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**ROISERV 榮万家**

**Roiserv Lifestyle Services Co., Ltd.**

**榮萬家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: 2146)**

## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2022**

### **FINANCIAL SUMMARY**

- The Group's net profit decreased by approximately 26.7% from approximately RMB247.2 million for the six months ended June 30, 2021 to approximately RMB181.0 million for the six months ended June 30, 2022. Net profit margin decreased by 2.1 percentage points from 19.1% for the six months ended June 30, 2021 to 17.0% for the six months ended June 30, 2022.
- Profit attributable to the owners of the Company decreased by approximately 26.8% from approximately RMB247.2 million for the six months ended June 30, 2021 to approximately RMB180.9 million for the six months ended June 30, 2022.
- The Group's gross profit decreased by approximately 28.8% from approximately RMB449.9 million for the six months ended June 30, 2021 to approximately RMB320.1 million for the six months ended June 30, 2022. The gross profit margin decreased by approximately 4.8 percentage points from approximately 34.9% for the six months ended June 30, 2021 to approximately 30.1% for the six months ended June 30, 2022.
- The Group's total revenue decreased by approximately 17.6% from approximately RMB1,290.8 million for the six months ended June 30, 2021 to approximately RMB1,063.6 million for the six months ended June 30, 2022.

### **INTERIM RESULTS**

The board (the "**Board**") of directors (the "**Directors**") of Roiserv Lifestyle Services Co., Ltd. (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended June 30, 2022 (the "**Period**" or the "**Relevant Period**") with the comparative figures for the corresponding period in 2021 as follows:

## CONSOLIDATED BALANCE SHEET

Prepared by: Roiserv Lifestyle Services Co., Ltd.

Unit:RMB

Items	Notes	June 30, 2022	December 31, 2021
<b>Current assets:</b>			
Cash at bank and on hand		991,670,910.58	926,633,390.26
Settlement reserve		0	0
Placements with banks and non-bank financial institutions		0	0
Financial assets held-for-trading		32,997,979.28	537,573,993.31
Derivative financial assets		0	0
Notes receivable	II. 3	109,660,572.25	123,938,656.81
Accounts receivable	II. 4	1,582,041,308.19	1,394,462,161.75
Receivables financing		0	0
Prepayments	II. 5	95,126,759.65	98,890,302.83
Insurance premium receivable		0	0
Reinsurance premium receivable		0	0
Reserves for reinsurance contracts receivable		0	0
Other receivables	II. 6	637,606,657.63	251,482,997.88
Including: Interest receivable		0	0
Dividends receivable		0	0
Financial assets purchased under agreements to resell		0	0
Inventories		40,576,993.51	39,979,912.62
Contract assets		29,848,435.69	68,188,304.46
Assets held for sale		0	0
Non-current assets due within one year		1,912,139.76	3,825,645.76
Other current assets		11,065,499.21	22,002,342.94
<b>Total current assets</b>		<b>3,532,507,255.75</b>	<b>3,466,977,708.62</b>

Items	Notes	June 30, 2022	December 31, 2021
<b>Non-current assets:</b>			
Loans and advances granted		0	0
Debt investments		0	0
Other debt investments		0	0
Long-term receivables		7,532,098.07	8,104,930.99
Long-term equity investments		103,482,149.73	103,482,149.73
Investments in other equity instruments		0	0
Other non-current financial assets		0	0
Investment properties		59,220,600.00	61,334,300.00
Fixed assets		19,134,373.09	19,286,920.33
Construction in progress		0	0
Productive biological assets		0	0
Oil and gas assets		0	0
Right-of-use assets		502,638.11	663,244.66
Intangible assets	II. 7	7,158,093.01	7,843,466.17
Development expenses		0	0
Goodwill		0	0
Long-term prepaid expenses		11,045,041.51	10,987,078.72
Deferred income tax assets		47,545,857.65	42,495,591.22
Other non-current assets		0	0
<b>Total non-current assets</b>		<b>255,620,851.17</b>	<b>254,197,681.82</b>
<b>Total assets</b>		<b>3,788,128,106.92</b>	<b>3,721,175,390.44</b>

Items	Notes	June 30, 2022	December 31, 2021
<b>Current liabilities:</b>			
Short-term borrowings		0	0
Loans from central bank		0	0
Placements from banks and other financial institutions		0	0
Financial liabilities held-for-trading		0	0
Derivative financial liabilities		0	0
Notes payable		0	0
Accounts payable	II. 8	636,068,959.50	671,105,986.85
Receipt in advance	II. 9	3,169,527.05	4,306,305.02
Contract liabilities	II. 10	398,710,315.29	412,355,414.96
Amount from sales of repurchased financial assets		0	0
Deposits from customers and other banks		0	0
Brokerage for securities trading		0	0
Brokerage for underwriting securities		0	0
Staff remuneration payable		65,072,441.74	76,157,284.88
Taxes payable		89,255,075.76	82,244,925.52
Other payables	II. 11	398,551,577.91	463,115,219.06
Including: Interest payable		0	0
Dividends payable		0	0
Fee and commission payable		0	0
Reinsured accounts payable		0	0
Liabilities held for sale		0	0
Non-current liabilities due within one year		2,853,191.52	3,825,645.76
Other current liabilities		23,312,739.53	18,488,044.58
<b>Total current liabilities</b>		<b>1,616,993,828.30</b>	<b>1,731,598,826.63</b>

Items	Notes	June 30, 2022	December 31, 2021
<b>Non-current liabilities:</b>			
Reserves for insurance contracts		0	0
Long-term borrowings		0	0
Bonds payable		0	0
Including: Preference shares		0	0
Perpetual bonds		0	0
Lease liabilities		7,283,329.37	9,090,377.26
Long-term payables		0	0
Long-term staff remuneration payable		0	0
Estimated liabilities		0	0
Deferred income		0	0
Deferred income tax liabilities		2,690,820.13	3,926,248.64
Other non-current liabilities		0	0
<b>Total non-current liabilities</b>		<b>9,974,149.50</b>	<b>13,016,625.90</b>
<b>Total liabilities</b>		<b>1,626,967,977.80</b>	<b>1,744,615,452.53</b>
<b>Shareholders' interests:</b>			
Share capital	II. 12	376,000,000.00	376,000,000.00
Other equity instruments		0	0
Including: Preference shares		0	0
Perpetual bonds		0	0
Capital reserve	II. 13	1,074,174,218.66	1,070,659,130.78
Less: Treasury shares		0	0
Other comprehensive income		0	0
Special reserve		0	0
Surplus reserve	II. 14	83,377,706.14	68,458,186.26
Provision for general risks		0	0
Undistributed profit		625,311,642.76	459,319,132.27
<b>Total interests attributable to shareholders of the parent company</b>		<b>2,158,863,567.56</b>	<b>1,974,436,449.31</b>
Minority interests		2,296,561.56	2,123,488.60
<b>Total shareholders' interests</b>		<b>2,161,160,129.12</b>	<b>1,976,559,937.91</b>
<b>Total liabilities and shareholders' interests</b>		<b>3,788,128,106.92</b>	<b>3,721,175,390.44</b>

## CONSOLIDATED INCOME STATEMENT

Prepared by: Roiserv Lifestyle Services Co., Ltd.

Unit: RMB

Items	Notes	January to June 2022	January to June 2021
<b>I. Total operating income</b>		<b>1,063,574,349.30</b>	1,290,819,169.25
Including: Operating income	II. 15	<b>1,063,574,349.30</b>	1,290,819,169.25
Interest income		<b>0</b>	0
Premium earned		<b>0</b>	0
Fee and commission income		<b>0</b>	0
<b>II. Total operating costs</b>		<b>808,484,819.62</b>	950,615,239.97
Including: Operating cost	II. 15	<b>743,419,941.83</b>	840,842,562.72
Interest expense		<b>0</b>	0
Fee and commission expenses		<b>0</b>	0
Refunded premiums		<b>0</b>	0
Net amount of compensation payout		<b>0</b>	0
Net provisions for insurance contracts reserve		<b>0</b>	0
Policy dividend payment		<b>0</b>	0
Reinsured expenses		<b>0</b>	0
Taxes and surcharges		<b>5,775,947.74</b>	0
Selling expenses		<b>3,039,064.28</b>	8,413,549.10
Administrative expenses		<b>76,491,405.11</b>	103,613,994.80
Research and development expenses		<b>0</b>	0
Finance cost		<b>-20,241,539.34</b>	-2,254,866.65
Including: Interest expenses		<b>0</b>	0
Interest income		<b>729,659.84</b>	4,102,238.71
Add: Other income		<b>7,020,137.34</b>	3,970,668.85
Investment income (loss expressed with “-”)		<b>19,648,761.97</b>	532,847.13
Including: Income from investment in associates and joint ventures		<b>0</b>	0
Derecognition income of financial assets measured at amortized cost		<b>0</b>	0
Exchange gain (loss expressed with “-”)		<b>0</b>	0
Net gain on exposure hedging (loss expressed with “-”)		<b>0</b>	0
Gain on change in fair value (loss expressed with “-”)		<b>-4,576,014.03</b>	-620,100.00
Loss on impairment of credit (loss expressed with “-”)		<b>-33,307,510.99</b>	-13,355,908.75
Loss on impairment of assets (loss expressed with “-”)		<b>2,194,952.63</b>	0
Gains from disposal of asset (loss expressed with “-”)		<b>-10,100.13</b>	0

Items	Notes	January to June 2022	January to June 2021
<b>III. Operating profit (loss expressed with “-”)</b>		<b>246,059,756.47</b>	330,731,436.51
Add: Non-operating income		<b>491,731.15</b>	422,619.60
Less: Non-operating expenses		<b>1,413,672.11</b>	2,450,924.18
<b>IV. Total profit (total loss expressed with “-”)</b>		<b>245,137,815.51</b>	328,703,131.93
Less: Income tax expenses	<i>II. 16</i>	<b>64,112,712.18</b>	81,453,724.43
<b>V. Net profit (net loss expressed with “-”)</b>		<b>181,025,103.33</b>	247,249,407.50
<b>(I) By continuity of operations</b>		<b>181,025,103.33</b>	247,249,407.50
1. Net profit from continuing operations (net loss expressed with “-”)		<b>181,025,103.33</b>	247,249,407.50
2. Net profit from discontinued operations (net loss expressed with “-”)		<b>0</b>	0
<b>(II) By ownership</b>		<b>181,025,103.33</b>	247,249,407.50
1. Net profit attributable to owners of parent company (net loss expressed with “-”)		<b>180,912,030.37</b>	247,245,995.50
2. Gain or loss attributable to minority interests (net loss expressed with “-”)		<b>113,072.96</b>	3,412.00
<b>VI. Net other comprehensive income after tax</b>		<b>0</b>	0
Net other comprehensive income after tax attributable to owners of the parent company		<b>0</b>	0
<b>(I) Other comprehensive income that may not be subsequently reclassified to profit and loss</b>		<b>0</b>	0
1. Change in remeasurement of defined benefit plans		<b>0</b>	0
2. Other comprehensive income that may not be reclassified to profit or loss under equity method		<b>0</b>	0
3. Change in fair value of investments in other equity instruments		<b>0</b>	0
4. Change in the fair value of the company’s own credit risk		<b>0</b>	0
5. Others		<b>0</b>	0

Items	Notes	January to June 2022	January to June 2021
(II) Other comprehensive income that will be subsequently reclassified to profit or loss		0	0
1. Other comprehensive income that may be reclassified to profit or loss under equity method		0	0
2. Change in fair value of other debt investments		0	0
3. Amount included in other comprehensive income on reclassification of financial assets		0	0
4. Provision for credit impairment of other debt investments		0	0
5. Cash flow hedges reserve (effective part of hedging gains and losses from cash flows)		0	0
6. Exchange differences arising from translation of foreign currency financial statements		0	0
7. Others		0	0
Net other comprehensive income after tax attributable to minority interests		0	0
<b>VII. Total comprehensive income</b>		<b>181,025,103.33</b>	247,249,407.50
Total comprehensive income attributable to shareholders of the parent company		<b>180,912,030.37</b>	247,245,995.50
Total comprehensive income attributable to minority interests		<b>113,072.96</b>	3,412.00
<b>VIII. Earnings per share:</b>			
(I) Basic earnings per share (RMB/share)		<b>0.48</b>	0.67
(II) Diluted earnings per share (RMB/share)		<b>0.48</b>	0.67

# NOTES TO THE ITEMS IN THE FINANCIAL STATEMENTS

## I. GENERAL INFORMATION

### 1 General Information

Roiserv Lifestyle Services Co., Ltd. (the “**Company**”) was incorporated in the People’s Republic of China (the “**PRC**”) on November 2, 2000 as a limited liability company under the Company Law of the PRC. The address of the Company’s registered office is East Daxiang Line and North Heyuan Road (within Xianghe Xiandai Water Industry Co., Ltd), Jiangxintun Town, Xianghe County, Langfang, Hebei Province, PRC.

The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the provision of property management and related value-added services in the PRC.

The Company’s parent company was RiseSun Real Estate Development Co. Ltd. (“**RiseSun Development**”), a company incorporated in the PRC and whose shares are listed on Shenzhen Stock Exchange Co., Ltd. RiseSun Development and its subsidiaries excluding the Group are referred to as RiseSun Group. The ultimate holding company is RiseSun Holding Co., Ltd. (the “**Ultimate Controlling Company**”), a limited liability investment holding company incorporated in the PRC.

On April 23, 2020, the Company was converted from a limited liability company into a joint stock company with limited liability.

On January 15, 2021, the Company’s H shares were listed (the “**Listing**”) on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1 Basis for Preparation

The Company is incorporated in the PRC and its overseas listed foreign shares have been listed on the Stock Exchange since January 15, 2021. It has adopted Hong Kong Financial Reporting Standards (the “**HKFRSs**”) for the preparation of its prospectus (the “**Prospectus**”) dated December 31, 2020 and its subsequent financial statements. In order to improve working efficiency and lower the cost for preparing two sets of financial statements in accordance with the PRC accounting standards as well as the HKFRSs, on February 18, 2022, the Board considered and approved to prepare the Company’s financial statements and disclose relevant financial information in accordance with the China Accounting Standards for Business Enterprises (“**CASBE**”) starting from the annual report for the year ended December 31, 2021, subject to the approval by shareholders at the extraordinary general meeting (the “**EGM**”) of the Company to be convened and held in relation to the corresponding changes to be made to the articles of association (the “**Articles of Association**”) of the Company in this regard. The EGM was held and approved the corresponding changes to the Articles of Association on March 8, 2022.

There was no difference in net assets and net profit in the Company’s financial reports disclosed under the CASBE and HKFRSs for the same period in June 2021.

### 2 Going Concern

The Group has a recent history of profitable operation and financial resources to support it, and believes that it is reasonable to prepare financial statements on a going concern basis.

### 3 Notes Receivable

Types	Book balance		June 30, 2022 Provision for bad debts		Carrying Value
	Amount	Percentage	Amount	Provision	
		(%)		Percentage	
Provision for bad debts made on an individual basis	0.00	0.00	0.00	0.00	0.00
Provision for bad debts made on a collective basis	117,653,668.50	100.00	7,993,096.25	6.79	109,660,572.25
Including: the aging portfolio	117,653,668.50	100.00	7,993,096.25	6.79	109,660,572.25

  

Types	Book balance		December 31, 2021 Provision for bad debts		Carrying Value
	Amount	Percentage	Amount	Provision	
		(%)		Percentage	
Provision for bad debts made on an individual basis	0.00	0.00	0.00	0.00	0.00
Provision for bad debts made on a collective basis	132,248,637.14	100.00	8,309,980.33	6.28	123,938,656.81
Including: the aging portfolio	132,248,637.14	100.00	8,309,980.33	6.28	123,938,656.81

### 4 Accounts Receivable

Types	Book balance		June 30, 2022 Provision for bad debts		Carrying Value
	Amount	Percentage	Amount	Provision	
		(%)		Percentage	
Provision for bad debts made on a collective basis	1,713,017,040.40	100	130,975,732.21	7.65	1,582,041,308.19
Including: the aging portfolio	1,713,017,040.40	100.00	130,975,732.21	7.65	1,582,041,308.19

  

Types	Book balance		December 31, 2021 Provision for bad debts		Carrying Value
	Amount	Percentage	Amount	Provision	
		(%)		Percentage	
Provision for bad debts made on a collective basis	1,490,507,612.11	100	96,045,450.36	6.44	1,394,462,161.75
Including: the aging portfolio	1,490,507,612.11	100	96,045,450.36	6.44	1,394,462,161.75

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

<b>Aging</b>	<b>June 30, 2022</b>
Up to 1 year (inclusive)	1,357,964,122.09
1-2 years	298,307,579.07
2-3 years	53,328,343.46
3-4 years	1,532,197.08
4-5 years	777,018.59
Over 5 years	1,107,780.11
<b>Total</b>	<b><u><u>1,713,017,040.40</u></u></b>

**5 Prepayments**

<b>Items</b>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
	<b>Amount</b>	<b>Percentage (%)</b>	<b>Amount</b>	<b>Percentage (%)</b>
Up to 1 year	63,037,859.76	66.27	74,504,444.73	75.34
1-2 years	29,870,890.22	31.40	23,140,673.73	23.4
2-3 years	2,218,009.67	2.33	1,245,184.37	1.26
<b>Total</b>	<b><u><u>95,126,759.65</u></u></b>	<b><u><u>100.00</u></u></b>	<b><u><u>98,890,302.83</u></u></b>	<b><u><u>100</u></u></b>

**6 Other Receivables**

<b>Items</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Other receivables	686,974,929.66	302,889,098.65
Provision for bad debts	-49,368,272.03	-51,406,100.77
<b>Total</b>	<b><u><u>637,606,657.63</u></u></b>	<b><u><u>251,482,997.88</u></u></b>

<b>Aging</b>	<b>June 30, 2022</b>
Up to 1 year (inclusive)	540,764,133.93
1-2 years	85,863,861.09
2-3 years	6,369,789.28
Over 3 years	53,977,145.36
Including: 3-4 years	31,058,408.18
4-5 years	18,449,637.62
Over 5 years	4,469,099.56
<b>Total</b>	<b><u><u>686,974,929.66</u></u></b>

7 Intangible Assets

Items	Right-of-use of software
<b>I. Original carrying amount</b>	–
1. Opening balance	10,797,725.22
2. Increase in the current period	17,591.15
Including: Purchases	17,591.15
3. Decrease in the current period	42,255.83
Including: Disposals	42,255.83
4. Closing balance	10,773,060.54
<b>II. Accumulated amortisation</b>	–
1. Opening balance	2,954,259.05
2. Increase in the current period	662,215.20
Including: Provisions	662,215.20
3. Decrease in the current period	1,506.72
Including: Disposals	1,506.72
4. Closing balance	3,614,967.53
<b>III. Allowance for impairment</b>	–
1. Opening balance	0
2. Increase in the current period	0
Including: Provisions	0
3. Decrease in the current period	0
Including: Disposals	0
4. Closing balance	0
<b>IV. Carrying amount</b>	–
1. Closing carrying amount	7,158,093.01
2. Opening carrying amount	7,843,466.17

## 8 Trade Payables

### (1) Presentation of trade payables

Items	June 30, 2022	December 31, 2021
Construction fees	440,539,540.26	496,338,608.99
Service fees	130,013,566.31	104,345,452.55
Payments for goods purchased	65,515,852.93	70,421,925.31
<b>Total</b>	<b>636,068,959.50</b>	<b>671,105,986.85</b>

### (2) The aging analysis of trade payables (including amounts due to related parties) based on transaction dates is as follows

Aging	June 30, 2022	December 31, 2021
Up to 1 year	459,097,851.31	594,168,845.37
1-2 years	134,718,697.46	59,991,698.63
2-3 years	35,349,633.18	13,556,354.28
Over 3 years	6,902,777.55	3,389,088.57
<b>Total</b>	<b>636,068,959.50</b>	<b>671,105,986.85</b>

## 9 Receipt in Advance

Item	June 30, 2022	December 31, 2021
Rent	3,169,527.05	4,306,305.02

## 10 Contract Liabilities

Item	June 30, 2022	December 31, 2021
Prepayment of property management fees and construction fees	398,710,315.29	412,355,414.96
<b>Total</b>	<b>398,710,315.29</b>	<b>412,355,414.96</b>

## 11 Other Payables

Items	June 30, 2022	December 31, 2021
Interest payable	0	0
Dividends payable	0	0
Other payables	398,551,577.91	463,115,219.06
<b>Total</b>	<b>398,551,577.91</b>	<b>463,115,219.06</b>

## 12 Share Capital

Item	December 31, 2021	Issuance of new shares	Changes in current period (+ or -)			Subtotal	June 30, 2022
			Bonus share	Reserved funds converted into shares	Others		
Total shares	376,000,000.00	0.00	0	0	0	0.00	376,000,000.00

## 13 Capital Reserve

Items	December 31, 2021	Increase in the period	Decrease in the period	June 30, 2022
Equity premium	1,001,153,004.84	0	0	1,001,153,004.84
Other capital reserves	69,506,125.94	3,515,087.88	0	73,021,213.82
<b>Total</b>	<b>1,070,659,130.78</b>	<b>3,515,087.88</b>	<b>0.00</b>	<b>1,074,174,218.66</b>

*Note 1.* Movements in equity premium: no movements in the period.

*Note 2.* Movements in other capital reserves were due to the provisions made for share based payments in 2022.

## 14 Surplus Reserve

Item	December 31, 2021	Increase in the period	Decrease in the period	June 30, 2022
Statutory surplus reserve	68,458,186.26	14,919,519.88	0	83,377,706.14

## 15 Operating Revenue & Operating Cost

### (1) Operating revenue & operating cost

Items	Amount of the current period from January to June 2022		Amount of the previous period from January to June 2021	
	Revenue	Cost	Revenue	Cost
Principle operations	1,063,369,356.90	743,419,941.83	1,290,819,169.25	840,842,562.72
Other operations	204,992.40	0	0	0
<b>Total</b>	<b>1,063,574,349.30</b>	<b>743,419,941.83</b>	<b>1,290,819,169.25</b>	<b>840,842,562.72</b>

### (2) Income from contracts

Classification of contract	January to June in 2022	January to June in 2021
Goods	–	–
Including: Property management services	598,812,979.43	516,900,169.25
Value-added services to non-property owners	315,485,080.05	607,547,000.00
Community value-added services	149,276,289.82	166,372,000.00
Other services	0	0
<b>Total</b>	<b>1,063,574,349.30</b>	<b>1,290,819,169.25</b>
<b>Classified by region</b>	<b>January to June in 2022</b>	<b>January to June in 2021</b>
Including: Mainland of China	1,063,574,349.30	1,290,819,169.25
<b>Classified by contract term</b>	<b>–</b>	<b>–</b>
Including: Revenue recognised at a point in time	94,737,536.71	135,778,000.00
Revenue recognised over time	968,836,812.59	1,149,871,169.25
Other income sources	0	5,170,000.00
<b>Total</b>	<b>1,063,574,349.30</b>	<b>1,290,819,169.25</b>

## 16 Income Tax Expenses

Items	Amount for the current period	Amount for the previous period
Current income tax calculated on the basis of the tax laws and relevant regulations	70,390,287.81	84,258,616.70
— Corporate income taxes in Mainland of China	70,390,287.81	84,258,616.70
Deferred income tax expenses	<u>-6,277,575.63</u>	<u>-2,804,892.27</u>
<b>Total</b>	<b><u>64,112,712.18</u></b>	<b><u>81,453,724.43</u></b>

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

## 17 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	8.75%	0.48	0.48
Net profit attributable to the holders of ordinary shares of the parent company (excluding: extraordinary profit and loss)	<u>8.26%</u>	<u>0.45</u>	<u>0.45</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### OVERVIEW

The Group is a comprehensive property management service provider with a strategic service network across China. As of June 30, 2022, the Group had a total of 365 property management projects under management with an aggregate gross floor area (“GFA”) under management of approximately 71.4 million square metres (the “sq.m.”), covering 48 cities across 17 provinces, municipalities and autonomous regions in China. As of June 30, 2022, the Group was contracted to manage 470 property management projects with an aggregate contracted GFA of 97.0 million sq.m., covering 65 cities across 17 provinces, municipalities and autonomous regions in China.

The Group provides diversified services through three business lines, namely, property management services, value-added services to non-property owners and community value – added services. Its portfolio of property under management comprises (i) residential properties; and (ii) non-residential properties, including (a) commercial properties, such as shopping malls, office buildings and service apartments; and (b) public and other properties, such as industry parks, the Olympic Village, schools and parks.

#### BUSINESS MODEL

The Group owns three major businesses, namely (i) property management services; (ii) value-added services to non-property owners; and (iii) community value-added services, which constitute the comprehensive services that the Group provides to its customers, and cover the entire value chain of property management.

- **Property management services:** The Group provides property developers, property owners and residents with a wide range of property management services, primarily including security, cleaning, greening and gardening, and repair and maintenance services. Its portfolio of property under management comprises (i) residential properties; and (ii) non-residential properties, including (a) commercial properties, such as shopping malls, office buildings and serviced apartments; and (b) public and other properties, such as industry parks, the Olympic Village, schools and parks. During the six months ended June 30, 2022, all of the Group’s property management fees were charged on a lump sum basis.
- **Value-added services to non-property owners:** The Group offers a comprehensive range of value-added services to non-property owners, primarily property developers. These services primarily comprise (i) property engineering services; (ii) sales assistance services; and (iii) other services which primarily include preliminary planning and design consultancy services, property delivery services and after-sales services.
- **Community value-added services:** The Group provides community value-added services to property owners and residents. It categorizes these services into two types: (i) home-living services which primarily include community retail and commercial procurement services and home repairs, maintenance and housekeeping services; and (ii) property space management services which primarily include turnkey furnishing services and property brokerage services.

## PROPERTY MANAGEMENT SERVICES

### Continuous high-quality growth in GFA size

The Group has been rapidly expanding its property management service portfolio by obtaining new property management service contracts. As of June 30, 2022, its contracted GFA was approximately 97.0 million sq.m. under 470 projects, representing an increase of approximately 5.4% and 5.6% as compared with June 30, 2021, respectively. As of June 30, 2022, the GFA under management was approximately 71.39 million sq.m. under 365 property management projects, representing an increase of approximately 13.7% and 12.7% as compared with June 30, 2021, respectively.

In addition, as of June 30, 2022, the Group had entered into 42 framework agreements and strategic cooperation agreements with independent third party property developers, which typically set forth their intention to engage the Group as the property management services provider, the relevant projects proposed to be managed by the Group and its GFA, and the proposed scope of the Group's services and property management fees. As at June 30, 2022, the properties proposed to be managed by the Group under these framework agreements and strategic cooperation agreements had an aggregate GFA of approximately 71.3 million sq.m..

The table below indicates the respective movements of the Group's contracted GFA and GFA under management:

	2022		2021	
	Contracted GFA ( <i>'000 sq.m.</i> )	GFA under management ( <i>'000 sq.m.</i> )	Contracted GFA ( <i>'000 sq.m.</i> )	GFA under management ( <i>'000 sq.m.</i> )
As of the beginning of the Period	<b>96,103</b>	<b>67,942</b>	90,208	59,696
New engagements <sup>(1)</sup>	<b>924</b>	<b>3,451</b>	2,748	3,836
Termination <sup>(2)</sup>	<b>0</b>	<b>0</b>	(864)	(766)
As of the end of the Period	<b>97,027</b>	<b>71,393</b>	92,092	62,766

#### Notes:

- (1) In relation to residential communities and non-residential communities the Group managed, new engagements primarily include preliminary property management service contracts for new properties developed by property developers and property management service contracts for residential communities replacing their previous property management service providers.
- (2) These terminations include certain property management service contracts that the Group did not renew on a voluntary basis, as a result of the shift of its resources to focus on more profitable contracts to optimise its property management portfolio.

## GEOGRAPHIC PRESENCE

Since the establishment of the Group, its business footprint has extended across the country. As of June 30, 2022, the Group established business presence in 65 cities in 17 provinces, municipalities and autonomous regions in the PRC.

The following table sets out the breakdown of the total GFA under management by geographic region as of the dates indicated:

	<b>As at June 30,</b>			
	<b>2022</b>			<b>2021</b>
	<b>'000 sq.m.</b>	<b>%</b>	<b>'000 sq.m.</b>	<b>%</b>
Bohai Economic Rim <sup>(1)</sup>	<b>42,267</b>	<b>59.2%</b>	36,900	58.8%
Yangtze River Delta region <sup>(2)</sup>	<b>15,944</b>	<b>22.3%</b>	14,996	23.9%
Greater Bay Area and surrounding regions <sup>(3)</sup>	<b>2,588</b>	<b>3.6%</b>	2,410	3.8%
Central and Western China <sup>(4)</sup>	<b>10,594</b>	<b>14.8%</b>	8,460	13.5%
<b>Total</b>	<b><u>71,393</u></b>	<b><u>100.0%</u></b>	<b><u>62,766</u></b>	<b><u>100.0%</u></b>

*Notes:*

- (1) In this region, we provided property management services to projects located in Hebei, Liaoning, Inner Mongolia and Shandong.
- (2) In this region, we provided property management services to projects located in Shanghai, Jiangsu and Zhejiang.
- (3) In these regions, we provided property management services to projects located in Huizhou in the Greater Bay Area and other cities in Guangdong.
- (4) In this region, we provided property management services to projects located in Guizhou, Henan, Hunan, Sichuan, Anhui and Chongqing.

## Diversified portfolio of property management services

The Group has a diversified portfolio of properties under management comprising (i) residential properties; and (ii) non-residential properties, including (a) commercial properties, such as shopping malls, office buildings and serviced apartments; and (b) public and other properties, such as industry parks, the Olympic Village, schools and parks.

The tables below set forth a breakdown of the GFA under management and the number of projects under management under the Group's property management services by type of property as of the dates indicated:

	As at June 30,			
	2022	2021	2022	2021
	GFA under management	Number of projects under management	GFA under management	Number of projects under management
Residential properties	63,827	312	56,803	272
Non-residential properties				
— Commercial properties	3,270	38	2,543	37
— Public and other properties	4,296	15	3,420	15
Subtotal	7,566	53	5,963	52
Total	71,393	365	62,766	324

## VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

The Group provides comprehensive value-added services to non-property owners, primarily property developers, throughout the different phases of the property development and sales process, primarily including property engineering services, on-site services and other services. For the six months ended June 30, 2022, the revenue from value-added services to non-property owners decreased by approximately 48.1% from approximately RMB607.5 million for the corresponding period in 2021 to approximately RMB315.5 million.

The Group improved its independent operation capabilities by optimizing business structure of property engineering services, adjusting business models and establishing professional engineering management teams; relieved geographical restrictions, coordinated and deployed engineering resources, implemented a headquarters-branch linkage model, and standardized the engineering business management of property companies through the integration of personnel in various regions, and achieved higher performance growth in 2021. However, as the non-owner value-added service customers are mainly property developers, the sharp decrease in the construction area and completed area of property developers in 2022, the property engineering services in the value-added services to non-property owners decreased significantly by approximately 50%, and the revenue was significantly lower than the corresponding period in last year.

The Group has built a 24/7 remote monitoring and alarm platform for facilities and equipment that integrates software and hardware by combining the Internet of Things and cloud computing technologies. The Group has connected the platform with internal business systems, thereby realizing the automation of inspection and alarm processing of facilities and equipment, enhancing the protection of facilities and equipment and optimizing management efficiency. Also, through intelligent operation and standardized process, the Group is capable to provide customers with standardized and quality services while improving operational efficiency. The Group provides smart community designing services to property developers who expect to use our property management expertise to refine their property project designs, including but not limited to the design of smart access control systems, security patrolling systems, public facilities monitoring systems and car park management systems, so as to achieve staff reduction and efficiency enhancement. At the same time, a series of business instruction manuals such as the operation manual of the film-like service system have been formulated to clarify service standards and enhance the value of property services.

## **COMMUNITY VALUE-ADDED SERVICES**

In order to improve the community living experience of owners and residents in the properties under the Group's management and create more value for its services, the Group provides comprehensive community value-added services to property owners and residents, primarily including property space management services and home-living services. The revenue from community value-added services for the six months ended June 30, 2022 was approximately RMB149.2 million, representing a decrease of approximately 10.3% from approximately RMB166.3 million for the corresponding period in 2021.

### ***Property space management services***

The Group provides property space management services to property owners and residents, and provides turnkey furnishing services that can improve property value, convenient property brokerage services and parking agent sales services by leveraging the active engagement and close relationships with the residents that it has nurtured through its property management operations. The revenue from property space management services for the six months ended June 30, 2022 decreased by approximately 44.3% from approximately RMB96.8 million for the corresponding period in 2021 to approximately RMB53.9 million.

For turnkey furnishing services, the Group has been linking up with property developers in advance, successfully held events such as meetings with property owners to build communication bridges for property owners and merchants, and provided merchants with more product demonstration opportunities by recruiting candidates for display flats, to enable property owners to experience the life scenes in future and release their needs, thereby providing property owners with one-stop shopping experience and professional decoration consultation services to achieve a win-win situation.

For property brokerage business, the Group deploys a Sales and Lease Operation System (租售業務系統) which consists of a “property dictionary” system and a “resident-property matching” system. These systems securely manage customer information and efficiently match supplies and demands of the properties, provide millions of property owners with convenient rental and sales channels. However, due to the decline in the volume and price of real estate, the second-hand property business has been subject to severe wait-and-see sentiment, resulting in a relatively large drop in revenue; secondly, due to the limited availability of parking spaces from our partners, the revenue from the high-margin parking space intermediary service has been drastically reduced. The Group has formulated solutions to expand the size of revenue from such high-margin business by leveraging the Group’s customer stickiness and geographical advantages.

### **Home-living services**

The Group offers home-living services to property owners and residents with their daily needs as the core. The primary home-living services provided by the Group include: community retail and commercial procurement services and home repairs, maintenance and housekeeping services. The revenue from home-living services for the six months ended June 30, 2022 increased by approximately 37.2% from approximately RMB69.4 million for the corresponding period in 2021 to approximately RMB95.3 million.

For community retail and commercial procurement services, the Group launched a comprehensive retail model integrating its online shopping, offline convenience stores and home delivery services. Its online shopping mall focuses on high-end consumer goods and its offline convenience stores focus on groceries. The targeted retail model lowers its operating costs and ensures product quality. Its headquarters directly manage the offline convenience stores. With such a streamlined management structure, the Group is able to respond to requests and resolve issues in a timely manner. We believe its comprehensive retail model, coupled with its home delivery services where it helps customers shop and deliver groceries to the customer’s door, provide convenient shopping experience to the customers. As of June 30, 2022, the Group had a total of 54 offline convenience stores which were located in the communities under its management, with over 40,000 stock keeping units or SKUs and approximately 1 million registered users on Rice Mall (米飯公社).

For the six months ended June 30, 2022, the Group accomplished revenue of approximately RMB1,063.5 million, representing a decrease of approximately 17.6% as compared to that of 2021; gross profit of approximately RMB320.1 million, representing a period-on-period decrease of approximately 28.8%. Net profit for first half of the 2022 amounted to RMB181.0 million, representing a decrease of approximately 26.7% as compared to that of 2021. Profit attributable to the owners of the Company amounted to approximately RMB180.9 million, representing a decrease of approximately 26.8% as compared to that of 2021. Basic earnings per share amounted to approximately RMB0.48. This is mainly due to the impact of the overall weakened real estate market, which resulted in a significant decline in gross profit for non-property owner value-added services. In order to co-combat the Covid-19 pandemic, the properties provided more guaranteed living and conveniently priced items, and the gross margin of community value-added services decreased.

## OUTLOOK

Looking forward to the second half of 2022, the Group will continue to uphold (i) the principle of customer-oriented services, adhere property service quality, upgrade the property service brand, and enhance the trust of owners and word-of-mouth effect through quality services to secure a solid market position; (ii) improve the non-owner value-added system; intervene from the planning and design of projects, and undertake the role of a pre-intermediary from the perspectives of post-period customers and property services to facilitate the upgrade of the property brand; (iii) continuously improve the “whole life cycle and whole service chain” service system to continuously enrich the segment of community value-added services, further promote businesses such as car washing and beauty, kiosks, promote the property brokerage and other property space management services, and continue to promote the community health industry to provide owners with a “convenient and reassuring” community health experience to enable owners to feel our “caring” property services; (iv) at the same time, we will strengthen the construction of financial management and control and capital support system to improve the financial management and control efficiency as well as the risk resistance capability of the enterprise; and (v) cultivate and introduce professional talent, optimize the talent structure, promote the information technology construction of the Company, achieve technology empowerment, thereby improving the efficiency and quality of the Company’s decision-making process.

## FINANCIAL REVIEW

### Revenue

During the Relevant Period, the Group derived its revenue from three business lines, namely (i) property management services; (ii) value-added services to non-property owners; and (iii) community value-added services. The following table sets forth the details of the Group’s revenue recognised by business line for the periods indicated:

	Six months ended June 30,		
	2022	2021	Change in
	<i>RMB’000</i>	<i>RMB’000</i>	percentage
			%
Property management services	<b>598,813</b>	516,900	15.85%
Value-added services to non-property owners	<b>315,485</b>	607,547	-48.07%
Community value-added services	<b>149,276</b>	166,372	-10.28%
Total	<b><u>1,063,574</u></b>	<b><u>1,290,819</u></b>	<b><u>-17.60%</u></b>

The Group's revenue decreased by approximately 17.6% from RMB1,290.8 million million for the six months ended June 30, 2021 to RMB1,063.5 million for the six months ended June 30, 2022. The decrease in revenue was mainly attributable to:

- (i) the decrease in revenue from value-added services to non-property owners by approximately 48.1% from approximately RMB607.5 million for the six months ended June 30, 2021 to approximately RMB315.4 million for the six months ended June 30, 2022, which was mainly due to a significant decrease in income from businesses such as pre-intermediary service, household acceptance, project maintenance and others, as a result of the sharp decrease in the overall completed area and construction area of the property developers in 2022;
- (ii) the decrease in revenue from community value-added services by approximately 10.3% from approximately RMB166.3 million for the six months ended June 30, 2021 to approximately RMB149.2 million for the six months ended June 30, 2022, which was mainly due to the significant decline in the results of the property brokerage business as a result of the impact of the real estate economic situation during the Period.
- (iii) The outbreak of the Covid-19 pandemic in March 2022 in the region where the Group's headquarter is located lasted for more than 40 days and seriously affected the revenue of the Group's headquarters and important segments.

Despite of the above, the revenue from property management services increase by approximately 15.8% from RMB516.9 million for the six months ended June 30, 2021 to RMB598.8 million for the six months ended June 30, 2022, which was primarily driven by the increase of the GFA under management due to the Group's business expansion, of which the GFA under management increased by approximately 13.7% from approximately 62.77 million sq.m. as of June 30, 2021 to approximately 71.39 million sq.m. as of June 30, 2022.

### Property management services

The following table sets forth a breakdown of the Group's revenue from property management services by type of property developers for the periods indicated:

	Six months ended June 30,			
	2022		2021	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Properties developed by RiseSun Group <sup>(1)</sup>	<b>575,506</b>	<b>96.11%</b>	509,585	98.58%
Properties developed by independent third party property developers	<b>23,307</b>	<b>3.89%</b>	7,315	1.42%
Total	<b><u>598,813</u></b>	<b><u>100.00%</u></b>	<b><u>516,900</u></b>	<b><u>100.00%</u></b>

Note:

- (1) Representing properties independently developed by RiseSun Group and properties jointly developed by RiseSun Group and other property developers in which RiseSun Group holds controlling interests.

## Value-added services to non-property owners

The Group offers a comprehensive range of value-added services to non-property owners, primarily property developers, mainly including property engineering services, on-site services and other services. The following table sets out the components of the revenue from value-added services to non-property owners for the periods indicated:

	<b>Six months ended June 30,</b>			
	<b>2022</b>		<b>2021</b>	
	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>%</b>
Property engineering services	<b>141,905</b>	<b>44.98%</b>	337,968	55.63%
On-site services	<b>67,874</b>	<b>21.51%</b>	123,423	20.31%
Other services <sup>(1)</sup>	<b>105,706</b>	<b>33.51%</b>	146,156	24.06%
<b>Total</b>	<b><u>315,485</u></b>	<b><u>100.00%</u></b>	<b><u>607,547</u></b>	<b><u>100.00%</u></b>

(1) Mainly including preliminary planning and design consultancy services, property delivery services and aftersales services

## Community value-added services

The Group provides two types of community value-added services, namely (i) home-living services which primarily include community retail and commercial procurement services and home repairs, maintenance and housekeeping services; and (ii) property space management services which primarily include turnkey furnishing services and property brokerage services. The community value-added services provided by the Group is designed to provide property owners and residents with access to a wide range of products and services through a variety of channels, bringing more convenience to them and enhancing their living experience.

The following table sets forth the components of the revenue from community value-added services for the periods indicated:

	<b>Six months ended June 30,</b>			
	<b>2022</b>		<b>2021</b>	
	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>%</b>
Home-living services	<b>95,352</b>	<b>63.88%</b>	69,494	41.77%
Property space management services	<b>53,924</b>	<b>36.12%</b>	96,878	58.23%
<b>Total</b>	<b><u>149,276</u></b>	<b><u>100.00%</u></b>	<b><u>166,372</u></b>	<b><u>100.00%</u></b>

## Operating cost

The Group's operating cost mainly consists of (i) employee benefit expenses; (ii) maintenance costs; (iii) engineering costs; (iv) greening and cleaning expenses; (v) costs of goods sold; (vi) utilities; (vii) taxes and other levies; (viii) cost of consumables; (ix) office expenses; (x) travelling and entertainment expenses; (xi) depreciation and amortization charges; and (xii) others. The Group's operating cost decreased by approximately 11.6% from approximately RMB840.8 million for the six months ended June 30, 2021 to approximately RMB743.4 million for the six months ended June 30, 2022. The decrease in the cost of sales was mainly due to the corresponding decrease in costs arising from the decrease in revenue.

## Gross profit and gross profit margin

	Six months ended June 30,			
	2022		2021	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Property management services	200,577	33.5	181,634	35.1
Value-added services to non-property owners	100,447	31.8	179,120	29.5
Community value-added services	19,131	12.8	89,222	53.6
Total	<u>320,155</u>	<u>30.1</u>	<u>449,976</u>	<u>34.9</u>

Gross profit represents revenue less operating cost. As a result of the foregoing, the Group's gross profit decreased by approximately 28.8% from approximately RMB449.9 million for the six months ended June 30, 2021 to approximately RMB320.1 million for the six months ended June 30, 2022.

The gross profit margin of the Group decreased from approximately 34.9% for the six months ended June 30, 2021 to approximately 30.1% for the six months ended June 30, 2022, which was mainly attributable to the decrease in the proportion and gross profit margin of value-added services to non-property owners and community value-added services, which were higher margin businesses.

## Selling expenses

The Group's selling expenses mainly consist of employee benefit expenses and office expenses for its sale and marketing staff. The Group's expenses decreased by approximately 63.8% from approximately RMB8.4 million for the six months ended June 30, 2021 to approximately RMB3.0 million for the six months ended June 30, 2022, primarily due to the decline of the Group's business, which resulted in the decrease in revenue, and thus the employee benefit expenses and the travelling and entertainment expenses.

## **Administrative expenses**

The Group's administrative expenses mainly consist of (i) employee benefit expenses; (ii) travelling and entertainment expenses; (iii) professional service fees, primarily including legal fees and information technology usage and maintenance fees for its mobile application; (iv) office expenses; (v) bank charges; (vi) listing expenses; (vii) depreciation and amortization charges for the Group's office equipment; (viii) auditors' remuneration; (ix) cost of consumables; and (x) others. The Group's administrative expenses decreased by approximately 26.1% from approximately RMB103.6 million for the six months ended June 30, 2021 to approximately RMB76.5 million for the six months ended June 30, 2022, mainly due to the streamlining of functional staff costs and reducing costs and improving efficiency during the Relevant Period, with various expenses being lower than those of the corresponding period.

## **Income tax expenses**

The Group's income tax expenses comprise PRC corporate income tax. The Group's income tax expenses decreased by approximately 21.3% from approximately RMB81.5 million for the six months ended June 30, 2021 to approximately RMB64.1 million for the six months ended June 30, 2022. Such decrease was primarily due to the decrease in the Group's profit before tax as a result of the decline of its business. The effective income tax rate of the Group remained relatively stable at approximately 24.8% and approximately 26.2% for the six months ended June 30, 2021 and 2022, respectively.

## Profit and adjusted profit for the period

As a result of the aforementioned changes in the Group's financial conditions, the Group's profit for the Period decreased by approximately 26.8% from approximately RMB247.2 million for the six months ended June 30, 2021 to approximately RMB181.0 million for the six months ended June 30, 2022. After excluding the listing expenses and share-based payments (net of tax), the Group's adjusted profit for the Period decreased by approximately 29.8% from approximately RMB263.0 million for the six months ended June 30, 2021 to approximately RMB184.5 million for the six months ended June 30, 2022.

## Non-generally accepted accounting principles (“non-GAAP”) financial measure

The adjusted profit is a non-GAAP measure used by the management of the Group to provide additional information on its operating performance and is not a standard measure under CASBE. The adjusted profit takes out the impact of the listing expenses and share-based payments, which are non-recurring and not indicative for evaluating the actual performance of the Group's business. The management of the Group believes that the non-GAAP measure provides investors with more clear view on the Group's financial results, and with useful supplementary information to assess the performance of the Group's strategic operations. The following table sets forth a reconciliation between the profit for the periods and adjusted profit for the periods:

	<b>Six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Profit for the period	<b>181,025</b>	247,249
Adjusted for:		
Listing expenses (net of tax)	<b>0</b>	4,489
Share-based payments (net of tax)	<b>3,515</b>	11,321
Adjusted profit for the period	<b><u>184,540</u></b>	<b><u>263,059</u></b>

## Profit attributable to owners of the Company

Profit attributable to owners of the Company amounted to approximately RMB180.9 million for the six months ended June 30, 2022, representing a decrease of approximately 26.8% from approximately RMB247.2 million for the corresponding period in 2021.

## **Fixed assets, right-of-use assets and long-term prepaid expenses**

The Group's fixed assets, right-of-use assets and long-term prepaid expenses comprise office equipment, machinery, vehicles, leasehold improvements and right-of-use assets. The Group's fixed assets, right-of-use assets and long-term prepaid expenses decreased from approximately RMB30.9 million as at December 31, 2021 to RMB30.6 million as at June 30, 2022, representing a decrease of approximately 0.8%.

## **Investment properties**

The Group's investment properties represent car parks and retail units held to earn rentals and for capital appreciation. Its investment properties decreased from approximately RMB61.3 million as of December 31, 2021 to approximately RMB59.2 million as of June 30, 2022, representing a decrease of approximately 3.4%.

## **Intangible assets**

The Group's intangible assets mainly include computer software. The Group's intangible assets decreased from approximately RMB7.8 million as of December 31, 2021 to approximately RMB7.1 million as of June 30, 2022, representing a decrease of approximately 8.7%.

## **Trade and other receivables and prepayments**

The Group's trade and other receivables comprise trade receivables, note receivables, finance lease receivables, other receivables and prepayments to suppliers. As at June 30, 2022, the Group's trade and other receivables and prepayments amounted to approximately RMB2,424.4 million, representing an increase of approximately 29.7% from approximately RMB1,868.7 million as at December 31, 2021.

The Group's trade receivables mainly arise from the services provided under the Group's property management services, value-added services to non-property owners and community value-added services. As at June 30, 2022, the Group's trade receivables amounted to approximately RMB1,582.0 million, representing an increase of approximately 13.5% from approximately RMB1,394.4 million as at December 31, 2021, primarily due to fact that the payment of fees is generally completed in the second half of the year as affected by the payment habit of owners.

As of June 30, 2022, the Group recorded finance lease receivables in the amount of approximately RMBnil million.

The Group's other receivables primarily consist of other receivables from related parties, payments made on behalf of property owners and residents related to utility fees, collaboration deposits, tender deposits and advances to employees. Other receivables increased from approximately RMB251.4 million as of December 31, 2021 to approximately RMB637.6 million as of June 30, 2022, primarily due to the cooperation intention deposits paid by the Group for the Relevant Period.

As at June 30, 2022, the Group's prepayments amounted to approximately RMB95.1 million, representing a decrease of approximately 3.8% from approximately RMB98.8 million as at December 31, 2021, primarily due to a decrease in prepayments of materials procurement and cost resulting from the contraction of property engineering business.

### **Trade and other payables**

The Group's trade and other payables comprise trade payables, other payables, accrued payroll, other taxes payables and interests payable. As at June 30, 2022, the Group's trade and other payables amounted to approximately RMB1,188.9 million, representing a decrease of approximately 8.0% from approximately RMB1,292.6 million as at December 31, 2021.

The Group's trade payables primarily represent its obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, including purchase of materials. As at June 30, 2022, the Group's trade payables amounted to RMB636.0 million, representing an increase of approximately 5.2% from approximately RMB671.1 million as at December 31, 2021.

The Group's other payables mainly represent deposits from property owners or residents and suppliers, maintenance funds for the properties under the Group's management, cash collected on behalf of property developers and owners, utility fees paid on behalf of property owners and residents and accrued listing expenses. As at June 30, 2022, the Group's other payables amounted to RMB398.5 million, representing a decrease of approximately 13.9% from approximately RMB463.1 million as at December 31, 2021.

As at June 30, 2022, accrued payroll amounted to approximately RMB65.0 million, representing a decrease of approximately 14.5% from approximately RMB76.1 million as at December 31, 2021, mainly due to the distribution of year-end bonuses during the Period which were accrued at the end of the previous period.

### **Working capital**

The Group continues to meet the needs for its working capital, capital expenditure and other capital needs with cash generated from operations and proceeds from the Listing.

### **Net current assets**

As at June 30, 2022, the Group's net current assets amounted to approximately RMB1,915.5 million (December 31, 2021: approximately RMB1,735.3 million). The Group's total current assets increased by approximately 1.9% from approximately RMB3,466.9 million as at December 31, 2021 to approximately RMB3,532.5 million as at June 30, 2022. The Group's total current liabilities increased by approximately 6.6% from approximately RMB1,731.5 million as at December 31, 2021 to approximately RMB1,616.9 million as at June 30, 2022. The increase in the Group's total current assets was primarily attributable to the increase in receivables resulting from daily operations.

## **Cash and cash equivalents**

As at June 30, 2022, the Group's cash and cash equivalents amounted to approximately RMB991.6 million (December 31, 2021: approximately RMB926.6 million), including approximately RMB502.2 million (December 31, 2021: RMB457.6 million) denominated in RMB and approximately RMB489.4 million (December 31, 2021: RMB469.0) denominated in HK\$, calculated based on the exchange rate as at June 30, 2022.

## **Indebtedness**

As at June 30, 2022, the Group did not have any bank loan or convertible loan (December 31, 2021: nil).

## **Pledge of assets**

As at June 30, 2022, the Group did not have any pledged assets (December 31, 2021: nil).

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

In view of the current investment environment in the market, in order to reasonably and effectively improve the efficiency of capital utilization, the Group had redeemed all shares in the Beijing Tongxing Changxing No. 6 Fixed Income Private Securities Investment Fund by the end of June 2022.

The Group did not have any other significant investment or significant acquisition of subsidiaries, associates and joint ventures during the Relevant Period.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

The Group intends to utilise the net proceeds raised from the Listing according to the plans set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. Save as disclosed in this announcement and the Prospectus, the Group has no plans for any material investments or capital assets as at June 30, 2022.

## **Financial risks**

The Group's activities are exposed to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### **Foreign exchange risk**

The Group's businesses are principally conducted in RMB. As at June 30, 2022, major non-RMB assets were cash and cash equivalents and financial assets at fair value through profit or loss amounted to RMB32.9 million which were denominated in US\$. Fluctuation of the exchange rates of RMB against US\$ could affect the Group's results of operations.

Currently, the Group does not implement any foreign currency hedging policy, but the management of the Group will closely monitor the exposure to any exchange rates and consider the use of hedging instruments if necessary.

### **Credit risk**

The Group is exposed to credit risk in relation to its trade and other receivables, contract assets, cash deposits at banks and financial assets at fair value through profit or loss. The carrying amounts of trade and other receivables, cash and cash equivalents and financial assets at fair value through profit or loss represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group expects that there is no significant credit risk associated with cash deposits at banks as they are substantially deposited at banks of high credit ratings. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group expects that there is no significant credit risk associated with financial assets at fair value through profit or loss as the Group furnishes investment mandates to commercial banks, and these mandates require them to invest in wealth management products with high market credit rating, liquidity and stable return. Management expects that there will be no significant losses from non-performance by these counterparties.

The Group assessed that the expected credit loss (ECL) rate for trade and note receivables and contract assets from related parties were low considering the good financial position and credit history of the related parties. The Directors believe that there is no material credit risk inherent in trade and note receivables and contract assets from related parties. Apart from trade receivables and contract assets due from related parties, the Group has a large number of customers and there was no concentration of credit risk.

The Group expects the credit risk associated with other receivables due from related parties (including the loans due from related parties) to be low, since these entities have a strong capacity to meet their contractual cash flow obligations in the near term. The Group has assessed that the ECL rate for the amounts due from these entities are immaterial under the 12 months ECL method and considered them to have low credit risk, and thus the loss allowance is immaterial.

For other receivables due from third parties, the management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

### **Liquidity risk**

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

### **CONTINGENT LIABILITIES AND LITIGATIONS**

As at June 30, 2022, the Group did not have any material contingent liabilities and litigations (December 31, 2021: nil).

### **COMMITMENTS**

As at June 30, 2022, the lease commitment of the Group as a lessee amounted to approximately RMB0.7 million (December 31, 2021: approximately RMB0.8 million).

### **KEY FINANCIAL RATIOS**

As at June 30, 2022, the current ratio was approximately 2.1 (December 31, 2021: approximately 2.0) and its liabilities to assets ratio was approximately 43% (December 31, 2021: approximately 47%).

Current ratio is calculated based on total current assets divided by total current liabilities as at the respective dates and multiplied by 100%.

Liabilities to assets 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%.

## **EMPLOYEES AND REMUNERATION POLICY**

Human resources have always been the most valuable resource of the Group. As of June 30, 2022, the Group had a total of 7,391 full-time employees. For the six months ended June 30, 2022, the staff cost recognised as expenses of the Group amounted to approximately RMB314.3 million (June 30, 2021: RMB339.1 million).

The Group has established a competitive compensation structure and a performance assessment system, providing equity incentives and performance-based salaries and bonuses. The Group provides incentives based on evaluation of employees' performance in a number of areas, such as business development, value-added services, basic service quality and overall performance. The Group provides incentives and bonuses on a combination of monthly, quarterly, annual and mid-to-long-term basis, and on regular and matter-specific basis, to motivate the employees' contribution. Since the adoption of a share incentive scheme on May 22, 2020, the Company has achieved good incentive results, thus effectively promoting the achievement of the Group's strategic and operating objectives, and retaining and attracting more excellent talents. According to the relevant PRC laws and regulations, the Group makes contributions to social insurance fund, including pension fund, medical insurance, unemployment insurance, work-related injury insurance, and maternity insurance, and housing provident fund for the benefit of the PRC employees.

The Group focuses on cultivating talents and providing different systematic training catering to individual needs. For example, the Group provides senior management with training on improvement of post-listing management and operational awareness, mid-level management with training on risk prevention and new business development empowerment, project managers with training on business professionalism and standardized operation, management trainees with training on improvement of basic-level management and professionalism etc., and continuously establishes and optimizes a hierarchical talent cultivation system to clear the development path for talents. As of June 30, 2022, the Group organized approximately 400 training sessions, and nearly 10,000 employees participated in these sessions.

## **EVENTS AFTER THE RELEVANT REPORTING PERIOD**

There were no material events affecting the Company which occurred subsequent to June 30, 2022 and up to the date of this announcement.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability system. The Company has adopted the code provisions of the Corporate Governance Code (“**CG Code**”) contained in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company.

To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the CG Code during the Relevant Period.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by its Directors, supervisors of the Company (the “**Supervisors**”) and employees (the “**Securities Dealing Code**”). The Company has made specific enquiries with all the Directors and Supervisors on whether they have complied with the required standard as set out in the Model Code during the Relevant Period and all the Directors and Supervisors confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the above-mentioned period.

No incident of non-compliance was found by the Company during the Relevant Period. Relevant employees who are likely to be in possession of inside information of the Group are also, subject to compliance with the Securities Dealing Code and written guidelines on no less exacting terms than the Model Code.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2022.

### **AUDIT COMMITTEE**

The Board has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and monitor the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit. The Audit Committee consists of three members, namely Mr. Xu Shaohong, Mr. Zhang Wenge and Mr. Jin Wenhui. The chairman of the Audit Committee is Mr. Xu Shaohong. The Audit Committee has reviewed and agreed with the interim results of the Company for the six months ended June 30, 2022.

The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters, including a review of the unaudited interim results and interim report for the six months ended June 30, 2022.

### **INTERIM DIVIDEND**

The Board recommends the payment of an interim dividend (the “**Interim Dividend**”) of RMB0.25 per share (before tax) in the form of cash for the six months ended June 30, 2022. The proposed Interim Dividend is subject to the approval of the shareholders of the Company at the forthcoming extraordinary general meeting (the “**EGM**”) of the Company. The proposed Interim Dividend to the holders of domestic shares of the Company will be declared and payable in RMB, and that to the holders of H shares will be declared in Renminbi and payable in Hong Kong dollars. Subject to the approval of the Company's shareholders at the EGM, the proposed Interim Dividend is expected to be paid on or before Friday, October 14, 2022.

### **EXTRAORDINARY GENERAL MEETING**

The EGM will be held on Friday, September 23, 2022 and the Company will publish and despatch the notice and circular of the EGM to the shareholders of the Company in accordance with the Listing Rules.

### **CLOSURE OF REGISTER OF MEMBERS**

#### **For determining the entitlement to attend and vote at the EGM**

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, September 20, 2022 to Friday, September 23, 2022, both days inclusive, during which period no transfer of H shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of H shares of the Company shall lodge all the H share transfer documents accompanied by the relevant share certificates with the H share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for the registration of transfer of shares not later than 4:30 p.m. on Monday, September 19, 2022.

## **For determining the entitlement to the Interim Dividend**

For determining the entitlement to the proposed Interim Dividend, the register of members of the Company will be closed from Thursday, September 29, 2022 to Monday, October 3, 2022, both days inclusive, during which period no transfer of H shares of the Company will be registered. In order to qualify for the proposed Interim Dividend, unregistered holders of H shares of the Company shall lodge all the H share transfer documents accompanied by the relevant share certificates with the H share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for the registration of transfer of H shares not later than 4:30 p.m. on Wednesday, September 28, 2022.

## **PUBLICATION OF THE INTERIM RESULTS AND THE 2022 INTERIM REPORT**

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) as well as the website of the Company at [www.roiserv.com](http://www.roiserv.com), and the 2022 interim report containing all the information required by the Listing Rules will be despatched to the Shareholders and made available on the respective websites of the Stock Exchange and the Company on or before September 30, 2022.

By order of the Board  
**Roiserv Lifestyle Services Co., Ltd**  
**Geng JianFu**  
*Chairman and Executive Director*

Langfang, the PRC, August 31, 2022

*As at the date of this announcement, the Board comprises Mr. Geng Jianfu, Ms. Liu Hongxia and Mr. Xiao Tianchi as executive Directors; Mr. Zhang Wenge as non-executive Director; and Mr. Jin Wenhui, Mr. Xu Shaohong and Mr. Tang Yishu as independent non-executive Directors.*