

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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, 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

	<i>Note</i>	Six months ended June 30,	
		2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Audited)
Revenue	6	1,290,819	764,910
Cost of sales	10	<u>(840,843)</u>	<u>(546,356)</u>
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	<u>(5,976)</u>	<u>(5,592)</u>
Operating profit		325,198	147,345
Finance income		4,102	1,864
Finance costs		(599)	(3,020)
Finance income/(costs) — net	9	<u>3,503</u>	<u>(1,156)</u>
Profit before income tax		328,701	146,189
Income tax expenses	12	<u>(81,452)</u>	<u>(41,373)</u>
Profit and total comprehensive income for the period		<u>247,249</u>	<u>104,816</u>
Profit and total comprehensive income attributable to:			
— Owners of the Company		247,246	104,816
— Non-controlling interest		<u>3</u>	<u>—</u>
		<u>247,249</u>	<u>104,816</u>
Earnings per share (expressed in RMB per share)			
— Basic and diluted	13	<u>0.67</u>	<u>0.40</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at June 30, 2021	As at December 31, 2020
	<i>Note</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Assets			
Non-current assets			
Property, plant and equipment		20,855	19,467
Investment properties		65,014	70,829
Intangible assets		7,538	8,261
Other receivables	15	12,860	16,828
Deferred income tax assets		10,132	8,085
		116,399	123,470
Current assets			
Inventories		39,171	28,801
Contract assets	6(a)	123,518	41,064
Prepaid taxes		20,859	13,806
Financial assets at fair value through profit or loss	14	532,836	—
Trade and other receivables and prepayments	15	1,484,283	1,048,353
Restricted cash	16	2,300	1,700
Cash and cash equivalents	16	1,049,780	603,186
		3,252,747	1,736,910
Total assets		3,369,146	1,860,380
Equity			
Equity attributable to owners of the Company			
Share capital	17	376,000	282,000
Reserves	18	1,111,527	216,217
Retained earnings		327,433	136,587
		1,814,960	634,804
Non-controlling interests		248	—
Total equity		1,815,208	634,804

		As at June 30, 2021	As at December 31, 2020
	<i>Note</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
Liabilities			
Non-current liabilities			
Contract liabilities	6(a)	15,215	19,873
Lease liabilities		11,143	12,462
Deferred income tax liabilities		3,564	4,322
		<u>29,922</u>	<u>36,657</u>
Current liabilities			
Contract liabilities	6(a)	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
		<u>1,524,016</u>	<u>1,188,919</u>
Total liabilities		<u>1,553,938</u>	<u>1,225,576</u>
Total equity and liabilities		<u>3,369,146</u>	<u>1,860,380</u>

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 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 shares were listed on the main board (the “**Listing**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The outbreak of the 2019 Novel Coronavirus (the “**COVID-19**”) had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the property management industry. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group. As at the date that the condensed consolidated interim financial information is authorised for issue, COVID-19 does not have any material adverse impact on the financial position and operating result of the Group.

This condensed consolidated interim financial information are presented in Renminbi (“**RMB**”), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board of Directors (the “**Board**”) of the Company on August 25, 2021.

This condensed consolidated interim financial information has not been audited.

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 that would be applicable to expected total annual earnings and the adoption of new and amended HKFRSs effective for the financial period beginning on January 1, 2021.

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the financial period beginning on January 1, 2021:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 HKFRS 16 (Amendment)	Interest rate benchmark reform — phase 2 COVID-19-Related rent concessions beyond June 30, 2021
--	---

The adoption of these standards and the new accounting policies disclosed did not have any significant impact on the Group’s accounting policies and did not require retrospective adjustments.

(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	RMB’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
	<u>1,290,819</u>	<u>764,910</u>
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	51
	<u>1,290,819</u>	<u>764,910</u>

(a) **Contract assets and liabilities**

The Group has recognised the following revenue-related contract assets and liabilities:

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Contract assets		
— Related parties	45,075	39,675
— Third parties	82,427	1,389
Loss allowance	(3,984)	—
	<u>123,518</u>	<u>41,064</u>
Contract liabilities-current		
— Related parties	94,722	85,821
— Third parties	310,536	225,720
	<u>405,258</u>	<u>311,541</u>
Contract liabilities-non-current		
— Third parties	<u>15,215</u>	<u>19,873</u>

7 OTHER INCOME

	Six months ended June 30, 2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Interest income from loans due from related parties	—	22,558
Interest income on finance lease	2,612	2,593
Government grants (<i>Note a</i>)	3,970	1,359
	<u>6,582</u>	<u>26,510</u>

(a) There are no unfulfilled conditions or other contingencies attaching to these grants.

8 OTHER LOSSES — NET

	Six months ended June 30,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(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)
	<u>(5,976)</u>	<u>(5,592)</u>

9 FINANCE INCOME/(COSTS) — NET

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

10 EXPENSES BY NATURE

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Employee benefit expenses (<i>Note 11</i>)	339,082	284,176
Engineering costs	282,728	90,083
Maintenance costs (<i>Note (a)</i>)	130,440	108,929
Greening and cleaning expenses	78,006	65,780
Costs of goods sold (<i>Note (b)</i>)	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
	<u>952,871</u>	<u>631,751</u>

(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	RMB'000
	(Unaudited)	(Audited)
Wages, salaries and bonuses	255,052	221,114
Social insurance expenses (<i>Note (a)</i>)	50,134	22,920
Housing benefits	11,966	7,797
Share-based payment (<i>Note 18</i>)	11,321	22,358
Other employee benefits (<i>Note (b)</i>)	10,609	9,987
	<u>339,082</u>	<u>284,176</u>

- (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	RMB'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	RMB'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
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Profit for the period attributable to owners of the Company <i>(RMB'000)</i>	247,246	104,816
Weighted average number of ordinary shares deemed to be in issue <i>(in thousands)</i>	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)	<u>0.67</u>	<u>0.40</u>

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 <i>RMB'000</i>	Fund products <i>RMB'000</i>	Total <i>RMB'000</i>
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)
	<u>—</u>	<u>532,836</u>	<u>532,836</u>
Closing balance	<u>—</u>	<u>532,836</u>	<u>532,836</u>
Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting period	<u>—</u>	<u>496</u>	<u>496</u>

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

	Wealth management products <i>RMB'000</i>	Fund products <i>RMB'000</i>	Total <i>RMB'000</i>
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	<u>4,800</u>	<u>—</u>	<u>4,800</u>
Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting period	<u>—</u>	<u>—</u>	<u>—</u>

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

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

- (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 RMB'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
	<u>970,836</u>	<u>697,211</u>

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.

- (c) A maturity analysis of finance lease receivables of the Group is shown in the table during the period:

	As at June 30, 2021 RMB'000	As at December 31, 2020 RMB'000
Minimum lease receivable due:		
— Within one year	4,549	3,286
— More than one year but not exceeding two years	2,865	4,558
— More than two years but not exceeding five years	7,928	8,622
— Later than five years	6,594	8,829
	<u>21,936</u>	<u>25,295</u>
Less: Future finance income	<u>(5,942)</u>	<u>(6,736)</u>
Present value of finance lease receivables	<u>15,994</u>	<u>18,559</u>

16 CASH AND CASH EQUIVALENTS

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Cash at bank and in hand (<i>Note (a)</i>)	1,050,804	598,468
Others	<u>1,276</u>	<u>6,418</u>
	1,052,080	604,886
Less: Other restricted cash	<u>(2,300)</u>	<u>(1,700)</u>
	<u>1,049,780</u>	<u>603,186</u>

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

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

17 SHARE CAPITAL

	Number of ordinary shares	Share capital RMB'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 (<i>Note a</i>)	<u>94,000,000</u>	<u>94,000</u>
As at June 30, 2021	<u>376,000,000</u>	<u>376,000</u>

- (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 RMB'000	Capital reserve RMB'000	Share-based compensation reserve RMB'000	Statutory reserve RMB'000	Other reserves RMB'000	Total RMB'000
Balance at December 31, 2020 (Audited)	81,025	36,149	42,730	46,648	9,665	216,217
Issue of shares (Note 17)	883,989	—	—	—	—	883,989
Share-based payment (Note (b))	—	—	11,321	—	—	11,321
Share-based payment to RiseSun Group's employees (Note (b))	—	—	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 (Note (b))	—	—	22,358	—	—	22,358
Share-based payment to RiseSun Group's employees (Note(b))	—	—	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 <i>RMB'000</i> (Unaudited)	As at December 31, 2020 <i>RMB'000</i> (Audited)
Trade payables		
— Related parties	16,712	10,969
— Third parties	467,469	290,567
	484,181	301,536
Other payables		
— Related parties (<i>Note (c)</i>)	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 (<i>Note 20</i>)	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 RMB'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
	<u>484,181</u>	<u>301,536</u>

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 (<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	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

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, 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	
	<i>'000 sq.m.</i>	%	<i>'000 sq.m.</i>	%
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%
Total	<u>62,766</u>	<u>100.0%</u>	<u>52,405</u>	<u>100.0%</u>

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, 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,		Change in percentage %
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	
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	<u>1,290,819</u>	<u>764,910</u>	<u>68.8%</u>

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	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
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	<u>516,900</u>	<u>100.0%</u>	<u>444,202</u>	<u>100.0%</u>

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:

	Six months ended June 30, 2021		2020	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
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	<u>607,547</u>	<u>100.0%</u>	<u>250,598</u>	<u>100.0%</u>

Note:

- (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	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Home-living services	69,494	41.8%	51,613	73.6%
Property space management services	96,878	58.2%	18,497	26.4%
Total	<u>166,372</u>	<u>100.0%</u>	<u>70,110</u>	<u>100.0%</u>

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 <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	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	<u>449,976</u>	<u>34.9</u>	<u>218,554</u>	<u>28.6</u>

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 parties last year, resulting in no interest income incurred from related party loans this year.

Other losses — net

The Group's net other losses mainly consist of (i) net gains from fair value change of financial assets at fair value through profit or loss, including fund products and wealth management products; (ii) fair value (losses)/gains on investment properties, including retail units and car parks held for rental income and capital appreciation; (iii) net losses from early termination of lease agreements and derecognition of right-of-use assets related to certain retail units and car parks the Group leased from certain property owners and residents in the properties managed by it; (iv) foreign exchange losses; and (v) others. For the six months ended June 30, 2021, the Group recorded net other losses of approximately RMB6.0 million, mainly attributable to the losses from early termination of lease agreements and derecognition of right-of-use assets and foreign exchange losses.

Income tax expenses

The Group's income tax expenses comprise PRC corporate income tax. The Group's income tax expenses increased by approximately 96.9% from approximately RMB41.4 million for the six months ended June 30, 2020 to approximately RMB81.5 million for the six months ended June 30, 2021. Such increase was primarily due to the increase in the Group's profit before tax as a result of its business expansion. The effective income tax rate of the Group remained relatively stable at approximately 28.3% and approximately 24.8% for the six months ended June 30, 2020 and 2021, respectively. The income tax rate for the period was lower than the PRC statutory corporate income tax rate of 25%, primarily because certain subsidiaries as small and micro enterprises enjoy a preferential tax rate.

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	RMB'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	<u>263,059</u>	<u>128,022</u>

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 property management services, value-added services to non-property owners and community value-added services. As at June 30, 2021, the Group's trade receivables amounted to approximately RMB1,149.2 million, representing an increase of approximately 32.9% from approximately RMB864.8 million as at December 31, 2020, which was in line with the increase in revenue, and the growth rate is less than the revenue growth rate.

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 disclosed in this announcement and the Prospectus, the Group has no plans for any material investments or capital assets as at June 30, 2021.

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, 2021, major non-RMB assets were cash and cash equivalents and financial assets at fair value through profit or loss which were denominated in HK\$ or US\$. Fluctuation of the exchange rates of RMB against HK\$ or 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, 2021, the Group did not have any material contingent liabilities and litigations (December 31, 2020: nil).

COMMITMENTS

As at June 30, 2021, the Group had capital commitment of RMB100 million in respect of the acquisition of equity interest (December 31, 2020: nil), and the lease commitment of the Group as a lessee amounted to approximately RMB0.2 million (December 31, 2020: approximately RMB0.7 million).

KEY FINANCIAL RATIOS

As at June 30, 2021, the current ratio was approximately 2.13 (December 31, 2020: approximately 1.46) and its liabilities to assets ratio was approximately 46.1% (December 31, 2020: approximately 65.9%).

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%.

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)}
	% of total amount	RMB'000	RMB'000	RMB'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	50,653	N/A
Total	100%	973,681	46,715	926,966	

Notes:

- (1) For the detailed breakdown and description of the proceeds and the expected timeline of the intended use of proceeds, please refer to the section headed “Future Plans and Use of Proceeds” in the Prospectus.
- (2) The expected timeline for the unutilised net proceeds was based on the best estimation and assumption of future market conditions and industry development made by the Company at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group’s business and the industry. It will be subject to change based on the current and future development of the Group’s business and the market conditions.

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 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 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, 2021, the Group organized approximately 80 training sessions, and nearly 5,000 employees participated in these sessions.

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
Chairman and Executive Director

Langfang, the PRC, August 25, 2021

As at the date of this announcement, the Board comprises Mr. Geng Jianfu, Mr. Liu Yonggang and Mr. Xiao Tianchi as executive Directors; Mr. Zhang Wenge as non-executive Director; and Mr. Jin Wenhui, Mr. Siu Chi Hung and Mr. Tang Yishu as independent non-executive Directors.