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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2024**

FINANCIAL SUMMARY

	For the year ended December 31,		
	2024	2023	2023
	RMB'000	RMB'000	RMB'000
		<i>(Restated)</i>	
Revenue	608,919	956,604	621,022
Gross profit	115,938	130,261	117,066
Gross profit margin	19.0%	13.6%	18.9%
Profit for the year	45,125	45,907	40,260
Net profit margin	7.4	4.8	6.5
Profit attributable to equity shareholders of the Company	45,091	45,078	39,432
Basic earnings per share (RMB)	0.34	0.34	0.30
Cash and cash equivalents	425,172	412,095	411,062
Proposed final dividend per share (RMB)	0.1080	—	—

For the Year, the total revenue of the Group was approximately RMB608.9 million, representing a decrease of approximately 1.9% as compared with approximately RMB621.0 million for the year ended December 31, 2023.

For the Year, the gross profit of the Group was approximately RMB115.9 million, representing a decrease of 1.0% as compared with approximately RMB117.1 million for the corresponding period in 2023. The Group's gross profit margin was 19.0%, representing an increase of 0.1% as compared with the gross profit margin of 18.9% for the year ended December 31, 2023.

For the Year, the profit of the Group was approximately RMB45.1 million, representing an increase of approximately 12.1% as compared with approximately RMB40.3 million for the year ended December 31, 2023.

As of December 31, 2024, the Group's cash and cash equivalents amounted to approximately RMB425.2 million, representing an increase of approximately 3.4% as compared with that as of December 31, 2023.

As of December 31, 2024, the Group had 23.6 million sq.m. of GFA under its management, representing an increase of 2.3% as compared with December 31, 2023.

The Board has resolved to recommend the distribution of a final dividend in cash of RMB0.1080 per share of the Company (before tax) for the year ended December 31, 2024.

1. Reference is made to the Acquisition Announcement (as defined below). The completion of the sale and purchase of 100% of the total equity interest in Daantong (Shandong) Mechanical and Electrical Equipment Engineering Co., Ltd.* (達安通(山東)機電設備工程有限責任公司) (“**Daantong**”) (the “**Acquisition**”) took place on March 4, 2024 whereby the Company acquired 100% of the total equity interest in Daantong from its controlling shareholder, Lushang Freda Pharmaceutical Co., Ltd. (魯商福瑞達醫藥股份有限公司) (“**Lushang Freda**”). As the Acquisition involved entities under common control and has been accounted for by using merger accounting method, the Company made retrospective adjustments to the comparative financial data for the previous year in accordance with the “Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements” and related regulations.
2. After the Acquisition, due to the reasons for the Acquisition as disclosed in the Acquisition Announcement (as defined below), to align with the business development of the Group, Daantong's original real estate business is no longer in operation and Daantong will focus on new businesses such as elevator maintenance and installation after the Acquisition, so the restated data for the year ended December 31, 2023 is not comparable with the data for the year ended December 31, 2024. The Financial Summary of this announcement uses the data for the year ended December 31, 2023 before the restatement for comparison to more accurately reflect the actual operating status of the Company.
3. Unless otherwise specified, data for the year ended December 31, 2023 used in the section headed “Management Discussion and Analysis” in this announcement were restated.

ANNUAL RESULTS

The Board of the Company hereby announces the annual audited consolidated results of the Group for the Year, together with comparative figures for the year ended December 31, 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2024

(Expressed in Renminbi (“RMB”))

Items	Note	2024 RMB	2023 RMB (Restated)
I. Operating income	13	608,918,623.83	956,603,758.64
Less: Operating costs	13	492,980,558.28	826,342,630.54
Taxes and surcharges		3,706,061.02	15,143,269.28
Selling expenses		–	12,582,942.63
General and administrative expenses		50,257,784.64	55,326,230.08
Research and development expenses		5,088,420.03	4,225,020.70
Financial expenses		-4,593,060.63	-4,860,228.72
Including: Interest expenses		287,299.69	168,474.84
Interest income		6,386,971.69	7,046,780.64
Add: Other income		1,441,137.27	2,821,209.20
Investment income (losses expressed with “-”)		-379,945.42	16,700,521.00
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 “-”)		-11,451,424.70	-9,241,076.41
Impairment losses on assets (losses expressed with “-”)		-80,771.13	-1,118,631.67
Gains from assets disposal (losses expressed with “-”)		–	–
		51,007,856.51	57,005,916.25
II. Operating profit (losses expressed with “-”)		51,007,856.51	57,005,916.25
Add: Non-operating income	14	8,327,613.45	147,037.48
Less: Non-operating expenses		232,410.31	448,200.48
III. Total profit (losses expressed with “-”)		59,103,059.65	56,704,753.25
Less: Income tax expenses	15	13,978,453.58	10,797,975.76
IV. Net profit (net losses expressed with “-”)		45,124,606.07	45,906,777.49
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 “-”)		45,124,606.07	45,906,777.49
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		45,091,464.06	45,078,035.41
Non-controlling interests		33,142.01	828,742.08
V. Other comprehensive income, net of tax		–	–

Items	Note	2024 RMB	2023 RMB (Restated)
Other comprehensive income attributable to owners of the parent company, net of tax		<u>-</u>	<u>-</u>
(I) Other comprehensive income that may not be reclassified to profit or loss		<u>-</u>	<u>-</u>
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		-	-
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(II) Other comprehensive income that may be reclassified to profit or loss		<u>-</u>	<u>-</u>
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		<u>-</u>	<u>-</u>
VI. Total comprehensive income		<u>45,124,606.07</u>	<u>45,906,777.49</u>
Total comprehensive income attributable to owners of the parent company		45,091,464.06	45,078,035.41
Total comprehensive income attributable to minority Shareholders		33,142.01	828,742.08
VII. Earning per share:		-	-
(I) Basic earnings per Share		0.34	0.34
(II) Diluted earnings per Share		0.29	0.21

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2024

(Expressed in RMB)

		As at December 31, 2024 RMB	As at December 31, 2023 RMB (Restated)
Assets	Note		
Current assets:			
Monetary funds		426,558,420.34	412,656,582.99
Financial assets held for trading		—	—
Derivative financial assets		—	—
Bills receivable	3	46,441,738.61	17,917,933.62
Accounts receivable	4	276,364,740.99	295,434,336.15
Accounts receivable financing		—	200,000.00
Prepayments		3,125,684.05	1,897,975.45
Other receivables		3,332,573.58	7,614,437.01
Inventories		7,112,992.27	3,424,031.97
Contract assets	5	61,756,374.04	61,128,423.11
Assets held-for-sale		—	—
Non-current assets maturing within one year		—	—
Other current assets		603,223.87	2,840,033.47
Total current assets		825,295,747.75	803,113,753.77

Assets	<i>Note</i>	As at December 31, 2024 RMB	As at December 31, 2023 RMB (Restated)
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		39,774,869.79	39,504,900.36
Fixed assets	6	48,738,575.11	50,711,300.46
Construction in progress		—	—
Productive biological assets		—	—
Oil and gas assets		—	—
Right-of-use assets		977,067.84	1,758,722.04
Intangible assets		655,580.50	1,083,758.01
Development expenses		—	—
Goodwill		—	—
Long-term deferred expenses		6,075,173.52	2,898,728.72
Deferred income tax assets		7,575,650.42	6,611,673.12
Other non-current assets		—	—
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Total non-current assets		<u>103,796,917.18</u>	<u>102,569,082.71</u>
Total assets		<u>929,092,664.93</u>	<u>905,682,836.48</u>

		As at December 31, 2024 RMB	As at December 31, 2023 RMB (Restated)
Liabilities and shareholders' equity	<i>Note</i>		
Current liabilities:			
Short-term borrowings		8,008,317.81	—
Financial liabilities held-for-trading		—	—
Derivative financial liabilities		—	—
Notes payable		—	—
Accounts payable	7	165,827,631.03	201,696,808.99
Advances		316,079.43	336,976.79
Contract liabilities	8	80,569,022.21	71,800,943.11
Employee benefits payable		18,792,540.15	25,395,648.20
Taxes payable		5,771,049.10	2,958,675.69
Other payables	9	59,668,177.43	60,213,944.23
Liabilities held-for-sale		—	—
Non-current liabilities due within one year		2,624,841.77	952,518.46
Other current liabilities		18,685,293.00	12,002,961.85
Total current liabilities		360,262,951.93	375,358,477.32
Non-current liabilities:			
Long-term borrowings		—	—
Bonds payable		—	—
Including: Preference shares		—	—
Perpetual bonds		—	—
Lease liabilities		—	1,740,952.23
Long-term payable		—	—
Long-term employee benefits payable		—	—
Accrued liabilities		—	—
Deferred income		—	—
Deferred income tax liabilities		—	—
Other non-current liabilities		—	—
Total non-current liabilities		—	1,740,952.23
Total liabilities		360,262,951.93	377,099,429.55

		As at December 31, 2024 RMB	As at December 31, 2023 RMB (Restated)
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	218,802,523.38
Less: Treasury stock		—	—
Other comprehensive income		—	—
Specific reserve		—	—
Surplus reserves	12	16,964,526.57	13,003,776.37
Retained earnings		200,618,239.78	159,487,525.92
Total equity attributable to shareholders of the parent company		564,846,989.73	524,633,825.67
Non-controlling interests		3,982,723.27	3,949,581.26
Total shareholders' equity		568,829,713.00	528,583,406.93
Total liabilities and shareholders' equity		929,092,664.93	905,682,836.48

NOTES TO THE 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. For details, please refer to the Company's announcement dated July 17, 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.

During the Year, the Company has completed the acquisition of the 100% of the total equity interest in Daantong from its controlling shareholder, Lushang Freda. As the acquisition involved entities under common control and has been accounted for by using merger accounting method, the Company made retrospective adjustments to the comparative financial data for the same period of the previous year in accordance with the “Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements” and related regulations.

(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 reporting 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

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
December 31, 2023					
	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	18,040,920.49	100.00	122,986.87	0.68	17,917,933.62
Including: the bank acceptance portfolio	–	–	–	–	–
The related party portfolio	14,743,920.49	81.72	40,261.45	0.27	14,703,659.04
The aging portfolio	3,297,000.00	18.28	82,725.42	2.51	3,214,274.58

4 ACCOUNTS RECEIVABLE

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

Types	December 31, 2023				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts made on a collective basis	314,598,063.90	100.00	19,163,727.75	6.09	295,434,336.15
Including: the aging portfolio	177,084,911.10	56.29	18,083,691.86	10.21	159,001,219.24
The related party portfolio	137,513,152.80	43.71	1,080,035.89	0.79	136,433,116.91

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

The aging portfolio	December 31, 2024
Up to 1 year (inclusive)	181,445,322.17
1-2 years	63,133,604.85
2-3 years	48,509,746.68
Over 3 years	12,952,663.67
Total	306,041,337.37

5 CONTRACT ASSETS

Items	December 31, 2024			December 31, 2023		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Landscaping services	37,450,053.23	162,143.81	37,287,909.42	33,819,901.18	159,420.92	33,660,480.26
Design services	6,748,998.07	2,213.28	6,746,784.79	4,798,998.07	1,094.11	4,797,903.96
Decoration services	17,809,616.71	87,936.88	17,721,679.83	22,711,653.20	41,614.31	22,670,038.89
Total	62,008,668.01	252,293.97	61,756,374.04	61,330,552.45	202,129.34	61,128,423.11

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	14,484,448.05	15,544,897.68	71,822,765.42
2. Increase in the current period	–	879,780.34	3,219,528.15	4,099,308.49
Purchases	–	879,780.34	3,219,528.15	4,099,308.49
3. Decrease in the current period	–	54,229.47	911,295.27	965,524.74
Disposal or retirement	–	54,229.47	911,295.27	965,524.74
4. Closing balance	41,793,419.69	15,309,998.92	17,853,130.56	74,956,549.17
II. Accumulated amortisation				
1. Opening balance	4,292,928.36	6,566,344.99	10,252,191.61	21,111,464.96
2. Increase in the current period	992,593.68	2,644,533.32	2,380,070.31	6,017,197.31
Provisions in the current period	992,593.68	2,644,533.32	2,380,070.31	6,017,197.31
3. Decrease in the current period	–	52,380.54	858,307.67	910,688.21
Disposal or retirement	–	52,380.54	858,307.67	910,688.21
4. Closing balance	5,285,522.04	9,158,497.77	11,773,954.25	26,217,974.06
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	36,507,897.65	6,151,501.15	6,079,176.31	48,738,575.11
2. Opening carrying amount	<u>37,500,491.33</u>	<u>7,918,103.06</u>	<u>5,292,706.07</u>	<u>50,711,300.46</u>

7 ACCOUNTS PAYABLES

(a) Presentation of accounts payables

Items	December 31, 2024	December 31, 2023
Payables for materials	659,547.79	9,657,093.08
Construction payables	72,234,232.98	93,194,280.36
Accrued accounts payable	1,705,399.10	780,864.97
Payable expenses	–	1,975,297.20
Payables for project costs	83,817,728.39	89,371,698.92
Others	7,410,722.77	6,717,574.46
Total	165,827,631.03	201,696,808.99

(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	December 31, 2024	December 31, 2023
Up to 1 year	119,403,058.28	152,737,044.34
1-2 years	26,315,674.51	38,495,716.53
2-3 years	11,887,664.11	9,296,755.27
Over 3 years	8,221,234.13	1,167,292.85
Total	165,827,631.03	201,696,808.99

8 CONTRACT LIABILITIES

Item	December 31, 2024	December 31, 2023
Property management fees	79,092,601.23	67,504,491.47
Community value-added services	1,476,420.98	4,164,548.01
Landscaping design services	—	131,903.63
Total	80,569,022.21	71,800,943.11

9 OTHER PAYABLES

Presentation of other payables by nature

Nature	December 31, 2024	December 31, 2023
Deposit and security deposit	28,084,358.15	26,692,561.67
Advance payment	1,275,996.35	1,807,743.52
Escrow fund	8,553,839.88	7,519,181.24
Party building	1,738,150.24	1,904,958.76
Public maintenance funds	2,555,731.04	2,970,899.28
Utilities	1,301,186.49	1,595,214.83
Intermediation fees	4,354,918.26	4,261,616.05
Others	1,590,257.02	2,721,768.88
Total	49,454,437.43	49,473,944.23

10 Share Capital

Item	December 31, 2023	Changes in current period (+ or -)					December 31, 2024
		Issuance of new shares	Bonus share	Reserved funds converted into shares	Others	Subtotal	
Total shares	133,340,000.00	—	—	—	—	—	133,340,000.00

11 CAPITAL RESERVE

Item	December 31, 2023	Increase in the period	Decrease in the period	December 31, 2024
Capital premium (Equity premium)	218,802,523.38	—	4,878,300.00	213,924,223.38
Other capital reserves	—	—	—	—
Total	218,802,523.38	—	4,878,300.00	213,924,223.38

12 SURPLUS RESERVE

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Statutory surplus reserve	13,003,776.37	3,960,750.20	–	16,964,526.57
Total	<u>13,003,776.37</u>	<u>3,960,750.20</u>	<u>–</u>	<u>16,964,526.57</u>

13 OPERATING REVENUE & OPERATING COST

(a) Operating revenue & operating cost

Item	January to December in 2024		January to December in 2023	
	Revenue	Cost	Revenue	Cost
Principle operations	607,769,943.85	492,648,255.60	930,811,392.53	808,342,788.52
Other operations	1,148,679.98	332,302.68	25,792,366.11	17,999,842.02
Total	<u>608,918,623.83</u>	<u>492,980,558.28</u>	<u>956,603,758.64</u>	<u>826,342,630.54</u>

(b) Income from contracts

Classification of contract	January to December in 2024	January to December in 2023
Goods	–	–
Including: Property management services	333,688,367.92	317,289,600.53
Value-added services to non-property owners	129,795,013.30	167,941,788.23
Community value-added services	145,435,242.61	135,790,475.31
Real estate	–	310,932,033.46
Leasing	–	24,649,861.11
Total	<u>608,918,623.83</u>	<u>956,603,758.64</u>
Classified by region	January to December in 2024	January to December in 2023
Including: Mainland of China	608,918,623.83	956,603,758.64
Classified by contract term	January to December in 2024	January to December in 2023
Including: Revenue recognised at a point in time	136,882,225.18	432,379,779.47
Revenue recognised over time	472,036,398.65	524,223,979.17
Total	<u>608,918,623.83</u>	<u>956,603,758.64</u>

14 NON-OPERATING INCOME

Item	January to December in 2024	January to December in 2023
Gains from retirement of non-current assets	450.00	60.00
Government subsidy	8,270,000.00	–
Other income	57,163.45	146,977.48
Total	8,327,613.45	147,037.48

15 INCOME TAX EXPENSES

Item	January to December in 2024	January to December in 2023
Current income tax calculated on the basis of the tax laws and relevant regulations	–	–
– Corporate income taxes in Mainland of China	15,042,733.94	12,289,664.46
Deferred income tax expenses	-1,064,280.36	-1,491,688.70
Total	13,978,453.58	10,797,975.76

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

16 RETURN ON NET ASSETS AND EARNINGS PER SHARE

Profit for the reporting 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	8.29	0.34	0.34
Net profit attributable to the holders of ordinary shares of the parent company (excluding: extraordinary profit and loss)	7.14	0.29	0.29

17 DIVIDENDS

Dividends payable to equity shareholders of the Company attributable to the year:

	2024 RMB0'000	2023 RMB0'000
Final dividend proposed after the end of the reporting period of RMB0.1080 (2023: nil) per ordinary share	<u>1,440.07</u>	<u>—</u>

The final dividend proposed for shareholders' approval after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

18. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (i) On March 21, 2025, the directors of the Company proposed a final dividend. Further details are disclosed in Note 17.
- (ii) On March 21, 2025 (after trading hours of the Stock Exchange), the Company entered into the capital increase agreement (the “**Capital Increase Agreement**”) with Shandong Commercial Real Estate Development Co., Ltd.* (山東省城發建設管理有限公司) (“**Shandong Commercial Real Estate**”) (as investor) and Shandong Blue Shore Garden Engineering Co., Ltd * (山東藍岸園林工程有限公司) (“**Shandong Blue Shore**”) (as target company), pursuant to which Shandong Commercial Real Estate has conditionally agreed to inject capital in the amount of RMB36,320,000.00 (equivalent to approximately HK\$39,053,763.00) into Shandong Blue Shore 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 Shandong Blue Shore, respectively (the “**Capital Increase**”).

The Capital Increase pursuant to the Capital Increase Agreement constitutes a disclosable and connected transaction of the Company and is therefore subject to the reporting, announcement, circular, independent financial advice and the independent Shareholders' approval requirements pursuant to the Listing Rules.

For details of the Capital Increase, please refer to the announcement of the Company dated March 21, 2025 in respect of the Capital Increase.

CHAIRMAN'S STATEMENT

2024 REVIEW

In 2024, the Company anchored itself to the working goal of “accelerating speed, improving quality and enhancing efficiency” and took the “Brand Building Year” as a hook to make full-fledged efforts in improving quality, strengthening supporting facilities, reinforcing characteristics and seeking development, so as to achieve the integration of “internal and external synergy” and the enhancement of “soft and hard services”. We accomplished new results and breakthroughs in numerous tasks, successfully taking solid steps in development.

In 2024, the Company was successively awarded the honors of “Shandong High-Integrity Enterprise” (山東省誠信企業), “Best Member of Shandong Property Management Institute in 2023” (山東省物業管理協會2023年度最佳會員單位), “Leading Enterprise (Second Place) of Shandong Property Service Market in 2024” (2024山東省物業服務市場地位領先企業第二名), “Excellent Organization Award” of the 5th Shandong Property Management Industry Vocational Skills Competition at the “Prospering Shandong with Skills” Vocational Skills Competition of Shandong (山東省「技能興魯」職業技能大賽第五屆山東省物業管理行業職業技能大賽「優秀組織獎」), and “Leading Enterprise in terms of Comprehensive Strength of Property Services” (物業服務綜合實力領先企業), “Leading Enterprise in terms of Operating Income” (營業收入領先企業), “Leading Enterprise in terms of Fulfilling Social Responsibility” (履行社會責任領先企業) and “Leading Enterprise in terms of Area Managed” (管理面積領先企業) in Jinan. The Jinan Yinzuo Garden (銀座花園) project managed by the Company was featured in media such as Economy 30 Minutes (經濟半小時), a program of the finance channel of China Central Television (CCTV), thereby becoming a benchmark project for the 15-Minute Community Living Circle (一刻鐘便民生活圈) of China. In 2024, the Company achieved new breakthroughs in terms of, among others, new scenario construction, business format innovation and brand building.

Persisted in “freshening up” our business, with continuous emergence of new scenarios

First, we created tiered service scenarios, revised the standardized and differentiated service system, and facilitated the implementation of the pilot program for butler services. For residential business formats, we enhanced our touchpoint services over home-returning routes and leisure routes. For commercial and office business formats, we implemented enhancement measures such as building renewal, scenario arrangement and replanting of green plants. For university and college business formats, we actively participated in “Three-Wide Education” (三全育人) and established Lushang Services’ distinctive service model for universities and colleges.

Second, we built all-age-friendly scenarios and organized events such as elderly activities, children carnivals and pet's life festivals.

Third, we created community consumption scenarios and provided value-added services such as daily necessities, seasonal fruits and household products.

Persisted in implementing the “Three Seize” policy, with rapid convergence of new business formats

First, we seized market share and won bids for several property service projects from state-owned and central enterprises.

Second, we seized customer resources, built the “Property +” ecosystem and acquired Daantong, a mechanical and electrical company, to undertake elevator installation, repair and maintenance business. We strengthened our catering services by opening 4 new stores, renewing 1 existing store and building 2 smart restaurants, thereby providing services for approximately 7,500 people, with a year-on-year increase of 101% in revenue.

Third, we seized market opportunities, kept a close eye on policy dividends, and obtained government subsidies of RMB9,523,800.

Persisted in innovating models, with constant release of new potentials

First, we focused on model innovation, created the 15-Minute Community Living Circle (一刻鐘便民生活圈) with high standards, and jointly established Lushang's featured standards and models. A number of our pilot projects passed the acceptance of Jinan, among which the Yinzuo Garden (銀座花園) project was rated as excellent and appeared on CCTV2's Economy 30 Minutes (經濟半小時) column. We conducted in-depth research on the “Hospital-Community-Home” (HCH) nutrition and health service model and signed the HCH pilot cooperation agreement with Shandong Agriculture and Engineering University.

Second, we focused on technological innovation and increased business collaboration with the Lushang Life Platform.

Third, we focused on cultural innovation, strengthened the creation of a full media matrix, built a video theme section, and was pushed by, among others, provincial and municipal media and industry associations. We also carried out “short video + live broadcast” sales activities.

FUTURE PROSPECT

In the future development, the Company will uphold the corporate mission of “serving beauty and sharing happiness”, expand the “one body and two wings” business structure, accurately implement the three action strategies of “deepening quality, deepening regional development, and characteristic development”, and strive to hone the four core competitiveness of “service innovation, team collaboration, digital drive, and quality control”. We are committed to upholding the five-heart service principles namely “sincerity, enthusiasm, peace of mind, assurance, and comfort”, always focusing on customer needs and targeting the advancement of service quality. We will do our best to build high-quality living scenes for consumers, and strive to become a regional leading comprehensive property benchmark enterprise and a model brand of urban services.

ACKNOWLEDGEMENT

In the past 2024, through the hard work and selfless dedication of all employees, all work of the Group has been carried out in an orderly manner, and various achievements have been recognized by all sectors of society. On behalf of the Board of the Company, I would like to express my sincere gratitude to all employees, shareholders, investors, customers and partners for their great efforts in the past year. Thank you all for your support and trust over the past year!

In 2025, the Company will focus on the key sessions of quality improvement and management upgrade. Through taking “Quality Leap Year” as the strategic axis, strengthening management, improving services, expanding markets, and increasing efficiency, the Company achieves a new breakthrough of “lean management, excellent services, first-class quality, and with certain cultural characteristics”, which drive the Company to a new peak of high-quality development at full speed and continue to create more value for all customers, shareholders, investors, employees, partners and the whole society.

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 Year, the revenue of the Group was RMB608.9 million, representing a decrease by 1.9% as compared with RMB621.0 million for the same period in 2023. The Company's net profit attributable to owners of the parent company during the Year was RMB45.1 million, representing an increase by 12.1% as compared with RMB40.3 million for the corresponding period in 2023. As at December 31, 2024, the Group had 97 projects under management, with the total GFA under management of 23.6 million sq.m. (December 31, 2023: 23.1 million sq.m.), representing a growth by 2.3%. It also had 97 contracted projects, with total contracted area of 26.6 million sq.m. (December 31, 2023: 26.5 million sq.m.), which was stable as compared with the corresponding period in 2023. Headquartered in Jinan, Shandong Province, through 18 years of development since our establishment in 2006, we have expanded our coverage to nearly all prefecture-level cities in Shandong Province and to Beijing and Harbin. We are deeply rooted in Shandong Province, which, according to CIA, is one of the most populous and economically prosperous provinces in China, and has always been and will continue to be our strategic development focus. According to National Bureau of Statistics, as at December 31, 2024, the aggregate GDP of Shandong Province ranked third among all provinces in China, and the annual disposable income per capita in Shandong Province is higher than the average in China. Throughout the course of our development, we have adhered to our vision of “service provider for wonderful life” (“美好生活服務商”) in conducting our business. We believe that our commitment to customer satisfaction and customer-centric culture have shaped our brand image and helped to establish our leading market position in Shandong Province.

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

The Business Model of the Company

During the Year, 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 54.8% of total revenue

For the Year, the Group's revenue from property management services amounted to approximately RMB337.7 million, representing an increase of approximately 5.2% as compared to the corresponding period in 2023, mainly due to the optimization of our project portfolio and strategic expansion of commercial properties business during the Year.

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

Source of projects	2024		As of December 31, 2023		Change	
	GFA under	Proportion of	GFA under	Proportion of	GFA under	Growth rate
	management	GFA under	management	GFA under	management	
	sq.m. in thousands	%	sq.m. in thousands	%	sq.m. in thousands	%
Related parties	16,141	68.5	14,961	64.9	1,180	7.9
Third parties	7,437	31.5	8,090	35.1	-653	-8.1
Total	23,578	100	23,051	100	527	-2.3

Note : The decrease in GFA under the management of the Group in respect of projects from third parties during the Year 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:

Source of projects	For the year ended/As at December 31,									
	2024					2023				
	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	184,952	55.4	12,920	54.8	37	182,570	57.5	13,105	56.8	40
Non-residential properties										
(1) Commercial properties	96,128	28.8	4,105	17.4	40	77,923	24.6	2,925	12.7	33
(2) Others	52,608	15.8	6,553	27.8	20	56,797	17.9	7,021	30.5	22
Total	333,688	100	23,578	100.0	97	317,290	100.0	23,051	100	95

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 December 31, 2024, we managed a total of 60 non-residential properties, with an aggregate GFA of non-residential properties under management of 10.7 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 21.3% 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	For the year ended December 31,			
	2024		2023	
	<i>RMB'000</i>	<i>Percentage of revenue %</i>	<i>RMB'000</i>	<i>Percentage of revenue %</i>
Design services	39,079	30.1	35,636	21.2
Landscaping services	74,606	57.5	109,831	65.4
Preliminary property management services	11,530	8.9	14,489	8.6
Pre-delivery services	2,520	1.9	4,645	2.8
Others customized services	2,060	1.6	3,340	2.0
Total	129,795	100.0	167,941	100.0

For the Year, the Group's revenue from value-added services to non-property owners amounted to approximately RMB129.8 million, representing a decrease of approximately 22.7% over the corresponding period in 2023, mainly due to (i) the decrease in the number of projects delivered by property developers during the Year resulting from the downturn of the real estate market, which led to the decrease in the revenue from pre-delivery services; (ii) the decrease in the revenue from landscaping services resulting from the disposal of subsidiary.

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 23.9% 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	For the year ended December 31,			
	2024		2023	
	Percentage		Percentage	
	of revenue		of revenue	
	RMB'000	%	RMB'000	%
Parking space management services	44,047	30.3	41,874	30.8
Community living services	61,524	42.3	50,745	37.4
Utility management services	31,700	21.8	32,959	24.3
Community space and resource management services	8,165	5.6	10,212	7.5
Total	145,436	100.0	135,790	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 Year, the Group's revenue from community value-added services amounted to approximately RMB145.4 million, representing an increase of approximately 7.1% as compared with the corresponding period of 2023, primarily due to the increase in the scale of our community sales and community group meals businesses.

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	For the year ended December 31,				
	2024		2023		Growth Rate
	<i>RMB'000</i>	<i>Percentage of revenue %</i>	<i>RMB'000</i>	<i>Percentage of revenue %</i>	
Property management services	333,688	54.8	317,290	33.2	5.2
Value-added services to non-property owners	129,795	21.3	167,941	17.6	-22.7
Community value-added services	145,435	23.9	135,790	14.2	7.1
Real estate ¹	–	–	310,932	32.5	–
Leasing ¹	–	–	24,650	2.6	–
Total	608,919	100.0	956,603	100.0	-36.3

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

For the Year, the total revenue of the Group was approximately RMB608.9 million (2023: approximately RMB956.6 million), representing a decrease of approximately 36.3% as compared with the same period in 2023, primarily due to the restatement of data after the Acquisition. It also represents a decrease of approximately 2.0% as compared with the same period in 2023 before the restatement (the total revenue of the Group as of 2023 before the restatement was approximately RMB621.0 million), 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 22.7% from RMB167.9 million for the same period in 2023 to RMB129.8 million for the Year, mainly due to (i) the decrease in the number of projects delivered by property developers during the Year resulting from the downturn of the real estate market, which led to the decrease in the revenue from pre-delivery services; (ii) the decrease in the revenue from landscaping services resulting from the disposal of subsidiary.

Community value-added services: The revenue of our community value-added services increase by 7.1% from RMB135.8 million for the same period in 2023 to RMB145.4 million for the Year, primarily due to the increase in the scale of our community sales and community group meals businesses.

Property management services: The revenue of our property management services increased by 5.2% from RMB317.3 million for the same period in 2023 to RMB333.7 million for the Year, primarily due to the optimization of our project portfolio and strategic expansion of commercial properties business during the Year.

Cost of Sales

For the Year, the cost of sales of the Group was approximately RMB493 million (2023: approximately RMB826.3 million), representing a decrease of approximately 40.3% as compared with the same period in 2023, primarily due to the restatement of data after the Acquisition. It also represents a decrease of approximately 2.2% as compared with the same period in 2023 before the restatement (the cost of sales of the Group as of 2023 before the restatement was approximately RMB504 million), due to (i) the decrease in the number of projects delivered by property developers during the Year resulting from the downturn of the real estate market, which led to the decrease in the cost of pre-delivery services; (ii) the decrease in the cost of landscaping services resulting from the disposal of subsidiary.

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 type for the periods indicated:

	For the year ended December 31,			
	2024		2023	
	Gross profit	margin	Gross profit	margin
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	53,950	16.2	57,049	18.0
Value-added services to non-property owners	24,070	18.5	23,376	13.9
Community value-added services	37,918	26.1	36,640	27.0
Real estate	–	–	6,379	2.1
Leasing	–	–	6,816	27.7
Total	<u>115,938</u>	<u>19.0</u>	<u>130,260</u>	<u>13.6</u>

For the Year, our gross profit was approximately RMB115.9 million, representing a decrease of 11% as compared with RMB130.3 million for the same period in 2023, primarily due to the restatement of data after the Acquisition. It also represents a decrease of approximately 1% as compared with the same period in 2023 before the restatement (the gross profit of the Group as of 2023 before the restatement was approximately RMB117.1 million), primarily due to the decline in gross profit of property management services during the period. The gross profit margin of the Group increased from approximately 13.6% in the same period in 2023 to approximately 19%, primarily due to the restatement of data after the Acquisition. The gross profit margin remained stable as compared with the same period in 2023 before the restatement (the gross profit of the Group as of 2023 before the restatement was approximately 18.9%).

For the Year, the gross profit margin of property management services of the Group was approximately 16.2% (2023: approximately 18%). The drop in the gross profit margin as compared with the corresponding period 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 has reduced the overall gross profit margin.

The gross profit margin of value-added services to non-property owners of the Group was approximately 18.5% (2023: approximately 13.9%). The rise in the gross profit margin of value-added services to non-property owners as compared with the corresponding period 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 26.1% (2023: approximately 27.0%). The drop in the gross profit margin as compared with the corresponding period was due to innovative business models, increase in customer stickiness and expansion of the scale of community group meals business with lower gross profit margins.

Administrative and Other Expenses

For the Year, the total administrative expenses of the Group were approximately RMB55.3 million, representing an decrease of approximately 7.2% from approximately RMB59.5 million for the same period in 2023, which was primarily due to the optimization of management structure and reduction of intermediary agency fees during the period.

Other Income

For the Year, other income was approximately RMB1.4 million, representing a decrease of approximately 50% from approximately RMB2.8 million for the same period in 2023, primarily due to the decrease in exemption of value-added tax.

Non-operating income

For the Year, non-operating income was approximately RMB8.3 million, representing an increase of approximately RMB8.2 million as compared with approximately RMB0.1 million for the same period in 2023, primarily due to the receipt of government subsidy for the Listing during the period.

Profit for the Year

Our profit for the Year was approximately RMB45.1 million, representing a decrease of approximately 1.7% from approximately RMB45.9 million for the same period in 2023, primarily due to the restatement of data after the Acquisition. It also represents an increase of approximately 12.1% as compared with the same period in 2023 before the restatement (the profit for the year of the Group as of 2023 before the restatement was approximately RMB40.3 million).

Current Assets

As of December 31, 2024, the current assets of the Group were approximately RMB825.3 million, representing an increase of 2.8% as compared with approximately RMB803.1 million as of December 31, 2023. As of December 31, 2024, the current ratio (current assets divided by current liabilities) of the Group was approximately 2.3 times (December 31, 2023: approximately 2.1 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 of December 31, 2024, the Group's fixed assets and right-of-use assets amounted to approximately RMB49.7 million, representing a decrease of approximately RMB2.8 million as compared with approximately RMB52.5 million as of December 31, 2023, primarily due to the depreciation of fixed assets and right-of-use assets during the Year.

Trade and Bills Receivables

Our trade and bills receivables increased from RMB313.4 million as of December 31, 2023 to RMB322.8 million as of December 31, 2024, primarily due to the increase in bills receivables received at the end of the period that have not yet reached the acceptance period as a result of the downturn of the real estate market in the PRC. We will continue to vigorously put various measures in place to ensure timely collection of trade and bills receivables.

Prepayments, Deposits and Other Receivables

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

As of December 31, 2024, prepayments, deposits and other receivables amounted to approximately RMB6.5 million, representing a decrease of approximately RMB3 million as compared with approximately RMB9.5 million as of December 31, 2023, primarily attributable to the enhancement in our management on other receivables, resulting in the collection of overdue deposits and contract performance deposits in a timely manner.

Trade Payables

As of December 31, 2024, trade payables amounted to approximately RMB165.8 million, representing an decrease of approximately RMB35.9 million as compared with approximately RMB201.7 million as of December 31, 2023, primarily attributable to reduction in the outsourcing fees for landscaping and property management services due to the disposal of subsidiaries during the period, resulting in a reduction in the scale of trade payables.

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 of December 31, 2024, accrued expenses and other payables amounted to approximately RMB84.2 million, representing a decrease of approximately RMB4.4 million as compared with approximately RMB88.6 million as of December 31, 2023, which was relatively stable as compared with December 31, 2023.

Liquidity and Capital Resources

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

Cash and Cash Equivalents

As of December 31, 2024, the Group's cash and cash equivalents amounted to approximately RMB425.2 million, representing an increase of 3.2% as compared with approximately RMB412.1 million as of December 31, 2023, primarily due to the enhancement in accounts receivable management during the Year, which resulted in an increase in the recovery of property management fees and design fees.

Such cash and cash equivalents included approximately RMB425.2 million (December 31, 2023: RMB412.1 million) denominated in RMB and approximately RMB0.024 million (December 31, 2023: RMB0.003 million) denominated in HK\$, calculated based on the exchange rate as of December 31, 2024.

Interest-bearing Borrowings

Our interest-bearing borrowings was RMB8.01 million as of December 31, 2024, all denominated in RMB with maturity on March 25, 2025, and interest on borrowings at the fixed rate of 3.5% per annum.

Pledge of Assets

As at December 31, 2024, we had not pledge any of our assets (December 31, 2023: RMB2.3 million).

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 38.8% as of December 31, 2024 (December 31, 2023: 41.6%).

Significant Investments, Material Acquisitions and Disposals

Connected Transaction in relation to the Acquisition of the Equity Interest in Daantong

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

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

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

Discloseable and Connected Transaction in relation to the Disposal of 100% of the Equity Interest in Urban Development Furbishing

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

Immediately upon the completion of the Equity Disposal Agreement, Urban Development Furbishing has been owned by Shandong Urban as to 100% of its equity interest, and following the disposal of the 100% of the equity interest in Urban Development Furbishing by the Company pursuant to the Equity Disposal Agreement, the Company has ceased to have any interest in Urban Development Furbishing and, accordingly, the financial results of Urban Development Furbishing has no longer been consolidated in the Group’s accounts.

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.

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

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 Year. 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 of December 31, 2024.

Proceeds from the Listing

The H Shares were successfully listed on the Stock Exchange on July 8, 2022, 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 percentage set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus 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 of December 31, 2024, the Group had 1,405 employees (as of December 31, 2023: 1,437 employees). During the Year, we have adjusted the composition of our remuneration in line with the industry conditions and strengthened the incentives for value-added operations, investment development and other specialized businesses in order to fully motivate our employees. Compensation for employees of the Group is made with reference to the market as well as the nature of work and individual performance. The Group regularly makes necessary adjustments to the remuneration policies and packages to accommodate the pay levels in the industry.

During the Year, 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.

Subsequent Event

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

On March 21, 2025 (after trading hours of the Stock Exchange), the Company entered into the capital increase agreement (the “**Capital Increase Agreement**”) with Shandong Commercial Real Estate Development Co., Ltd.* (山東省城發建設管理有限公司) (“**Shandong Commercial Real Estate**”) (as investor) and Shandong Blue Shore Garden Engineering Co., Ltd* (山東藍岸園林工程有限公司) (“**Shandong Blue Shore**”) (as target company), pursuant to which Shandong Commercial Real Estate has conditionally agreed to inject capital in the amount of RMB36,320,000.00 (equivalent to approximately HK\$39,053,763.00) into Shandong Blue Shore 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 Shandong Blue Shore, respectively (the “**Capital Increase**”).

The Capital Increase pursuant to the Capital Increase Agreement constitutes a disclosable and connected transaction of the Company and is therefore subject to the reporting, announcement, circular, independent financial advice and the independent Shareholders’ approval requirements pursuant to the Listing Rules.

For details of the Capital Increase, please refer to the announcement of the Company dated March 21, 2025 in respect of the Capital Increase.

Save as disclosed above, no events has taken place subsequent to December 31, 2024 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 as its own code of corporate governance.

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

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

With effect from April 26, 2024, Mr. Wang resigned from the role of general manager of the Company. From April 26, 2024 to October 31, 2024, Mr. Liu Jiapeng, deputy general manager of the Company, had been temporarily fulfilling the responsibilities of the general manager before the appointment of Mr. NING Daoju as the general manager of the Company with effect from November 1, 2024. Therefore, the Company has complied with Code provision C.2.1 of the Corporate Governance Code since April 26, 2024.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as a code of conduct for securities transactions by the Directors and Supervisors.

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

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 Year (including sale of treasury shares). As of the end of the Year, no treasury shares were held by the Company.

REVIEW OF ANNUAL RESULTS

The Company established the Audit Committee in compliance with the Appendix C1 to the Listing Rules. The Audit Committee has reviewed the annual financial results for the Year and considers that the annual financial results are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

FINAL DIVIDEND

The Board has resolved to recommend the distribution of a final dividend in cash of RMB0.1080 per share of the Company (before tax) for the year ended December 31, 2024 (2023: nil).

2024 AGM

The 2024 AGM will be convened and held on Friday, June 27, 2025. The notice of the 2024 AGM will be published on the Company's website (www.lushangfuwu.com) and the website of the Stock Exchange (www.hkexnews.hk) and provided to the Shareholders in the manner prescribed under the Listing Rules in due course.

Closure of Register of Members

- (i) For the purpose of determining the Shareholders' entitlement to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Tuesday, June 24, 2025 to Friday, June 27, 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify the Shareholders to attend and vote at the 2024 AGM, all the completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for H shareholders) or to the registered office of the Company at Room 202, Block 2, Lushang Guo'ao City, No. 9777 Jingshi Road Lixia District, Jinan, Shandong, PRC (for domestic shareholders) no later than 4:30 p.m. on Monday, June 23, 2025 for registration. Shareholders whose names appear on the register of members of the Company on Friday, June 27, 2025 are entitled to attend and vote at the 2024 AGM.

(ii) *Payment of the Proposed Final Dividend*

For the purpose of determining the Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Friday, July 4, 2025 to Wednesday, July 9, 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify the Shareholders to be entitled to the proposed final dividend, all the completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for H shareholders) or to the registered office of the Company at Room 202, Block 2, Lushang Guo'ao City, No. 9777 Jingshi Road Lixia District, Jinan, Shandong, PRC (for domestic shareholders) no later than 4:30 p.m. on Thursday, July 3, 2025 for registration. It is expected that the proposed final dividend, if approved by the Shareholders at the 2024 AGM, will be paid on or before Friday, August 1, 2025 to Shareholders whose names appear on the register of members of the Company on Wednesday, July 9, 2025.

SCOPE OF WORK OF SHINEWING

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the Year as set out in this announcement have been agreed by the Company's independent auditor, ShineWing, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by ShineWing in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by ShineWing on this announcement.

PUBLICATION OF ANNUAL RESULTS AND 2024 ANNUAL REPORT

This announcement is published on the websites of the Company (www.lushangfuwu.com) and the Stock Exchange (www.hkexnews.hk). The 2024 annual report will be provided to the Shareholders and will be made available on the websites of the Company and the Stock Exchange as and when appropriate.

DEFINITIONS

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

“2024 AGM”	the 2024 annual general meeting of the Company to be convened and held on June 27, 2025
“Acquisition”	acquisition of the equity interest in Shandong Lujian, as referred to in the Acquisition Announcement
“Acquisition Announcement”	the announcement of the Company dated February 27, 2024, in relation to, amongst other things, the Acquisition and the Equity Interest Transfer Agreement
“associate”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors

“CASBE”	China Accounting Standards for Business Enterprises
“China” or “PRC”	the People’s Republic of China
“CIA”	the China Index Academy
“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
“Daantong”	Daantong (Shandong) Mechanical and Electrical Equipment Engineering Co., Ltd.* (達安通 (山東) 機電設備工程有限責任公司), formerly known as Shandong Lujian Property Management Limited* (山東魯健產業管理有限公司), a company established in the PRC with limited liability and is owned by Lushang Freda as to 100% of its equity interest as at the date of the Acquisition Announcement
“Director(s)”	the directors of the Company
“Equity Interest Transfer Agreement”	the equity interest transfer agreement in relation to, amongst other things, the Acquisition, as referred to in the Acquisition Announcement

“Equity Disposal Agreement”	the equity transfer agreement dated February 27, 2024 entered into between the Company, Shandong Urban and Rural Development Group Co., Ltd.* (山東省城鄉發展集團有限公司) and Urban Development Furbishing in relation to the disposal of 100% of the equity interest in Urban Development Furbishing by the Company
“GFA”	gross floor area
“Group”, “we”, “our” or “us”	the Company and its subsidiaries
“H Shares”	the ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are listed on the Main Board of the Stock Exchange and subscribed for and traded in Hong Kong dollars
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the H Shares on the Stock Exchange
“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 of the Company

“Lushang Freda Group”	Lushang Freda and its subsidiaries which, for the purpose of this announcement and unless the context otherwise requires, excludes the Group
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Prospectus”	the prospectus of the Company dated June 27, 2022
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	State-owned Assets and Supervision and Administration Commission
“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 of the Company
“Shandong Commercial Group”	Shandong Commercial and its subsidiaries which, for the purpose of this announcement and unless the context otherwise requires, excludes the Group
“Shareholder(s)”	shareholder(s) 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisors”	the supervisors of the Company

“treasury shares”	has the meaning ascribed to it under the Listing Rules
“Urban Development Furbishing”	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 HuiBangDa Furbishing Engineering Co., Ltd.* (山東省匯邦達裝飾工程有限公司), a company incorporated in the PRC with limited liability, a wholly-owned subsidiary of the Company as at the date of this announcement and immediately prior to completion of the disposal of 100% of the equity interest in it by the Company pursuant to the Equity Disposal Agreement
“Year”	the year ended December 31, 2024

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

Jinan, the PRC, March 21, 2025

As at the date of this announcement, the Board comprises Mr. WANG Zhongwu as Chairman and executive Director, Mr. NING Daoju and Mr. SHAO Meng as executive Directors, 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.