(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, 2021

FINANCIAL SUMMARY

- The Group's net profit increased by approximately 135.9% from approximately RMB104.8 million for the six months ended June 30, 2020 to approximately RMB247.2 million for the six months ended June 30, 2021. Net profit margin increased by 5.5 percentage points from 13.7% for the six months ended June 30, 2020 to 19.2% for the six months ended June 30, 2021.

- Profit attributable to the owners of the Company increased by approximately 135.9% from approximately RMB104.8 million for the six months ended June 30, 2020 to approximately RMB247.2 million for the six months ended June 30, 2021.

- The Group's gross profit increased by approximately 105.9% from approximately RMB218.6 million for the six months ended June 30, 2020 to approximately RMB450.0 million for the six months ended June 30, 2021. The gross profit margin increased by approximately 6.3 percentage points from approximately 28.6% for the six months ended June 30, 2020 to approximately 34.9% for the six months ended June 30, 2021.

- The Group's total revenue increased by approximately 68.8% from approximately RMB764.9 million for the six months ended June 30, 2020 to approximately RMB1,290.8 million for the six months ended June 30, 2021.

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, 2021 (the "**Period**" or the "**Relevant Period**") with the comparative figures for the corresponding period in 2020 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended June 30,	
		2021	2020
		RMB'000	*B'000*
		(Unaudited)	(Audited)
Revenue	*6*	**1,290,819**	764,910
Cost of sales	*10*	**(840,843)**	(546,356)
Gross profit		**449,976**	218,554
Selling and marketing expenses	*10*	**(8,414)**	(2,759)
Administrative expenses	*10*	**(103,614)**	(82,636)
Net impairment losses on financial assets		**(13,356)**	(6,732)
Other income	*7*	**6,582**	26,510
Other losses — net	*8*	**(5,976)**	(5,592)
Operating profit		**325,198**	147,345
Finance income		**4,102**	1,864
Finance costs		**(599)**	(3,020)
Finance income/(costs) — net	*9*	**3,503**	(1,156)
Profit before income tax		**328,701**	146,189
Income tax expenses	*12*	**(81,452)**	(41,373)
Profit and total comprehensive income for the period		**247,249**	104,816
Profit and total comprehensive income attributable to:			
— Owners of the Company		**247,246**	104,816
— Non-controlling interest		**3**	—
		247,249	104,816
Earnings per share (expressed in RMB per share)			
— Basic and diluted	*13*	**0.67**	0.40

		As at June 30, 2021 RMB'000 **(Unaudited)**	As at December 31, 2020 *B'000* (Audited)
Liabilities			
Non-current liabilities			
Contract liabilities	*6( )*	**15,215**	19,873
Lease liabilities		**11,143**	12,462
Deferred income tax liabilities		**3,564**	4,322
		29,922	36,657
Current liabilities			
Contract liabilities	*6( )*	**405,258**	311,541
Trade and other payables	*19*	**1,068,573**	831,941
Lease liabilities		**1,403**	2,759
Current income tax liabilities		**48,782**	42,678
		1,524,016	1,188,919
Total liabilities		**1,553,938**	1,225,576
Total equity and liabilities		**3,369,146**	1,860,380

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Roiserv Lifestyle Service 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 tl (a a leSun De)up ar17.7 (The addultimd) holg thepany(visy EaseSun De)Holg the, Ltd. (the tl Ultimd

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended June 30, 2021 has been prepared in accordance with HKAS 34 "Interim Financial Reporting".

The condensed consolidated interim financial information does not include all the notes of the type normally included in an annual financial statement. Accordingly, this information is to be read in conjunction with the annual report for the year ended December 31, 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), and any public announcement made by the Company during the interim reporting period.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2020, as described in those annual financial statements, except for the estimation of income tax using the tax rate th9cJe1 Xottem fannouncednnual dopf incomene.

(b) New standards and amendments not yet effective for the financial period beginning on January 1, 2021 and not early adopted by the Group

Up to the date of issuance of this announcement, the Hong Kong Institute of Certified Public Accountants has issued the following new standards and amendments to existing standards which are not yet effective and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKFRS 3	Business combinations — Reference to the conceptual framework	January 1, 2022
Amendments to HKAS 16	Property, plant and equipment: proceeds before intended use	January 1, 2022
Amendments to HKAS 37	Onerous contracts — cost to fulfilling a contract	January 1, 2022
Revised accounting guideline 5	Merger accounting for common control combinations	January 1, 2022
Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	Annual improvements to HKFRS standards 2018–2020	January 1, 2022
Amendments to HKAS 1	Classification of liabilities as current or non-current	January 1, 2023
HKFRS 17	Insurance contracts (new standard)	January 1, 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause	January 1, 2023
Amendments to HKAS 8	Definition of Accounting Estimates	January 1, 2023
Amendments to HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has commenced an assessment of the impact of these new standards and amendments to standards. According to the preliminary assessment made by the directors, no significant impact on the Group's financial performance and position is expected when they become effective.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2020.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

During the six months ended June 30, 2021 and 2020, 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. Management views the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entity of the Group is domiciled in the PRC. Accordingly, the Group's revenue were derived in the PRC.

As at June 30, 2021, cash and cash equivalents of HK$433,000 (equivalent to RMB360,000) were temporarily deposited in the Group's bank accounts in Hong Kong. Except for this, all of the Group's assets are situated in the Mainland of the PRC.

6 REVENUE

Revenue mainly comprises proceeds from property management services and related value-added services. An analysis of the Group's revenue by category for the six months ended June 30, 2021 and 2020 are as follows:

	Six months June 30,	
	2021	2020
	RMB'000	*B'000*
	(Unaudited)	(Audited)
Property management services	**516,900**	444,202
Community value-added services	**166,372**	70,110
— Sales of goods	**37,090**	20,819
— Other valued-added services	**129,282**	49,291
Value-added services to non-property owners	**607,547**	250,598
	1,290,819	764,910
Type of services		
Revenue from contract with customers:	**1,285,649**	764,859
— at a point in time	**135,778**	26,158
— over time	**1,149,871**	738,701
Revenue from other sources	**5,170**	

8 OTHER LOSSES — NET

	Six months ended June 30,	
	2021	2020
	RMB'000	*B'000*
	(Unaudited)	(Audited)
Net fair value gains on financial assets at fair value through profit or loss	**528**	508
Net fair value (losses)/gains on investment properties	**(620)**	3,564
Net losses from early termination of lease agreements and derecognition of right-of-use assets	**(1,822)**	(9,580)
Exchange losses	**(1,248)**	—
Net (losses)/gains on disposal of equipment	**(2)**	6
Others	**(2,812)**	(90)
	(5,976)	(5,592)

9 FINANCE INCOME/(COSTS) — NET

	Six months ended June 30,	
	2021	2020
	RMB'000	*B'000*
	(Unaudited)	(Audited)
Finance income		
Interest income from bank deposits	**4,102**	1,864
Finance costs		
Interest expenses on borrowings	**—**	(902)
Interest expenses on lease liabilities	**(599)**	(2,118)
	(599)	(3,020)
Finance income/(costs) — net	**3,503**	(1,156)

10 EXPENSES BY NATURE

	Six months ended June 30,	
	2021	2020
	RMB'000	*B'000*
	(Unaudited)	(Audited)
Employee benefit expenses *(11)*	**339,082**	284,176
Engineering costs	**282,728**	90,083
Maintenance costs *(( ))*	**130,440**	108,929
Greening and cleaning expenses	**78,006**	65,780
Costs of goods sold *(( ))*	**45,138**	29,200
Utilities	**20,456**	17,152
Travelling and entertainment expenses	**9,655**	5,117
Taxes and other levies	**7,460**	5,571
Cost of consumables	**6,929**	1,891
Listing expenses	**5,985**	1,131
Office expenses	**5,387**	4,392
Depreciation and amortisation charges	**4,200**	1,922
Bank charges	**2,208**	1,621
Professional service fees	**1,860**	3,663
Others	**13,337**	11,123
	952,871	631,751

(a) Maintenance costs mainly includes security costs, elevator operation costs and property maintenance costs, etc.

(b) The cost of goods sold represents the cost of the commodities from convenient shops under the Group's management and others.

11 EMPLOYEE BENEFIT EXPENSES

	Six months ended June 30,	
	2021	2020
	RMB'000	*B'000*
	(Unaudited)	(Audited)
Wages, salaries and bonuses	**255,052**	221,114
Social insurance expenses *(( ))*	**50,134**	22,920
Housing benefits	**11,966**	7,797
Share-based payment *(18)*	**11,321**	22,358
Other employee benefits *(( ))*	**10,609**	9,987
	339,082	284,176

(a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

(b) Other employee benefits mainly include meal, travelling and transportation allowances.

12 INCOME TAX EXPENSES

	Six months ended June 30,	
	2021	2020
	RMB'000	*B'000*
	(Unaudited)	(Audited)
Current income tax		
— PRC corporate income tax	**84,258**	36,722
Deferred income tax		
— PRC corporate income tax	**(2,806)**	4,651
	81,452	41,373

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group entities as follows:

	Six months ended June 30,	
	2021	2020
	RMB'000	*B'000*
	(Unaudited)	(Audited)
Profit before income tax	**328,701**	146,189
Tax charge at corporate income tax rate of 25%	**82,175**	36,547
Tax effects of:		
— Expenses not deductible for tax purposes	**3,182**	6,233
— Effect of different tax rates available to different subsidiaries and branches of the Group	**(4,481)**	(1,409)
— The impact of changes in tax rate applicable to certain subsidiaries of the Group	**576**	—
— Tax losses and deductible temporary differences for which no deferred income tax asset was recognised	**—**	2
	81,452	41,373

The effective income tax rate was 24.8% for the six months ended June 30, 2021 (six months ended June 30, 2020: 28.3%).

PRC corporate income tax

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The general corporate income tax rate in the PRC is 25%. Certain subsidiaries and branches of the Group were qualified as "Small Low-Profit Enterprise" and will be taxed at the reduced tax rate of 20% from January 1, 2008. Starting from January 1, 2019 to December 31, 2021, "Small Low-Profit Enterprise" was entitled to a preferential income tax rate that was calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first RMB1 million of the taxable income of qualified entities are taxed at 5%, and the taxable income above RMB1 million and less than RMB3 million are taxed at 10%.

13 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares during the six months ended June 30, 2021 and 2020.

The Company did not have any potential ordinary shares outstanding during the six months ended June 30, 2021 and 2020. Diluted earnings per share is equal to basic earnings per share.

	Six months ended June 30,	
	2021	2020
	RMB'000	*B'000*
	(Unaudited)	(Audited)
Profit for the period attributable to owners of the Company *(B'000)*	**247,246**	104,816
Weighted average number of ordinary shares deemed to be in issue *( )*	**368,253**	263,483
Basic and diluted earnings per share attributable to the owners of the Company during the period (expressed in RMB per share)	**0.67**	0.40

14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels. An explanation of each level follows underneath the table.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses estimated discounted cash flows to make assumptions.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

(b) The following table presents the changes in level 3 instruments for the six months ended June 30, 2021:

	Wealth management products RMB'000	**Fund products** RMB'000	**Total** RMB'000
Opening balance	**—**	**—**	**—**
Addition	**7,000**	**532,340**	**539,340**
Gains for the period recognised in profit or loss	**32**	**496**	**528**
Interests received	**(32)**	**—**	**(32)**
Redemption	**(7,000)**	**—**	**(7,000)**
Closing balance	**—**	**532,836**	**532,836**
Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting period	**—**	**496**	**496**

The following table presents the changes in level 3 instruments for the six months ended June 30, 2020:

	Wealth management products *B'000*	Fund products *B'000*	Total *B'000*
Opening balance	—	—	—
Addition	139,870	—	139,870
Gains for the period recognised in profit or loss	508	—	508
Interests received	(508)	—	(508)
Redemption	(135,070)	—	(135,070)
Closing balance	4,800	—	4,800
Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting period	—	—	—

Quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follow:

	Fair value at June 30, 2021 *B'000*	**Valuation technique**	**Unobservable input**	**Range (weighted average)**	**Relationship of unobservable inputs to fair value**
Financial assets at FVPL					
— Fund products	532,836	Discounted cash flow	Expected interest rate per annum	2.9%-5%	A change in expected interest rate per annum by 100 basic point results in a change in fair value by RMB259,379

15 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at June 30, 2021 RMB'000 **(Unaudited)**	As at December 31, 2020 *B'000* (Audited)
Trade receivables *(( ))*		
— Related parties	**522,861**	442,985
— Third parties	**447,975**	254,226
	970,836	697,211
Note receivables	**204,569**	184,647
	1,175,405	881,858
Less: allowance for impairment of trade receivables	**(26,178)**	(17,082)
	1,149,227	864,776
Other receivables		
— Related parties	**43,180**	56,709
— Third parties *(( ))*	**196,825**	37,383
	240,005	94,092
Less: allowance for impairment of other receivables	**(6,017)**	(5,742)
	233,988	88,350
Prepayments to suppliers		
— Related parties	**45,582**	17,086
— Third parties	**52,352**	40,350
	97,934	57,436
Prepaid listing expenses	**—**	36,060
Total trade and other receivables and prepayments	**1,481,149**	1,046,622
Finance lease receivables *(( ))*	**15,994**	18,559
Less: non-current portion of finance lease receivables	**(12,860)**	(16,828)
	3,134	1,731
Current portion of trade and other receivables and prepayments	**1,484,283**	1,048,353

(a) Trade receivables mainly represent the receivables of outstanding property management service fees and the receivables of related value-added service income.

Property management services income and value-added service income are received in accordance with the terms of the relevant services agreements, and due upon issuance of invoice.

As at June 30, 2021 and December 31, 2020, the aging analysis of the trade receivables based on invoice date were as follows:

	As at June 30, 2021 RMB'000 **(Unaudited)**	As at December 31, 2020 *B'000* (Audited)
up to 1 year	**895,161**	635,987
1 to 2 years	**69,141**	54,536
2 to 3 years	**3,052**	2,527
3 to 5 years	**2,640**	1,680
Over 5 years	**842**	2,481
	970,836	697,211

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at June 30, 2021, a provision of RMB26,178,000 (December 31, 2020: RMB17,082,000) was made against the gross amounts of trade receivables.

(b) The balance mainly represented the performance guarantee deposits amounted to RMB150,000,000 to third parties for acquisitions of equity interests.

(a) Cash and cash equivalents were denominated in the following currencies:

	As at June 30, 2021 RMB'000 **(Unaudited)**	As at December 31, 2020 *B'000* (Audited)
RMB	**132,853**	603,186
HK$	**916,927**	—
	1,049,780	603,186

17 SHARE CAPITAL

	Number of ordinary shares	**Share capital** *B'000*
Issued and fully paid		
As at December 31, 2020	282,000,000	282,000
Issue of shares in connection with the Company's listing *( )*	94,000,000	94,000
As at June 30, 2021	376,000,000	376,000

(a) On January 15, 2021, the Company issued H shares of 94,000,000 at a nominal value of RMB1 per share. Such shares were offered at HK$13.46 per share and listed on the Main Board of the Stock Exchange. Gross proceeds from the issue amounted to HK$1,265,240,000 (equivalent to RMB1,054,704,000). After deducting the underwriting fees and relevant expenses, net proceeds from the issue amounted to RMB977,989,000, among of which, RMB94,000,000 was recorded as share capital and RMB883,989,000 was recorded as share premium.

18 RESERVES

	Share premium *B'000*	Capital reserve *B'000*	Share-based compensation reserve *B'000*	Statutory reserve *B'000*	Other reserves *B'000*	Total *B'000*
Balance at December 31, 2020 (Audited)	**81,025**	**36,149**	**42,730**	**46,648**	**9,665**	**216,217**
Issue of shares *(17)*	**883,989**	**—**	**—**	**—**	**—**	**883,989**
Share-based payment *(( ))*	**—**	**—**	**11,321**	**—**	**—**	**11,321**
Share-based payment to RiseSun Group's employees *(( ))*	**—**	**—**	**1,831**	**—**	**(1,831)**	**—**
Balance at December 31, 2020 (Unaudited)	**965,014**	**36,149**	**55,882**	**46,648**	**7,834**	**1,111,527**
Balance at December 31, 2019 (Audited)	—	93,671	—	20,482	15,615	129,768
Effect of the Company's conversion from a limited liability company into a joint stock company	—	(57,522)	—	(10,351)	—	(67,873)
Issue of shares	81,025	—	—	—	—	81,025
Share-based payment *(( ))*	—	—	22,358	—	—	22,358
Share-based payment to RiseSun Group's employees *(( ))*	—	—	3,300	—	(3,300)	—
Balance at June 30, 2020 (Audited)	81,025	36,149	25,658	10,131	12,315	165,278

(a) In accordance with relevant rules and regulations in the PRC, the PRC group entities are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective group entities.

(b) A share incentive plan (the "**Share Incentive Plan**") was approved by the board of directors dated May 22, 2020. The excess of fair value of the shares granted to the employees was recognised as expense over the vesting period in the consolidated statement of comprehensive income. During the six months ended June 30, 2021, the Group has recognised employee benefit expenses of RMB11,321,000 (for the six months ended June 30, 2020: RMB22,358,000) in the condensed consolidated statements of comprehensive income in relation to the Share Incentive Plan.

19 TRADE AND OTHER PAYABLES

	As at June 30, 2021 RMB'000 **(Unaudited)**	As at December 31, 2020 *B'000* (Audited)
Trade payables		
— Related parties	**16,712**	10,969
— Third parties	**467,469**	290,567
	484,181	301,536
Other payables		
— Related parties *(( ))*	**3,919**	4,975
— Deposits received	**108,589**	117,420
— Maintenance funds	**72,448**	77,253
— Receipts and payments on behalf of property owners	**122,697**	122,845
— Accrued listing expenses	**2,589**	9,496
— Provisions	**2,735**	1,663
— Others	**69,187**	52,095
	382,164	385,747
Accrued payroll	**84,736**	104,419
Dividend payables *(20)*	**56,400**	—
Other taxes payables	**39,204**	29,162
Advance rent receipt	**21,888**	11,077
	1,068,573	831,941

(a) As at June 30, 2021 and December 31, 2020, the carrying amounts of trade and other payables approximated its fair values.

(b) As at June 30, 2021 and December 31, 2020, the ageing analysis of the trade payables based on invoice date were as follows:

	As at June 30, 2021 RMB'000 **(Unaudited)**	As at December 31, 2020 *B'000* (Audited)
Up to 1 year	**469,497**	273,150
1 to 2 years	**12,931**	24,317
2 to 3 years	**1,677**	3,909
Over 3 years	**76**	160
	484,181	301,536

The balances of trade payables over 1 year mainly represent the amounts due to third party contractors for renovation and maintenance services that have not yet been settled.

(c) The amounts due to related parties are unsecured, interest-free and repayable on demand.

20 DIVIDEND

Pursuant to the approval at the annual general meeting of shareholders of the Company on June 30, 2021, a dividend for the year 2020 of RMB0.15 per ordinary share, amounting to RMB56,400,000 was declared out of the Company's retained earnings. As at June 30, 2021, dividends payable of RMB56,400,000 of the Company were yet to be paid (December 31, 2020: nil).

No interim dividend for the six months ended June 30, 2021 has been proposed by the board of directors.

21 EVENTS OCCURRING AFTER THE REPORTING PERIOD

During the six months ended June 30, 2021, the Group entered into a share purchase agreement to acquire 49% equity interests of Beijing Yinsilang Information Technology Co., Ltd. in the PRC, at a consideration of RMB100,000,000. Completion of this acquisition took place in July 2021.

MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW

BUSINESS REVIEW

OVERVIEW

The Group is a comprehensive property management service provider with a strategic service network across China. As of June 30, 2021, the Group had a total of 324 property management projects under management with an aggregate gross floor area ("**GFA**") under management of approximately 62.8 million sq.m., covering 38 cities across 17 provinces, municipalities and autonomous regions in China. As of June 30, 2021, the Group was contracted to manage 445 property management projects with an aggregate contracted GFA of 92.1 million sq.m., covering 65 cities across 19 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 managed properties 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, schools, factories 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 managed properties 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, schools, factories and parks. During the six months ended June 30, 2021, 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 aftersales 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, 2021, its contracted GFA was approximately 92.1 million sq.m. under 445 projects, representing an increase of approximately 14.3% and 17.1% as compared with June 30, 2020, respectively. As of June 30, 2021, the GFA under management was approximately 62.8 million sq.m. under 324 property management projects, representing an increase of approximately 19.8% and 19.1% as compared with June 30, 2020, respectively.

In addition, as of June 30, 2021, the Group had entered into 84 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, 2021, the properties proposed to be managed by the Group under these framework agreements and strategic cooperation agreements had an aggregate GFA of approximately 95.3 million sq.m..

The table below indicates the respective movements of the Group's contracted GFA and GFA under management for the six months ended June 30, 2021 and the six months ended June 30, 2020:

	Six months ended June 30,			
	2021		2020	
	Contracted GFA ('000 sq.m.)	**GFA under management** ('000 sq.m.)	Contracted GFA *('000 . .)*	GFA under management *('000 . .)*
As of the beginning of the period	**90,208**	**59,696**	77,440	50,305
New engagements[1]	**2,748**	**3,836**	4,761	2,613
Termination[2]	**864**	**766**	1,628	513
As of the end of the period	**92,092**	**62,766**	80,573	52,405

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(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, 2021, the Group established business presence in 65 cities in 19 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:

	Six months ended June 30,			
	2021		2020	
	'000 sq.m.	%	*'000 . .*	*%*
Bohai Economic Rim[1]	**36,900**	**58.8%**	30,594	58.4%
Yangtze River Delta region[2]	**14,996**	**23.9%**	13,607	26.0%
Greater Bay Area and surrounding regions[3]	**2,410**	**3.8%**	1,801	3.4%
Central and Western China[4]	**8,460**	**13.5%**	6,403	12.2%

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(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, schools, factories 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 or for the periods indicated:

	Six months ended June 30,			
	2021		2020	
	GFA under management	**Number of projects under management**	GFA under management	Number of projects under management
Residential properties	**56,803**	**272**	47,444	229
Non-residential properties				
— Commercial properties	**2,543**	**37**	2,099	34
— Public and other properties	**3,420**	**15**	2,862	9
Subtotal	**5,963**	**52**	4,961	43
Total	**62,766**	**324**	52,405	272

Value-added services to non-property owners

The Group provides a wide spectrum of value-added services to non-property owners, primarily property developers, through different phases of the property development and sales process, primarily including property engineering services, sales assistance services and other services. For the six months ended June 30, 2021, the revenue from value-added services to non-property owners increased by approximately 142.4% from approximately RMB250.6 million for the corresponding period in 2020 to approximately RMB607.5 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 further standardized the engineering business management of property companies, thus achieving cost reduction and efficiency enhancement, and accomplishing the annual performance indicators better than expected.

Through intelligent operation and standardized process, the Group provides customers with standardized and high-quality services while improving operational efficiency. The Group provides smart community designing services to property developers who expect to use its 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 a wide variety of 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, 2021 was approximately RMB166.4 million, representing an increase of approximately 137.3% from approximately RMB70.1 million for the corresponding period in 2020.

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 and convenient property brokerage 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, 2021 significantly increased by approximately 423.8% from approximately RMB18.5 million for the corresponding period in 2020 to approximately RMB96.9 million.

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, and create a better service experience. Meanwhile, the Group gave full play to the personnel advantages in the industry, adopted a full-staff marketing model, formulated detailed sales plans, and actively expanded various resources, thus eventually achieving the successful completion of property brokerage indicators.

Home-living services

The Group offers home-living services to property owners and residents with a focus on their daily needs. 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, 2021 significantly increased by approximately 34.6% from approximately RMB51.6 million for the corresponding period in 2020 to approximately RMB69.5 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. It believes 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, 2021, the Group had a total of 45 offline convenience stores which were located in the communities under its management, with over 69,749 stock keeping units or SKUs and approximately 800,000 registered users on Rice Mall (米飯公社).

For the six months ended June 30, 2021, the Group accomplished revenue of approximately RMB1,290.8 million, representing an increase of approximately 68.8% as compared to that of 2020; gross profit of approximately RMB450.0 million, representing a period-on-period increase of approximately 105.9%. Net profit for first half of the year amounted to RMB247.2 million, representing an increase of approximately 135.9% as compared to that of 2020. Profit attributable to the owners of the Company amounted to approximately RMB247.2 million, representing an increase of approximately 135.9% as compared to that of 2020. Basic earnings per share amounted to approximately RMB0.67.

OUTLOOK

Looking forward to the second half of 2021, the Group will 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) build a "whole life cycle and whole service chain" service system to continue to 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 gradually develop 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,		
	2021	2020	Change in percentage
	RMB'000	*B'000*	*%*
Property management services	**516,900**	444,202	16.4%
Value-added services to non-property owners	**607,547**	250,598	142.4%
Community value-added services	**166,372**	70,110	137.3%
Total	**1,290,819**	764,910	68.8%

The Group's revenue increased by approximately 68.8% from RMB764.9 million for the six months ended June 30, 2020 to RMB1,290.8 million for the six months ended June 30, 2021. The increase in revenue was mainly attributable to:

(i) the increase in revenue from property management services by approximately 16.4% from RMB444.2 million for the six months ended June 30, 2020 to RMB516.9 million for the six months ended June 30, 2021, 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 5.1% from approximately 59.7 million sq.m. as of December 31, 2020 to approximately 62.8 million sq.m. as of June 30, 2021;

(ii) the increase in revenue from value-added services to non-property owners by approximately 142.4% from approximately RMB250.6 million for the six months ended June 30, 2020 to approximately RMB607.5 million for the six months ended June 30, 2021, which was mainly because the Group further streamlined the types of services provided to non-property owners, thereby increasing the content of services provided to non-property owners with a corresponding increase in its revenue;

(iii) the increase in revenue from community value-added services by approximately 137.3% from approximately RMB70.1 million for the six months ended June 30, 2020 to approximately RMB166.4 million for the six months ended June 30, 2021, which was primarily attributable to the growth of real estate brokerage business and the growth of the merchandise sales.

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,			
	2021		2020	
	RMB'000	%	*B'000*	*%*
Properties developed by RiseSun Group[1]	**509,585**	**98.6%**	440,899	99.3%
Properties developed by independent third party property developers	**7,315**	**1.4%**	3,303	0.7%
Total	**516,900**	**100.0%**	444,202	100.0%

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(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:

	Six months ended June 30,			
	2021		2020	
	RMB'000	%	*B'000*	*%*
Property engineering services	**337,968**	**55.6%**	110,155	43.9%
On-site services	**123,423**	**20.3%**	90,364	36.1%
Other services[1]	**146,156**	**24.1%**	50,079	20.0%
Total	**607,547**	**100.0%**	250,598	100.0%

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(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 aim 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:

	Six months ended June 30,			
	2021		2020	
	RMB'000	%	*B'000*	*%*
Home-living services	**69,494**	**41.8%**	51,613	73.6%
Property space management services	**96,878**	**58.2%**	18,497	26.4%
Total	**166,372**	**100.0%**	70,110	100.0%

Cost of sales

The Group's cost of sales 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 cost of sales increased by approximately 53.9% from approximately RMB546.4 million for the six months ended June 30, 2020 to approximately RMB840.8 million for the six months ended June 30, 2021. The increase in the cost of sales was mainly due to the increase in revenue and the corresponding increase in costs.

Gross profit and gross profit margin

	Six months ended June 30,			
	2021		2020	
	Gross profit RMB'000	**Gross profit margin** %	Gross profit *B'000*	Gross profit margin *%*
Property management services	**181,634**	**35.1**	144,415	32.5
Value-added services to non-property owners	**179,120**	**29.5**	52,030	20.8
Community value-added services	**89,222**	**53.6**	22,109	31.5
Total	**449,976**	**34.9**	218,554	28.6

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit increased by approximately 105.9% from approximately RMB218.6 million for the six months ended June 30, 2020 to approximately RMB450.0 million for the six months ended June 30, 2021.

The gross profit margin of the Group increased from approximately 28.6% for the six months ended June 30, 2020 to approximately 34.9% for the six months ended June 30, 2021, which was mainly attributable to the increase in the proportion and gross profit margin of value-added services to non-property owners and community value-added services.

Selling and marketing expenses

The Group's selling and marketing expenses mainly consist of employee benefit expenses and office expenses for its sale and marketing staff. The Group's expenses increased by approximately 205.0% from approximately RMB2.8 million for the six months ended June 30, 2020 to approximately RMB8.4 million for the six months ended June 30, 2021, primarily due to the Group's business growth, which resulted in the increase 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 increased by approximately 25.4% from approximately RMB82.6 million for the six months ended June 30, 2020 to approximately RMB103.6 million for the six months ended June 30, 2021, primarily due to the increase in the employee benefit expenses arising from the Group's business growth, and the increase in service fees from engaging external intermediary agencies by the Company for the listing.

Other income

The Group's other income mainly includes (i) interest income from loans due from related parties, representing interest income derived from the Group's non-ABS loans due from related parties; (ii) interest income on financial lease from subleasing certain car parks and retail units; and (iii) government grants. The Group's other income decreased by approximately 75.2% from approximately RMB26.5 million for the six months ended June 30, 2020 to approximately RMB6.6 million for the six months ended June 30, 2021, primarily due to the completion of the clearance of non-trade transactions with related

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 increased by approximately 135.9% from approximately RMB104.8 million for the six months ended June 30, 2020 to approximately RMB247.2 million for the six months ended June 30, 2021. After excluding the Listing expenses and share-based payments (net of tax), the Group's adjusted profit for the period increased by approximately 105.5% from approximately RMB128.0 million for the six months ended June 30, 2020 to approximately RMB263.1 million for the six months ended June 30, 2021.

Non-GAAP financial measure

In order to supplement the consolidated financial statements prepared in accordance with HKFRS, the Company also proposed "Adjusted profit for the period" as a non-GAAP measure used by the management of the Group to provide additional information on its operating performance. The "Adjusted profit for the period" takes out the impact of listing expenses and share-based payments, which are not indicative for evaluating the actual performance of the Group's business. Under HKFRS, "Adjusted profit for the period" is not a standard measure. The management of the Group believes that such a non-GAAP measure provides additional information to investors and others in understanding and evaluating the consolidated results of operations in the same manner as the management of the Group. The following table sets forth a reconciliation between "Profit for the period" and "Adjusted profit for the period":

	Six months ended June 30,	
	2021	2020
	RMB'000	*B'000*
Profit for the period	**247,249**	104,816
Adjusted for:		
Listing expenses (net of tax)	**4,489**	848
Share-based payments (net of tax)	**11,321**	22,358
Adjusted profit for the period	**263,059**	128,022

The definition of "Adjusted profit for the period" should not be considered in isolation or be construed as an alternative to profit for the period or any other standard measure under HKFRSs or as an indicator of operating performance. "Adjusted profit for the period" of the Group may not be comparable to similarly titled measures used by other companies.

Profit attributable to owners of the Company

Profit attributable to owners of the Company amounted to approximately RMB247.2 million for the six months ended June 30, 2021, representing an increase of approximately 135.9% from approximately RMB104.8 million for the corresponding period in 2020.

Property, plant and equipment

The Group's property, plant and equipment comprise office equipment, machinery, vehicles, leasehold improvements and right-of-use assets. The Group's property, plant and equipment increased from approximately RMB19.5 million as at December 31, 2020 to RMB20.9 million as at June 30, 2021, representing an increase of approximately 7.1%.

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 RMB70.8 million as of December 31, 2020 to approximately RMB65.0 million as of June 30, 2021, representing a decrease of approximately 8.2%.

Intangible assets

The Group's intangible assets mainly include computer software. The Group's intangible assets decreased from approximately RMB8.3 million as of December 31, 2020 to approximately RMB7.5 million as of June 30, 2021, representing a decrease of approximately 8.8%.

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, 2021, the Group's trade and other receivables and prepayments amounted to approximately RMB1,484.3 million, representing an increase of approximately 41.6% from approximately RMB1,048.4 million as at December 31, 2020.

The Group's trade receivables mainly arise from the services provided under the Group's

As of June 30, 2021, the Group recorded finance lease receivables in the amount of approximately RMB16.0 million, primarily resulting from the finance lease agreements it entered into for sub-leasing certain car parks and retail units.

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, tender deposits and advances to employees. Other receivables increased from approximately RMB88.4 million as of December 31, 2020 to approximately RMB234.0 million as of June 30, 2021, primarily due to the increase in the cooperation intention deposits paid by the Group for the Period.

As at June 30, 2021, the Group's prepayments amounted to approximately RMB97.9 million, representing an increase of approximately 70.5% from approximately RMB57.4 million as at December 31, 2020, primarily due to an increase in prepayments of materials procurement and cost resulting from the business expansion.

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, 2021, the Group's trade and other payables amounted to approximately RMB1,068.6 million, representing an increase of approximately 28.4% from approximately RMB831.9 million as at December 31, 2020.

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, 2021, the Group's trade payables amounted to RMB484.2 million, representing an increase of approximately 60.6% from approximately RMB301.5 million as at December 31, 2020, mainly due to the increase in procurement costs driven by the business expansion.

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, 2021, the Group's other payables amounted to RMB382.2 million, representing a decrease of approximately 0.9% from approximately RMB385.7 million as at December 31, 2020.

As at June 30, 2021, accrued payroll amounted to approximately RMB84.7 million, representing a decrease of approximately 18.9% from approximately RMB104.4 million as at December 31, 2020, mainly due to the distribution of year-end bonuses during the period 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, 2021, the Group's net current assets amounted to approximately RMB1,728.7 million (December 31, 2020: approximately RMB548.0 million). The Group's total current assets increased by approximately 87.3% from approximately RMB1,736.9 million as at December 31, 2020 to approximately RMB3,252.7 million as at June 30, 2021. The Group's total current liabilities increased by approximately 28.2% from approximately RMB1,188.9 million as at December 31, 2020 to approximately RMB1,524.0 million as at June 30, 2021. The increase in the Group's total current assets was primarily attributable to: (i) the increase in the cash and cash equivalents resulting from initial public offering; (ii) the increase in financial assets at fair value through profit or loss resulting from purchasing funds; and (iii) the increase in trade receivables resulting from business expansion.

Cash and cash equivalents

As at June 30, 2021, the Group's cash and cash equivalents amounted to approximately RMB1,049.8 million (December 31, 2020: approximately RMB603.2 million), including approximately RMB132.9 million (December 31, 2020: RMB603.2 million) denominated in RMB and approximately RMB916.9 million (December 31, 2020: nil) denominated in HK$, calculated based on the exchange rate as at June 30, 2021.

Indebtedness

As at June 30, 2021, the Group did not have any bank loan or convertible loan (December 31, 2020: nil).

Pledge of assets

As at June 30, 2021, the Group did not have any pledged assets (December 31, 2020: nil).

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

During the Relevant Period, the Company entered into a subscription agreement with, among others, Beijing Tongxing Gongying Asset Management Company Limited (北京同興共贏資產管理有限公司) ("**Beijing Tongxing**") to subscribe for the security-type contractual funds issued by Beijing Tongxing in the amount of RMB500,000,000 in order to enhance the efficiency of capital utilisation and potentially generate higher return. Details of this transaction are set out in the announcements of the Company dated June 21, 2021 and July 27, 2021, respectively.

Save as disclosed above, 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

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

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

Net proceeds from the Listing, after deducting the underwriting commission and other estimated expenses in connection with the Listing which the Company received amounted to approximately HK$1,168.0 million, which was translated into RMB973.68 million at the exchange rate of RMB0.83363 on the Listing Date. As of June 30, 2021, the unutilised net proceeds have been placed as interest bearing deposits with licensed banks in Mainland China and Hong Kong. As of June 30, 2021, such net proceeds have been used, and will continue to be used, in a manner consistent with the proposed allocations in the Prospectus.

	Intended use of net proceeds as stated in the Prospectus[1]		Actual use of net proceeds up to June 30, 2021	Unutilised net proceeds as at June 30, 2021	Expected timeline for the unutilised net proceeds [1] & [2]
	%	*B'000*	*B'000*	*B'000*	
Expand business scale and geographic coverage and broaden service offerings	60%	584,209	0	584,209	By December 2023
Enrich community value-added service offerings	15%	146,052	0	146,052	By December 2023
Upgrade information technology infrastructure and promote smart community management	15%	146,052	0	146,052	By December 2023
General business purpose and working capital	10%	97,368	46,715		

The Directors are not aware of any change to the intended use of net proceeds as at the date of this announcement. The unutilised net proceeds and its intended timeframe for utilisation will be applied in a manner consistent with that mentioned in the Prospectus.

EMPLOYEES AND REMUNERATION POLICY

Human resource has always been the most valuable resource of the Group. As at June 30, 2021, the Group had a total of 9,099 full-time employees. For the six months ended June 30, 2021, the staff cost recognised as expenses of the Group amounted to approximately RMB339.08 million (June 30, 2020: RMB284.18 million).

The Group has established a competitive compensation structure and a performance

EVENTS AFTER THE REPORTING PERIOD

Acquisition of 49% interest in Beijing Yinsilang Information Technology Co., Ltd. ("Yinsilang")

On July 1, 2021, the acquisition of equity interest of Yinsilang has completed at the consideration of RMB100 million. Based on the results of all applicable ratios, this acquisition is not a notifiable transaction under Chapter 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited.

Entering into the strategic cooperation framework agreement with Guofu (Hong Kong) Holdings Limited ("Guofu HK")

On August 3, 2021, the Company entered into a strategic cooperation framework agreement with Guofu HK, a wholly state-owned company under the Hebei Provincial Government. By leveraging on each other's resources, brand and projects in reserve, both parties aim to reach a strategic cooperation by combining their market strengths to expand the influence of Hebei enterprises in the overseas capital market. Details of the framework agreement are set out in announcement of the Company dated August 3, 2021.

Save as disclosed above, there were no material events affecting the Company which occurred subsequent to June 30, 2021 and up to the date of this announcement.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

References are made to the announcements of the Company dated April 29, 2021 and June 30, 2021, the articles of association of the Company has been amended by way of special resolutions of the shareholders passed at the annual general meeting of the Company held on June 30, 2021. Please refer to the above announcements for further details.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving a high standard of corporate governance to protect the Shareholders' overall interests.

Since the Listing, the Company has adopted and applied the Corporate Governance Code contained in Appendix 14 to the Listing Rules as its own corporate governance code. To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the Corporate Governance Code for the six months ended June 30, 2021.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the guidelines for Directors' dealings in the securities of the Company. Upon specific enquiries with all Directors, each of them has confirmed that he has complied with the required standard set out in the Model Code and all applicable code provisions under the code of securities transactions during the Relevant Period.

According to the Company's requirements, the relevant management personnel and employees are also bound by the Model Code, which prohibits them from trading in the Company's securities at any time when they have inside information related to the securities. The Company was not aware of any incidents of violations of the Model Code by relevant personnel and employees.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save for the shares allotted and issued in connection with the Listing as set out in the Prospectus, 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, 2021.

AUDIT COMMITTEE

The Audit Committee consists of one non-executive Director and two independent non-executive Directors, namely Mr. Zhang Wenge, Mr. Jin Wenhui and Mr. Siu Chi Hung (chairman). Mr. Siu Chi Hung has the appropriate professional qualifications as required under Rule 3.10(2) and 3.21 of the Listing Rules to serve as the chairman of the Audit Committee.

The main duties of the Audit Committee include examining independently the financial positions of the Company, overseeing the Company's financial reporting system, risk management and internal control system, the audit process and proposals of internal management, communicating independently with, monitoring and verifying the work of internal audit and external auditors.

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, 2021. The interim results of the Group for the six months ended June 30, 2021 have not been audited but have been reviewed by PricewaterhouseCoopers, the external auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2021.

PUBLICATION OF THE INTERIM RESULTS AND THE 2021 INTERIM REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk as well as the website of the Company at www.roiserv.com, and the 2021 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 in due course.

By order of the Board
Roiserv Lifestyle Services Co., Ltd
Geng Jian Fu
C E D

Langfang, the PRC, August 25, 2021

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