
II. Accumulated depreciation		
1. Opening balance	3,750,890.01	3,750,890.01
2. The increase in the current Period	290,512.12	290,512.12
(1) Accrue	290,512.12	290,512.12
3. The amount reduced in the current Period	—	—
4. Ending balance	4,041,402.13	4,041,402.13
III. Accumulated impairment losses		
IV. Book value		
1. Book value at the end of the Period	754,409.15	754,409.15
2. Book value at the beginning of the Period	918,032.17	918,032.17

16 Intangible assets

16.1 The situation of intangible assets

Items	Software	Trademarks	Total
I. Original cost			
1. Opening balance	4,669,305.81	24,268.87	4,693,574.68
2. The increase in the current Period	109,528.30	—	109,528.30
(1) purchase	109,528.30	—	109,528.30
3. The amount reduced in the current Period	—	—	—
4. Ending balance	4,778,834.11	24,268.87	4,803,102.98
II. Accumulated amortization			
1. Opening balance	3,684,581.10	808.96	3,685,390.06
2. The increase in the current Period	305,111.03	1,213.44	306,324.47
(1) Accrue	305,111.03	1,213.44	306,324.47
3. The amount reduced in the current Period	—	—	—
4. Ending balance	3,989,692.13	2,022.40	3,991,714.53
III. Accumulated impairment losses	—	—	—
IV. Book value			
1. Book value at the end of the Period	789,141.98	22,246.47	811,388.45
2. Book value at the beginning of the Period	984,724.71	23,459.91	1,008,184.62

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

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(Expressed in RMB unless otherwise indicated)

17 Long-term deferred expenses

Item	Opening balance	Increase in the current period	Amortization in the current period	Other reduction	Ending balance
Fit-out cost	5,446,420.68	427,896.16	1,148,863.29	–	4,725,453.55
Total	5,446,420.68	427,896.16	1,148,863.29	–	4,725,453.55

18 Deferred tax assets and deferred tax liabilities

18.1 Unoffset deferred tax assets

Items	Ending balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Credit impairment loss	63,818,529.97	13,165,899.92	49,773,691.75	10,125,348.65
Asset impairment provision	570,704.49	129,137.11	559,147.07	127,403.50
Deductible loss	5,421,457.93	813,218.69	–	–
Lease liabilities	737,342.99	36,867.15	678,054.62	33,902.73
Total	70,548,035.38	14,145,122.87	51,010,893.44	10,286,654.88

18.2 Unoffset deferred tax liabilities

Item	Ending balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Right-of-use assets	754,409.15	37,720.46	918,032.17	65,442.98
Total	754,409.15	37,720.46	918,032.17	65,442.98

18.3 Deferred tax assets or liabilities presented net of offsets

Items	Offset amount of deferred tax assets and liabilities at the end of the Period	Ending balance of deferred tax assets or liabilities after offset	Offset amount of deferred tax assets and liabilities at the beginning of the Period	Opening balance of deferred tax assets or liabilities after offset
Deferred tax assets	36,867.15	14,108,255.72	33,902.73	10,252,752.15
Deferred tax liabilities	36,867.15	853.31	33,902.73	31,540.25

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

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19 Assets with restricted ownership or usage rights

Items	Book balance	Book value	Ending balance Type of restriction	Restrictions
Cash and bank	2,796,465.76	2,796,465.76	Unexpired interest receivable	Unexpired interest receivable
Cash and bank	480,003.19	480,003.19	Guarantee deposit	Guarantee deposit
Total	3,276,468.95	3,276,468.95	-	-

Items	Book balance	Book value	Opening balance Type of restriction	Restrictions
Cash and bank	1,042,729.46	1,042,729.46	Unexpired interest receivable	Unexpired interest receivable
Cash and bank	1,480,003.19	1,480,003.19	Guarantee deposit	Guarantee deposit
Total	2,522,732.65	2,522,732.65	-	-

20 Short-term borrowings

Category of borrowings	Ending balance	Opening balance
Credit borrowings	8,006,000.00	8,006,888.89
Total	8,006,000.00	8,006,888.89

21 Accounts payable

21.1 Accounts payable

Items	Ending balance	Opening balance
Payable for project costs	67,998,496.03	67,228,827.22
Payable for construction	13,972,255.97	9,492,285.38
Payable for materials	8,077,892.95	2,956,760.48
Accounts payable by tentative estimate	2,169,680.63	2,056,621.45
Others	1,686,859.56	4,642,354.49
Total	93,905,185.14	86,376,849.02

21.2 The aging analysis of accounts payable based on transaction date is as follows:

Aging	Ending balance	Opening balance
Within 1 year	70,020,381.37	64,350,592.61
1-2 years	11,103,596.90	11,460,272.41
2-3 years	5,071,883.13	3,005,712.75
Over 3 years	7,709,323.74	7,560,271.25
Total	93,905,185.14	86,376,849.02

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21 Accounts payable (CONTINUED)

21.3 Important accounts payable aged over 1 year

Name	Ending balance	Reasons for not being repaid or transferred
Jinan Anjia Property Management Co., Ltd.	2,778,942.35	unsettled
Shanghai Youan Architectural Design Co., LTD.	1,882,279.24	unsettled
Total	4,661,221.59	—

22 Payments received in advance

Type	Ending balance	Opening balance
Lease	153,063.66	280,935.15
Total	153,063.66	280,935.15

23 Contract liabilities

Items	Ending balance	Opening balance
Property management fee	61,444,824.57	71,149,881.46
Community value-added service	2,761,878.93	8,772,648.76
Total	64,206,703.50	79,922,530.22

24 Employee benefits payable

24.1 Employee benefits payable

Items	Opening balance	Increase in the current Period	Decrease in the current Period	Ending balance
Short-term benefits	17,149,214.85	58,494,865.65	67,113,252.64	8,530,827.86
Post-employment benefits (defined contribution plan)		9,460,671.01	7,610,121.03	1,850,549.98
Dismissal benefits	36,000.00	1,139,717.62	1,175,717.62	—
Total	17,185,214.85	69,095,254.28	75,899,091.29	10,381,377.84

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24 Employee benefits payable (CONTINUED)

24.2 List of short-term benefits

Items	Opening balance	Increase in the current Period	Decrease in the current Period	Ending balance
Salaries, bonuses, allowances and subsidies	12,298,456.76	45,386,427.54	53,836,504.60	3,848,379.70
Employee welfare expenses	–	4,413,736.35	4,373,736.35	40,000.00
Social insurance premiums	–	4,007,781.87	4,007,781.87	–
Including: Basic medical insurance premiums	–	3,821,883.42	3,821,883.42	–
Work injury insurance	–	185,898.45	185,898.45	–
Housing fund	–	3,747,600.48	3,747,600.48	–
Trade union funds and employee education funds	4,850,758.09	939,319.41	1,147,629.34	4,642,448.16
Total	17,149,214.85	58,494,865.65	67,113,252.64	8,530,827.86

24.3 List of defined contribution plans

Items	Opening balance	Increase in the current Period	Decrease in the current Period	Ending balance
Basic pension insurance	–	7,299,111.31	7,299,111.31	–
Unemployment insurance premiums	–	311,009.72	311,009.72	–
Enterprise annuity contributions	–	1,850,549.98	–	1,850,549.98
Total	–	9,460,671.01	7,610,121.03	1,850,549.98

24.4 List of dismissal benefits

Items	Opening balance	Increase in the current Period	Decrease in the current Period	Ending balance
Compensation for ending the employment relationship	36,000.00	649,709.62	685,709.62	–
Expected expenses for early retirees	–	490,008.00	490,008.00	–
Total	36,000.00	1,139,717.62	1,175,717.62	–

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25 Taxes payable

Items	Ending balance	Opening balance
VAT	2,095,678.69	1,413,926.17
Corporate income tax	5,673,568.16	6,496,673.16
Urban maintenance and construction tax	175,461.54	156,305.20
Education surcharge	78,155.67	69,605.75
Local education surcharge	50,800.13	43,341.68
Personal Income Tax	36,343.23	33,980.01
Property tax	18,629.66	134,003.44
Land use tax	581.22	581.22
Stamp duty	97.68	1,808.11
Employment security for the disabled	49,269.12	49,269.12
Total	8,178,585.10	8,399,493.86

26 Other payables

Items	Ending balance	Opening balance
Dividends payable	16,138,010.00	10,270,800.00
Other payables	52,831,602.21	45,205,376.84
Total	68,969,612.21	55,476,176.84

26.1 Dividends payable

Item	Ending balance	Opening balance
Common stock dividends	16,138,010.00	10,270,800.00
Total	16,138,010.00	10,270,800.00

26.2 Other payables

26.2.1 Other payables presented by the nature

Nature of payment	Ending balance	Opening balance
Deposit and security deposit	29,747,230.51	27,070,721.15
Advanced payments of others	2,087,526.54	1,329,070.71
Escrow funds	13,697,282.09	10,872,246.11
Funds for the party's organizational work	1,473,143.90	1,481,633.17
Public maintenance funds	1,879,951.10	1,223,590.91
Energy fees	617,068.60	1,361,967.16
Others	3,329,399.47	1,866,147.63
Total	52,831,602.21	45,205,376.84

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27 Current portion of non-current liabilities

Item	Ending balance	Opening balance
Lease liabilities due within 1 year	105,692.68	97,338.19
Total	105,692.68	97,338.19

28 Other current liabilities

Items	Ending balance	Opening balance
Payments of negotiable instruments endorsed but not yet derecognized	4,060,676.20	2,869,989.91
Pending output VAT	3,841,381.69	957,469.60
Total	7,902,057.89	3,827,459.51

29 Lease liabilities

Items	Ending balance	Opening balance
Within 1 year	130,719.60	120,377.87
1-2 years	190,122.63	165,467.88
2-3 years	205,134.24	165,467.88
Over 3 years	275,301.79	289,568.84
Subtotal of lease payments	801,278.26	740,882.47
Less: Unrecognized financing costs	63,935.27	62,827.85
Present value of lease payments	737,342.99	678,054.62
Less: Lease liabilities due within 1 year	105,692.68	97,338.19
Total	631,650.31	580,716.43

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30 Share capital

Item	Opening balance	Issue new shares	Increase or decrease during the Period			Subtotal	Ending balance
			Bonus shares	Reserves transfer into Shares	Other		
Total number of shares	133,340,000.00	–	–	–	–	–	133,340,000.00

31 Capital reserves

Item	Opening balance	Increase in the current Period	Decrease in the current Period	Ending balance
Capital surplus (share premium)	215,555,753.10	–	–	215,555,753.10
Total	215,555,753.10	–	–	215,555,753.10

32 Surplus reserve

Item	Opening balance	Increase in the current Period	Decrease in the current Period	Ending balance
Statutory surplus reserve	20,861,119.73	–	–	20,861,119.73
Total	20,861,119.73	–	–	20,861,119.73

33 Retained earnings

Items	Current Period	Previous period
Retained earnings at the end of the previous period before adjustment	216,269,688.93	200,618,239.78
Total retained earnings adjustments at the beginning of the Period (increase +, decrease -)	–	–
The adjusted retained earnings at the beginning of the Period	216,269,688.93	200,618,239.78
Add: Net profit attributable to the parent company's shareholders for the Period	11,156,605.09	16,034,324.40
Less: Appropriation to statutory surplus reserve	–	–
Common stock dividends	10,867,210.00	14,400,720.00
Retained earnings at the end of the Period	216,559,084.02	202,251,844.18

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34 Operating revenue and operating costs

34.1 Operating revenue and operating costs

Items	Amount in the current Period		Amount in the previous period	
	Revenue	Cost	Revenue	Cost
Main business	266,582,559.90	216,351,968.16	293,378,617.21	231,625,788.79
Other business	25,247.44	–	471,011.58	166,151.34
Total	266,607,807.34	216,351,968.16	293,849,628.79	231,791,940.13

34.2 Disaggregation of operating revenue and operating costs

Contract classification	Amount in the current Period		Total
	Main business	Other business	
Service types			
Including: Property management services	186,967,230.67	25,247.44	186,992,478.11
Community value-added services	62,038,612.63	–	62,038,612.63
Value-added services to non-property owners	17,576,716.60	–	17,576,716.60
Real estate	–	–	–
Leasing	–	–	–
Classified by operating area			
Including: China	266,582,559.90	25,247.44	266,607,807.34
Classification by the time of the transfer of services			
Including: Transfer at a point in time	49,820,957.91	25,247.44	49,846,205.35
Transferred over time	216,761,601.99	–	216,761,601.99
Total	266,582,559.90	25,247.44	266,607,807.34

Contract classification	Amount in the previous period		Total
	Main business	Other business	
Service types			
Including: Property management services	181,931,948.00	395,095.76	182,327,043.76
Community value-added services	64,317,039.20	75,915.82	64,392,955.02
Value-added services to non-property owners	47,129,630.01	–	47,129,630.01
Real estate	–	–	–
Leasing	–	–	–
Classified by operating area			
Including: China	293,378,617.21	471,011.58	293,849,628.79
Classification by the time of the transfer of services			
Including: Transfer at a point in time	59,642,576.04	75,915.82	59,718,491.86
Transferred over time	233,736,041.17	395,095.76	234,131,136.93
Total	293,378,617.21	471,011.58	293,849,628.79

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34 Operating revenue and operating costs (CONTINUED)

34.3 Information relating to the transaction price allocated to the remaining performance obligations

The expected timing for recognizing revenue from performance obligations under contracts signed but not yet fulfilled or not yet fully completed as of the end of the Period is within one year.

35 Taxes and surcharges

Items	Amount in the current Period	Amount in the previous period
Urban maintenance and construction tax	718,919.00	721,943.28
Education surcharge	313,563.84	313,978.82
Local education surcharge	209,206.95	209,410.99
Stamp duty	35,649.87	35,164.71
Property tax	270,566.44	336,763.72
Land use tax	17,179.74	17,179.74
Environmental protection tax	714.92	725.71
Vehicle and vessel use tax	—	360.00
Total	1,565,800.76	1,635,526.97

36 Administrative expenses

Items	Amount in the current Period	Amount in the previous period
Employee benefits	13,586,246.31	16,935,046.24
Intermediary fees	1,413,630.31	1,116,680.07
Depreciation and amortization	789,665.57	1,518,429.58
Information technology service fee	1,233,232.78	1,560,927.00
Travel expenses	572,336.41	680,262.23
Lease cost	26,064.45	1,045,711.56
Labor costs	649,572.88	351,941.05
Office expenses	256,502.42	406,037.72
Business entertainment expenses	77,199.14	231,652.62
Transportation expense	93,170.45	—
Network communication fee	82,047.57	72,672.23
Premium fee	7,062.27	—
Others	499,037.69	828,467.95
Total	19,285,768.25	24,747,828.25

37 Research and development expenses

Items	Amount in the current Period	Amount in the previous period
Employee benefits	3,326,646.08	3,027,983.00
Depreciation and amortization	156,034.59	55,875.90
Outsourcing expenses	480,598.18	427,336.06
Others	26,845.33	19,588.33
Total	3,990,124.18	3,530,783.29

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38 Finance expenses

Items	Amount in the current Period	Amount in the previous period
Interest expenses	137,366.89	152,878.89
Less: Interest income	3,001,743.15	3,228,254.72
Plus: Exchange losses	810.72	-65,899.51
Bank charges and others	614,475.25	551,721.89
Total	-2,249,090.29	-2,589,553.45

39 Other income

Sources of other income	Amount in the current Period	Amount in the previous period
Government grants	143,133.94	100,119.66
Military personnel and veteran's relief	45,900.00	42,750.00
Refund of charges for personal income taxes	18,313.71	—
Re-employment tax incentives and deductions	16,808.98	14,486.13
Others	9,702.96	8,262.92
Total	233,859.59	165,618.71

40 Income from investments

Item	Amount in the current Period	Amount in the previous period
Income from long-term equity investments accounted for using the equity method	494,740.65	—
Total	494,740.65	—

41 Credit impairment losses

Items	Amount in the current Period	Amount in the previous period
Bad debt loss on accounts receivable	-13,945,135.85	-13,695,557.79
Bad debt loss on other receivables	-70,959.55	-37,665.93
Bad debt loss on notes receivable	-28,742.82	105,371.59
Total	-14,044,838.22	-13,627,852.13

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42 Impairment losses on assets

Item	Amount in the current Period	Amount in the previous period
Impairment losses of contract assets	-11,557.42	90,418.51
Total	-11,557.42	90,418.51

43 Gains on disposal of assets

Item	Amount in the current Period	Amount in the previous period	Amount included in non-recurring gains and losses for the current Period
Gain on disposal	54,778.27	–	54,778.27
Including: gain on disposal of fixed assets	54,778.27	–	54,778.27
Total	54,778.27	–	54,778.27

44 Non-operating income

Items	Amount in the current Period	Amount in the previous period	Amount included in non-recurring gains and losses for the current Period
Others	26,084.58	4,506.97	26,084.58
Gains from scrapping of non-current assets	984.96	–	984.96
Amounts not required to be paid	162.37	–	162.37
Total	27,231.91	4,506.97	27,231.91

45 Non-operating expenses

Items	Amount in the current Period	Amount in the previous period	Amount included in non-recurring gains and losses for the current Period
Losses from scrapping of non-current assets	42,475.83	19,798.39	42,475.83
Donation	35,000.00	–	35,000.00
Late payment surcharge	1,107.59	236.96	1,107.59
Compensation and penalty expenses	19,000.00	80,000.00	19,000.00
Other	45,311.25	–	45,311.25
Total	142,894.67	100,035.35	142,894.67

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46 Income tax expense

46.1 Income tax expense

Items	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 China	7,108,107.89 7,108,107.89	7,723,040.29 7,723,040.29
Deferred income taxes expense	-3,886,190.51	-2,445,999.37
Total	3,221,917.38	5,277,040.92

46.2 The process of adjusting from accounting profit to income tax expense

Items	Amount in the current Period
Consolidated profit before tax	14,274,556.39
Income tax expense at statutory/applicable tax rate	3,568,639.10
Effect of different tax rates applied to subsidiaries	599,549.67
Effect of adjusting income tax for previous periods	-596,995.30
Effect of non-deductible costs, expenses and losses	230,163.12
Effect of utilizing deductible temporary differences or deductible losses with unrecognized deferred tax assets from prior periods	-20,952.41
Effect of deductible temporary differences or deductible losses for which deferred tax assets are not recognized in the current Period	-
Effect of additional deductions for research and development expenses	-436,388.33
Effect of equity method investment income	-122,098.47
Effect of additional deductions for the disabled	-
Income tax expense	3,221,917.38

47 Cash flow statement items

47.1 Cash flows from operating activities

47.1.1 Other cash receipts relating to operating activities

Items	Amount in the current Period	Amount in the previous period
Receipts of current accounts and others	16,163,362.73	56,591,728.04
Government grants	143,133.94	100,119.66
Interest income	1,248,006.85	2,112,981.53
Total	17,554,503.52	58,804,829.23

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47 Cash flow statement items (CONTINUED)

47.1.2 Other cash payments relating to operating activities

Items	Amount in the current Period	Amount in the previous period
Payments of current accounts and others	10,581,593.74	54,903,643.98
Cash payments for administrative expenses	5,097,516.30	6,741,276.82
Cash payments for finance expenses	614,475.25	551,721.89
Non-operating expenses	100,418.84	80,236.96
Total	16,394,004.13	62,276,879.65

47.2 Cash flows from financing activities

47.2.1 Other cash payments relating to financing activities

Item	Amount in the current Period	Amount in the previous period
Lease payments made	90,347.00	—
Total	90,347.00	—

47.2.2 Changes in liabilities arising from financing activities

Items	Opening balance	Increase in the current Period		Decrease in the current Period		Ending balance
		Cash change	Non-cash change	Cash change	Non-cash change	
Short-term borrowing	8,006,888.89	8,000,000.00	6,000.00	8,000,000.00	6,888.89	8,006,000.00
Dividends Payable	10,270,800.00	—	10,867,210	5,000,000.00	—	16,138,010.00
Lease Liabilities	580,716.43	—	146,852.76	86,456.97	9,461.91	631,650.31
Current portion of non-current liabilities	97,338.19	—	105,692.68	86,456.97	10,881.22	105,692.68
Total	18,955,743.51	8,000,000.00	11,125,755.44	13,172,913.94	27,232.02	24,881,352.99

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48 Supplementary information on cash flow statement

48.1 Supplementary information on cash flow statement

Items	Amount in the current Period	Amount in the previous period
1. Reconciliation of net profit to cash flow from operating activities:	—	—
Net profit	11,052,639.01	15,988,719.39
Add: Impairment losses on assets	11,557.42	-90,418.51
Credit impairment losses	14,044,838.22	13,627,852.13
Depreciation of fixed assets and right-of-use assets, depletion of oil and gas assets, depreciation of productive biological assets	4,138,592.05	4,355,233.05
Amortization of intangible assets	306,324.47	333,915.04
Amortization of long-term deferred expenses	1,148,863.29	992,238.87
Losses on disposal of fixed assets, intangible assets and other long-term assets(gains are listed with "-")	-54,778.27	—
Losses on scrapping of fixed assets (gains are listed with "-")	41,490.87	19,798.39
Loss from changes in fair value (gains are listed with "-")	—	—
Finance expenses (gains are listed with "-")	138,177.61	86,979.38
Investment losses (gains are listed with "-")	-494,740.65	—
Decrease in Deferred Tax Assets (increase is listed with "-")	-3,855,503.57	-2,445,999.37
Increase in Deferred Tax Liabilities (decrease is listed with "-")	-30,686.94	—
Decrease in inventory (increase is listed with "-")	-3,641,072.87	-612,598.20
Decrease in operating receivables (increase is listed with "-")	-32,220,259.53	-20,012,989.25
Increase in operating payables (decrease is listed with "-")	-4,893,777.74	-40,135,389.49
Other	—	—
Net cash flow from operating activities	-14,308,336.63	-27,892,658.57
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Debt to capital	—	—
Convertible corporate bonds maturing within one year	—	—
Fixed assets acquired through finance lease	—	—
3. Net change in cash and cash equivalents		
Ending balance of cash	397,417,744.68	395,256,357.49
Less: opening balance of cash	418,083,023.70	425,171,708.53
Add: ending balance of cash equivalents	—	—
Less: opening balance of cash equivalents	—	—
Net increase in cash and cash equivalents	-20,665,279.02	-29,915,351.04

48.2 Composition of cash and cash equivalents

Items	Ending balance	Opening balance
Cash	397,417,744.68	418,083,023.70
Of which: cash on hand	3,458.00	2,200.00
Deposits that can be used for payment at any time	397,414,286.68	418,080,823.70
Cash equivalents	—	—
Balance of cash and cash equivalents at the end of the period	397,417,744.68	418,083,023.70
Of which: cash and cash equivalents restricted in use by the parent company or subsidiaries in the Group	—	—

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48 Supplementary information on cash flow statement (CONTINUED)

48.3 Monetary funds not classified as cash and cash equivalents

Items	Ending balance	Opening balance	Reasons for not being classified as cash and cash equivalents
Unexpired interest receivable	2,796,465.76	1,042,729.46	Limited Liquidity
Guarantee deposit	480,003.19	1,480,003.19	Limited Liquidity
Total	3,276,468.95	2,522,732.65	–

49 Monetary items of foreign currency

Item	Ending balance in foreign currency	Exchange rate	Ending balance translated into RMB
Monetary funds	22,187.96	0.86855	19,271.35
Of which: HKD	22,187.96	0.86855	19,271.35

50 Leasing

50.1 The Group as the lessee

Items	Amount in the current Period	Amount in the previous period
Interest expenses on lease liabilities	15,300.21	22,852.23
Short-term lease expenses recognised in profit or loss using the simplified approach	804,178.43	1,669,761.56
Total cash outflows for leases	735,253.48	1,695,109.13

The lease assets held by the Group mainly consist of houses and buildings used in its operations, and the lease terms of such houses and buildings are generally 1 to 5 years.

50.2 The Group as the lessor

Items	Lease revenue	Of which: Revenue related to variable lease payments not included in the lease receivables
Building rental	395,095.74	–
Parking space rental	606,267.10	–
Shop rental	18,867.92	–
Total	1,020,230.76	–