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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2025**

FINANCIAL SUMMARY

	For the six months ended	
	June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	293,850	308,549
Gross profit	62,058	60,455
Gross profit margin	21.1 %	19.6%
Total profit	21,266	28,897
Net profit	15,989	21,928
Net profit attributable to owners of the parent company	16,034	21,667
Basic earnings per share (RMB)	0.12	0.16

For the Period, the revenue of the Group was approximately RMB293.8 million, representing a decrease of approximately 4.8% as compared with approximately RMB308.5 million for the corresponding period in 2024.

For the Period, the gross profit of the Group was approximately RMB62.1 million, representing an increase of 2.7% as compared with approximately RMB60.5 million for the corresponding period in 2024. The Group's gross profit margin was 21.1%, representing an increase of 1.5% as compared with the gross profit margin of 19.6% for the corresponding period in 2024.

For the Period, the net profit of the Group was approximately RMB16.0 million, representing a decrease of 27.1% as compared with RMB21.9 million for the corresponding period in 2024.

As at June 30, 2025, the Group had 23.1 million sq.m. of GFA under its management, representing a decrease of 1.7% compared with 23.5 million sq.m. as at June 30, 2024.

The Board resolved not to distribute any interim dividend for the Period.

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Lushang Life Services Co., Ltd. (the “**Company**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”, “**we**”, “**us**” or “**our**”) for the six months ended June 30, 2025 (the “**Period**”), together with comparative figures for the corresponding period in 2024.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2025 – unaudited
(Expressed in Renminbi (“RMB”))

Items	Note	Six months ended June 30,	
		2025 RMB	2024 RMB
I. Operating income	13	293,849,628.79	308,549,283.42
Less: Operating costs	13	231,791,940.13	248,094,201.19
Taxes and surcharges		1,635,526.97	1,911,464.60
Selling expenses		–	–
General and administrative expenses		24,747,828.25	23,572,203.44
Research and development expenses		3,530,783.29	2,463,604.88
Financial expenses		-2,589,553.45	-2,289,369.13
Including: Interest expenses		152,878.89	119,646.17
Interest income		3,228,254.72	3,124,338.97
Add: Other income		165,618.71	431,874.61
Investment income (losses expressed with “-”)		–	-379,945.42
Including: Income from investment in associates and joint ventures			
Derecognized earnings of financial assets measured at amortized cost		–	–
Net exposure hedge income (losses expressed with “-”)		–	–
Gains from changes in fair value (losses expressed with “-”)		–	–
Credit impairment losses (losses expressed with “-”)		-13,627,852.13	-7,158,903.19
Impairment losses on assets (losses expressed with “-”)		90,418.51	-203,624.53
Gains from assets disposal (losses expressed with “-”)		–	–
II. Operating profit (losses expressed with “-”)		21,361,288.69	27,486,579.91
Add: Non-operating income		4,506.97	1,524,199.05
Less: Non-operating expenses		100,035.35	114,156.18
III. Total profit (losses expressed with “-”)		21,265,760.31	28,896,622.78
Less: Income tax expenses	14	5,277,040.92	6,968,349.18
IV. Net profit (net losses expressed with “-”)		15,988,719.39	21,928,273.60
Including: Net profit realized by the merged party under common control before the merger			
(I) Categorized by continuity of operations			
Net profit from continuing operations (net losses expressed with “-”)		15,988,719.39	21,928,273.60
Net profit from discontinued operations (net losses expressed with “-”)		–	–
(II) Categorized by the portion of equity ownership			
Net profit attributable to owners of the parent company		16,034,324.40	21,666,723.76
Non-controlling interests		-45,605.01	261,549.84
V. Other comprehensive income, net of tax		–	–

Items	Note	Six months ended June 30,	
		2025 RMB	2024 RMB
Other comprehensive income attributable to owners of the parent company, net of tax		-	-
(I)	Other comprehensive income that may not be reclassified to profit or loss	-	-
1.	Changes from re-measurement of defined benefit plans, net	-	-
2.	Other comprehensive income that may not be transferred to profit or loss under the equity method	-	-
3.	Changes in fair value of other equity instrument investments	-	-
4.	Changes in fair value of the enterprise's own credit risk	-	-
5.	Others	-	-
(II)	Other comprehensive income that may be reclassified to profit or loss	-	-
1.	Other comprehensive income that may be transferred to profit or loss under the equity method	-	-
2.	Changes in fair value of other debt investments	-	-
3.	Amounts of financial assets reclassified to other comprehensive income	-	-
4.	Credit impairment provision for other debt investments	-	-
5.	Reserves for cash flow hedges	-	-
6.	Differences on foreign currency translation	-	-
7.	Disposal income from a package disposal of subsidiaries before loss of control	-	-
8.	Conversion of other assets to investment property measured by fair value model	-	-
9.	Others	-	-
Other comprehensive income attributable to minority Shareholders, net of tax		-	-
VI.	Total comprehensive income	15,988,719.39	21,928,273.60
Total comprehensive income attributable to owners of the parent company		16,034,324.40	21,666,723.76
Total comprehensive income attributable to minority Shareholders		-45,605.01	261,549.84
VII.	Earning per share:	-	-
(I)	Basic earnings per Share	0.12	0.16
(II)	Diluted earnings per Share	0.12	0.16

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2025 – unaudited

(Expressed in RMB)

		As at June 30, 2025 RMB	As at December 31, 2024 RMB
Assets	Note		
Current assets:			
Monetary funds		397,758,342.49	426,558,420.34
Financial assets held for trading		–	–
Derivative financial assets		–	–
Bills receivable	3	34,656,861.39	46,441,738.61
Accounts receivable	4	295,358,344.98	276,364,740.99
Accounts receivable financing		113,033.44	–
Prepayments		2,032,827.99	3,125,684.05
Other receivables		4,917,420.42	3,332,573.58
Inventories		7,725,590.47	7,112,992.27
Contract assets	5	58,274,162.74	61,756,374.04
Assets held-for-sale		–	–
Non-current assets maturing within one year		–	–
Other current assets		916,211.90	603,223.87
		-----	-----
Total current assets		801,752,795.82	825,295,747.75

Assets	<i>Note</i>	As at June 30, 2025 RMB	As at December 31, 2024 RMB
Non-current assets:			
Debt investments		—	—
Other debt investments		—	—
Long-term receivable		—	—
Long-term equity investments		—	—
Other equity instrument investments		—	—
Other non-current financial assets		—	—
Investment properties		38,850,250.83	39,774,869.79
Fixed assets	6	49,025,988.42	48,738,575.11
Construction in progress		—	—
Productive biological assets		—	—
Oil and gas assets		—	—
Right-of-use assets		586,240.74	977,067.84
Intangible assets		1,062,966.17	655,580.50
Development expenses		—	—
Goodwill		—	—
Long-term deferred expenses		5,611,287.98	6,075,173.52
Deferred income tax assets		10,021,649.79	7,575,650.42
Other non-current assets		—	—
		-----	-----
Total non-current assets		<u>105,158,383.93</u>	<u>103,796,917.18</u>
Total assets		<u>906,911,179.75</u>	<u>929,092,664.93</u>

		As at June 30, 2025 RMB	As at December 31, 2024 RMB
Liabilities and shareholders' equity	<i>Note</i>		
Current liabilities:			
Short-term borrowings		8,006,200.00	8,008,317.81
Financial liabilities held-for-trading		—	—
Derivative financial liabilities		—	—
Notes payable		—	—
Accounts payable	7	152,433,363.87	165,827,631.03
Advances		389,142.59	316,079.43
Contract liabilities	8	67,473,120.52	80,569,022.21
Employee benefits payable		11,766,353.60	18,792,540.15
Taxes payable		7,258,157.18	5,771,049.10
Other payables	9	76,159,597.87	59,668,177.43
Liabilities held-for-sale		—	—
Non-current liabilities due within one year		2,647,694.00	2,624,841.77
Other current liabilities		10,359,837.73	18,685,293.00
Total current liabilities		336,493,467.36	360,262,951.93
Non-current liabilities:			
Long-term borrowings		—	—
Bonds payable		—	—
Including: Preference shares		—	—
Perpetual bonds		—	—
Lease liabilities		—	—
Long-term payable		—	—
Long-term employee benefits payable		—	—
Accrued liabilities		—	—
Deferred income		—	—
Deferred income tax liabilities		—	—
Other non-current liabilities		—	—
Total non-current liabilities		—	—
Total liabilities		336,493,467.36	360,262,951.93

		As at June 30, 2025 RMB	As at December 31, 2024 RMB
Liabilities and shareholders' equity	<i>Note</i>		
Shareholders' equity:			
Share capital	10	133,340,000.00	133,340,000.00
Other equity instruments		—	—
Including: Preference shares		—	—
Perpetual bonds		—	—
Capital reserves	11	213,924,223.38	213,924,223.38
Less: Treasury stock		—	—
Other comprehensive income		—	—
Specific reserve		—	—
Surplus reserves	12	16,964,526.57	16,964,526.57
Retained earnings		202,251,844.18	200,618,239.78
Total equity attributable to shareholders of the parent company		<u>566,480,594.13</u>	<u>564,846,989.73</u>
Non-controlling interests		<u>3,937,118.26</u>	<u>3,982,723.27</u>
Total shareholders' equity		<u>570,417,712.39</u>	<u>568,829,713.00</u>
Total liabilities and shareholders' equity		<u>906,911,179.75</u>	<u>929,092,664.93</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The Company, formerly known as Shandong Lushang Property Services Co., Ltd, was established in the People's Republic of China (the “**PRC**”) on March 24, 2006 as a limited liability company under the Company Law of the PRC and converted into a joint stock company with limited liability on March 12, 2021. The address of the Company's registered office is Room 202, Block 2, Lushang Guo'ao City No.9777 Jingshi Road, Lixia District, Jinan, Shandong, PRC.

The Group is principally engaged in the provision of property management services, community value-added services and value-added services to non-property owners in the PRC. The immediate parent of the Company is Lushang Freda Pharmaceutical Co., Ltd. (魯商福瑞達醫藥股份有限公司) (“**Lushang Freda**”), and the ultimate controlling party of the Company is Shandong Commercial Group Co., Ltd. (山東省商業集團有限公司).

The Company's H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on July 8, 2022.

Unless otherwise stated, the Company's financial information is presented in Renminbi (“**RMB**”), which is the Company's functional currency.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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. It has adopted International Financial Reporting Standards (the “**IFRSs**”) for the preparation of its financial statements as at December 31, 2022. In order to improve working efficiency and lower the cost for preparing two sets of financial statements in accordance with the CASBE as well as the IFRSs, on July 17, 2023, the Board considered and approved to prepare the Company's financial statements and disclose relevant financial information in accordance with the CASBE starting from the interim report as at June 30, 2023. The extraordinary general meeting was held and approved the corresponding changes to the Articles of Association on August 3, 2023.

The Company recognizes, measures and prepares its financial statements according to actual transactions and events as well as the Accounting Standards for Business Enterprises—Basic Standards and various specific accounting standards, the Application Guidance for Accounting Standards for Business Enterprises, the interpretations of the Accounting Standards for Business Enterprises and other relevant regulations (hereinafter collectively referred to as “**Accounting Standards for Business Enterprises**”) issued by the Ministry of Finance. In addition, the Company discloses relevant financial information in accordance with the requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(b) Going concern

The Company has assessed its ability to continue as a going concern for the next 12 months from the end of the Period, and has not identified any matters or circumstances that cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern assumption.

3 BILLS RECEIVABLES

June 30, 2025					
	Book balance		Provision for bad debts		
Types	Amount	Percentage (%)	Amount	Percentage (%)	Carrying amount
Provision for bad debts made on an individual basis	—	—	—	—	—
Provision for bad debts made on a collective basis	34,889,590.58	100.00	232,729.19	0.67	34,656,861.39
Including: the bank acceptance portfolio	222,886.56	0.64	8,313.67	3.73	214,572.89
The related party portfolio	31,338,784.16	89.82	100,284.11	0.32	31,238,500.05
The aging portfolio	3,327,919.86	9.54	124,131.41	3.73	3,203,788.45

December 31, 2024					
	Book balance		Provision for bad debts		
Types	Amount	Percentage (%)	Amount	Percentage (%)	Carrying amount
Provision for bad debts made on an individual basis	—	—	—	—	—
Provision for bad debts made on a collective basis	46,779,839.39	100.00	338,100.78	0.72	46,441,738.61
Including: the bank acceptance portfolio	—	—	—	—	—
The related party portfolio	40,274,536.11	86.09	120,823.65	0.30	40,153,712.46
The aging portfolio	6,505,303.28	13.91	217,277.13	3.34	6,288,026.15

4 ACCOUNTS RECEIVABLES

Types	June 30, 2025				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts made on					
a collective basis	338,730,499.15	100.00	43,372,154.17	12.80	295,358,344.98
Including: the aging portfolio	214,877,436.60	63.44	34,101,736.65	15.87	180,775,699.95
The related party portfolio	123,853,062.55	36.56	9,270,417.52	7.49	114,582,645.03

Types	December 31, 2024				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts made on					
a collective basis	306,041,337.37	100.00	29,676,596.38	9.70	276,364,740.99
Including: the aging portfolio	173,145,812.24	56.58	27,406,152.80	15.83	145,739,659.44
The related party portfolio	132,895,525.13	43.42	2,270,443.58	1.71	130,625,081.55

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

The aging portfolio	June 30, 2025
Up to 1 year (inclusive)	210,423,672.24
1-2 years	57,591,774.52
2-3 years	47,641,395.66
Over 3 years	23,073,656.73
Total	338,730,499.15

5 CONTRACT ASSETS

Items	June 30, 2025			December 31, 2024		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Landscaping services	36,401,508.42	88,999.89	36,312,508.53	37,450,053.23	162,143.81	37,287,909.42
Design services	9,671,926.89	907.29	9,671,019.60	6,748,998.07	2,213.28	6,746,784.79
Decoration services	12,362,602.89	71,968.28	12,290,634.61	17,809,616.71	87,936.88	17,721,679.83
Total	58,436,038.20	161,875.46	58,274,162.74	62,008,668.01	252,293.97	61,756,374.04

6 FIXED ASSETS

Details of fixed assets

Items	Houses and buildings	Means of transportation	Machinery and other equipment	Total
I. Original carrying amount				
1. Opening balance	41,793,419.69	15,946,259.12	17,216,870.36	74,956,549.17
2. Increase in the current period	–	1,951,998.22	1,395,000.47	3,346,998.69
Purchases	–	1,951,998.22	1,395,000.47	3,346,998.69
3. Decrease in the current period	–	12,868.91	511,294.34	524,163.25
Disposal or retirement	–	12,868.91	511,294.34	524,163.25
4. Closing balance	41,793,419.69	17,885,388.43	18,100,576.49	77,779,384.61
II. Accumulated amortisation				
1. Opening balance	5,285,522.04	10,185,414.62	10,747,037.40	26,217,974.06
2. Increase in the current period	496,296.84	1,333,542.16	1,209,947.99	3,039,786.99
Provisions in the current period	496,296.84	1,333,542.16	1,209,947.99	3,039,786.99
3. Decrease in the current period	–	11,532.02	492,832.84	504,364.86
Disposal or retirement	–	11,532.02	492,832.84	504,364.86
4. Closing balance	5,781,818.88	11,507,424.76	11,464,152.55	28,753,396.19
III. Allowance for impairment				
1. Opening balance	–	–	–	–
2. Increase in the current period	–	–	–	–
3. Decrease in the current period	–	–	–	–
4. Closing balance	–	–	–	–
IV. Carrying amount				
1. Closing carrying amount	36,011,600.81	6,377,963.67	6,636,423.94	49,025,988.42
2. Opening carrying amount	36,507,897.65	5,760,844.50	6,469,832.96	48,738,575.11

7 ACCOUNTS PAYABLES

(a) Presentation of accounts payables

Items	June 30, 2025	December 31, 2024
Payables for materials	3,745,965.17	659,547.79
Construction payables	75,560,742.63	72,234,232.98
Accrued accounts payable	1,467,777.74	1,705,399.10
Payable expenses	1,301,259.05	—
Payables for project costs	65,443,902.52	83,817,728.39
Others	4,913,716.76	7,410,722.77
Total	152,433,363.87	165,827,631.03

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

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

Aging	June 30, 2025	December 31, 2024
Up to 1 year	105,171,508.54	119,403,058.28
1-2 years	25,304,262.01	26,315,674.51
2-3 years	12,816,100.71	11,887,664.11
Over 3 years	9,141,492.61	8,221,234.13
Total	152,433,363.87	165,827,631.03

8 CONTRACT LIABILITIES

Item	June 30, 2025	December 31, 2024
Property management fees	58,469,712.36	79,092,601.23
Community value-added services	9,003,408.16	1,476,420.98
Total	67,473,120.52	80,569,022.21

9 OTHER PAYABLES

Presentation of other payables by nature

Nature	June 30, 2025	December 31, 2024
Deposit and security deposit	30,014,908.38	28,084,358.15
Advance payment	1,081,376.28	1,275,996.35
Escrow fund	9,422,820.36	8,553,839.88
Party building	1,705,541.08	1,738,150.24
Public maintenance funds	1,881,301.03	2,555,731.04
Utilities	612,592.55	1,301,186.49
Intermediation fees	4,288,656.76	4,354,918.26
Others	2,537,941.43	1,590,257.02
Total	51,545,137.87	49,454,437.43

10 SHARE CAPITAL

Item	December 31, 2024	Changes in current period (+ or -)					Subtotal	June 30, 2025
		Issuance of new shares	Bonus share	Reserved funds	Others			
				converted into shares				
Total shares	133,340,000.00	—	—	—	—	—	133,340,000.00	

11 CAPITAL RESERVE

Item	December 31, 2024	Increase in the period	Decrease in the period	June 30, 2025
Capital premium (Equity premium)	213,924,223.38	-	-	213,924,223.38
Other capital reserves	-	-	-	-
Total	213,924,223.38	-	-	213,924,223.38

12 SURPLUS RESERVE

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Statutory surplus reserve	16,964,526.57	-	-	16,964,526.57
Total	16,964,526.57	-	-	16,964,526.57

13 OPERATING REVENUE & OPERATING COST

(a) Operating revenue & operating cost

Item	January to June in 2025		January to June in 2024	
	Revenue	Cost	Revenue	Cost
Principle operations	293,378,617.21	231,625,788.79	308,043,060.62	247,928,049.85
Other operations	471,011.58	166,151.34	506,222.80	166,151.34
Total	293,849,628.79	231,791,940.13	308,549,283.42	248,094,201.19

(b) Income from contracts

Classification of contract	January to June in 2025	January to June in 2024
Goods	–	–
Including: Property management services	182,327,043.76	165,518,934.84
Value-added services to non-property owners	47,129,630.01	75,737,995.23
Community value-added services	64,392,955.02	67,292,353.35
Total	293,849,628.79	308,549,283.42
Classified by region	January to June in 2025	January to June in 2024
Including: Mainland of China	293,849,628.79	308,549,283.42
Classified by contract term	–	–
Including: Revenue recognised at a point in time	59,718,491.86	63,491,416.32
Revenue recognised over time	234,131,136.93	245,057,867.10
Total	293,849,628.79	308,549,283.42

14 INCOME TAX EXPENSES

Item	January to June in 2025	January to June in 2024
Current income tax calculated on the basis of the tax laws and relevant regulations	–	–
– Corporate income taxes in Mainland of China	7,723,040.29	8,072,056.63
Deferred income tax expenses	<u>-2,445,999.37</u>	<u>-1,103,707.45</u>
Total	<u>5,277,040.92</u>	<u>6,968,349.18</u>

The Group had no Hong Kong profit, since it had no taxable income derived from Hong Kong during the year.

15 RETURN ON NET ASSETS AND EARNINGS PER SHARE

Profit for the Period	Return on net assets (%)	Basic earnings per share	Diluted earnings per share
Net profit attributable to the holders of ordinary shares of the parent company	2.81	0.12	0.12
Net profit attributable to the holders of ordinary shares of the parent company (excluding: extraordinary profit and loss)	<u>2.81</u>	<u>0.12</u>	<u>0.12</u>

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 RMB293.8 million, representing a decrease by 4.8% as compared with RMB308.5 million for the six months ended June 30, 2024. The Company's net profit attributable to owners of the parent company during the Period was RMB16.0million, representing a decrease by 26.0% as compared with RMB21.7 million for the last corresponding period. As at June 30, 2025, the Group had 100 projects under management, with the total gross floor area (“GFA”) under management of 23.1 million square meters (“sq.m.”) (June 30, 2024: 23.5 million sq.m.), representing a decrease by 1.7%. It also had 100 contracted projects, with total contracted area of 26.0 million sq.m. (June 30, 2024: 26.8 million sq.m.), representing a decrease by 3.0%. Headquartered in Jinan, Shandong Province, through 19 years of development since our establishment in 2006, we have expanded our coverage to nearly all prefecture-level cities in Shandong Province and to Beijing and Harbin. We are deeply rooted in Shandong Province, which, according to CIA, is one of the most populous and economically prosperous provinces in China, and has always been and will continue to be our strategic development focus. According to National Bureau of Statistics, as at June 30, 2025, the aggregate GDP of Shandong Province ranked 3 among all provinces in China, and the annual disposable income per capita in Shandong Province is higher than the average in China. Throughout the course of our development, we have adhered to our vision of “service provider for wonderful life” (“美好生活服務商”) in conducting our business. We believe that our commitment to customer satisfaction and customer-centric culture have shaped our brand image and helped to establish our leading market position in Shandong Province.

The Business Model of the Company

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

Property management services: accounting for approximately 62.1% of total revenue

For the Period, the Group's revenue from property management services amounted to approximately RMB182.3 million, representing an increase of approximately 10.2% as compared to the same period in 2024, primarily due to the optimization of our project portfolio and strategic expansion of commercial properties business during the Period.

We have maintained a close and long-term relationship with Shandong Commercial Group Co., Ltd. ("**Shandong Commercial**" and together with its subsidiaries, the "**Shandong Commercial Group**"), a controlling shareholder of the Company. Shandong Commercial is a large-scale holding company with a wider range of investments among other sectors in the commerce and e-commerce industry, the pharmaceutical and cosmetic industry, the life service industry and education, etc. As at June 30, 2025, 70 properties under our management were developed by Shandong Commercial Group, with a total GFA under management of 16.2 million sq.m., representing an increase of 0.5 million sq.m. as compared to June 30, 2024.

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,					
	2025			2024		
	Proportion of		GFA under management	Proportion of		Change
	GFA under management	GFA under management		GFA under management	GFA under management	
	sq.m.'000	%	sq.m.'000	%	sq.m.'000	Growth rate %
Related parties	<u>16,461</u>	<u>71.3</u>	<u>15,691</u>	<u>66.7</u>	<u>770</u>	<u>4.9</u>
Third parties	<u>6,614</u>	<u>28.7</u>	<u>7,818</u>	<u>33.3</u>	<u>-1,204</u>	<u>-15.4</u>
Total	<u>23,075</u>	<u>100.0</u>	<u>23,509</u>	<u>100.0</u>	<u>-434</u>	<u>-1.8</u>

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

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

Type of projects	As at June 30,									
	2025					2024				
	Revenue		GFA under management		Number of projects under management	Revenue		GFA under management		Number of projects under management
	RMB'000	%	sq.m.'000	%		RMB'000	%	sq.m.'000	%	
Residential properties	<u>100,244</u>	<u>55.0</u>	<u>13,099</u>	<u>56.8</u>	<u>39</u>	<u>92,393</u>	<u>55.8</u>	<u>13,108</u>	<u>55.8</u>	<u>39</u>
Non-residential properties										
(1) Commercial properties	<u>51,101</u>	<u>28.0</u>	<u>4,241</u>	<u>18.3</u>	<u>40</u>	<u>44,135</u>	<u>26.7</u>	<u>3,915</u>	<u>16.6</u>	<u>39</u>
(2) Others	<u>30,982</u>	<u>17.0</u>	<u>5,735</u>	<u>24.9</u>	<u>21</u>	<u>28,991</u>	<u>17.5</u>	<u>6,486</u>	<u>27.6</u>	<u>19</u>
Total	<u>182,327</u>	<u>100.0</u>	<u>23,075</u>	<u>100.0</u>	<u>100</u>	<u>165,519</u>	<u>100.0</u>	<u>23,509</u>	<u>100.0</u>	<u>97</u>

We provide property management to a diversified portfolio of properties, including both residential properties and non-residential properties such as commercial complexes, municipal facilities, office buildings, apartments, schools, theme towns, hospitals, banks, industrial parks and airline base property. As of June 30, 2025, we managed a total of 61 non-residential properties, with an aggregate GFA of non-residential properties under management of approximately 9.9 million sq.m.. Our diversified portfolio of properties under management has helped us diversify our revenue streams.

Value-added services to non-property owners: accounting for approximately 16.0% 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,			
	2025		2024	
	<i>Percentage of</i>		<i>Percentage of</i>	
	<i>RMB'000</i>	<i>revenue</i>	<i>RMB'000</i>	<i>revenue</i>
		<i>%</i>		<i>%</i>
Design services	18,973	40.3	17,188	22.7
Landscaping services	20,993	44.5	49,994	66.0
Preliminary property management services	5,433	11.5	5,983	7.9
Pre-delivery services	1,073	2.3	1,641	2.2
Other customized services	658	1.4	932	1.2
Total	47,130	100.0	75,738	100.0

For the Period, the Group's revenue from value-added services to non-property owners amounted to approximately RMB47.1 million, representing a decrease of approximately 37.8% over the same period in 2024, mainly due to (i) the decrease in the number of projects delivered by property developers during the Period resulting from the downturn of the real estate market, which led to the decrease in the revenue from pre-delivery services; and (ii) the decrease in the revenue from landscaping services resulting from the disposal of a subsidiary, namely, Shandong Urban and Rural Development Group Furbishing Co., Ltd.* (山東省城鄉發展集團裝飾有限公司), previously known as Shandong Hui Bang Da Furbishing Engineering Co., Ltd.* (山東省匯邦達裝飾工程有限公司) (the “**Urban Development Furbishing Disposal**”), which was completed on May 9, 2024. For details of the Urban Development Furbishing Disposal, please refer to the announcement of the Company dated February 27, 2024, the circular of the Company dated March 22, 2024 and the announcement of the Company dated April 19, 2024.

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.

Community value-added services: accounting for approximately 21.9% 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,			
	2025		2024	
	<i>Percentage of</i>		<i>Percentage of</i>	
	<i>revenue</i>		<i>revenue</i>	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Parking space management services	21,907	34.0	18,757	27.9
Community living services	23,771	36.9	29,292	43.5
Utility management services	15,244	23.7	14,439	21.5
Community space and resource management services	3,471	5.4	4,804	7.1
Total	64,393	100.0	67,292	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 RMB64.4 million, representing a decrease of approximately 4.3% as compared with the same period of 2024, mainly due to the decrease in asset disposal business in community living services.

FINANCIAL REVIEW

Revenue

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

Revenue	Six months ended June 30,				
	2025		2024		Growth Rate %
	<i>RMB'000</i>	<i>Percentage of revenue %</i>	<i>RMB'000</i>	<i>Percentage of revenue %</i>	
Property management services	182,327	62.1	165,519	53.6	10.2
Value-added services to non-property owners	47,130	16.0	75,738	24.6	-37.8
Community value-added services	64,393	21.9	67,292	21.8	-4.3
Total	293,850	100.0	308,549	100.0	-4.8

For the Period, the total revenue of the Group was approximately RMB293.8 million (June 30, 2024: approximately RMB308.5 million), representing a decrease of approximately 4.8% as compared with the same period in 2024, primarily due to a decrease in revenue of 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 37.8% from RMB75.7 million for the six months ended June 30, 2024 to RMB47.1 million for the Period, mainly due to (i) the decrease in the number of projects delivered by property developers during the Period resulting from the downturn of the real estate market, which led to the decrease in the revenue from pre-delivery services; and (ii) the decrease in the revenue from landscaping services resulting from the Urban Development Furbishing Disposal.

Community value-added services: The revenue of our community value-added services decreased by 4.3% from RMB67.3 million for the six months ended June 30, 2024 to RMB64.4 million for the Period, primarily due to the decrease in asset disposal business in community living services.

Property management services: The revenue of our property management services increased by 10.2% from RMB165.6 million for the six months ended June 30, 2024 to RMB182.3 million for the Period, primarily due to the optimization of our project portfolio and strategic expansion of commercial properties business during the Period.

Cost of Sales

For the Period, the cost of sales of the Group was approximately RMB231.8 million (June 30, 2024: approximately RMB248.1 million), representing a decrease of approximately 6.6% as compared with the same period in 2024, due to (i) the decrease in the number of projects delivered by property developers during the Period resulting from the downturn of the real estate market, which led to the decrease in the cost of pre-delivery services; and (ii) the decrease in the cost of landscaping services resulting from the Urban Development Furbishing Disposal.

Gross Profit and Gross Profit Margin

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

	Six months ended June 30,			
	2025		2024	
	Gross profit	Gross profit	Gross profit	Gross profit
	(RMB'000)	margin	(RMB'000)	margin
		%		%
Property management services	33,547	18.4	32,202	19.5
Value-added services to non-property owners	11,871	25.2	10,737	14.1
Community value-added services	16,639	25.8	17,516	26.0
Total	62,058	21.1	60,455	19.6

For the Period, our gross profit was approximately RMB62.1 million, representing an increase of approximately 2.7% as compared with RMB60.5 million for the same period in 2024. The gross profit margin of the Group increased from approximately 19.6% in the same period in 2024 to approximately 21.1%.

For the Period, the gross profit margin of property management services of the Group was approximately 18.4% (June 30, 2024: approximately 19.5%). The drop in the gross profit margin as compared with the corresponding period in 2024 was mainly due to the expansion of commercial properties business with lower gross profit margin during the Period. The drop in the gross profit margin as compared with the corresponding period in 2024 has reduced the overall gross profit margin.

The gross profit margin of value-added services to non-property owners of the Group was approximately 25.2% (June 30, 2024: approximately 14.1%). The rise in the gross profit margin of value-added services to non-property owners as compared with the corresponding period in 2024 was mainly due to the increase in revenue from design services with higher gross profit margins and the decrease in revenue from landscaping services with lower gross profit margins.

The gross profit margin of community value-added services of the Group was approximately 25.8% (June 30, 2024: approximately 26.0%), which was stable as compared with the same period of 2024.

Management and Research and Development Expenses

For the Period, the management and research and development expenses of the Group were approximately RMB28.3 million, representing an increase of approximately 8.8% from approximately RMB26.0 million for the six months ended June 30, 2024, primarily due to the increase in management costs resulting from our efforts to improve management quality and expand our business externally.

Profit for the Period

For the Period, our profit for the period was approximately RMB16.0 million, representing a decrease of approximately 27.1% from approximately RMB21.9 million in the same period of 2024.

Current Assets

As at June 30, 2025, the current assets of the Group were approximately RMB801.8 million, representing a decrease of approximately 2.8% as compared with approximately RMB825.3 million as at December 31, 2024. As at June 30, 2025, the current ratio (current assets divided by current liabilities) of the Group was approximately 2.4 (December 31, 2024: approximately 2.3).

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, 2025, the Group's fixed assets and right-of-use assets amounted to approximately RMB49.6 million, representing a decrease of approximately RMB0.1 million as compared with approximately RMB49.7 million as at December 31, 2024, primarily due to the depreciation of the fixed assets and right-of-use assets during the Period.

Trade and Bills Receivables

As at June 30, 2025, trade and bills receivables amounted to approximately RMB330.1 million, representing an increase of approximately RMB7.3 million as compared with approximately RMB322.8 million as at December 31, 2024, mainly due to a natural increase in accounts receivables resulting from the growth in the scale of property businesses and the payment habits of property owners.

Prepayments and Other Receivables

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

As at June 30, 2025, prepayments and other receivables amounted to approximately RMB7.0 million, representing an increase of approximately RMB0.5 million as compared with approximately RMB6.5 million as at December 31, 2024, mainly due to an increase in deposits received as a result of the expansion of the scale of our catering business.

Trade Payables

As at June 30, 2025, trade payables amounted to approximately RMB152.4 million, representing a decrease of approximately RMB13.4 million as compared with approximately RMB165.8 million as at December 31, 2024, mainly due to a decrease in outsourcing fees for landscaping and design services.

Other Payables

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

As at June 30, 2025, other payables amounted to approximately RMB95.2 million, representing an increase of approximately RMB11.0 million as compared with approximately RMB84.2 million as at December 31, 2024, mainly due to an increase in dividends payable in 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, 2025, the Group's cash and cash equivalents amounted to approximately RMB395.3 million, representing a decrease of 7.0% as compared with approximately RMB425.2 million as at December 31, 2024, primarily due to our increased efforts on daily repair and maintenance of building facilities and equipment for the Period to improve the quality of services.

Such cash and cash equivalents included approximately RMB395.3 million (December 31, 2024: RMB425.2 million) denominated in RMB and approximately RMB0.023 million (December 31, 2024: RMB0.024 million) denominated in Hong Kong dollar (“**HK\$**”), calculated based on the exchange rate as at June 30, 2025.

Interest-bearing Borrowings

Our interest-bearing borrowings were RMB8.01 million as of June 30, 2025 (December 31, 2024: RMB8.01 million), all denominated in RMB with maturity on March 17, 2026 at the fixed rate of 3.1% per annum.

Pledge of Assets

As at June 30, 2025, we had not pledge any of our assets (December 31, 2024: 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 37.1% as at June 30, 2025 (December 31, 2024: 38.8%).

Significant Investments, Material Acquisitions and Disposals

Discloseable and Connected Transaction in relation to Capital Increase and Deemed Disposal of Equity Interest in a Subsidiary

References are made to announcement of the Company dated March 21, 2025, the circular of the Company dated May 30, 2025 and the announcement of the Company dated June 27, 2025 in relation to the Capital Increase (collectively, the “**Capital Increase Publication**”). Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Capital Increase Publication.

On March 21, 2025 (after trading hours of the Stock Exchange), the Company entered into the Capital Increase Agreement with the Investor Shandong Commercial Real Estate Development Co., Ltd.* (山東省城發建設管理有限公司) and the Target Company (Shandong Blue Shore Garden Engineering Co., Ltd* (山東藍岸園林工程有限公司)), pursuant to which the Investor has conditionally agreed to inject capital in the amount of RMB36,320,000.00 (equivalent to approximately HK\$39,053,763.00) into the Target Company in the form of registered capital and capital reserves, of which RMB20,820,000.00 (equivalent to approximately HK\$22,387,097.00) and RMB15,500,000.00 (equivalent to approximately HK\$16,666,666.00) shall be recognised as the registered share capital and the capital reserves of Target Company, respectively.

Upon Completion, the registered capital of the Target Company will be increased from RMB20,000,000.00 to RMB40,820,000.00 and the Target Company will be owned by the Investor and the Company as to 51% and 49% of its enlarged equity interest, respectively, and following the Capital Increase, the Target Company will cease to be a subsidiary of the Company and, accordingly, the financial results of the Target Company will no longer be consolidated in the Group's accounts. The Target Company will be accounted for an associate of the Company.

For details of the Capital Increase, please refer to the Capital Increase Publication.

Completion of the Capital Increase took place on July 1, 2025.

Save as disclosed in this announcement, 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, 2025.

Proceeds from the Listing

The Company's H shares were successfully listed (the "**Listing**") on the Stock Exchange on July 8, 2022 (the "**Listing Date**"), and 33,340,000 H shares were issued. After deduction of underwriting fees and related expenses, the net proceeds from the Listing were approximately HK\$138 million. The Group intends to use the net proceeds in accordance with the method and schedule set out in the section headed "Future Plans and Use of Proceeds" in the Company's prospectus dated June 27, 2022 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, 2025, the Group had 1,369 employees (as at December 31, 2024: 1,405 employees). During the Period, the Company has continued to optimize its compensation and incentive mechanisms by building on the “Star Rating” (星級評定) system. The system has deepened its application in front-line key positions, achieving performance-linked compensation increases for 78 technical key employees through star-level promotions, thereby effectively implementing the principle of “performance-based compensation and higher rewards for better performance” (以績定薪、優績優酬). Simultaneously, the Company has completed advanced reforms in its management structure, with pilot regions achieving a 2.13% improvement in organizational efficiency. The Company’s employee compensation policy strictly adheres to market competitiveness benchmarks, while dynamically adjusting based on job value, individual performance, and the Company’s operational results to ensure the precision and sustainability of incentives.

In terms of talent development, we are deepening the construction of a learning-oriented organization. We are continuously upgrading the tiered and categorized training system, while focusing on enhancing the strategic operational capabilities of mid-to-senior managers through the “Leading Goose Program” (頭雁計劃), accelerating the development of a reserve cadre team through the “Project Cast Gold” (鑄金計劃), and widely promoting the “Spark Program” (星火計劃) to empower new employees and frontline positions with necessary competencies; through multi-dimensional initiatives such as the “Reader’s Book Camp” (朗讀者讀書營), benchmarking studies of industry leaders, and the introduction of cutting-edge courses, we foster a culture of continuous improvement among all employees, systematically enhancing their professional competence and innovative capabilities. We also continuously expand our talent reserve pool to lay a solid foundation for the Group’s long-term development.

SUBSEQUENT EVENTS

Save as disclosed in this announcement, no events have taken place subsequent to June 30, 2025 and up to the date of this announcement that may have a material impact on the Group’s operating and financial performance that need to be disclosed.

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 (the “**Corporate Governance Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (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 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 for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as a code of conduct for securities transactions by the Directors and supervisors of the Company (the “**Supervisor(s)**”).

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

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 defined in the Listing Rules)). As of the end of the Period, no treasury shares (as defined in the Listing Rules) were held by the Company.

REVIEW OF INTERIM RESULTS

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

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

INTERIM DIVIDEND

The Board has resolved not to distribute any interim dividend for the Period (for the six months ended June 30, 2024: nil).

PUBLICATION OF INTERIM RESULTS AND 2025 INTERIM REPORT

This announcement is published on the websites of the Company (www.lushangfuwu.com) and the Stock Exchange (www.hkexnews.hk). The 2025 interim report will be made available on the websites of the Company and the Stock Exchange in September 2025.

By order of the Board
Lushang Life Services Co., Ltd.
Mr. WANG Zhongwu
Chairman and non-executive Director

Jinan, the PRC, August 22, 2025

As at the date of this announcement, the Board comprises Mr. NING Daoju and Mr. SHAO Meng as executive Directors, Mr. WANG Zhongwu as Chairman and non-executive Director, Ms. LUO Ye and Ms. LI Han as non-executive Directors, and Ms. LEUNG Bik San, Ms. CHEN Xiaojing and Mr. MA Tao as independent non-executive Directors.