

ROISERV 榮萬家

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

2021 INTERIM REPORT



CONTENTS

Corporate Information	2
Financial Highlights	4
Interim Review/Honors and Awards	5
Chairman’s Statement	8
Management Discussion and Analysis	12
Corporate Governance and Other Information	27
Interim Condensed Consolidated Statement of Comprehensive Income	31
Interim Condensed Consolidated Statement of Financial Position	32
Interim Condensed Consolidated Statement of Changes in Equity	34
Interim Condensed Consolidated Statement of Cash Flows	35
Note to the Condensed Consolidated Interim Financial Statements	36
Glossary and Definitions	64



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Geng Jianfu (*Chairman*)
Mr. Liu Yonggang
Mr. Xiao Tianchi

Non-executive Director

Mr. Zhang Wenge

Independent non-executive Directors

Mr. Jin Wenhui
Mr. Siu Chi Hung
Mr. Tang Yishu

SUPERVISORY COMMITTEE

Mr. Jing Zhonghua (*Chairman*)
Ms. Dong Hui
Mr. Liu Jifeng
Mr. Wang Jiandong
Mr. Zhang Yuanpeng

AUDIT COMMITTEE

Mr. Siu Chi Hung (*Chairman*)
Mr. Zhang Wenge
Mr. Jin Wenhui

REMUNERATION COMMITTEE

Mr. Tang Yishu (*Chairman*)
Mr. Geng Jianfu
Mr. Jin Wenhui

NOMINATION COMMITTEE

Mr. Geng Jianfu (*Chairman*)
Mr. Siu Chi Hung
Mr. Tang Yishu

JOINT COMPANY SECRETARIES

Mr. Xiao Tianchi
Mr. Wong Yu Kit

AUTHORISED REPRESENTATIVES

Mr. Xiao Tianchi
Mr. Wong Yu Kit

AUDITOR

PricewaterhouseCoopers
*Certified Public Accountants and Registered Public
Interest Entity Auditor*
22/F Prince's Building
Central
Hong Kong

COMPLIANCE ADVISOR

Maxa Capital Limited
Unit 1908 Harbour Center
25 Harbour Road
Wanchai, Hong Kong

LEGAL ADVISOR

Sidley Austin (as to Hong Kong laws)

REGISTERED OFFICE IN THE PRC

East Daxiang Line and North Heyuan
Road (Within Xianghe Xiandai Water
Industry Co., Ltd.* (香河現代水業有限公司))
Jiangxintun Town
Xianghe County
Langfang
Hebei Province
PRC

HEADQUARTERS IN THE PRC

81 Xiangyun Road
Economic and Technological Development Area
Langfang
Hebei Province, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre
248 Queen's Road East
Wanchai
Hong Kong

H SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

PRINCIPAL BANKS

Agricultural Bank of China Co., Ltd.
Langfang Guangyang Branch
Bank of Langfang Co., Ltd.
Beihuan Road Branch

INVESTOR RELATIONS

Office of the Board
E-mail: ir@roiserv.com
Telephone: (86) 0316-5766562

WEBSITE

www.roiserv.com

STOCK CODE

2146



Financial Highlights

For the six months ended June 30,

	2021	2020	Change percentage
Results Summary			
Revenue (RMB'000)	1,290,819	764,910	68.8%
Gross profit (RMB'000)	449,976	218,554	105.9%
Net profit for the period (RMB'000)	247,249	104,816	135.9%
Adjusted profit for the period (RMB'000)	263,059	128,022	105.5%
Gross profit margin (%)	34.9	28.6	+6.3 percentage points
Basic earnings per Share (basic) (RMB)	0.67	0.40	67.5%

	As at June 30, 2021	As at December 31, 2020	Change percentage
Balance Sheet Summary			
Total assets (RMB'000)	3,369,146	1,860,380	81.1%
Cash and cash equivalents (RMB'000)	1,049,780	603,186	74.0%
Total liabilities (RMB'000)	1,553,938	1,225,576	26.8%
Total equity (RMB'000)	1,815,208	634,804	185.9%
Equity attributable to owners of the Company (RMB'000)	1,814,960	634,804	185.9%
Current ratio (times)	2.13	1.46	0.67
Liabilities to assets ratio (%)	46.1%	65.9%	-19.8 percentage points

MAJOR EVENTS FROM JANUARY TO JUNE, 2021

Time	Description
January 15, 2021	Roiserv Lifestyle Services Co., Ltd. was successfully listed on the Hong Kong Stock Exchange.
June 4, 2021	Roiserv Lifestyle Services Co., Ltd. submitted an application to the CSRC for “Application for Full Circulation of Domestic Unlisted Shares of H-share Companies”, and was notified of the acceptance of the application by the CSRC on June 9, 2021 with the acceptance number 211419.
June 12, 2021	Roiserv signed a contract regarding the Winter Olympic Stadium and Olympic Village project and the contract was formally executed, with an expansion area of approximately 2,000,000 m ² , the project type of which is a sports stadium.



Interim Review/Honors and Awards

MAJOR HONORS AND AWARDS FROM JANUARY TO JUNE, 2021

On April 22, 2021, we ranked TOP 17th of 2021 TOP 100 Property Management Companies in China.



On May 10, 2021, we ranked TOP 14th of 2021 Most Valuable Brand of China Property Management Service and TOP 5th of Branded Property Management Companies in North China.



Interim Review/Honors and Awards



On May 27, 2021, we ranked TOP 17th of 2021 TOP 20 Listed Company of China Property Management Service.





Chairman's Statement

Dear Shareholders,

I am pleased to report the interim results of Roiserv Lifestyle Services Co., Ltd. and its subsidiaries for the six months ended June 30, 2021.

In 2021, we upheld the customer-oriented service philosophy, improved the quality of services, put into practice the values of “sincerity, warmth and thoughtfulness”, strived for the goal of becoming a caring, warm-hearted, trustworthy and well-received quality life service provider with a far-sighted service philosophy and a coverage on the whole life cycle and the entire community service chain, and achieved great results. 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 during the six months ended June 30, 2020; gross profit of approximately RMB450.0 million, representing a period-on-period increase of approximately 105.9%. Net profit for the Period amounted to approximately RMB247.2 million, representing an increase of approximately 135.9% as compared to that of 2020. The gross profit margin was approximately 34.9%, representing a period-on-period increase of approximately 6.3 percentage points. Profit attributable to the owners of the Company during the Period amounted to approximately RMB247.2 million, representing an increase of approximately 135.9% as compared to that during the same period in 2020. Basic earnings per share amounted to approximately RMB0.67 with the growth rate of approximately 67.5%.

Actively participating in pandemic prevention and control, demonstrating the value of property services

At the beginning of 2021, due to the local outbreak of the COVID-19 pandemic, the Hebei region and the Shenyang region were under successive emergency status. Our local companies quickly responded to and proactively cooperated with the government to control access in accordance with local requirements, and arranged property owners to complete nucleic acid testing for all of them. All our employees were on duty during the Spring Festival to fight against the pandemic, and stayed at the entrances of communities round the clock in the cold wind, actively coordinated the allocation of living supplies, carried out thorough disinfection in the communities and assisted in organizing nucleic acid testing. The performance of the pandemic prevention work was interviewed and reported by CCTV, and their services had been recognized by property owners and society, creating an excellent reputation for the Company and further enhancing its awareness and brand influence.

Continue to enhance brand value

Our brand is our utmost important asset. Our brand represents our service philosophy of “convenient and comfortable” and our high service quality. Customer recognition of our brand will bring more business opportunities. We plan to continue to enhance our brand recognition through the following measures: (i) establishing a quality brand image with enhanced service quality: we strive to improve the service quality for each of our managed properties in order to enhance the customer satisfaction level and improve brand recognition; (ii) launching robust brand building activities: we plan to organize community cultural activities and brand building campaigns to increase publicity through different channels; and (iii) gaining a foothold in industry development, including participating in the formulation of industry standards and attending industry summits and conferences. We believe that a trustworthy brand will enable us to obtain more property management projects, as well as enhance our bargaining power, which will further improve our financial performance and competitiveness.

Further expand our business scale and market share

Leveraging our leading market position, strategic service network, and brand recognition and awareness, we aim to further expand our business and market share and achieve growth.

We plan to further expand our cooperation with RiseSun Group through improving our capabilities of managing diversified types of properties. By expanding such cooperation, we expect to solidify and expand our market share in cities we currently have operations in, and also penetrate into new regions. Leveraging our extensive property management service experience, we also plan to offer property management consultancy services to property developers and small and medium-sized property management service companies.

We also plan to expand our collaboration with independent third party property developers. For properties with a GFA of over 1 million sq.m. or municipal service properties, we may form joint ventures with independent third-party property developers to manage those properties developed by such developers. The independent third party property developer and the Company will enter into agreements to form the joint venture, which will be the entity to procure property management service mandates and provide property management services. We believe that our relationship with third party property developers, our knowledge of the specific service needs of such property developers coupled with our property management experience, would increase the chances for the joint venture to secure property management services contracts for the property projects developed by such property developers. According to China Index Academy, the Company's industry consultant, the key factors we will consider in selecting targets for joint ventures include the credit worthiness of business partner, geographical location, legal compliance, target customer group, local population, project scale, construction standards and investment returns. As of June 30, 2021, we had entered into framework agreements with 84 independent third party property developers to set up joint ventures, in which we will hold the majority of the equity interests, to jointly manage properties to be developed by these developers. The properties under these agreements had an aggregate contracted GFA of approximately 95.33 million sq.m., including residential properties, entrepreneurial parks, health and wellness services, Olympic stadiums, etc.

Meanwhile, we plan to engage in selective acquisitions to expand our business. Our selection criteria for potential target companies include but not limited to: (i) GFA under management of over 1.0 million sq.m.; (ii) operating revenue in the latest financial year of over RMB20.0 million; (iii) compliance of business operations with laws and regulations; and (iv) diversity in the portfolio of managed properties. We will prioritize in assessing potential acquisition or investment targets with a portfolio of managed properties covering tier-one or new tier-one cities, such as Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin and Chengdu, or those with a diversified portfolio of managed properties, such as commercial properties, industry parks, schools and hospitals. Through the investment in or acquisition of these companies, we expect to expand our geographic coverage, reinforce our competitive edge in economically developed regions, diversify our portfolio of managed properties and enhance our brand awareness. 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, with Guofu HK introducing quality projects for acquisition, civil property services business and prospective investors to the Company. To promote a win-win relation between the two parties, Guofu HK or its associated enterprises invested in the Company in various ways, and it plans to jointly establish an investing entity with the Company to invest and acquire quality property management enterprises and the upstream and downstream enterprises within Hebei Province, further expanding the influence of Hebei enterprises in the overseas capital market.



Chairman's Statement

Continue to enrich our community value-added services

Through analyzing data on property owners and residents' behaviors collected during the provision of property management services, we continuously enhance our understanding of our customers' needs and preferences. Leveraging our big data analytics capabilities, we can make wise business decisions to effectively market our services and improve our service quality. In particular, we utilize our big data analytics capabilities to enrich the services and products offerings of our community value-added services in response to the highly demanded services from property owners and residents in their daily lives.

Our one-stop omni-channel service platform is centered around the community living scenarios, allowing users to submit online requests for repair and maintenance, and complaints and feedback, and also connecting users with convenience stores, property brokerage services and other services. With respect to community retail services, we plan to increase the coverage of our offline convenience stores and further improve customers' shopping experience by expanding product offerings and adopting intelligent operation systems. With respect to our property brokerage services, we plan to further expand our services to cover upstream and downstream services relating to real estate transactions, such as intermediary services relating to the sales and leasing of properties managed by us.

We plan to expand our turnkey furnishing services to provide property owners with services covering the whole life-cycle of their properties. We expect to cooperate with suppliers of quality home furniture and appliances and organize a group purchase meeting of joint operation and self operation companies for home improvement building materials to decorate and renovate sample rooms as illustration to new property owners. We open joint-operated and self-operated beauty home decoration lifestyle shop, integrating online shopping mall preferences and offline park exhibition to provide property owners with one-stop turnkey furnishing services. In particular, we plan to offer renovation, cleaning and remodeling services for used properties. Moreover, we also plan to provide integrated professional services such as indoor air quality improvement, housekeeping and cleaning, appliance cleaning services, and tailor make these services to property owners and residents based on their needs.

We also plan to increase the investment in the community health and elderly care industry by exploring the community elderly care and health services through various approaches covering mergers and acquisitions, restructuring, cooperation with professional organizations, and introduction of professionals for self-operation.

Further invest in technologies, develop and promote smart community management

We will further invest in information technology and digitized operation platforms to enhance our service quality and operational efficiency. We plan to build a resource management system and a remote data and video surveillance center and to upgrade our Carpark Entry and Exit Management System to achieve functions such as car park management and electronic payment through scanning QR code. We also plan to build intelligent management platforms, property management service platforms and value-added service platforms to enrich service scenarios and improve user experience. These new systems and functions are expected to integrate into our existing digital systems using devices connected by the Internet of Things technology and other information technologies, which enable us to collect real-time data from our equipment and facilities and to remotely monitor their operation status and receive alerts of malfunction incidents. We expect that digitalized management will enhance our ability to collect and analyze operational data and thus our manpower and other resources can be allocated and utilized more efficiently without compromising our service quality.

Meanwhile, we plan to continuously upgrade our one-stop omni-channel service platform to enrich service scenarios and improve user experience. We expect that our service quality and customer satisfaction will be enhanced by such initiatives. We expect the increased coverage of information technology systems and community management tools will enhance our service quality and operational efficiency.

Continue to improve staff motivation mechanism to attract, cultivate and retain talents

We plan to adhere to the “talent-oriented” management policy and will respond quickly to the human resource demands and adopt measures to optimize the allocation of human resources. We plan to further strengthen the functionality of our human resource administration, and establish human resource development plans. We have developed a “one-thirds by three” talent system. For our key operational roles and management positions, one third are from leading companies, one third from internal promotion, and one third from management trainees hired through on-campus recruitment. To continue with innovation and creation, we also plan to recruit top-tier talents with advanced information technology skills. In addition, to enhance talents retention and promotion, we expect to continue providing a comprehensive and competitive compensation incentive system. Also, we will build career advancement tracks centered on leadership, professional skills and corporate culture for employees working at different lines of business and in different fields, and provide promotion opportunities based on the employees’ skills. With these measures, we expect to continue to enhance our human resource management and to foster the continuous development of our employees and the Group.

Last but not least, on behalf of the Board, I would like to express my sincere gratitude to all employees and management team who have made contributions to the development of the Company over the past six months, and to all shareholders and partners for their support and trust.

By Order of the Board

Geng Jianfu

Chairman and Executive Director

August 25, 2021



Management Discussion and Analysis

BUSINESS REVIEW

Overview

The Group is a comprehensive property management service provider with a strategic deployment across China. As of June 30, 2021, the Group had a total of 324 property management projects under management with an aggregate 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 business lines, 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, commercial procurement services, home repairs and maintenance, and housekeeping services; and (ii) property space management services which primarily include turnkey furnishing services and property brokerage services.

Management Discussion and Analysis

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 sq.m.)	GFA under management ('000 sq.m.)
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.

Management Discussion and Analysis

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 sq.m.	%
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	62,766	100.0%	52,405	100.0%

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.

Management Discussion and Analysis

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	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.



Management Discussion and Analysis

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 manages 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 approximately 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 (i) uphold 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 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 RMB'000	2020 RMB'000	Change in percentage %
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.

Management Discussion and Analysis

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	%	RMB'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%

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	
	RMB'000	%	RMB'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%

Note:

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

Management Discussion and Analysis

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	%	RMB'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 RMB'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.



Management Discussion and Analysis

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.

Management Discussion and Analysis

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	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%.



Management Discussion and Analysis

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 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. As one or more of the applicable percentage ratios in respect of the subscription exceeded 5% but was less than 25%, the subscription constituted a disclosable transaction of the Company and was subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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 interim report 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.



Management Discussion and Analysis

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).

Management Discussion and Analysis

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 interim report. The unutilised net proceeds and its intended timeframe for utilisation will be applied in a manner consistent with that mentioned in the Prospectus.



Management Discussion and Analysis

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 adopts a remuneration policy similar to its peers in the same industry, and 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 was completed at the consideration of RMB100 million, which was not a notifiable transaction under Chapter 14 of the Listing Rules.

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 interim report.



Corporate Governance and Other Information

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 mainly to reflect the changes in the number of shares and registered capital after the Company completed the initial public offering of overseas listed foreign shares, 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. The restated Articles of Association has been uploaded to both the websites of the Company and the Stock Exchange.

CHANGE IN INFORMATION REGARDING DIRECTORS ACCORDING TO RULE 13.51B(1) OF THE LISTING RULES

As at June 30, 2021, changes in the biographical details of the Directors since the date of the 2020 annual report of the Company are as follows: Mr. Geng Jianfu, Chairman and executive Director, is currently the Co-President (formerly the executive President) of RiseSun Real Estate Development (one of the Controlling Shareholders); Mr. Siu Chi Hung, independent non-executive Director, was appointed as an independent non-executive director of Central China Management Company Limited, a company listed on the Stock Exchange (Stock code: 9982) on May 12, 2021. Save as disclosed above, there is no change of information of each Director that is required to be disclosed under Rules 13.51(2) and 13.51(B)(1) of the Listing Rules since the publication of the 2020 annual report of the Company.

CORPORATE GOVERNANCE PRACTICES

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

Since 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 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.

Corporate Governance and Other Information

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at June 30, 2021, the interests and/or short positions of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(1) Interests in the Company

Name of Director	Nature of Interest	Class of Shares	Shares held in the relevant class of Shares		Percentage of the total share capital of the Company ⁽¹⁾ (approx.)
			Number ⁽¹⁾	Percentage ⁽¹⁾ (approx.)	
Mr. Xiao Tianchi	Interest of spouse ⁽²⁾	Domestic Shares	22,740,000 (L)	8.06%	6.05%

Notes:

(1) The letter "L" denotes the person's long position in the Shares. As at June 30, 2021, the Company has issued 376,000,000 Shares, including 94,000,000 H Shares and 282,000,000 domestic Shares.

(2) By virtue of the SFO, Mr. Xiao Tianchi is deemed to be interested in the Shares held by his spouse, Ms. Geng Fanchao.

(2) Interest in associated corporations of the Company

Name	Name of associated corporation	Nature of interest	Interest in shares	Shareholding percentage (approx.)
Mr. Geng Jianfu	RiseSun Real Estate Development	Beneficial owner	9,770,632 (L)	0.22%
	RiseSun Holdings	Beneficial owner	32,200,000 (L)	5.00%
	RiseSun Construction Engineering	Beneficial owner	9,180,000 (L)	2.78%
Mr. Jin Wenhui	RiseSun Holdings	Beneficial owner	2,860,000 (L)	0.44%

Note:

(1) The letter "L" denotes the person's long position in the shares.

Save as disclosed above, as at June 30, 2021, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations, which were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or notified to the Company and the Stock Exchange pursuant to the Model Code.

Corporate Governance and Other Information

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

Insofar as it is known to the Company, as at June 30, 2021, persons (other than the Directors or Supervisors or chief executive of the Company) who had interests and/or short positions in the Shares or underlying Shares which fell to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were recorded in the register kept by the Company under section 336 of the SFO were as follows:

Name of Shareholder	Nature of interest	Class of shares	Shares held as at June 30, 2021 ⁽¹⁾		Percentage of shares held in the total share capital of the Company as at June 30, 2021 ⁽¹⁾ (approx.)
			Number	Approximate percentage	
Mr. Geng ⁽²⁾	Interest in controlled corporations	Domestic Shares	235,527,000 (L)	83.52%	62.64%
RiseSun Holdings ⁽²⁾	Interest in controlled corporations	Domestic Shares	235,527,000 (L)	83.52%	62.64%
RiseSun Construction Engineering	Interest in controlled corporations	Domestic Shares	235,527,000 (L)	83.52%	62.64%
RiseSun Real Estate Development ⁽²⁾	Beneficial owner	Domestic Shares	235,527,000 (L)	83.52%	62.64%
Zhonghong Kaisheng	Beneficial owner	Domestic Shares	22,740,000 (L)	8.06%	6.05%
Ms. Geng Fanchao ⁽³⁾	Interest in controlled corporations	Domestic Shares	22,740,000 (L)	8.06%	6.05%
Shengyide Commercial	Beneficial owner	Domestic Shares	23,733,000 (L)	8.42%	6.31%
Ms. Liu Hongxia ⁽⁴⁾	Interest in controlled corporations	Domestic Shares	23,733,000 (L)	8.42%	6.31%
Brimstone Asset Management Company Limited	Investment manager	H Shares	22,918,500 (L)	24.38%	6.10%
Brimstone SPC	Beneficial owner	H Shares	22,918,500 (L)	24.38%	6.10%
Huatai Securities Co., Ltd. ⁽⁵⁾	Interest in controlled corporations	H Shares	7,456,500 (L)	7.93% (L)	1.98% (L)
			6,516,000 (S)	6.93% (S)	1.73% (S)
JPMorgan Chase & Co.	Person having a security interest in shares	H Shares	5,921,828 (L)	6.29% (L)	1.57% (L)
			15,000 (S)	0.01% (S)	0.003% (S)

Notes:

- (1) The letter "L" denotes the person's long position in the Shares. The letter "S" denotes the person's short position in the Shares. As at June 30, 2021, the Company has issued 376,000,000 Shares, including 94,000,000 H Shares and 282,000,000 domestic Shares.
- (2) The Company is owned as to 83.52% by RiseSun Real Estate Development, which is controlled by Mr. Geng through RiseSun Holdings and RiseSun Construction Engineering. RiseSun Real Estate Development is owned as to 12.88% by Mr. Geng, 35.65% by RiseSun Holdings and 11.43% by RiseSun Construction Engineering. Mr. Geng owns 60.09% of the equity interest of RiseSun Holdings and 18.18% of the equity interest of RiseSun Construction Engineering, and RiseSun Holdings in turn owned 71.29% of the equity interest of RiseSun Construction Engineering. By virtue of the SFO, Mr. Geng, RiseSun Construction Engineering and RiseSun Holdings are deemed to be interested in Shares held by RiseSun Real Estate Development.
- (3) Zhonghong Kaisheng is owned as to 48.33% by Ms. Geng Fanchao. By virtue of the SFO, Ms. Geng Fanchao is deemed to be interested in the Shares held by Zhonghong Kaisheng.
- (4) Ms. Liu Hongxia is a general partner of and has full control over Shengyide Commercial. By virtue of the SFO, Ms. Liu Hongxia is deemed to be interested in Shares held by Shengyide Commercial.
- (5) The long position in 6,516,000 H Shares and short position in 6,516,000 H Shares were held by Huatai Capital Investment Limited, which is wholly-owned by Huatai Financial Holdings (Hong Kong) Limited. Huatai Financial Holdings (Hong Kong) Limited is wholly-owned by Huatai International Financial Holdings Company Limited, which is in turn wholly-owned by Huatai Securities Co., Ltd. By virtue of the SFO, Huatai Securities Co., Ltd., is deemed to have the interests in the Shares held by Huatai Capital Investment Limited and Huatai Financial Holdings (Hong Kong) Limited.



Corporate Governance and Other Information

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 the 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 for the six months ended June 30, 2021 and this interim report. 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.

SIGNIFICANT LEGAL PROCEEDINGS

For the six months ended June 30, 2021, the Group had not been involved in any significant legal proceedings.

Interim Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended June 30,	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (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

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Financial Position

	Note	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	14	20,855	19,467
Investment properties	15	65,014	70,829
Intangible assets	16	7,538	8,261
Other receivables	19	12,860	16,828
Deferred income tax assets		10,132	8,085
		116,399	123,470
Current assets			
Inventories	17	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	18	532,836	—
Trade and other receivables and prepayments	19	1,484,283	1,048,353
Restricted cash	20	2,300	1,700
Cash and cash equivalents	20	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	21	376,000	282,000
Reserves	22	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

Interim Condensed Consolidated Statement of Financial Position

	Note	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Liabilities			
Non-current liabilities			
Contract liabilities	6(a)	15,215	19,873
Lease liabilities	24	11,143	12,462
Deferred income tax liabilities		3,564	4,322
		29,922	36,657
Current liabilities			
Contract liabilities	6(a)	405,258	311,541
Trade and other payables	23	1,068,573	831,941
Lease liabilities	24	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

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

The condensed consolidated interim financial information on pages 31 to 63 were approved by the Board of Directors on August 25, 2021 and were signed on its behalf.

Mr. Geng Jianfu

Director

Mr. Liu Yonggang

Director

Interim Condensed Consolidated Statement of Changes in Equity

	Note	Attributable to owners of the Company					Total equity RMB'000
		Share capital RMB'000 (Note 21)	Reserves RMB'000 (Note 22)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	
Balance at December 31, 2020 (Audited)		282,000	216,217	136,587	634,804	—	634,804
Comprehensive income							
Profit for the period		—	—	247,246	247,246	3	247,249
Transactions with owners in their capacity as owners:							
Share-based payment	22	—	11,321	—	11,321	—	11,321
Dividend paid to the shareholders	25	—	—	(56,400)	(56,400)	—	(56,400)
Issue of shares in connection with the Company's listing	21	94,000	883,989	—	977,989	—	977,989
Capital contribution from non-controlling interests		—	—	—	—	245	245
Balance at June 30, 2021 (Unaudited)		376,000	1,111,527	327,433	1,814,960	248	1,815,208
Balance at December 31, 2019 (Audited)		60,310	129,768	188,892	378,970	—	378,970
Comprehensive income							
Profit for the period		—	—	104,816	104,816	—	104,816
Transactions with owners in their capacity as owners:							
Effect of the Company's conversion from a limited liability company into a joint stock company		197,957	(67,873)	(130,084)	—	—	—
Issue of shares		23,733	81,025	—	104,758	—	104,758
Share-based payment		—	22,358	—	22,358	—	22,358
Balance at June 30, 2020 (Audited)		282,000	165,278	163,624	610,902	—	610,902

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Cash Flows

	Note	Six months ended June 30	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Cash flows from operating activities			
Cash generated from operations		208,636	84,375
Income tax paid		(76,875)	(28,274)
Net cash generated from operating activities		131,761	56,101
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(5,232)	(2,675)
Purchase of investment properties	15	—	(10,843)
Purchase of intangible assets		(111)	(829)
Proceeds from disposal of property, plant and equipment		476	68
Proceeds from disposal of investment properties		5,195	17,966
Loans granted to related parties		—	(50,000)
Repayment of loans by related parties		—	518,800
Cash advances made to related parties		—	(237,248)
Repayments from related parties		—	385,153
Interest received from related parties		—	20,407
Purchase of financial assets at fair value through profit or loss	18	(539,340)	(139,870)
Proceeds from redemption of financial assets at fair value through profit or loss	18	7,000	135,070
Interests from financial assets at fair value through profit or loss	18	32	508
Increase in performance guarantee deposits for acquisition of equity interests	19(b)	(150,000)	—
Net cash (used in)/generated from investing activities		(681,980)	636,507
Cash flows from financing activities			
Proceeds from issue of ordinary shares		1,015,389	—
Capital contribution from shareholders of the Company		—	104,758
Capital contribution from non-controlling interests		245	—
Repayments of borrowings		—	(90,000)
Cash advances from related parties		—	201,774
Repayments of cash advances from related parties		—	(416,912)
Listing expenses paid		(14,232)	(9,807)
Principal elements of lease payments		(2,592)	(10,951)
Interest paid		(599)	(3,140)
Dividends paid to shareholders of the Company		—	(1,500)
Decrease in restricted cash		—	100,000
Net cash generated from/(used in) financing activities		998,211	(125,778)
Net increase in cash and cash equivalents		447,992	566,830
Cash and cash equivalents at beginning of period		603,186	228,867
Exchange losses on cash and cash equivalents		(1,398)	—
Cash and cash equivalents at end of period		1,049,780	795,697

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.



Note to the Condensed Consolidated Interim Financial Statements

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.

Note to the Condensed Consolidated Interim Financial Statements

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	Interest rate benchmark reform — phase 2
HKFRS 16 (Amendment)	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 report, 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.



Note to the Condensed Consolidated Interim Financial Statements

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.

Note to the Condensed Consolidated Interim Financial Statements

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 ended 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 value-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	51
	1,290,819	764,910

Note to the Condensed Consolidated Interim Financial Statements

6 REVENUE (Continued)

(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 (Note 28(d))	45,075	39,675
– Third parties	82,427	1,389
Loss allowance	(3,984)	–
	123,518	41,064
Contract liabilities-current		
– Related parties (Note 28(d))	94,722	85,821
– Third parties	310,536	225,720
	405,258	311,541
Contract liabilities-non-current		
– Third parties	15,215	19,873

7 OTHER INCOME

	Six months ended June 30, 2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Interest income from loans due from related parties (Note 28(b))	–	22,558
Interest income on finance lease	2,612	2,593
Government grants (Note (a))	3,970	1,359
	6,582	26,510

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

Note to the Condensed Consolidated Interim Financial Statements

8 OTHER LOSSES – NET

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'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 (Note 15)	(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	RMB'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)

Note to the Condensed Consolidated Interim Financial Statements

10 EXPENSES BY NATURE

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

Note to the Condensed Consolidated Interim Financial Statements

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 (Note (a))	50,134	22,920
Housing benefits	11,966	7,797
Share-based payment (Note 22)	11,321	22,358
Other employee benefits (Note (b))	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	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

Note to the Condensed Consolidated Interim Financial Statements

12 INCOME TAX EXPENSES (Continued)

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 RMB'000 (Unaudited)	2020 RMB'000 (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%.

Note to the Condensed Consolidated Interim Financial Statements

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	RMB'000
	(Unaudited)	(Audited)
Profit for the period attributable to owners of the Company (RMB'000)	247,246	104,816
Weighted average number of ordinary shares deemed to be in issue (in thousands)	368,253	263,483
	0.67	0.40

14 PROPERTY, PLANT AND EQUIPMENT

	Office equipment	Machinery	Vehicles	Leasehold improvements	Subtotal	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2020							
(Audited)							
Cost	17,517	4,451	4,446	6,117	32,531	1,308	33,839
Accumulated depreciation	(6,897)	(1,662)	(3,266)	(2,222)	(14,047)	(325)	(14,372)
Net book amount	10,620	2,789	1,180	3,895	18,484	983	19,467
Six months ended June 30, 2021 (Unaudited)							
Opening net book amount	10,620	2,789	1,180	3,895	18,484	983	19,467
Additions	2,292	224	309	2,407	5,232	—	5,232
Disposals	(396)	(26)	(56)	—	(478)	—	(478)
Depreciation charge	(1,729)	(461)	(431)	(585)	(3,206)	(160)	(3,366)
Closing net book amount	10,787	2,526	1,002	5,717	20,032	823	20,855
As at June 30, 2021 (Unaudited)							
Cost	18,931	4,581	4,426	8,524	36,462	1,308	37,770
Accumulated depreciation	(8,144)	(2,055)	(3,424)	(2,807)	(16,430)	(485)	(16,915)
Net book amount	10,787	2,526	1,002	5,717	20,032	823	20,855

Note to the Condensed Consolidated Interim Financial Statements

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Office equipment RMB'000	Machinery RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Subtotal RMB'000	Right-of-use assets RMB'000	Total RMB'000
As at December 31, 2019							
(Audited)							
Cost	13,555	3,292	3,575	2,245	22,667	427	23,094
Accumulated depreciation	(4,674)	(981)	(2,950)	(1,019)	(9,624)	(118)	(9,742)
Net book amount	8,881	2,311	625	1,226	13,043	309	13,352
Six months ended June 30, 2020 (Audited)							
Opening net book amount	8,881	2,311	625	1,226	13,043	309	13,352
Additions	583	867	567	658	2,675	—	2,675
Disposals	(39)	(16)	(7)	—	(62)	—	(62)
Depreciation charge	(1,180)	(336)	(111)	(202)	(1,829)	(16)	(1,845)
Closing net book amount	8,245	2,826	1,074	1,682	13,827	293	14,120
As at June 30, 2020 (Audited)							
Cost	13,941	4,132	4,131	2,903	25,107	427	25,534
Accumulated depreciation	(5,696)	(1,306)	(3,057)	(1,221)	(11,280)	(134)	(11,414)
Net book amount	8,245	2,826	1,074	1,682	13,827	293	14,120

- (a) No property, plant and equipment is restricted or pledged as security for borrowings as at June 30, 2021 (December 31, 2020: nil).

Note to the Condensed Consolidated Interim Financial Statements

15 INVESTMENT PROPERTIES

Investment properties represent car parks and retail units held for capital appreciation.

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Opening net book amount	70,829	75,516
Additions	—	10,843
Disposals	(5,195)	(15,140)
Revaluation (losses)/gains recognised in other losses — net (Note 8)	(620)	3,564
	<hr/>	<hr/>
Closing net book amount	65,014	74,783
	<hr/>	<hr/>

(a) Fair value hierarchy

As at June 30, 2021, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuation were arrived at by reference to certain significant unobservable inputs. There was no transfer between levels 1, 2 and 3 during the six months ended June 30, 2021.

(b) Valuation techniques

The fair values of the Group's investment properties have been arrived at on the basis of valuations carried out on those dates by an independent qualified professional valuer not connected with the Group which has appropriate qualification and relevant experiences in valuation of similar properties in the relevant locations. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Fair values of the retail units held for capital appreciation using the income capitalisation method, which was based on converting further rental income to a discounted amount.

Fair values of car parks held for capital appreciation were evaluated by using direct comparison approach, which was based on market observable transaction of similar properties and adjusted to reflect the condition of the subject property and differences in location.

Note to the Condensed Consolidated Interim Financial Statements

16 INTANGIBLE ASSETS

	Computer software RMB'000
As at December 31, 2020 (Audited)	
Cost	9,301
Accumulated amortisation	(1,040)
Net book amount	8,261
Six months ended June 30, 2021 (Unaudited)	
Opening net book amount	8,261
Additions	111
Amortisation	(834)
Closing net book amount	7,538
As at June 30, 2021 (Unaudited)	
Cost	9,412
Accumulated amortisation	(1,874)
Net book amount	7,538
As at December 31, 2019 (Audited)	
Cost	1,294
Accumulated amortisation	(210)
Net book amount	1,084
Six months ended June 30, 2020 (Audited)	
Opening net book amount	1,084
Additions	829
Amortisation	(77)
Closing net book amount	1,836
As at June 30, 2020 (Audited)	
Cost	2,123
Accumulated amortisation	(287)
Net book amount	1,836

(a) No intangible asset is restricted or pledged as security for liabilities as at June 30, 2021 (December 31, 2020: nil).

Note to the Condensed Consolidated Interim Financial Statements

17 INVENTORIES

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Finished goods	24,250	14,892
Consumables	8,653	8,117
Raw material	6,268	5,792
Less: allowance for impairment	—	—
	39,171	28,801

(a) No inventory is restricted or pledged as securities for liabilities as at June 30, 2021 (December 31, 2020: nil).

18 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).

Note to the Condensed Consolidated Interim Financial Statements

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(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 RMB'000	Fund products RMB'000	Total RMB'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 RMB'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

Note to the Condensed Consolidated Interim Financial Statements

19 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Trade receivables (Note (a))		
— Related parties (Note 28(d))	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 (Note 28(e))	43,180	56,709
— Third parties (Note (b))	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 (Note 28(d))	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 (Note (c))	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

Note to the Condensed Consolidated Interim Financial Statements

19 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

- (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
	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.
- (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
	21,936	25,295
Less: Future finance income	(5,942)	(6,736)
Present value of finance lease receivables	15,994	18,559

Note to the Condensed Consolidated Interim Financial Statements

20 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 (Note (a))	1,050,804	598,468
Others	1,276	6,418
	1,052,080	604,886
Less: Other restricted cash	(2,300)	(1,700)
	1,049,780	603,186

(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	—
	1,049,780	603,186

21 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 (Note (a))	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.

Note to the Condensed Consolidated Interim Financial Statements

22 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 21)	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 June 30, 2021 (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.

Note to the Condensed Consolidated Interim Financial Statements

23 TRADE AND OTHER PAYABLES

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Trade payables		
— Related parties (Note 28(d))	16,712	10,969
— Third parties	467,469	290,567
	484,181	301,536
Other payables		
— Related parties (Note 28(e), Note (c))	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 (Note 25)	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.

Note to the Condensed Consolidated Interim Financial Statements

23 TRADE AND OTHER PAYABLES (Continued)

- (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
	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.

24 LEASE

- (a) Amounts recognised in the interim condensed consolidated statement of financial position

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Leased office (Note 14)	823	983
Investment properties (Note 15)	65,014	70,829
	65,837	71,812
Lease liabilities		
— Current	1,403	2,759
— Non-current	11,143	12,462
	12,546	15,221

Note to the Condensed Consolidated Interim Financial Statements

24 LEASE (Continued)

(b) Amounts recognised in the interim condensed consolidated statement of comprehensive income

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Depreciation charge of right-of use asset (Note 14)	160	16
Interest expense (Note 9)	599	2,118
Expense relating to short-term leases	253	409
Cash flow for lease payments (including principal elements and relevant interest expenses)	3,191	13,069

(c) A maturity analysis of lease liabilities is shown in the table below during the period:

	As at	As at
	June 30,	December 31,
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Minimum lease payment due:		
– Within one year	2,638	3,940
– More than one year but not exceeding two years	2,644	2,655
– More than two years but not exceeding five years	6,850	7,065
– Later than five years	5,326	7,062
	17,458	20,722
Minimum lease payments	17,458	20,722
Less: Future finance charge	(4,912)	(5,501)
	12,546	15,221
Total lease liabilities	12,546	15,221
The present value of lease liabilities is as follows:		
– Within one year	1,403	2,759
– More than one year but not exceeding two years	1,681	1,613
– More than two years but not exceeding five years	4,830	4,801
– Later than five years	4,632	6,048
	12,546	15,221

Note to the Condensed Consolidated Interim Financial Statements

25 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.

26 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the period/year but not yet incurred for the period is as follows:

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Contracted for		
— Acquisition of equity interests	100,000	—

(b) Lease commitments — as lessee

The Group leases dormitories under non-cancellable lease agreements with lease term less than 12 months.

The future aggregate minimum lease payments under non-cancellable short-term leases are as follows:

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Not later than 1 year	235	734

27 CONTINGENCIES

There was no significant contingent liabilities as of June 30, 2021 (December 31, 2020: nil).

Note to the Condensed Consolidated Interim Financial Statements

28 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship
Mr. Geng	Ultimate Controlling Shareholder
RiseSun Holding Co., Ltd. 榮盛控股股份有限公司	The Ultimate Holding Company
RiseSun Group	A group controlled by Mr. Geng
RiseSun Construction Engineering Co., Ltd.* 榮盛建設工程有限公司	A company controlled by Ultimate Holding Company
Langfang RiseSun Concrete Co., Ltd.* 廊坊榮盛混凝土有限公司	A company controlled by Ultimate Holding Company
Xinsheng Engineering Project Management Co., Ltd.* 新盛工程項目管理有限公司	A company controlled by Ultimate Holding Company
Langfang Ruisheng Concrete Co. Ltd.* 廊坊瑞盛混凝土有限公司	A company controlled by Ultimate Holding Company
Langfang Xinsheng Concrete Co. Ltd.* 廊坊新盛混凝土有限公司	A company controlled by Ultimate Holding Company
Cangzhou Baosheng Real Estate Development Co., Ltd.* 滄州保盛房地產開發有限公司	An associate of RiseSun Group
Xuzhou Rongrun Real Estate Development Co., Ltd.* 徐州榮潤房地產開發有限公司	An associate of RiseSun Group
Shijiazhuang Runpeng Real Estate Development Co., Ltd. * 石家莊潤鵬房地產開發有限公司	An associate of RiseSun Group
Zhengzhou Hongzhufu Real Estate Co., Ltd. * 鄭州紅祝福置業有限公司	An associate of RiseSun Group

* The English name of the related parties represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

Note to the Condensed Consolidated Interim Financial Statements

28 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Continuing transactions:		
Revenue arising from provision of services (Note ii)		
— RiseSun Group	527,803	297,973
— Associates of RiseSun Group	6,477	4,882
— Companies controlled by Ultimate Holding Company	738	895
— Ultimate Controlling Shareholder and his close relatives	212	223
— The Ultimate Holding Company	111	—
	535,341	303,973
Additions of right-of-use assets (car parks)		
— RiseSun Group	—	10,843
Purchasing of goods and services		
— RiseSun Group	6,337	6,400
Accrued expenses		
— RiseSun Group	472	28
Other income		
Interest income of finance lease		
— RiseSun Group	—	2,593
Non-continuing transactions:		
Other income		
Interest income from loans due from related parties		
— RiseSun Group	—	22,558

(i) All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

(ii) The provision of services mainly comprised revenue from property management services and value-added services.

Note to the Condensed Consolidated Interim Financial Statements

28 RELATED PARTY TRANSACTIONS (Continued)

(c) Key management compensation

Compensations for key management other than those for directors and supervisors are set out below:

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Wages, salaries and bonuses	1,860	1,539
Pension costs, housing funds, medical insurance and other social insurances	172	61
Share-base payment	1,940	3,832
	3,972	5,432

(d) Balances with related parties – trade

	As at	As at
	June 30,	December 31,
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables		
– RiseSun Group	510,772	431,693
– Associates of RiseSun Group	5,365	2,552
– Companies controlled by Ultimate Holding Company	6,724	8,740
	522,861	442,985
Note receivables		
– RiseSun Group	204,569	184,383
Contract assets		
– RiseSun Group	44,365	39,575
– Associates of RiseSun Group	710	100
	45,075	39,675
Prepayments		
– RiseSun Group	45,582	17,086
Total receivables from related parties	818,087	684,129

Note to the Condensed Consolidated Interim Financial Statements

28 RELATED PARTY TRANSACTIONS (Continued)

(d) Balances with related parties — trade (Continued)

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Trade payables		
— RiseSun Group	16,334	10,966
— Associates of RiseSun Group	375	—
— Companies controlled by Ultimate Holding Company	3	3
	16,712	10,969
Contract Liabilities		
— RiseSun Group	94,722	85,821
Lease liabilities		
— RiseSun Group	970	594
Dividend payables		
— RiseSun Group	35,318	—
Total payables to related parties	147,722	97,384

Note to the Condensed Consolidated Interim Financial Statements

28 RELATED PARTY TRANSACTIONS (Continued)

(e) Balances with related parties – non-trade

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Other receivables (i)		
– RiseSun Group	43,170	56,699
– Associates of RiseSun Group	10	10
	43,180	56,709
Other payables		
– Associates of RiseSun Group	–	375
– RiseSun Group	3,919	4,600
	3,919	4,975

- (i) The balance mainly represented security deposits of car parks and bidding deposits, which will be collected after the car parks are sold or the completion of the projects.
- (ii) Other receivables/payables due from/to related parties were unsecured and interest-free and repayable on demand.

(f) Loans and interest receivables due from related parties

	Six months ended June 30, 2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
As at beginning of the period	–	482,076
Loans advanced	–	50,000
Loans repayments received	–	(518,800)
Interest charged to related parties (Note 7)	–	22,558
Interest received	–	(20,407)
	–	15,427

29 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. The acquisition has been completed in July 2021.

Glossary and Definitions

“Articles of Association”	the articles of association of the Company
“Audit Committee”	the audit committee of the Company
“Beijing Tongxing”	Beijing Tongxing Gongying Asset Management Company Limited* (北京同興共贏資產管理有限公司)
“Board”	board of the Directors
“CAGR”	compound annual growth rate, which is the annual growth rate over a specified period of time longer than one year
“China” or “PRC”	the People’s Republic of China
“Company” or “Roiserv”	Roiserv Lifestyle Services Co., Ltd. (榮萬家生活服務股份有限公司) (formerly known as Rongwanjia Life Services Co., Ltd.* (榮萬家生活服務有限公司) and Langfang RiseSun Property Services Company Limited* (廊坊榮盛物業服務有限公司)), a limited liability company established in the PRC on November 2, 2000, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2146HK)
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to RiseSun Real Estate Development, RiseSun Holdings, RiseSun Construction Engineering and Mr. Geng
“Corporate Governance Code”	the corporate governance code contained in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“gross profit margin”	annual gross profit divided by annual revenue and multiplied by 100%
“Group,” “the Group,” “we” or “us”	the Company and its subsidiaries
“Guofu HK”	Guofu (Hong Kong) Holdings Limited
“HKFRS”	the Hong Kong Financial Reporting Standards
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	the overseas-listed foreign shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and are listed on the Stock Exchange
“Listing”	the listing of the Company on the Main Board of the Stock Exchange on January 15, 2021

Glossary and Definitions

“Listing Date”	January 15, 2021, on which dealings in the H Shares first commenced on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
“Mr. Geng”	Mr. Geng Jianming (耿建明), the Ultimate Controlling Shareholder and the brother of Mr. Geng Jianfu, the chairman of our Board and an executive Director
“Nomination Committee”	the nomination committee of the Company
“Non-GAAP”	non-generally accepted accounting principles
“Prospectus”	the prospectus published in respect of the Hong Kong Public Offering
“Register of Members”	the register of members of the Company
“Period” or “Relevant Period”	the six months ended June 30, 2021
“Remuneration Committee”	the remuneration committee of the Company
“RiseSun Construction Engineering”	RiseSun Construction Engineering Co., Ltd.* (榮盛建設工程有限公司), a limited liability company established in the PRC on November 12, 1998 and one of the Controlling Shareholders
“RiseSun Group”	RiseSun Real Estate Development and its subsidiaries, which exclude the Group
“RiseSun Holdings”	RiseSun Holdings Co., Ltd.* (榮盛控股股份有限公司), a joint stock company with limited liability established in the PRC on July 31, 2002 and one of the Controlling Shareholders
“RiseSun Real Estate Development”	RiseSun Real Estate Development Co., Ltd.* (榮盛房地產發展股份有限公司) (formerly known as RiseSun Property Development Co., Ltd.* (廊坊開發區榮盛房地產開發有限公司)), a limited liability company established in the PRC on December 30, 1996, listed on the Shenzhen Stock Exchange (stock code: 002146) and one of the Controlling Shareholders
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of the Shares
“Shengyide Commercial”	Xianghe Shengyide Commercial Consulting Center (Limited Partner)* (香河盛緯德商務信息諮詢中心(有限合夥)), a limited partnership established in the PRC on May 13, 2020 and one of our Shareholders



Glossary and Definitions

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“US\$”	United States dollars
“Yinsilang”	Beijing Yinsilang Information Technology Company Limited* (北京銀思朗信息技術有限公司)
“Zhonghong Kaisheng”	Hebei Zhonghong Kaisheng Investment Co., Ltd.* (河北中鴻凱盛投資股份有限公司), a joint stock company with limited liability established in the PRC on December 12, 2015 and one of our Shareholders
“%”	per cent