

ROISERV 榮万家

Roiserv Lifestyle Services Co., Ltd.
榮萬家生活服務股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)
Stock Code: 2146

2022
Annual Report



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Geng Jianfu (*Chairman*)
Ms. Liu Hongxia (*Appointed on August 22, 2022*)
Mr. Xiao Tianchi
Mr. Liu Yonggang (*Resigned on June 21, 2022*)

Non-executive Director

Mr. Zhang Wenge

Independent non-executive Directors

Mr. Jin Wenhui
Mr. Xu Shaohong (*Appointed on August 22, 2022*)
Mr. Tang Yishu
Mr. Siu Chi Hung (*Resigned on July 20, 2022*)

SUPERVISORY COMMITTEE

Mr. Jing Zhonghua (*Chairman*)
Ms. Dong Hui
Mr. Liu Jifeng
Mr. Wang Jiandong (*Resigned on March 2, 2023*)
Mr. Yang Xi (*Appointed on March 2, 2023*)
Mr. Zhang Yuanpeng

AUDIT COMMITTEE

Mr. Xu Shaohong (*Chairman*)
(*Appointed on August 22, 2022*)
Mr. Zhang Wenge
Mr. Jin Wenhui
Mr. Siu Chi Hung (*Resigned on July 20, 2022*)

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Mr. Geng Jianfu (*Chairman*)
Mr. Xu Shaohong (*Appointed on August 22, 2022*)
Mr. Tang Yishu
Mr. Siu Chi Hung (*Resigned on July 20, 2022*)

JOINT COMPANY SECRETARIES

Mr. Xiao Tianchi
Ms. So Shuk Yi Betty (*ACG, HKACG*)
(*Appointed on 31 August, 2022*)
Mr. Wong Yu Kit (*Resigned on 31 August, 2022*)

AUTHORISED REPRESENTATIVES

Mr. Xiao Tianchi
Ms. So Shuk Yi Betty (*Appointed on 31 August, 2022*)
Mr. Wong Yu Kit (*Resigned on 31 August, 2022*)

AUDITOR

ShineWing Certified Public Accountants LLP
*Certified Public Accountants and Registered Public Interest
Entity Auditor*
9/F, Block A, Fu Hua Mansion
No. 8 Chaoyangmen Beidajie
Dongcheng District
Beijing

COMPLIANCE ADVISOR

Maxa Capital Limited

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
17/F, Far East Finance Centre,
16 Harcourt Road, Hong Kong

PRINCIPAL BANKS

Agricultural Bank of China Co., Ltd. Langfang Development
Zone 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 year ended December 31,

	2022	2021	Change in percentage
Results Summary			
Revenue (RMB'000)	1,911,194	2,563,486	-25.4%
Gross profit (RMB'000)	620,580	871,012	-28.8%
Net profit for the year (RMB'000)	236,212	397,550	-40.6%
Adjusted profit for the year (RMB'000)	243,583	414,652	-41.3%
Gross profit margin (%)	32.5%	34.0%	-1.5%
Basic earnings per Share (RMB)	0.63	1.06	-41.0%

As at December 31,

	2022	2021	Change in percentage
Balance Sheet Summary			
Total assets (RMB'000)	3,953,588	3,772,619	4.8%
Cash and cash equivalents (RMB'000)	821,693	918,715	-10.6%
Total liabilities (RMB'000)	1,882,908	1,806,229	4.2%
Total equity (RMB'000)	2,070,680	1,966,390	5.3%
Equity attributable to owners of the Company (RMB'000)	2,070,304	1,966,713	5.3%
Current ratio (times)	2.0	2.0	-0.3%
Liabilities to assets ratio (%)	47.6%	47.9%	-0.5%

MAJOR HONORS AND AWARDS IN 2022

1. On April 26, 2022, Roiserv ranked TOP 16 of 2022 TOP 100 Property Management Companies in China, 1 rank higher than that of 2021;



2. On November 5, 2022, Roiserv ranked TOP 13 of 2022 Top 100 of Most Valuable Brand of China Property Management Service, 1 rank higher than that of 2021;



3. On April 26, 2022, Roiserv was honored with the title of 2022 Property Management Companies in China with Excellent Diversified Operations;



4. In December 2022, Roiserv was honored with the title of 2022 Best Employers of China Property Industry and TOP 13 of 2022 TOP 50 Property Management Companies in China with Organizational Strength;



5. In December 2022, Roiserv was honored with the title of 2022 Leading Companies of China in Property Management Satisfaction;



6. In July 2022, Roiserv ranked TOP 15 of Top 100 Property Service Companies in 2022;



7. In September 2022, Roiserv ranked TOP 1 of 2022 Property Management Companies in China with Excellent Diversified Operations;



8. In September 2022, Roiserv ranked TOP 11 of 2022 China Specialized Operational Leading Brand of Property Service Companies;



9. In November 2022, Roiserv was honored with the title of 2022 Top 20 of China Property Management Companies;



HONORS AND AWARDS

10. In November 2022, Roiserv was honored with the title of 2022 Leading Companies of China in Residential Property Service;



11. In November 2022, Roiserv was honored with the title of 2022 Quality Leading Companies of China in Property Service;



12. In November 2022, Roiserv was honored with the title of 2022 Leading Companies of China in Smart Property Service;



13. In November 2022, Roiserv was honored with the title of 2022 Leading Property Management Companies of China in Value-added Services Operation;



14. In November 2022, Roiserv was honored with the title of 2022 Top 30 Brand Property Management Companies in North China;



CHAIRMAN'S STATEMENT



Dear Shareholders,

In 2022, we continued to uphold the customer-oriented service philosophy, improve the quality of services, put into practice the values of “sincerity, warmth and thoughtfulness”, and strive for the goal of becoming a caring, warmhearted, 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. For the year ended December 31, 2022, the Group recorded revenue of approximately RMB1,911.2 million, representing a decrease of approximately 25.4% as compared to that of 2021; gross profit of approximately RMB620.6 million, representing a year-on-year decrease of approximately 28.8%; and gross profit margin of approximately 32.5%, representing a decrease of 1.5 percentage points as compared to that of 2021. Net profit for the year amounted to approximately RMB236.2 million, representing a decrease of approximately 40.6% as compared to that of 2021. Adjusted profit (excluding the listing expenses and share-based payments) of the Group was approximately RMB243.6 million, representing a year-on-year decrease of approximately 41.3%. Profit attributable to the owners of the Company decreased from approximately RMB399.0 million for the same corresponding period of 2021 to approximately RMB235.6 million, representing a decrease of approximately 41.0%. Basic earnings per share amounted to RMB0.63, representing a decrease of approximately 41.0% as compared to that of 2021. The Board did not recommend the payment of a final dividend for the year ended December 31, 2022.

INDUSTRY STATUS

Chinese consumers' demand for better living conditions and high-quality property services has been increasing year by year, which has boosted the development of the property service industry, and led to the standards and connotations of property services to be redefined.

Propelled by the two drivers of the capital market and user demand, companies in the property industry are no longer limited to the four traditional services of security, cleaning, greening and maintenance, but have been developed into comprehensive service providers with presence across multiple industries. Whether by way of consolidation or independent operation, companies in the property industry have currently been engaged in comprehensive competition with various industry verticals in various sectors including property brokerage, chain retail stores, decoration, advertising media, chain catering, housekeeping and cleaning, maintenance and installation, online shopping mall and community finance, imposing high requirements on the understanding of user needs, the insight of benchmarking industries, the operating capability to rapidly incubate new businesses, and the capacity to integrate ecological layout. In particular, the introduction and assimilation of talents from various industries pose the greatest challenges to us.

In addition, with the support of new technologies such as the Internet, the Internet of Things, 5G, and AI, the competitors for property companies in the future are likely to come from BAT and other platform-based companies, a trend which requires us to equip ourselves with the capabilities for organizing, building and integrating business systems on top of basic property services, and requires our managers at all levels to possess the operational capability to respond to changes.

With the rapid advancement of science and technology, industry development and evolving customer demand, higher requirements are being imposed for the coordination of community software and hardware, as well as for the capabilities of the managers in the property industry to predict and plan in advance in the face of diversified business patterns in the future, to integrate brand genes by virtue of capital strength, and to participate in government planning and industrial layout in advance.

CORPORATE STRATEGIES

Facing the rapid upgrading and transformation of the industry and the environment where opportunities and challenges coexist, the Company will adopt the following strategies:


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 enhancing 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 property in order to enhance the customer satisfaction level and improve brand recognition; (ii) continuously launching robust brand building activities. We plan to organize a number of 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 enhancing 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 in the Bohai Economic Rim, strategic service network, and brand recognition and awareness, we aim to further expand our business and market share and achieve organisational growth.

We plan to 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. Leveraging our strategic presence in the Bohai Economic Rim, the Yangtze River Delta region, the Greater Bay Area and Central and Western China, we expect to further penetrate into target markets across China. 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 the relationship with the property developer, the knowledge of the specific service needs of such property developer 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 developer. According to the CIA, it is a common strategy for sizable property management companies, including many listed property management companies, to expand their market share and business scale rapidly through setting up joint ventures and developing business alliances with independent third-party property developers which do not have established property management businesses of their own. We believe these strategic collaborations will enable us to: (i) strengthen our business relationship with these business partners and increase our chances of securing property management service contracts for properties developed by them; (ii) share the risk and costs with them arising from venturing into new markets; and (iii) leverage the geographic coverage and customer base of our business partners to enlarge our market shares and diversify the sources and types of property projects under our management. 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.

For industry park management, we plan to further enrich our service by offering a wider range of value-added services such as catering, hotel operation and facilities and equipment management to meet the needs of enterprises in the industry parks. Leveraging our sophisticated management model and extensive experience, we plan to expand our cooperation with independent third-party property developers to manage industry parks developed by them. In particular, leveraging our experience in managing Xianghe New Industry Demonstration Zone (香河新興產業示範區), we plan to seek cooperation with independent third-party property developers in cities where we have existing operations so as to expand our property management portfolio of logistics centers and other types of industry parks. 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, further diversify our portfolio of managed properties and enhance our brand awareness.

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 informed 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 life.

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 offline 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. In addition, we plan to establish an "all-in-one community card (社區一卡通)" system which will integrate online and offline resources and provide property owners and residents with access to high-quality home living services offered by vendors located in the one-kilometer radius surrounding the communities.

We plan to continuously 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 to decorate and renovate sample rooms as illustration to new property owners. In addition, we plan to offer renovation, cleaning and remodeling services for used properties. Moreover, we plan to further diversify our community value-added service offerings to cover housekeeping services, community elderly care and healthcare services. We also plan to provide integrated professional services such as indoor air quality improvement, housekeeping and cleaning, appliance cleaning services, and customize these services to property owners and residents based on their needs.

We may also acquire downstream companies with community services that are complementary to our community value-added services, including, among others, companies engaged in decoration and renovation, education and training and housekeeping services.

Further invest in technologies, develop and promote smart community management

We will continuously promote the development of investing in information technology and digitized operation platforms to enhance our service quality and operational efficiency. We plan to improve 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 improve intelligent management platforms, property management service platforms and value-added service platforms to enrich service scenarios and improve user experience. With these new systems and functions, devices connected using Internet of Things technology and other information technologies are integrated into our existing digital systems, 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 also plan to roll out digitalized and automated management tools to the communities managed by us, such as patrol vehicles, auto street-sweeping cars and surveillance drones, which are expected to improve service quality and reduce our reliance on manual labor. 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 will continue to adhere to the “talent-oriented” management policy, 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 external leading companies, one third from internal promotion, and one third from management trainees hired through on-campus recruitment. Meanwhile, 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.

Looking back on the past, we are highly proud of ourselves; and looking forward to the future, we will stride forward with confidence!

Geng Jianfu

Chairman of the Board

BUSINESS REVIEW

OVERVIEW

The Group is a comprehensive property management service provider deeply rooted in the Bohai Economic Rim with a service network across China strategically covering core geographical areas such as the Yangtze River Delta region and the Greater Bay Area. As of December 31, 2022, the Group had a total of 385 property management projects under management with an aggregate gross floor area (“GFA”) under management of 73.2 million square metres (“sq.m.”), covering 59 cities across 19 provinces, municipalities and autonomous regions in China. As of December 31, 2022, the Group was contracted to manage 486 property management projects with an aggregate contracted GFA of 97.5 million sq.m., covering 70 cities across 19 provinces, municipalities and autonomous regions in China.

The Group provides diversified services principally 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 and the Olympic Village.

BUSINESS MODEL

The Group principally 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 and the Olympic Village. During the year ended December 31, 2022, all of the Group’s property management fees were charged on a lump sum basis.
- **Value-added services to non-property owners:** The Group offers a comprehensive range of value-added services to non-property owners, primarily property developers. These services primarily comprise (i) property engineering services; (ii) on-site 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.

PROPERTY MANAGEMENT SERVICES

Continuous high-quality growth in GFA size

The Group adheres to the strategic objective of rapidly expanding the GFA under management, and has been rapidly expanding its property management service portfolio by obtaining new property management service contracts. Despite that as of December 31, 2022, its contracted GFA was approximately 97.5 million sq.m. under 486 contracted projects, representing a decrease of approximately 1.9% and 0.2% as compared with that as of December 31, 2021, respectively. The Group has achieved an increase in respect of the GFA and projects under management. As of December 31, 2022, the GFA under management was approximately 73.2 million sq.m. relating to 385 projects under management, representing an increase of approximately 5.6% and 5.7% as compared with that as of December 31, 2021, respectively.

In addition, as of December 31, 2022, the Group had entered into 113 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 December 31, 2022, the properties proposed to be managed by the Group under these framework agreements and strategic cooperation agreements had an aggregate GFA of approximately 125.7 million sq.m..

The table below sets out the respective movements of the Group's contracted GFA and GFA under management for the years ended December 31, 2022 and 2021:

	Year ended December 31,			
	2022		2021	
	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 year	99,394	69,328	90,208	59,696
New engagements ⁽¹⁾	3,134	7,660	10,518	10,653
Terminations ⁽²⁾	(5,007)	(3,702)	(1,332)	(1,021)
As of the end of the year	97,521	73,286	99,394	69,328

Notes:

- (1) In relation to the residential communities and non-residential communities being managed by the Group, 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 the Group reallocated its resources to more profitable contracts, so as to optimise its property management portfolio.

Geographic presence

Since the establishment of the Group, its business footprint has extended across the country. As of December 31, 2022, the Group established business presence in 70 cities in 19 provinces, municipalities and autonomous regions in the People's Republic of China (the "PRC").

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

	As of December 31,			
	2022 ('000 sq.m.)	%	2021 ('000 sq.m.)	%
Bohai Economic Rim ⁽¹⁾	41,382	56.5%	40,888	59%
Yangtze River Delta region ⁽²⁾	16,965	23.1%	15,641	22.6%
Greater Bay Area and surrounding regions ⁽³⁾	2,842	3.9%	2,822	4.1%
Central and Western China ⁽⁴⁾	12,097	16.5%	9,977	14.4%
Total	73,286	100%	69,328	100%

Notes:

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

Continuous growth in property management fees

While growing rapidly, the Group also maintains high-quality development requirements. By continuously optimising the service projects under management, the Group has maintained its average property management fees while achieved the growth of GFA under management. For the years ended December 31, 2022 and 2021, the unit price of the Group's consolidated average property management fees remained at RMB1.7/sq.m./month.

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 and the Olympic Village.

The following table sets out the breakdown of the GFA under management and the number of projects under management under the Group's property management services by type of property as of the dates indicated:

	As of December 31,			
	2022	2022	2021	2021
	GFA under management ('000 sq.m.)	Number of projects under management	GFA under management ('000 sq.m.)	Number of projects under management
Residential properties	67,914	327	60,715	300
Non-residential properties				
– Commercial properties	3,961	54	4,428	50
– Public and other properties	1,411	4	4,185	14
Subtotal	5,372	58	8,613	64
Total	73,286	385	69,328	364

In addition, under the strong support of RiseSun Development and its subsidiaries (the "RiseSun Group"), and leveraging the Group's extensive industry experience and brand recognition, the Group has been expanding business cooperation with independent third-party property developers. As of December 31, 2022, the Group had an aggregate GFA under management of approximately 2.0 million sq.m. and an aggregate contracted GFA of approximately 3.6 million sq.m. with respect to properties developed by independent third-party property developers.

The following table sets out the breakdown of the total GFA under management by the type of property developers as of the dates indicated:

	As of December 31,			
	2022	2022	2021	2021
	GFA under management ('000 sq.m.)	%	GFA under management ('000 sq.m.)	%
RiseSun Group ⁽¹⁾	71,267	97.2%	67,782	97.8%
Properties developed by independent third-party property developers	2,019	2.8%	1,546	2.2%
Total	73,286	100%	69,328	100%

Note:

- (1) Including the projects independently developed by RiseSun Group and the properties jointly developed by RiseSun Group and other property developers in which RiseSun Group holds a controlling interest.

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, on-site services and other services. In 2022, the revenue from value-added services to non-property owners decreased by approximately 63.9% from approximately RMB1,077.5 million in 2021 to approximately RMB388.9 million. As the value-added service customers are mainly property developers, due to the sharp decrease in the construction area and completed area of property developers in 2022, the property engineering services in the value-added services to non-property owners decreased significantly by approximately 72.1%, and the revenue was significantly lower than the corresponding period in last year.

The Group quickly improved its operation capabilities by optimizing business structure of engineering services, adjusting staff deployment, and establishing professional engineering management teams; and promoted the accomplishment of cost reduction and efficiency enhancement through the integration of personnel in various regions, relieving geographical restrictions, coordination and deployment of resources of the Group.

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

COMMUNITY VALUE-ADDED SERVICES

In order to improve the community living experience of owners and residents in the properties under the Group's management and create more value for its services, the Group provides a wide variety of community value-added services to property owners and residents, primarily including home-living services and property space management services. The revenue from community value-added services in 2022 was approximately RMB240.4 million, representing a decrease of approximately 33.1% from approximately RMB359.2 million in 2021.

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; home repairs and maintenance; and housekeeping services. The revenue from home-living services in 2022 decreased by approximately 23.2% from approximately RMB185.6 million in 2021 to approximately RMB142.6 million. The decrease in revenue from home-living services was attributable to the local lockdown policy for the control of COVID-19 pandemic during the Relevant Year.

For community retail and commercial procurement services, the Group adopted a comprehensive retail model integrating its online shopping, offline convenience stores and home delivery services. Its online shopping mall focuses on high-end consumer goods and its offline convenience stores focus on groceries. The targeted retail model lowers its operating costs and ensures product quality. Its headquarters directly manage the offline convenience stores. With such a streamlined management structure, the Group is able to respond to requests and resolve issues in a timely manner. It believes its comprehensive retail model, coupled with its home delivery services where it helps customers shop and deliver groceries to the customer's door, provides convenient shopping experience for the customers. As of December 31, 2022, the Group had a total of 56 offline convenience stores which were located in the communities under its management, with over 45,000 stock keeping units or SKUs and approximately 1.1 million registered users on Rice Mall (米飯公社). The monthly average activity of the Rice Mall APP increased by approximately 17% as compared to the same corresponding period of 2021.

Property space management services

The Group provides property space management services for property owners and residents, and provides turnkey furnishing services that can improve property value, convenient property brokerage services and parking agent sales services by leveraging the active engagement and close relationships with the residents that it has nurtured through its property management operations. The revenue from property space management services in 2022 decreased by approximately 43.7% from approximately RMB173.6 million in 2021 to approximately RMB97.8 million.

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

For property brokerage business, the Group deploys a Sales and Lease Operation System (租售業務系統) which consists of a "property dictionary" system and a "resident-property matching" system. These systems securely manage customer information and efficiently match supplies and demands of the properties, provide millions of property owners with convenient rental and sales channels, and create a better service experience.

OUTLOOK

In 2023, in light with the relaxation of epidemic prevention and control policies, the Group will seize the opportunity to follow contemporary trends and continue developing its three core business lines of property management services, value-added services to non-property owners, and community value-added services, with particular emphasis on brand leadership and customers. The Group believes that it is well-positioned to achieve high-quality growth focusing on both profitability and scale with access to service and technology.

Looking forward to 2023, the Group will (i) continue to uphold the principle of customer-oriented services, improve property service quality, upgrade the property service brand, and continuously enhance the trust of owners and word-of-mouth effect through quality services to secure a solid market position; (ii) keep improving 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 enhance brand value; (iii) build a “whole life cycle and whole service chain” service system to continuously enrich the segment of community value-added services, further promote businesses such as car washing and beauty, kiosks, promote the property brokerage and other property space management services, and 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 keep strengthening 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) exert equal efforts on external introduction and internal training, optimize the talent structure, expand talent reserve, promote the information technology construction of the Company, and achieve technology empowerment, thereby improving the operation efficiency and quality of the Company.

FINANCIAL REVIEW

Revenue

During the Relevant Year, the Group derived its revenue principally 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 years indicated:

	Year ended December 31,		Change in percentage %
	2022 RMB'000	2021 RMB'000	
Property management services	1,281,876	1,126,759	13.8
Value-added services to non-property owners	388,902	1,077,504	(63.9)
Community value-added services	240,416	359,223	(33.1)
Total	1,911,194	2,563,486	(25.4)

The Group's revenue decreased by approximately 25.4% from approximately RMB2,563.5 million for the year ended December 31, 2021 to approximately RMB1,911.2 million for the year ended December 31, 2022. The reason for the change of revenue by business line are listed as follows:

- (i) the increase in revenue from property management services by approximately 13.8% from approximately RMB1,126.8 million for the year ended December 31, 2021 to approximately RMB1,281.9 million for the year ended December 31, 2022, which was primarily driven by the Group's business expansion, of which the GFA under management increased by approximately 5.7% from 69.3 million sq.m. as of December 31, 2021 to 73.2 million sq.m. as of December 31, 2022;
- (ii) the decrease in revenue from value-added services to non-property owners by approximately 63.9% from approximately RMB1,077.5 million for the year ended December 31, 2021 to approximately RMB388.9 million for the year ended December 31, 2022, which was mainly due to the downward cycle of the property industry led to the significant decrease in number of new projects delivered in 2022 as compared with 2021, resulting in a significant decrease in revenue from value-added services to non-property owners; and
- (iii) the decrease in revenue from community value-added services by approximately 33.1% from approximately RMB359.2 million for the year ended December 31, 2021 to approximately RMB240.4 million for the year ended December 31, 2022, which was primarily attributable to the fact that the in-store consumption of new retail businesses and new community services, such as offline convenience stores, lifestyle pavilions and auto beauty, decreased significantly due to the impact of the epidemic, resulting in a significant decrease in revenue from community value-added services for year as compared with 2021.

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 years indicated:

	Year ended December 31,			
	2022		2021	
	RMB'000	%	RMB'000	%
Properties developed by RiseSun Group ⁽¹⁾	1,247,182	97.3	1,105,675	98.1
Properties developed by independent third-party property developers	34,694	2.7	21,084	1.9
Total	1,281,876	100.00	1,126,759	100.00

Note:

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

To facilitate the management of the property management network, the Group divides its geographic coverage into four major regions in the PRC, namely Bohai Economic Rim, Yangtze River Delta region, Greater Bay Area and surrounding regions, and Central and Western China. The following table sets out the total revenue for the years indicated from the provision of property management services by geographical coverage:

	Year ended December 31,			
	2022		2021	
	RMB'000	%	RMB'000	%
Bohai Economic Rim ⁽¹⁾	738,981	57.7	658,238	58.4
Yangtze River Delta region ⁽²⁾	265,899	20.7	246,768	21.9
Greater Bay Area and surrounding regions ⁽³⁾	58,684	4.6	52,323	4.7
Central and Western China ⁽⁴⁾	218,312	17.0	169,430	15.0
Total	1,281,876	100.0	1,126,759	100.0

Notes:

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

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 years indicated:

	Year ended December 31,			
	2022		2021	
	RMB'000	%	RMB'000	%
Property engineering services	144,953	37.3	518,928	48.2
On-site services	113,274	29.1	181,109	16.8
Other services ⁽¹⁾	130,675	33.6	377,467	35.0
Total	388,902	100.0	1,077,504	100.0

Note:

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

Community value-added services

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

	Year ended December 31,			
	2022		2021	
	RMB'000	%	RMB'000	%
Home-living services	142,608	59.3	185,621	51.7
Property space management services	97,808	40.7	173,602	48.3
Total	240,416	100.0	359,223	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 decreased by approximately 23.7% from approximately RMB1,692.5 million for the year ended December 31, 2021 to approximately RMB1,290.6 million for the year ended December 31, 2022. The decrease in the cost of sales was mainly due to the lower revenue resulting in a corresponding decrease in costs.

Gross profit and gross profit margin

	Year ended December 31,			
	2022		2021	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Property management services	356,060	27.8	347,828	30.9
Value-added services to non-property owners	188,161	48.4	392,095	36.4
Community value-added services	76,359	31.7	131,089	36.5
Total	620,580	32.5	871,012	34.0

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit decreased by approximately 28.7% from approximately RMB871.0 million for the year ended December 31, 2021 to approximately RMB620.6 million for the year ended December 31, 2022.

The gross profit margin of the Group decreased from approximately 34.0% for the year ended December 31, 2021 to approximately 32.5% for the year ended December 31, 2022, which was mainly attributable to (i) a year-on-year decrease of approximately 3.1% in gross profit margin for property management services, mainly due to the downward cycle of the property industry; and (ii) a year-on-year decrease of approximately 4.7% in gross profit margin for community value-added services in 2022 as compared to 2021, mainly due to the significant decrease in revenue from new retail businesses such as offline convenience stores and lifestyle stores and new community service businesses with higher gross margins due to the impact of COVID-19 pandemic in the Relevant Year.

Selling expenses

The Group's selling expenses mainly consist of employee benefit expenses and office expenses for its sale and marketing staff. The Group's expenses decreased by approximately 66.9% from approximately RMB21.4 million for the year ended December 31, 2021 to approximately RMB7.1 million for the year ended December 31, 2022, primarily due to the tightening of its business development business and the decline in marketing efforts.

Administrative expenses

The Group's administrative expenses mainly consist of (i) employee benefit expenses; (ii) travelling and entertainment expenses; (iii) professional service fees, primarily including legal fees and information technology usage and maintenance fees for its mobile application; (iv) office expenses; (v) bank charges; (vi) listing expenses; (vii) depreciation and amortization charges for the Group's office equipment; (viii) auditors' remuneration; (ix) cost of consumables and (x) others. The Group's administrative expenses decreased by approximately 8.7% from approximately RMB183.0 million for the year ended December 31, 2021 to approximately RMB167.0 million for the year ended December 31, 2022, primarily due to the decrease in expenses relating to the share incentive scheme and the management bonus.

LOSS ON IMPAIRMENT OF CREDIT

Basic principles of impairment provision of trade receivables and other receivables

The Company measured the expected credit losses caused by the impairment of various trade receivables and other receivables in accordance with the “Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments”. Due to the general downward trend of the real estate industry and the impact of the COVID-19 pandemic, the Company assessed the provision ratio for bad debts in a prudent manner and made an impairment provision of approximately RMB141.3 million in 2022.

Income tax expenses

The Group’s income tax expenses comprise PRC corporate income tax. The Group’s income tax expenses decreased by approximately 39.9% from approximately RMB124.5 million for the year ended December 31, 2021 to approximately RMB74.8 million for the year ended December 31, 2022. The decrease in the income tax expenses was mainly due to the decrease in the Group’s revenue as a result of the COVID-19 pandemic and the temporary downturn of the property industry in the PRC. The effective income tax rate of the Group remained relatively stable at approximately 23.8% and 24.1% for the years ended December 31, 2021 and 2022, respectively. Such rate was lower than the PRC statutory corporate income tax rate of 25%, primarily because certain subsidiaries are small enterprises with low profits and their applicable effective income tax rate is below 25%.

Profit and adjusted profit for the year

As a result of the aforementioned changes in the Group’s financial conditions, the Group’s profit for the year decreased by approximately 40.6% from approximately RMB397.6 million for the year ended December 31, 2021 to approximately RMB236.2 million for the year ended December 31, 2022. After excluding the share-based payments (net of tax), the Group’s adjusted profit for the year decreased by approximately 41.3% from approximately RMB414.7 million for the year ended December 31, 2021 to approximately RMB243.6 million for the year ended December 31, 2022.

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

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

	Year ended December 31,	
	2022	2021
	RMB’000	RMB’000
Profit for the year	236,212	397,550
Adjusted for:		
Share-based payments (net of tax)	7,371	17,101
Adjusted profit for the year	243,583	414,651

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

The Group’s fixed assets, right-of-use assets and long-term prepaid expenses comprise office equipment, machinery, vehicles, leasehold improvements and right-of-use assets. As of December 31, 2021 and 2022, the Group’s fixed assets, right-of-use assets and long-term prepaid expenses amounted to approximately RMB32.5 million and RMB36.0 million, respectively. The increase in the Group’s property, plant and equipment during the year ended December 31, 2022 was primarily attributable to the procurement of office equipment and machinery to support the Group’s business expansion.

Investment properties

The Group’s investment properties represent car parks and retail units held to earn rentals and for capital appreciation. Its investment properties decreased from approximately RMB61.3 million as of December 31, 2021 to approximately RMB60.8 million as of December 31, 2022, primarily due to the disposal of investment properties.

Intangible assets

The Group's intangible assets mainly include computer software. The Group's intangible assets decreased from approximately RMB7.8 million as of December 31, 2021 to approximately RMB6.3 million as of December 31, 2022, primarily due to the amortisation of intangible assets.

Trade and other receivables and prepayments

The Group's trade and other receivables comprise trade receivables, notes receivable, finance lease receivables, other receivables and prepayments to suppliers. As of December 31, 2022, the Group's trade and other receivables and prepayments amounted to approximately RMB2,732.4 million, representing an increase of approximately 42.0% from approximately RMB1,923.9 million as of December 31, 2021.

The Group's trade receivables mainly arise from the services provided under the Group's property management services, value-added services to non-property owners and community value-added services. As of December 31, 2022, the Group's trade receivables amounted to approximately RMB1,949.4 million, representing an increase of approximately 37.1% from approximately RMB1,422.4 million as of December 31, 2021, mainly due to the slow settlement by RiseSun Development and its related parties affected by the COVID-19 pandemic in 2022 and the downturn in the real estate sector.

As of December 31, 2022, the Group recorded finance lease receivables in the amount of approximately RMB8.9 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 consist primarily of the refundable deposit, prepaid utility fees, receivables from related parties, reserve fund and others. It increased from approximately RMB266.0 million as of December 31, 2021 to approximately RMB689.1 million as of December 31, 2022. The increase is primarily attributable to the payment of refundable deposit to Langfang Junyi Building Materials Co., Ltd. (廊坊俊義建材有限公司) as disclosed in the announcement of the Company dated November 15, 2022.

As of December 31, 2022, the Group's prepayments amounted to approximately RMB82.8 million, representing a decrease of approximately 16.9% from approximately RMB99.6 million as of December 31, 2021, primarily due to the decrease in construction projects resulting in corresponding decrease in prepayments to suppliers.

Trade and other payables

The Group's trade and other payables comprise trade payables, other payables, accrued payroll and taxes payables. As of December 31, 2022, the Group's trade and other payables amounted to approximately RMB1,518.7 million, representing an increase of approximately 12.8% from approximately RMB1,346.1 million as of December 31, 2021.

The Group's trade payables primarily represent its obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, including purchase of materials. As of 31 December 2022, the Group's trade payables amounted to approximately RMB807.4 million, representing an increase of approximately 18.9% from approximately RMB679.2 million as of December 31, 2021. Among which, construction fees increased by approximately RMB76.3 million or 15.3%, and service fees increased by approximately RMB43.1 million or 40.1% as compared to the previous year, mainly due to the increase in service fees payable resulting from the increase in the scale of property services and the increase in third party subcontractors; payments for goods purchased increased by approximately RMB8.8 million or 12.3%, mainly due to the increase in payables for goods purchased resulting from new convenience stores opened in the Relevant Year.

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 of December 31, 2022, the Group's other payables amounted to approximately RMB552.0 million, representing the increase of approximately 9.3% from approximately RMB505.2 million as of December 31, 2021, mainly due to an increase in other payables resulting from the increase of cash received and utility fees paid on behalf of property owners and residents.

As of December 31, 2022, accrued payroll amounted to approximately RMB66.4 million, representing a decrease of approximately 14.1% from approximately RMB77.3 million as of December 31, 2021, mainly due to the reduction in year-end bonus for 2022 and the outsourcing of junior positions by the Group.

Working capital, liquidity and financial resources

The Group believes that, taking into account the financial resources available to it and the cash generated from its operations, it has sufficient working capital to meet the needs for working capital, capital expenditure and other capital needs. Going forward, the Group will closely monitors uses of cash and cash balances and strives to maintain a healthy liquidity for its operations.

Net current assets

As of December 31, 2022, the Group's net current assets amounted to approximately RMB1,786.4 million (December 31, 2021: approximately RMB1,721.4 million). The Group's total current assets increased by approximately 4.1% from approximately RMB3,514.6 million as of December 31, 2021 to approximately RMB3,659.5 million as of December 31, 2022. The Group's total current liabilities increased by approximately 4.5% from approximately RMB1,793.2 million as of December 31, 2021 to approximately RMB1,873.1 million as of December 31, 2022.

Cash and cash equivalents

As of December 31, 2022, the Group's cash and cash equivalents amounted to approximately RMB821.7 million, representing a decrease of approximately 10.6% from approximately RMB918.7 million as of December 31, 2021, mainly due to the interim dividends of RMB94.0 million paid to shareholders of the Company during the Relevant Year.

Indebtedness

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

Pledge of assets

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

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

On 21 June 2021, the Company subscribed units in a fund (the "Fund") issued by Beijing Tongxing Gongying Asset Management Company Limited (北京同興共贏資產管理有限公司) in the amount of RMB500 million to better manage its capital to earn investment income. In view of the change in market environment and to further improve the efficiency in capital utilization, the Company redeemed all the units in the Fund by end of June 2022 with a net income of approximately RMB20 million, details of the subscription of the Fund and the redemption are set out in the Company's announcements dated June 21, 2021, July 27, 2021 and November 15, 2022 and circular dated December 6, 2022.

Save as disclosed above, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures, during the year ended December 31, 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus regarding its plan for utilising the net proceeds from the Listing on January 15, 2021, the Group does not have any other plans for material investments or capital assets as at the date of this report.

Financial risks

The Group’s activities are exposed to a variety of financial risks: market risk (including interest rate risk and 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.

Market risk

(i) Foreign exchange risk

The Group’s businesses are principally conducted in RMB. As of December 31, 2022, major non-RMB liabilities were other receivables which were denominated in Hong Kong dollar (“**HK\$**”) or US dollar (“**US\$**”). Fluctuation of the exchange rates of RMB against HK\$ or US\$ could affect the Group’s operating results. As of December 31, 2022, if RMB had strengthened/weakened by 5%, against US\$ and HK\$ with all other variables held constant, post-tax profit for the Relevant Year would have been RMB1,167,305.04 (2021: RMB18,809,352.34) higher/lower, respectively.

During the year ended December 31, 2022, the Group did not employ in any significant financial instruments for foreign exchange hedging purposes, nor did it employ any major financial instruments for hedging purposes.

(ii) Cash flow and fair value interest rate risk

The Group’s interest rate risks arise from borrowings. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

As of December 31, 2022, the Group was not exposed to any material cash flow and fair value interest rate risk since all borrowings had been repaid.

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 (“**FVPL**”). The carrying amounts of trade and other receivables, cash and cash equivalents and financial assets at FVPL represent the Group’s maximum exposure to credit risk in relation to financial assets.

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

As of December 31, 2022, the Group did not have any material contingent liabilities (December 31, 2021: nil).

COMMITMENTS

As of December 31, 2022, the lease commitment of the Group as a lessee amounted to approximately RMB0.2 million (December 31, 2021: approximately RMB0.8 million).

KEY FINANCIAL RATIOS

As of December 31, 2022, the current ratio was 2.0 (December 31, 2021: approximately 2.0) and its liabilities to assets ratio or gearing ratio was approximately 47.6% (December 31, 2021: approximately 47.9%).

Current ratio is calculated based on the total current assets divided by the total current liabilities as of the respective dates and multiplied by 100%. Liabilities to assets ratio or gearing ratio is calculated based on the 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 of the respective dates and multiplied by 100%.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of December 31, 2022, the Group had no material off-balance sheet commitments and arrangements.

PROCEEDS FROM LISTING

The H Shares were listed on the Main Board of the Stock Exchange on January 15, 2021, with 94,000,000 new H Shares allotted and issued. The net proceeds from the Listing amounted to approximately HK\$1,168 million. Such proceeds will be applied in the same manner as set out in the Prospectus. Details of the net proceeds as at December 31, 2022 is set forth below:

	Planned use of net proceeds as stated in the Prospectus		Unutilised net proceeds as of January 1, 2022	Actual use of net proceeds during the year ended December 31, 2022	Unutilised net proceeds as of December 31, 2022	Expected timeline of the intended use of proceeds
	<i>HK\$'million approximately</i>	<i>% approximately</i>	<i>HK\$'million approximately</i>	<i>HK\$'million approximately</i>	<i>HK\$'million approximately</i>	
(a) Business expansion:	700.8	60.00%	580.55	56.16	524.39	2023
(i) Strategic acquisitions and investments in property management companies	525.6	45.00%	525.6	56.16	469.44	2023
(ii) Strategic acquisitions and investments in downstream companies	175.2	15.00%	54.95	0	54.95	2023

	Planned use of net proceeds as stated in the Prospectus		Unutilised net proceeds as of January 1, 2022	Actual use of net proceeds during the year ended December 31, 2022	Unutilised net proceeds as of December 31, 2022	Expected timeline of the intended use of proceeds
	<i>HK\$'million approximately</i>	<i>% approximately</i>	<i>HK\$'million approximately</i>	<i>HK\$'million approximately</i>	<i>HK\$'million approximately</i>	
(b) Enrich community value-added service offerings:	175.2	15.00%	172.93	13.03	159.9	2023
(i) Increase the coverage of the Group's offline convenience stores, expand product offerings and enhance intelligent operations at the Group's offline convenience stores	46.72	4.00%	44.45	0.74	43.71	2023
(ii) Further develop and expand the Group's property brokerage services to cover intermediary services relating to the sales and leasing of properties managed by the Group	46.72	4.00%	46.72	0	46.72	2023
(iii) Further diversify the Group's community value-added service offerings to cover housekeeping services, community elderly care and healthcare services	81.76	7.00%	81.76	12.29	69.47	2023
(c) Upgrade information technology infrastructure:	175.2	15.00%	173.16	10.01	163.15	2023
(i) Upgrade the Group's one-stop omnichannel service platform to enrich service scenarios and improve user experience	58.4	5.00%	58.4	6.78	51.62	2023
(ii) Build and upgrade information technology systems	43.8	3.75%	43.8	0.96	42.84	2023

	Planned use of net proceeds as stated in the Prospectus		Unutilised net proceeds as of January 1, 2022	Actual use of net proceeds during the year ended December 31, 2022	Unutilised net proceeds as of December 31, 2022	Expected timeline of the intended use of proceeds
	<i>HK\$'million approximately</i>	<i>% approximately</i>	<i>HK\$'million approximately</i>	<i>HK\$'million approximately</i>	<i>HK\$'million approximately</i>	
(iii) Increase the coverage of information technology systems and roll out smart community management tools in the communities under the Group's management	43.8	3.75%	41.76	2.27	39.49	2023
(iv) Upgrade the Group's information management systems	29.2	2.50%	29.2	0	29.2	2023
(d) Working capital and other general corporate purposes	116.8	10.00%	14.1	5.05	9.05	2023
Total	1,168.00	100.00%	940.74	84.25	856.49	

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

EMPLOYEES AND REMUNERATION POLICY

Human resource has always been the most valuable resource of the Group. As of December 31, 2022, the Group had a total of 7,147 full-time employees. For the year ended December 31, 2022, the staff cost recognised as expenses of the Group amounted to approximately RMB645.6 million (2021: approximately RMB732.5 million).

The Group has established a competitive incentives and 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. To retain talents and thus achieve the strategic and operating objectives of the Group, the Company adopted a share incentive scheme on May 22, 2020 and distributed dividends in strict line with the plan. 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.

In determining the remuneration of the Directors, the Board will make reference to the proposal of the remuneration committee of the Board, taking into account, among others, their respective duties and responsibilities, individual performance and the prevailing market conditions. The Group focuses on cultivating talents and providing systematic trainings catering to individual needs. For example, the Group provides trainings on market analysis and operating strategy to senior management, trainings on team management and resource integration to mid-level management staff, and trainings on business professionalism and standardized operation to primary employees, and continuously establishes and optimizes a hierarchical talent cultivation system to clear the development path for talents. As of December 31, 2022, the Group organized approximately 1,500 training sessions, and nearly 7,000 employees participated in these sessions.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of Directors, Supervisors and senior management of the Company are as follows:

BIOGRAPHICAL DETAILS OF DIRECTORS

Mr. Geng Jianfu (耿建富), aged 58, was appointed as the chairman of the Board and an executive Director on April 6, 2020 and is responsible for decision-making, strategic planning and overall management of the Group. Mr. Geng Jianfu joined the Group in February 2016 and served as honorary chairman until April 2020, a position in which he was responsible for the Group's strategic decisions.

Prior to joining the Group, from February 1995 to December 2000, Mr. Geng served as the manager at RiseSun Construction Engineering Co., Ltd. No. 3 Branch Office (榮盛建設工程有限公司第三分公司), a company mainly engaged in construction work, where he was responsible for project management. He joined RiseSun Real Estate Development in January 2001 and successively served as a deputy general manager of RiseSun Real Estate Development, the general manager of Langfang branch office and director of the board of RiseSun Real Estate Development until February 2016, where he was mainly responsible for comprehensive management of branch offices, investment and marketing development and property management. Mr. Geng Jianfu currently serves as the co-president of RiseSun Real Estate Development and is responsible for participating in the overall management of the real estate business. Mr. Geng Jianfu also concurrently serves as a director of various subsidiaries of RiseSun Real Estate Development and as supervisor at RiseSun Holdings.

Mr. Geng Jianfu graduated from China University of Petroleum (中國石油大學) in the PRC in July 1993, where he obtained a bachelor's degree in business management. He obtained a master's degree in industrial economics through distance learning from Wuhan University of Technology (武漢理工大學) in the PRC in December 2008. Mr. Geng Jianfu was certified as a Senior Engineer (高級工程師) by Hebei Provincial Title Reform Leading Group Office (河北省職稱改革領導小組辦公室) in December 2001 and a National First Class Registered Architect (國家一級註冊建造師) by Langfang Construction Engineering Secondary Professional School in September 2013.

Mr. Geng Jianfu is the brother of Mr. Geng (the ultimate Controlling Shareholder) who is the father-in-law of Mr. Xiao Tianchi (the executive Director, the Board secretary and the joint company secretary).

Mr. Xiao Tianchi (肖天馳), aged 33, was appointed as an executive Director and the Board secretary on April 6, 2020 and a joint company secretary on June 8, 2020. He is responsible for assisting the chairman of the Board in strategic planning and capital operation management.

Prior to joining the Group, from September 2013 to August 2014, Mr. Xiao successively worked at fire police training bases (消防警官培訓基地) in Tianjin City and Jiangsu Province to learn professional skills and technologies related to firefighting and fire safety. From June 2013 to August 2017, he served as an acting deputy squadron leader and deputy political instructor at Xingpu Road Squadron of Nanjing Fire Brigade (南京市消防支隊興浦路中隊), where he was mainly responsible for fire-fighting and rescue operations, political education and work related to emergency management. He subsequently served as the staff officer at Gulou District Brigade of Nanjing Fire Brigade (南京市消防支隊鼓樓區大隊), where he was mainly responsible for supervising work related to fire-fighting and inspections of fire-fighting facilities and equipment in buildings. In August 2017, he was appointed as the captain staff of the Supervision and Management Section of Fire Prevention Supervision Department of Cangzhou Public Security Fire Brigade (滄州市公安消防支隊防火監督處監督管理科), where he was responsible for the review of fire safety specifications for architectural drawings. Mr. Xiao joined RiseSun Real Estate Development in December 2018 as an assistant to the chairman, where he was responsible for assisting the chairman of RiseSun Real Estate Development with daily work arrangements, supervising the implementation of business plans and participating in the company's daily management until April 2020.

Mr. Xiao graduated from Shenzhen University (深圳大學) in the PRC in June 2013, where he obtained a bachelor's degree in industrial design.

Mr. Xiao is the son-in-law of Mr. Geng (the ultimate Controlling Shareholder and the brother of Mr. Geng Jianfu (the chairman of the Board and the executive Director)).

Ms. Liu Hongxia (劉紅霞), aged 45, was appointed as an executive Director on August 22, 2022. Ms. Liu joined the Group in June 2022 as the Group's general manager and is responsible for overall operations and management of the Group.

Ms. Liu joined RiseSun Real Estate Development Co., Ltd. (榮盛房地產發展股份有限公司) in 2001 and served as a development specialist of RiseSun Construction Engineering Co., Ltd. (榮盛建設工程有限公司) from July 2001 to February 2002, responsible for business development of engineering projects. From February 2002 to July 2004, she served as the secretary of the chairman's office of RiseSun Holding Co., Ltd. (榮盛控股股份有限公司), assisting the chairman in daily work arrangements. From July 2004 to December 2005, she served as the deputy director of the chairman's office of RiseSun Holding Co., Ltd. (榮盛控股股份有限公司), where she was responsible for administrative management and participated in the management and operation. From December 2005 to May 2009, she served as the manager of the human resources department of RiseSun Holding Co., Ltd. (榮盛控股股份有限公司), responsible for the human resources management. From May 2009 to March 2016, she served as the human resources director of RiseSun Real Estate Development Co., Ltd. (榮盛房地產發展股份有限公司), responsible for the human resources management. Since March 2016, she has been the general manager of the human resources information center of RiseSun Real Estate Development Co., Ltd. (榮盛房地產發展股份有限公司).

Ms. Liu graduated from Hebei Institute of Civil Engineering and Architecture (河北建築工程學院) with a bachelor's degree in architectural engineering in July 2001. She obtained a master's degree in business administration from Guanghua School of Management of Peking University (北京大學光華管理學院) in June 2017 and was awarded the title of engineer in April 2009.

Mr. Zhang Wenge (張文革), aged 55, was appointed as a non-executive Director on April 6, 2020 and is responsible for providing guidance for the overall development of the Group.

Mr. Zhang joined the Group in June 2004 as the general manager of the Company until July 2007, where he was responsible for overall operations and management. He was appointed as an executive Director in December 2006 and resigned in February 2018.

Prior to joining the Group, Mr. Zhang had more than ten years of work experience in the hotel and property management industries. Mr. Zhang joined RiseSun Real Estate Development in July 2007 and successively served as the deputy general manager of Langfang Branch Office, director of property management and the general manager of the property management center until July 2017, where he was responsible for overall management and operations of the property management sector in RiseSun Group. Mr. Zhang currently also serves as a director and general manager at various subsidiaries of RiseSun Real Estate Development, where he is responsible for the overall operations and management of such subsidiaries.

Mr. Zhang graduated from Beijing International Studies University (北京第二外國語學院) in the PRC in July 1992, where he obtained dual bachelor's degrees in Russian and Japanese.

Mr. Jin Wenhui (金文輝), aged 53, was appointed as an independent non-executive Director on April 6, 2020 and is responsible for providing independent advice to the Board.

From June 1994 to December 1997, Mr. Jin was a teacher at Beijing Institute of Petrochemical Technology (北京石油化工學院). From December 1997 to December 2003, he successively served as an audit manager and senior partner at Zhongpeng Accounting Firm (中鵬會計師事務所), where he was responsible for managing audit projects. From May 2004 to July 2009, he served as the assistant to the president, the financial director, a director of the board and the vice president at RiseSun Holdings, and as the executive general manager at RiseSun Venture Capital Co., Ltd. (榮盛創業投資有限公司), a subsidiary of RiseSun Holdings, where he was mainly responsible for managing operations related to finance, auditing and investment. He worked at RiseSun Real Estate Development as a director of the board in January 2006 and was responsible for financial management and business decisions until January 2012. He also served as a supervisor at Langfang Ruisheng Investment Co., Ltd. (廊坊瑞盛投資股份有限公司), a subsidiary of RiseSun Real Estate Development, from May 2007 to February 2016, where he was responsible for supervising directors and senior management. After February 2016, Mr. Jin did not hold any position in RiseSun Holdings Group. In March 2011, Mr. Jin founded Beijing Jiahe Jinhui Venture Capital Co., Ltd. (北京佳禾金輝創業投資公司), a company mainly engaged in investment management and business consulting. He currently serves as its chairman of the board and general manager, and is mainly responsible for strategic planning and daily operation management. He served as an independent non-executive Director of RiseSun Real Estate Development Co. Ltd. in November 2022.

Mr. Jin currently serves as a director at Oxford Vacmedix UK Ltd. and Changzhou Niujin Shisong Biotechnology Co., Ltd. (常州牛津石鬆生物科技股份有限公司), all of which are mainly engaged in the development of biomedical and biotechnology, technology transfer and provision of technical services. He is responsible for formulating company strategies and development plans.

Mr. Jin graduated from Beijing Institute of Petrochemical Technology (北京石油化工學院) in the PRC in July 1994, where he obtained a bachelor's degree in accounting. He graduated from Nanyang Technological University in Singapore in May 2005, where he obtained a master's degree in business administration through distance learning. He graduated from Tianjin University of Finance and Economics (天津財經大學) in the PRC in December 2010, where he obtained a doctor's degree in finance. Mr. Jin was certified as a Certified Public Accountant by Ministry of Finance in the PRC in May 1997. He obtained the Independent Director Qualification Certificate awarded by the Securities Association of China (中國證券業協會) in July 2003.

Mr. Jin is entitled to receive an emolument of RMB150,000 per annum as an independent non-executive Director pursuant to a letter of appointment dated December 18, 2020.

Mr. Xu Shaohong (許少宏), aged 55, was appointed as an independent non-executive Director on August 22, 2022 and is responsible for providing independent advice to the Board.

Mr. Xu worked in the customer service department of HSBC Hong Kong Branch from 1993 to 2000; served as an assistant manager of the international private bank department of Citibank from 2000 to 2002; served as a department manager of customer service centre of HSBC from 2002 to 2003; served as a director of UBS Hong Kong Branch from 2005 to 2008; served as an executive director of Merrill Lynch (Asia Pacific) Limited from 2008 to 2009; served as a vice president of the private bank department of Credit Suisse from 2009 to 2011, responsible for private banking product sales and customer service; and served as a managing director of the investment bank department of Guosen Securities (Hong Kong) Co., Ltd. (國信證券(香港)有限公司) from January 2011 to April 2012, responsible for corporate financing and stock sales. Since 2012, Mr. Xu has been in charge of the team sales management and internal control: as well as compliance duties. He served as a managing director for China area of private bank department of BNP Paribas Hong Kong Branch from 2012 to 2016, responsible for review of team accomplishments and performance and other financial reports during his term of office; served as a managing director of Jupai Hong Kong Investment Limited (鉅派香港投資有限公司) from 2017 to 2018; and served as a vice president and the head of wealth and sale department of Hong Kong Kaisa Technology Financial Group (香港佳兆業科技金融集團) from 2018 to 2022, responsible for review of department performance and financial reports including reporting the financial statements of the entire finance department to the board of directors. In 2022, Mr. Xu joined Myriad Asset Management (Hong Kong) Limited (香港萬方資產管理(香港)有限公司) as Managing Director, responsible for the development of independent asset management business in the PRC. Mr. Xu has more than 30 years' experience in the area of commercial bank, investment bank and private bank service with extensive experience of financial services in Hong Kong and mainland China, and has expertise in stock block transactions and real estate project financing and providing professional investment advisory and asset management services.

Mr. Xu graduated from Shenzhen University in 1992, with a bachelor's degree in arts, and has type 1, 4 and 9 licenses issued by Hong Kong Securities and Futures Commission.

Mr. Xu is entitled to receive an emolument of RMB150,000 per annum as an independent non-executive Director pursuant to a letter of appointment dated August 22, 2022.

Mr. Tang Yishu (唐義書), aged 52, was appointed as an independent non-executive Director on August 18, 2020 and is responsible for providing independent advice to the Board.

From July 1993 to September 1998, Mr. Tang worked as a teacher at Beijing Wuzi University (北京物資學院). From September 1998 to June 2004, he successively served as a project manager, a department manager, the deputy general manager and a partner at Zhongshi Accounting Firm Co., Ltd. (中實會計師事務所有限責任公司), where he was mainly responsible for business development and overall management of the audit department. From July 2004 to September 2009, he worked as a partner and a deputy chief accountant at Beijing Lixin Changjiang Certified Public Accountants Co., Ltd. (北京立信長江會計師事務所有限公司), where he was mainly responsible for business development and overall management of the audit, consulting and quality control departments. From September 2009 to November 2017, he was a partner at Reanda Certified Public Accountants LLP (利安達會計師事務所(特殊普通合夥)). He is currently a partner at Zhongxinghua Certified Public Accountants LLP (中興華會計師事務所(特殊普通合夥)). Since February 2022, he has been an independent non-executive director of Huarui Traffic Technology Co., Ltd. (華睿交通科技股份有限公司) and since June 2022, he has been the Asia Pacific regional director of Prime Global.

Mr. Tang graduated from Beijing Wuzi University (北京物資學院) in the PRC in July 1993, where he obtained a bachelor's degree in management engineering. He graduated from Deakin University in Australia in August 2002, where he obtained a master's degree in accounting through distance learning. Mr. Tang is currently a Certified Public Accountant in the PRC and a Certified Public Accountant in Australia.

Mr. Tang is entitled to receive an emolument of RMB150,000 per annum as an independent non-executive Director pursuant to a letter of appointment dated December 18, 2020.

BIOGRAPHICAL DETAILS OF SUPERVISORS

Mr. Jing Zhonghua (景中華), aged 45, was appointed as a Supervisor on April 6, 2020.

Prior to joining the Group, from July 2000 to December 2003, Mr. Jing served as an accounting manager at Shenzhen Nanyou (Holdings) Corp. Ltd. (深圳市南油(集團)有限公司), a company mainly engaged in real estate development, where he was responsible for managing and overseeing the daily operations of the accounting department, monitoring and analyzing accounting data and producing financial reports or statements. From April 2004 to March 2010, he successively served as an accounting manager and financial manager at the Xi'an branch office of Gemdale Corporation (金地(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600383), where he was responsible for overseeing the overall preparation, management and monitoring of corporate budgets and performing financial analysis, reporting and management activities. From March 2010 to June 2015, he successively served as the deputy general manager of the finance department of the Xi'an branch office and the director of the finance center at Longfor Group Holdings Limited (龍湖集團控股有限公司), a company listed on the Stock Exchange (stock code: 0960), where he was mainly responsible for financial management, tax management and audit and financial supervision. He first joined RiseSun Real Estate Development in July 2015 as the general manager of the financial center until February 2021. He was subsequently promoted to become and currently serves as, the vice president, and is responsible for the operations and management of the financial center, financial management and accounting management.

Mr. Jing graduated from Jiangxi University of Finance and Economics (江西財經大學) in the PRC in July 2000, where he obtained a bachelor's degree in accounting. He was certified as a Certified Public Accountant by the Examination Committee of Certified Public Accountants of the Ministry of Finance in the PRC in December 2005.

Ms. Dong Hui (董慧), aged 43, was appointed as a Supervisor on April 6, 2020. Ms. Dong has been serving as the director of human resources and administrative affairs of the Company since she joined the Group in March 2020, and is responsible for management of human resources and administrative affairs. Prior to joining the Group, from July 2003 to April 2008, Ms. Dong served as a human resources specialist at China Light Industry Construction Co., Ltd. (中國輕工建設工程總公司), a company mainly engaged in project management, technical services, technical consulting and construction supervision, where she was primarily responsible for human resources related work. In April 2008, she joined RiseSun Real Estate Development and successively served as the director of human resources of the Langfang branch office, the service oversight director and the director of human resources of RiseSun Real Estate Development, where she was mainly responsible for human resources management until March 2020.

Ms. Dong graduated from Xi'an Industrial University (西安工業大學) in the PRC in July 2003, where she obtained a bachelor's degree in human resources management. Ms. Dong obtained a First-level Human Resources Management Certificate awarded by the Ministry of Human Resources and Social Security in the PRC in December 2011.

Mr. Liu Jifeng (劉紀鋒), aged 41, was appointed as a Supervisor on April 6, 2020. Mr. Liu joined the Group in May 2019 as the legal manager of the Company, where he is responsible for management of legal affairs and the legal team of the Group.

Prior to joining the Group, from June 2007 to July 2009, Mr. Liu served as a legal assistant at Shandong Ruize Law Firm (山東睿澤律師事務所) and assisted with the provision of various legal services. From July 2009 to October 2013, Mr. Liu worked at Qingdao Qingfang Finance and Guarantee Group Co., Ltd. (青島青房融資擔保集團有限公司) (formerly known as Qingdao Qingfang Guarantee Group Co., Ltd. (青島青房擔保集團有限公司)), a company mainly engaged in the financing guarantees, where he was responsible for due diligence and review of the financing guarantee business. In October 2013, he joined Beijing Haodong (Qingdao) Law Firm (北京市浩東(青島)律師事務所) as a lawyer and engaged in the provision of legal services in various sectors until March 2016. From March 2016 to May 2019, he successively served as the legal manager at Qingdao Guangshun Real Estate Co., Ltd. (青島廣順房地產有限公司) and as the legal manager at Le Life Smart Community Service Group Co., Ltd. (樂生活智慧小區服務集團股份有限公司), where he was responsible for legal affairs. Qingdao Guangshun Real Estate Co., Ltd. is a company mainly engaged in real estate development and Le Life Smart Community Service Group Co., Ltd. is a property management company.

Mr. Liu graduated from Hainan University (海南大學) in the PRC in July 2005, where he obtained a bachelor's degree in law. Mr. Liu obtained the Legal Professional Qualification Certificate awarded by the Ministry of Justice in the PRC in February 2008, the Securities Qualification Certificate awarded by the Securities Association of China (中國證券業協會) in the PRC in February 2017 and the Qualification of Investment Project Analyst awarded by the China General Chamber of Commerce (中國商業聯合會) in the PRC in July 2018.

Mr. Yang Xi (楊熙), aged 43, was appointed as a Supervisor on March 2, 2023. Mr. Yang has 21 years of experience in media and research in the real estate and property industries. From July 2004 to February 2008, Mr. Yang served as the editor in chief of Sina.com Technology (China) Co., Ltd., an online media company, mainly responsible for managing the operation of the real estate channel. From February 2008 to January 2015, he worked as the chief editor of Beijing Yisheng Leju Information Service Co., Ltd., an online to offline real estate service provider listed on the New York Stock Exchange (stock code: LEJU), mainly responsible for website publishing and editing. From January 2015 to February 2019, he served as the Chief Operating Officer at Shanghai Weimi Business Information Consulting Co., Ltd., mainly responsible for the company's operations and management. The company is mainly engaged in business information consulting services. Since February 2019, Mr. Yang have been working at Beijing CRMRI Information Technology Co., Ltd. as the legal representative, director, and manager, mainly responsible for the management of the company, which is mainly engaged in information technology business. He was appointed as an independent non-executive director of Dexin Service Group (stock code: 02215) since January 2021. Mr. Yang obtained a Bachelor's degree in Arts from Beijing Technology and Business University in June 2001. Since July 2019, Mr. Yang has been serving as the deputy secretary general of China Property Management Institute. The term of office of Mr. Yang as an external supervisor will be from the date when the shareholders approve the appointment at the extraordinary general meeting to the date when the term of office of the first board of supervisors expires. After being approved by the shareholders at the extraordinary general meeting to appoint him as an external supervisor, the Company will enter into a service contract with Mr. Yang. Mr. Yang will have the right to charge an annual supervisory fee of RMB60,000 (before tax), which will be determined based on his position and responsibilities in the Company, the Company's remuneration policy, and current market conditions.

Mr. Zhang Yuanpeng (張元鵬), aged 30, was appointed as a Supervisor on May 22, 2020.

Since March 2018, Mr. Zhang has been serving as an assistant to the president at Zhongyu Gas Holdings Limited (中裕燃氣控股有限公司), a company listed on the Stock Exchange (stock code: 3633), and is responsible for implementing various tasks delegated by the president and coordinating with various departments.

Mr. Zhang graduated from Wuhan University (武漢大學) in the PRC in June 2015, where he obtained a bachelor's degree in finance. He graduated from Lingnan University (嶺南大學) in Hong Kong in December 2017, where he obtained a master's degree in human resource management and organizational behaviour.

Mr. Zhang is entitled to receive an emolument of RMB60,000 per annum as a Supervisor pursuant to a service contract dated December 18, 2020.

BIOGRAPHIES OF SENIOR MANAGEMENT

Mr. Long Xiaokang (隆小康), aged 38, was appointed as the chief financial officer of the Company since 20 July 2022.

Mr. Long graduated from Hebei University of Economics and Business (河北經貿大學) with a bachelor's degree in management in 2008 and graduated from Nankai University (南開大學) with a master's degree in Executive Master of Business Administration in 2019. Mr. Long has extensive experience in financial management, investment and finance management, auditing and tax management. From July 2008 to August 2011, he served as the accounting supervisor of RiseSun Real Estate Development Co., Ltd. (榮盛房地產發展股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002146) in its Jiangsu Xuzhou project (江蘇徐州項目); from September 2011 to March 2016, he successively served as the finance manager and the chief financial officer of RiseSun Real Estate Development Co., Ltd. in its Anhui Bengbu project (安徽蚌埠項目), responsible for the financial management of Bengbu region; from April 2016 to September 2021, he successively served as the chief financial officer and the deputy general manager of RiseSun Xingcheng Investment Co., Ltd. (榮盛興城投資有限公司), responsible for the financial management and park operation of Rongsheng Industrial Park (榮盛產業園); from October 2021 to June 2022, he served as the deputy general manager of RiseSun Kanglv Investment Co., Ltd. (榮盛康旅投資有限公司), responsible for its financial management.

Mr. Lai Hongfei (賴鴻飛), aged 42, was appointed as the deputy general manager when he joined the Group in November 2018 and is responsible for quality control, operations management, market development and mergers and acquisitions.

Prior to joining the Group, from July 2002 to November 2010, Mr. Lai served as a director of the enterprise management department of the Nanjing branch office of Shenzhen Pengji Property Management Service Co., Ltd. (深圳鵬基物業管理服務有限公司), where he was responsible for quality management, operation management and market development. He subsequently served as the executive deputy general manager at Nanjing Hedu Commercial Management Co., Ltd. (南京和度商業管理有限公司) (formerly known as Nanjing Hedu Property Management Co., Ltd. (南京和度物業服務有限公司)), where he was responsible for quality management, market development and business management until December 2015. Mr. Lai served as the assistant general manager of Nanjing branch office of Tibet Xinchengyue Property Services Co., Ltd. (西藏新城悅物業服務股份有限公司) from December 2015 to August 2017, and then as the director of market development of the Nanjing branch office of Longfor Property Services Group Co., Ltd. (龍湖物業服務集團有限公司) from August 2017 to October 2018, and was responsible for market expansion and merger and acquisition management in both roles.

Mr. Lai obtained a diploma in sports from Gannan Normal University (贛南師範學院) in the PRC in June 2002. Mr. Lai became certified as a Property Manager by the Jiangsu Provincial Department of Human Resources and Social Security (江蘇省人力資源和社會保障廳) in January 2015.

Mr. Meng Qingbin (孟慶斌), aged 39, was appointed as the deputy general manager when he joined the Group in July 2019 and is responsible for the management of value-added services, the brand center and internet related business.

Prior to joining the Group, from October 2007 to January 2009, he successively served as an asset advisor and the branch manager at Beijing Anxin Ruide Real Estate Agent Co., Ltd. (北京安信瑞德房地產經紀有限公司), a company mainly engaged in real estate investment and brokerage services, where he was responsible for management of the real estate brokerage business and market development. From January 2009 to January 2013, he served as the regional business manager at Beijing Heshun Jiawei Real Estate Brokerage Co., Ltd. (北京和順嘉偉房地產經紀有限公司) (formerly known as Beijing Siyuan Innovation Real Estate Brokerage Co., Ltd. (北京思源創新房地產經紀有限公司)), a company mainly engaged in the provision of real estate brokerage services, where he was mainly responsible for the establishment and execution of real estate brokerage business, market development and participation in the group's business strategy. He subsequently served as the director of the Marketing Center of Beijing Sohu New Media Information Technology Co., Ltd. (北京搜狐新媒體信息技術有限公司), a company mainly engaged in real estate internet advertising, e-commerce and value-added services. From July 2016 to July 2019, he served as the director of the Lease and Sale Center and Asset Management Center of Community Business Management Department of Longfor Property Services Group Co., Ltd. (龍湖物業服務集團有限公司), where he was mainly responsible for the overall management of the company's national rental and sales and asset business.

Mr. Meng graduated from Gansu Agricultural University (甘肅農業大學) in the PRC in June 2006, where he obtained a bachelor's degree in gardening.

CORPORATE GOVERNANCE PRACTICE

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

Since the Listing, the Company has adopted and applied the Corporate Governance Code contained in Appendix 14 to the Listing Rules as its own corporate governance code. To the best knowledge of the Directors, save as disclosed below, the Company has complied with all applicable code provisions under the Corporate Governance Code that were in force for the year ended December 31, 2022.

BOARD OF DIRECTORS

Composition of the Board

As at the date of this report, the Board consists of three executive Directors (namely Mr. Geng Jianfu (Chairman), Ms. Liu Hongxia and Mr. Xiao Tianchi), one non-executive Director (namely Mr. Zhang Wenge), and three independent non-executive Directors (namely Mr. Jin Wenhui, Mr. Xu Shaohong and Mr. Tang Yishu). An updated list of Directors and their roles and functions is posted on the websites of the Stock Exchange and the Company, respectively. Their names and biographical details are set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" of this report. The Board is responsible for the overall management of the Company's operations, as well as overseeing and formulating the overall business strategy.

Apart from the information disclosed in the section headed "Biographical Details of Directors, Supervisors and Senior Management" of this report, there is no financial, business, family and other material or relevant relationship among the respective Directors, the Supervisors, the chairman and the president of the Company.

On July 20, 2022, Mr. Siu Chi Hung ("**Mr. Siu**") has resigned as an independent non-executive Director, the chairman of the Audit Committee and a member of the Nomination Committee to devote more time to his other personal business. Following the resignation of Mr. Siu, the Company has only two independent non-executive Directors, the Audit Committee has only two members (among which, Mr. Jin Wenhui, an independent non-executive Director, was certified as a Certified Public Accountant by the Ministry of Finance in China in May 1997 who possess the appropriate accounting or related financial management expertise), the Nomination Committee will not comprise a majority of independent non-executive directors and would not be able to meet the requirements of Rules 3.10(1), 3.21 and 3.27A of the Listing Rules. The Board, with the recommendation of the Nomination Committee, has resolved to nominate Mr. Xu Shaohong ("**Mr. Xu**") pursuant to Rules 3.11 and 3.23 of the Listing Rules as a candidate for the proposed appointment of an independent non-executive Director, the chairman of Audit Committee and a member of Nomination Committee. On August 22, 2022, Mr. Xu was approved by the Shareholders by way of an ordinary resolution at the annual general meeting of the Company. Following the appointment of Mr. Xu, the Company has re-complied with Rules 3.10(1), 3.21 and 3.27A of the Listing Rules.

Save as disclosed above, for the year ended 31 December 2022, the Board has consistently complied with Rules 3.10(1) and (2) of the Listing Rules regarding the appointment of at least three independent non-executive Directors and at least one independent non-executive Director who shall have appropriate professional qualifications or accounting and financial management expertise. The three independent non-executive Directors account for over one-third of the Board, which meets the requirements of Rule 3.10A of the Listing Rules, that is, the independent non-executive directors of the listed issuer must represent at least one-third of the board. The Board believes that it has sufficient independence to safeguard the interests of the Shareholders.

DUTIES OF DIRECTORS

The Board is responsible for overseeing all major matters of the Company, including formulating and approving all policy matters, overall strategy, internal control and risk management systems, and supervising the duty performance of senior management. Directors shall make objective decisions based on the Company's overall interests. As at the date of this report, the Board consists of six Directors, including two executive Directors, one non-executive Director and three independent non-executive Directors. The names and biographical details of the Directors are listed in the section headed "Biographical Details of Directors, Supervisors and Senior Management" of this report.

The liability insurance of the Directors, Supervisors and senior management of the Company is maintained by the Company during the year ended December 31, 2022 to prevent and cover certain legal liabilities that may arise in the course of performing their duties.

BOARD AUTHORISATION

The management consisting of executive Directors and other senior management is authorised to implement the strategies and guidelines approved by the Board and is responsible for the day-to-day management and operations of the Group. The executive Directors and senior executives meet regularly to review the performance of the Group's overall business, co-ordinate overall resources, and make financial and operating decisions. The Board also gives clear instructions on its management powers (including circumstances where the management should report to it) and will regularly review the authorisation arrangements to ensure that they are suitable for the needs of the Group.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility to prepare the Group's consolidated financial statements in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure the timely release of the Group's consolidated financial statements. The Directors are not aware of any significant uncertainties related to events or conditions, and these uncertainties may have a significant impact on the Company's ability to continue as a going concern. Therefore, the Directors have prepared the consolidated financial statements of the Group in accordance with the going concern standard.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive Directors play an important role in the Board by virtue of their independent judgments, and their views are of great significance in the decision of the Board. The functions of independent non-executive Directors include holding impartial views and judgments on such issues as the Company's strategy, performance and control; and reviewing the Company's performance and monitoring performance reports.

All independent non-executive Directors have extensive academic, professional, industry knowledge and management experience, and have made positive contributions to the Company's development by providing professional advice to the Board.

Confirmation of independence

The independence of the independent non-executive Directors has been assessed in accordance with the applicable Listing Rules, and the Company has received from each independent non-executive Director an annual written confirmation of his/her independence in accordance with Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules and are independent.

INDEPENDENCE MECHANISMS

The Company has in place mechanisms to ensure independent views and input are available to the Board. The Board shall at all times comprise at least three independent non-executive Directors that represent at least one-third of the Board, such that there is always a strong element of independence on the Board which can effectively exercise independent judgement. Each independent non-executive Director is required to provide an annual confirmation of his/her independence to the Company and the Nomination Committee is responsible to assess the independence and time commitment of each independent non-executive Director at least annually.

All the Directors, including the independent non-executive Directors, are given equal opportunity and channels to communicate and express their views to the Board and have separate and independent access to the management of the Group in order to make informed decisions. To facilitate proper discharge of their duties, all the Directors are entitled to seek advice from the company secretary of the Company or, upon reasonable request, seek independent professional advice at the Company's expense. The chairman of the Board will hold meetings with the independent non-executive Directors without the involvement of other Directors at least annually to discuss any issues and concerns.

Any Director or his/her associate who has a conflict of interest in a matter to be considered by the Board will be dealt with by a physical Board meeting rather than by written resolutions. Such Director will be required to declare his/her interests before the meeting and abstain from voting and not counted towards the quorum on the relevant resolutions. Independent non-executive Directors who, and whose associates, have no interest in the matter should attend the Board meeting.

The Board has reviewed and considered that the mechanisms are effective in ensuring that independent views and input are provided to the Board during the year ended December 31, 2022.

BOARD DIVERSITY POLICY

The Board has adopted the Board Diversity Policy, which sets out ways to achieve board diversity. The Company recognises and embraces the benefits of a diverse board and considers board-level diversity to be an important element in supporting the achievement of the Company's strategic goals and sustainable development. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge and years of service. All Board appointments are based on elite management and consideration of candidates based on objective criteria with the benefits of board diversity fully taken into account.

During the year ended December 31, 2022, the Board had seven Directors with comprehensive and balanced knowledge, skills and experience in the areas of property management, accounting, investment, engineering and financial management. They had obtained various professional degrees, including engineering, business management, economics and accounting. The Board had three independent non-executive Directors who had different industry backgrounds, accounting for over one-third of the Board members.

Regarding gender diversity in the Board, the Company appointed Ms. Liu Hongxia as an executive Director of the Company on August 22, 2022, which was approved by the general meeting and satisfied the gender diversity of the Board. The Board had targeted to achieve and had achieved at least 14.3% (1) of female Director and considers that the current gender diversity at the Board level is satisfactory. Going forward, the Company will consider to appoint more female Directors in the future should there are suitable candidates. As of the date of this annual report, the Company has not set a target figure and timetable for increasing gender diversity at the Board level. The Company will also ensure that there is gender diversity when recruiting staff at mid to senior level of the Group so that it will have a pipeline of female senior management and potential successors to the Board in the future.

The Nomination Committee is responsible for ensuring the diversity of Board members and will review the Board Diversity Policy from time to time to ensure its continued effectiveness.

Gender Diversity of Employees

As at 31 December 2022, the Group has a total of 7,147 employees and the ratio of male to female employees is approximately 1:0.95. The Nomination Committee considered that the current ratio of male and female employees is relatively balanced, and the Group will continue to maintain the gender diversity in workforce.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

According to the Articles of Association, Directors shall be elected at the general meeting and the term of office of the Directors (including non-executive Directors) is from the date of passing the resolutions at the general meeting to the expiry date of the term of office of the Board of that session. The term of each session of the Board is three years, and the Directors are eligible for re-election upon expiry of the term.

At any time before the expiry of the Director's term, the Shareholders may dismiss any Director by an ordinary resolution at any general meeting convened and held in accordance with the Articles of Association, despite the contrary in the Articles of Association or the existence of any agreement reached between the Company and the Director (but without prejudice to any claim for damages under that agreement).

DIRECTOR TRAINING AND PROFESSIONAL DEVELOPMENT

Each newly appointed Director receives comprehensive, formal and customised training at the time of appointment. Subsequently, the Directors will obtain the latest developments regarding the Listing Rules, legal and other regulatory requirements, as well as the Group's business development, and they will be encouraged to participate in continuous professional development to expand their knowledge and skills. For the year ended December 31, 2022, all the Directors (namely Mr. Geng Jianfu, Ms. Liu Hongxia, Mr. Xiao Tianchi, Mr. Zhang Wenge, Mr. Jin Wenhui, Mr. Xu Shaohong and Mr. Tang Yishu) had participated in the continuous professional development plan and have complied with the code provision C.1.4 of the Corporate Governance Code and participated in continuous professional development including attended training relating to the Group's businesses, updates on the Listing Rules, legal and regulatory requirements and corporate governance practices, and read relevant materials to keep themselves abreast of regulatory developments and changes, to develop and refresh their knowledge and skills.

BOARD MEETING

The Board meets regularly to discuss and formulate the overall strategy, operations and financial performance of the Group. Directors can participate in person or through electronic communication. In accordance to C.5.1 of the Corporate Governance Code, the Board will hold at least four regular meetings per year at a frequency of approximately once a quarter, and will arrange ad hoc meetings if necessary. The date of each regular meeting is set in advance so that the Directors can attend the meeting in person. In accordance to C.2.7 of the Corporate Governance Code, the Chairman will also hold at least one meeting with the independent non-executive Directors without the presence of other Directors per year. As of December 31, 2022, the Chairman has arranged one relevant meeting with the independent non-executive Directors.

During the year ended December 31, 2022, the Directors made positive contributions to the affairs of the Group and had held ten Board meetings.

Attendance records of Directors

During the year ended December 31, 2022, the attendance records of the Directors at Board meetings, meetings of special committees under the Board and general meeting are as follows:

Name	Number of meetings attended in 2022/number of meetings held during the Director's office				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting
Executive Directors					
Mr. Geng Jianfu (<i>Chairman</i>)	10/10	N/A	2/2	4/4	3/3
Mr. Xiao Tianchi	10/10	N/A	N/A	N/A	3/3
Ms. Liu Hongxia (<i>appointed on August 22, 2022</i>)	3/3	N/A	N/A	N/A	1/1
Mr. Liu Yonggang (<i>resigned on June 21, 2022</i>)	4/4	N/A	N/A	N/A	1/1
Non-executive Director					
Mr. Zhang Wenge	10/10	5/5	N/A	N/A	3/3
Independent Non-executive Directors					
Mr. Jin Wenhui	10/10	5/5	2/2	N/A	3/3
Mr. Xu Shaohong (<i>appointed on August 22, 2022</i>)	3/3	2/2	N/A	N/A	1/1
Mr. Siu Chi Hung (<i>resigned on July 20, 2022</i>)	7/7	3/3	N/A	4/4	1/1
Mr. Tang Yishu	10/10	N/A	2/2	4/4	3/3

NOMINATION POLICY

The Nomination Committee adopts a variety of methods to determine candidates for Directors, including recommendations from Board members and the management. In addition, the Nomination Committee will consider Director candidates appropriately submitted by Shareholders. The evaluation of the Nomination Committee on Director candidates may include, but is not limited to, review of resumes and work experience, personal interviews, verification of professional and personal recommendation letters, and performing background checks. The Board will consider the recommendations from the Nomination Committee and be responsible for designating candidates for Directors to be elected by Shareholders at the Company's general meeting, or appointing suitable candidates to serve as Directors to fill Board vacancies or as supplements to Board members, and to comply with the Articles of Association. All Director appointments should be confirmed through a letter of appointment and/or service contract, which should set out the main terms and conditions of Director appointment.

The Nomination Committee should consider the following eligibility requirements, which are minimum requirements for candidates to recommend to the Board potential new Directors or to continue to provide existing Directors:

- the highest personal and professional ethics and integrity;
- proven achievements and abilities of the nominee and exercise of reasonable business judgment;
- complementary skills with existing Board;

- ability to assist and support management and make a significant contribution to the Company’s success;
- understand the fiduciary duties required by Board members and the time and effort required to perform their duties diligently; and
- independence: independent non-executive Director candidates should meet the “independence” requirements under Rule 3.13 of the Listing Rules, and the composition of the Board should meet the requirements of the Listing Rules.

The Nomination Committee may also consider other factors that are considered to be in the interests of the Company and the Shareholders as a whole.

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

Since the Listing, the Company has adopted the Model Code as the guidelines for Directors’ and Supervisors’ dealings in the securities of the Company. Upon specific enquiries with all Directors and Supervisors, each of them has confirmed that during the year ended December 31, 2022, he/she has complied with the Model Code.

According to the Company’s requirements, the relevant management personnel and employees of the Company 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.

REMUNERATION OF SENIOR MANAGEMENT

According to code provision E.1.5 of the Corporate Governance Code, the annual remuneration of senior management (other than Directors) by band for the year ended December 31, 2022 is as follows:

	Number of senior management
Nil to RMB1,000,000	1
RMB1,000,001 to RMB1,500,000	2

DIVIDEND POLICY

Subject to compliance with applicable laws and regulations and the Articles of Association, the Group expects that the annual dividend payout shall not be less than 25% of the after-tax profit. The payment and amount (if any) of dividends depend on the Group’s operating results, cash flow, financial position, legal and regulatory restrictions on dividends, future prospects and other relevant factors. Shareholders will be entitled to receive the dividend on a pro-rata basis based on the paid-up Shares paid or credited to the Shares. The declaration, payment and amount of dividends will be completely determined by the Company. The proposed payment of dividends must also be at the discretion of the Board, and any announcement of the final dividend must be approved by Shareholders. The Board will review the dividend policy annually and does not guarantee that dividends will be declared or paid for any particular amount for any given period.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing corporate governance duties, including:

- develop and review the Company’s policies and practices regarding corporate governance;
- review and monitor the training and continuous professional development of Directors and senior management;
- review and monitor the Company’s compliance with policies and practices required by laws and regulations;
- develop, review and monitor codes of conduct and compliance manuals applicable to employees and Directors;
and
- review the Company’s compliance with Appendix 14 to the Listing Rules (Corporate Governance Code).

For the year ended December 31, 2022, the Board has performed the above duties.

CHAIRMAN AND GENERAL MANAGER

For the year ended December 31, 2022, the chairman and the general manager were held by different individuals. The chairman is Mr. Geng Jianfu, and the general manager is Ms. Liu Hongxia. The separation of responsibilities between the chairman and general manager ensures that the responsibilities of the chairman in managing and leading the Board are clearly different from those of general manager in managing the Company’s business.

BOARD COMMITTEES

The Board has established three committees, namely Audit Committee, Remuneration Committee and Nomination Committee, with respective written terms of reference to oversee related affairs of the Group.

AUDIT COMMITTEE

The Company established the Audit Committee in accordance with Rules 3.21 to 3.23 of the Listing Rules and established written terms of reference in accordance with the Corporate Governance Code contained in Appendix 14 to the Listing Rules. The main duties of the Audit Committee are to review and supervise the Group’s financial reporting procedures and internal control systems, risk management and internal audit, provide advice to the Board, and perform other duties that the Board may delegate.

As of the date of this report, the Audit Committee consists of three members, including two independent non-executive Directors, Mr. Xu Shaohong and Mr. Jin Wenhui, and one non-executive Director, Mr. Zhang Wenge. The chairman of the Audit Committee is Mr. Xu Shaohong. Mr. Jin Wenhui was certified as a Certified Public Accountant by the Ministry of Finance of the PRC in May 1997 and has appropriate accounting and related financial management expertise, which meets the requirements of Rule 3.21 of the Listing Rules. Pursuant to the terms of reference of the Audit Committee, Audit Committee meeting shall be held at least twice every year or more frequently if circumstances require.

During the year ended December 31, 2022, the Audit Committee held five meetings and met with the Company’s senior management and independent auditors to, among others, (1) consider the Group’s annual results for the year ended December 31, 2021 and the interim results of the Group for the six months ended June 30, 2022; (2) review and discuss the Group’s risk management and internal control systems, the effectiveness of the Company’s internal audit and risk control functions; and (3) re-appoint the auditor.

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee in accordance with Rules 3.25 to 3.27 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules and has established its written terms of reference. The main responsibilities of the Remuneration Committee are to formulate policies on remuneration for Directors and senior management, and to establish formal and transparent procedures to formulate remuneration policies and provide recommendations to the Board; make recommendations to the Board on the remuneration package of each executive Director and senior management, and review and approve performance-based compensation with reference to corporate goals achieved from time to time. The remuneration of all Directors and senior management is regularly monitored by the Remuneration Committee to ensure that their remuneration levels are appropriate.

As of the date of this report, the Remuneration Committee consists of three members, including an executive Director, Mr. Geng Jianfu, and two independent non-executive Directors, Mr. Tang Yishu and Mr. Jin Wenhui. The chairman of the Remuneration Committee is Mr. Tang Yishu.

During the year ended December 31, 2022, the Remuneration Committee held two meetings to (1) review the Company's policy for the remuneration of the executive Directors; (2) assess the performance of the executive Directors and review the terms of their service contracts; (3) consider recommending the Shareholders to authorise the Board to fix the remunerations of the Directors; and (4) make recommendations on the remuneration packages of the executive Directors and senior management, and submit the proposal to the Board for approval.

NOMINATION COMMITTEE

The Company has established the Nomination Committee in accordance with Rule 3.27A and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, with written terms of reference. The main duties of the Nomination Committee are to regularly review the structure, size and composition of the Board and make recommendations to the Board on any proposed changes to the composition of the Board; determine and select Board members or nominate Director candidates, and make recommendations to the Board and ensure diversity of board members; assess the independence of independent non-executive Directors and make recommendations to the Board on matters related to appointment, re-appointment and removal of Directors, and Director succession plans.

As of the date of this report, the Nomination Committee consists of three members, including one executive Director, Mr. Geng Jianfu, and two independent non-executive Directors, Mr. Xu Shaohong and Mr. Tang Yishu. The chairman of the Nomination Committee is Mr. Geng Jianfu.

During the year ended December 31, 2022, four meetings were held to review the appointment of an independent non-executive Director; review the structure, size and composition of the Board of the Company, review the Board Diversity Policy, the measurable goals therefor and the progress towards such goals; evaluate the independence of independent non-executive Directors and submit the proposal to the Board for approval.

FINANCIAL REPORTING SYSTEM, RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Financial Reporting System

The Board, with the support of the financial department, is responsible for preparing the financial statements of the Company and the Group. As stated in the section headed “Report of the Board of Directors – Accounting Standards” of this report, CASBE was adopted and appropriate accounting policies were consistently used and applied in preparing the financial statements. The purpose of the Board is to make a clear and balanced assessment of the Group’s performance in its annual and interim reports to Shareholders, and to make appropriate disclosures and announcements in a timely manner. Under code provision D.1.1 of the Corporate Governance Code, the management will provide explanations and information to the Board to enable it to make an informed assessment of financial and other information submitted to the Board for approval.

The scope of work and reporting responsibilities of ShineWing Certified Public Accountants LLP, the Company’s external auditor, are set out in the “Auditor’s Report” on pages 75 to 80 of this report.

Risk Management and Internal Control Systems

The Board acknowledges its overall responsibility for maintaining adequate and effective risk management and internal control systems of the Group on an on-going basis and reviewing their effectiveness at least annually.

The Board and senior management are responsible for establishing, reviewing and implementing the Group’s risk management and internal control systems. The internal control system covers all major aspects of the Group’s operations, including sales, procurement, financial reporting, asset management, budget and accounting processes. The Group’s risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. The Group also has internal audit and risk control functions, which mainly analyze and independently evaluate the adequacy and effectiveness of risk management and internal control systems, and report its findings to the senior management at least annually.

Regarding the Group’s risk management and internal control measures, the Group has formulated a comprehensive set of policies and guidelines, which detail all aspects of internal control standards, process used to identify, evaluate and manage significant risks, division of responsibilities, approval procedures, and personnel accountability. The Group also conducts regular internal assessments and training to ensure that its employees have sufficient knowledge of these policies and guidelines. For the year ended December 31, 2022, the Group has implemented procedures and internal controls to process and disclose inside information. In particular, the Group:

- has handled in strict accordance with the disclosure requirements of the Listing Rules and the Inside Information Disclosure Guidelines issued by the Securities and Futures Commission of Hong Kong in June 2012;
- has established its own disclosure obligation procedures that set out procedures and controls for assessing potential internal information and for processing and disseminating internal information. The procedures have been communicated to the Company’s senior management and employees and the Company monitors its implementation;
- made extensive, non-exclusive information disclosure to the public in financial reports, announcements and through channels such as websites.

The risk management and internal control systems are continuously reviewed and evaluated by the Audit Committee and executive Directors, and will be further reviewed and evaluated by the Board at least annually, covering all material controls, including financial, operational and compliance controls. During the year ended December 31, 2022, the Board, through the Audit Committee, has reviewed the Company's internal control and risk management systems and considered the systems to be effective and adequate.

As disclosed in the announcement of the Company dated 15 November 2022 and circular dated 6 December 2022, the Company mistakenly believed that there was no disclosure obligation under the Listing Rules regarding the redemption of fund products and the payment of refundable performance deposit due to misinterpretation of the Listing Rules. The Board recognizes, for the avoidance of future occurrence of the above incidents, they need to enhance its internal control and compliance measures. To prevent similar incidents from occurring, the management of the Company undertakes to take steps to strengthen the internal controls over the procedures for all obligations under Chapters 13 and 14 of the Listing Rules. In particular, the Company has put in place the following internal control measures:

- (i) engaging professional parties to provide regular internal trainings on general disclosure obligations and notifiable transaction(s) to all relevant personnel, including accounting staff and senior management in all business departments of the Group to reinforce and re-explain the relevant requirements of the Listing Rules. Particularly, on 28 October 2022, Maxa Capital Limited, the compliance adviser of the Company has provided an internal training on general disclosure obligation and notifiable transactions under the Listing Rules to all relevant personnel of the Company;
- (ii) strengthening the implementation of its internal control system on transactions, including but not limited to the strengthening of the coordination and reporting arrangements for notifiable transactions among various departments of the Company. Particularly, the relevant personnel and management from the business department of the Group shall first consult with the board affairs department of the Group before entering into any agreements. For those agreements which did not have any implication under the Listing Rules, the board affairs department shall report the same to the chief financial officer of the Company for final approval; and
- (iii) for any agreements which may constitute new notifiable transaction(s) of the Group, the board affairs department will consult with professional advisers and the Stock Exchange (where necessary) in a timely manner prior to the entering into of such agreements.

AUDITOR'S REMUNERATION

For the year ended December 31, 2022, the remuneration for the audit services of ShineWing Certified Public Accountants (Special General Partnership) was RMB2 million (non-audit services: nil).

JOINT COMPANY SECRETARIES

As of the date of this report, Mr. Xiao Tianchi (the executive Directors and the Board secretary) and Ms. So Shuk Yi Betty of SWCS Corporate Services Group (Hong Kong) Limited, an external service provider, act as joint company secretaries. For the year ended December 31, 2022, they have complied with the relevant professional training requirements under Rule 3.29 of the Listing Rules by taking at least 15 hours of relevant professional training to update their skills and knowledge. Ms. So's primary contact person of the Company is Mr. Xiao Tianchi.

SHAREHOLDERS' RIGHT

The Company treats all Shareholders equally with a view to ensuring that their rights can be fully exercised and their legitimate interests can be safeguarded and that the Shareholders' general meeting can be convened and held in strict compliance with the relevant laws and regulations. The Company's corporate governance structure is to ensure that all Shareholders, especially the minority Shareholders, can enjoy equal benefits and undertake corresponding responsibilities.

Convening an Extraordinary General Meeting

Pursuant to the requirements of the Articles of Association, the Board may convene an extraordinary general meeting as it thinks fit. Shareholders requisitioning extraordinary general meetings or class meetings shall abide by the following procedures:

- (I) Shareholders individually or jointly holding over 10% of the voting Shares may request the Board to convene an extraordinary general meeting or a class meeting by signing and submitting one or more written requests with the same format and contents in which the matters for consideration at the meeting shall be set out clearly. The Board shall proceed to convene the extraordinary general meeting or the class meeting as soon as possible after receiving the aforesaid written request. For the purpose of the preceding requirement relating to the number of voting Shares held, such number shall be calculated on the basis of the number of relevant voting Shares held on the date of submission of such written request.
- (II) If the Board fails to issue a notice of such meeting within 30 days from the date of the receipt of the aforesaid written request, the Supervisory Committee may convene such a meeting by itself within 4 months from the date of receipt of the written request by the Board. If the Supervisory Committee fails to convene and preside over an extraordinary general meeting or a class meeting, Shareholders holding over 10% of the Shares individually or jointly may convene and preside over such a meeting by themselves, following the procedure for convening such meeting by the Board as much as possible.

Any reasonable expenses incurred by the Supervisory Committee or the Shareholders in convening and holding such meeting due to the failure of the Board to convene such meeting in response to the aforesaid request shall be borne by the Company. Such expenses shall be deducted from the amounts owed by the Company to the Directors in default.

Procedures to Put Forward Motions at General Meeting by Shareholders

Shareholders may make recommendations at the general meeting by two means: proposing a provisional resolution at general meetings and requiring the right to speak at the general meeting.

If the Company decides to hold a general meeting, Shareholders individually or jointly holding 3% or more of the total Shares carrying voting right shall be entitled to propose motions in writing to the convener 10 days before the convening of the general meeting. The convener shall dispatch a supplemental notice of the general meeting within 2 days from receipt of the proposal to notify other Shareholders and include such proposed motions into the agenda for such general meeting if they are matters falling within the functions and powers of general meeting.

Shareholders may submit and serve the motions directly through ir@roiserv.com.

Shareholders attending the general meeting may require the right to speak. The right to speak at general meetings can be conducted in writing and verbally. Shareholders or proxies requiring the right to speak shall register with the secretary to the Board or the chairman of the meeting prior to voting. The order of speaking shall follow the registration order.

Making Inquiry to the Board and Shareholders' Communication Policy

Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or management of the Company. Such questions, requests and comments can be addressed to the Company by mail to RiseSun Development Mansion, 81 Xiangyun Road, Langfang Economic and Technological Development Area, Langfang, Hebei Province, the PRC (中國河北省廊坊市經濟技術開發區祥雲道 81 號榮盛發展大廈) or by email to ir@roiserv.com.

The Company ensures prompt dissemination of corporate communications to enable Shareholders and other stakeholders to keep abreast of the Group's business and developments so that they can make informed decisions. It publishes regulatory announcements and other corporate communications on its website.

The Company maintains balanced, clear and transparent communications with Shareholders to facilitate their understanding of the Group's performance and business operations, the Company has ongoing dialogue with the Shareholders and other investors through various communication channels and takes any areas of concern into consideration in formulating its business strategies. Shareholders may at any time make enquiries to the Board as described above or directly by raising questions at general meetings.

The Board welcomes views of the Shareholders and encourages them to attend general meetings to raise any concerns they might have with the Board or the management directly. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by the Shareholders.

The Board has reviewed the shareholders' communication policy and its effectiveness was confirmed after considering the facts disclosed above.

CONSTITUTIONAL DOCUMENTS

References are made to the announcements of the Company (the "**Relevant Announcements**") dated February 18, 2022 and March 8, 2022 in relation to the amendments to the Articles of Association.

On February 18, 2022, the Board proposed to amend the Articles of Association in view of the proposed adoption of the CASBE to prepare the Company's financial statements. The amendment was approved by the Shareholders at the Company's extraordinary general meeting held on March 8, 2022.

The latest version of the Articles of Association are available on the Company's website (www.roiserv.com) and the Stock Exchange's website (www.hkexnews.hk).

The Board is pleased to present the annual report and audited consolidated financial statements of the Group for the year ended December 31, 2022.

PRINCIPAL BUSINESS

The Company and its subsidiaries are principally engaged in property management services, value-added services to non-property owners and community value-added services. An analysis on the Group's revenue and operating results for the year ended December 31, 2022 is set out in Note VI to the consolidated financial statements of this report.

GEOGRAPHICAL ANALYSIS OF OPERATION

An analysis of the Group's revenue from operations by geographical locations of customers for the year ended December 31, 2022 is set out on page 23 of this report.

RESULTS AND OVERALL PERFORMANCE

The Group's results for the year ended December 31, 2022 are set out in the Consolidated Income Statement of this report.

BUSINESS REVIEW

The Group's business review, including the discussion on the major risks and uncertainties exposed to the Group and the potential business development course of the Group in the future, is set out in the sections headed "Report of the Board of Directors" and "Management Discussion and Analysis", which are on pages 59 to 72 and pages 15 to 37 of this report, respectively.

Details of the significant events which affected the Group and took place since the end of the financial year ended December 31, 2022 are set out in Note XV to the consolidated financial statements on page 235 of this report. "Management Discussion and Analysis" on pages 15 to 37 of the annual report contains part of the analysis on the Group's annual performance using key financial performance indicators. For explanations on the major relations between the Company and its employees, customers and suppliers, please refer to the section headed "Management Discussion and Analysis – Employees and Remuneration Policy" and the section headed "Report of the Board of Directors – Major Customers and Suppliers" of this report. These discussions form part of this Report of the Board of Directors.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long-term sustainability of the environment and communities in which it operates. The Group operates its business in compliance with applicable environmental protection laws and regulations and has implemented relevant environmental protection measures in compliance with the required standards under applicable PRC laws and regulations. For further details of the Group's environmental policies and performance and discussion on the key relationships with the Group's major stakeholders, please refer to the environmental, social and governance report of the Company for the year ended December 31, 2022 published on the websites of the Stock Exchange and the Company.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended December 31, 2022, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

FINAL DIVIDEND

The Board resolved not to recommend the payment of final dividend for the year ended December 31, 2022 (2022 interim: RMB0.25 per Share (before tax)).

As at December 31, 2022, there was no arrangement under which a Shareholder had waived or agreed to waive any dividends.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed as appropriate as set out below:

For determining the entitlement to attend, speak and vote at the AGM

For determining the entitlement to attend, speak and vote at the AGM, the Register of Members will be closed from Tuesday, June 27, 2023 to Friday, June 30, 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend, speak and vote at the AGM, unregistered holders of H Shares shall lodge all the share transfer documents accompanied by the relevant share certificates with the H share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for the registration of transfer of shares not later than 4:30 p.m. on Monday, June 26, 2023.

WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NONRESIDENT ENTERPRISE SHAREHOLDERS

According to the Law on Enterprise Income Tax of the People's Republic of China 《中華人民共和國企業所得稅法》 which came into effect on January 1, 2008 and amended on February 24, 2017 and December 29, 2018 respectively, and its implementing rules, the Notice on the Issues Concerning Withholding and Paying Enterprise Income Tax on the Dividends Paid by PRC Resident Enterprises to Shareholders which are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) 《關於中國居民企業向境外 H 股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008] 897 號)), which was promulgated by the State Administration of Taxation and came into effect on November 6, 2008, etc., where a PRC domestic enterprise distributes dividends for 2008 and subsequent years for financial periods beginning from January 1, 2008 to non-resident enterprise shareholders, it is required to withhold and pay 10% enterprise income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will withhold and pay 10% of the annual dividend as enterprise income tax on behalf of non-resident enterprise shareholders whose names appear on the Register of Members of H Shares, i.e. any Shareholders who hold H Shares in the name of non-individual Shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or holders of H Shares registered in the name of other organizations and groups, before distribution. After receiving dividends, the non-resident enterprises Shareholders may apply to the competent tax authorities for enjoying treatment of tax treaties (arrangement) in person or by proxy or by the Company, and provide information to prove that it is an actual beneficiary under the requirements of such tax treaties (arrangement). After having verified that there is no error, the competent tax authorities shall refund tax difference between the amount of tax levied and the amount of tax payable calculated at the tax rate under the requirements of the tax treaties (arrangement).

Pursuant to the Notice on the Issues Regarding Levy of Individual Income Tax after the Abolishment of Guo Shui Fa [1993] No. 045 Document (Guo Shui Han [2011] No. 348) (《關於國稅發[1993]045 號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348 號)), the Company shall withhold and pay individual income tax for individual holders of H Shares. If the individual holders of H Shares are Hong Kong or Macau residents or residents of other countries or regions that have a tax rate of 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders.

If the individual holders of H Shares are residents of countries or regions that have a tax rate lower than 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders. If such Shareholders wish to claim refund of the amount in excess of the individual income tax payable under the tax treaties, the Company may apply, on behalf of such Shareholders and according to the relevant tax treaties, for the relevant agreed preferential tax treatment, provided that the relevant Shareholders submit the relevant documents and information in a timely manner required by the Administrative Measures on Enjoying Treatment under Tax Treaties by Non-resident Taxpayers (State Administration of Taxation Announcement 2015, No. 60) (《非居民納稅人享受稅收協議待遇管理辦法》(國家稅務總局公告 2015 年第 60 號)) and the provisions of the relevant tax treaties. The Company will assist with the tax refund subject to the approval of the competent tax authorities.

If the individual holders of H Shares are residents of countries or regions that have a tax rate higher than 10% but lower than 20% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the applicable tax rates stated in such tax treaties on behalf of such Shareholders.

If the individual holders of H Shares are residents of countries or regions that have a tax rate of 20% under the tax treaties with the PRC, or that have not entered into any tax treaties with the PRC, or otherwise, the Company will withhold and pay individual income tax at the rate of 20% on behalf of such Shareholders. Shareholders are recommended to consult their tax advisors regarding the ownership and disposal of H Shares in the PRC and in Hong Kong and other tax effects.

FIXED ASSETS

Details of the movements in the fixed assets of the Group for the year ended December 31, 2022 are set out in Note VI.14 to the financial statements in this report.

BORROWINGS

As of December 31, 2022, the Group had no bank and other borrowings.

SHARE CAPITAL

Details of the movements in the share capital of the Company for the year ended December 31, 2022 are set out in Note VI.29 to the financial statements of this report.

UNDISTRIBUTED PROFIT

Details of the movements in the undistributed profit of the Company for the year ended December 31, 2022 are set out on in Note VI.32 to the financial statements in this report. For the purpose of the Company, the undistributed profit available for distribution as at December 31, 2022 amounted to RMB573.6 million.

FINANCIAL STATEMENTS

The results of the Group for the year ended December 31, 2022 and its financial position as at December 31, 2022 are set out in the financial statements on pages 81 to 98 of this report.

DIRECTORS AND SUPERVISORS

During the year ended December 31, 2022 and up to the date of this report, the Directors and Supervisors are as follows:

Name of Director

Mr. Geng Jianfu (*Chairman*)
 Mr. Xiao Tianchi
 Ms. Liu Hongxia (*appointed on August 22, 2022*)
 Mr. Zhang Wenge
 Mr. Jin Wenhui
 Mr. Xu Shaohong (*appointed on August 22, 2022*)
 Mr. Tang Yishu
 Mr. Liu Yonggang (*resigned on June 21, 2022*)
 Mr. Siu Chi Hung (*resigned on July 20, 2022*)

Position

Executive Director
 Executive Director
 Executive Director
 Non-executive Director
 Independent Non-executive Director
 Independent Non-executive Director
 Independent Non-executive Director

Name of Supervisor

Mr. Jing Zhonghua
 Ms. Dong Hui
 Mr. Liu Jifeng
 Mr. Wang Jiandong (*resigned on March 2, 2023*)
 Mr. Zhang Yuanpeng
 Mr. Yang Xi (*appointed on March 2, 2023*)

Position

President of the Supervisory Committee and
 Shareholder Representative Supervisor
 Employee Representative Supervisor
 Employee Representative Supervisor
 External Supervisor
 External Supervisor
 External Supervisor

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the executive Directors and Supervisors has entered into a service contract with the Company and each of the non-executive Directors (including the independent non-executive Directors) has signed an appointment letter with the Company. The appointment of all Directors is effective from the respective appointment date until the expiry of the term of the first session of the Board, and appointment of all Supervisors is effective from the respective appointment date until the expiry of the term of the first session of the Supervisory Committee, subject to the termination by no less than one month's notice in writing served by either party. Both of the terms of the first session of the Board and the Supervisory Committee are three years.

None of the Directors or Supervisors had entered into specific service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year ended December 31, 2022, none of the Directors or their respective associates (as defined under the Listing Rules) had any interests in any business which competes or may compete, either directly or indirectly, with the business of the Group.

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 December 31, 2022, the interests and 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 (as defined under 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:

(i) 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⁾
			Number ⁽¹⁾	Percentage ⁽¹⁾ (approx.)	(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 December 31, 2022, the Company had 376,000,000 Shares in issue, including 94,000,000 H Shares and 282,000,000 domestic Shares.
- (2) By virtue of the SFO, Mr. Xiao Tianchi was deemed to be interested in the Shares held by his spouse, Ms. Geng Fanchao.

(ii) Interest in associated corporations of the Company

Name of Director	Name of associated corporation	Nature of interest	Interest in shares	Shareholding percentage (approx.)
Mr. Geng Jianfu	RiseSun Real Estate Development	Beneficial owner	9,540,432(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 December 31, 2022, 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.

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

Insofar as it is known to the Company, as at December 31, 2022, persons (other than the Directors or Supervisors or chief executive of the Company) who had interests in the Shares or underlying Shares which 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 ⁽¹⁾	Shares held in the relevant class of Shares ⁽¹⁾		Percentage of the total share capital of the Company ⁽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%
CITHARA GLOBAL MULTI-STRATEGY SPC—BOSIDENG INDUSTRY INVESTMENT FUND SP	Beneficial owner	H Shares	8,199,500 (L)	8.72%	2.18%
Cithara Investment International Limited	Investment manager	H Shares	17,999,500 (L)	19.15%	4.79%
Cithara Global Multi-Strategy SPC-Series 12 SP	Beneficial owner	H Shares	5,000,000(L)	5.32%	1.33%
Huatai Securities Co., Ltd. ⁽⁵⁾	Interest of corporation controlled by you	H Shares	6,700,500 (L) 5,924,000 (S)	7.12% 6.30%	1.78% 1.58%

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 the December 31, 2022, the Company had 376,000,000 Shares in issue, including 94,000,000 H Shares and 282,000,000 domestic Shares.
- (2) The Company’s domestic Shares was owned as to 83.52% by RiseSun Real Estate Development, which was controlled by Mr. Geng through RiseSun Holdings and RiseSun Construction Engineering. RiseSun Real Estate Development was owned as to 12.88% by Mr. Geng, 35.65% by RiseSun Holdings and 11.43% by RiseSun Construction Engineering. Mr. Geng owned 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 were deemed to be interested in the Shares held by RiseSun Real Estate Development.
- (3) Zhonghong Kaisheng was owned as to 48.33% by Ms. Geng Fanchao. By virtue of the SFO, Ms. Geng Fanchao was deemed to be interested in the Shares held by Zhonghong Kaisheng.
- (4) Ms. Liu Hongxia was a general partner of and had full control over Shengyide Commercial. By virtue of the SFO, Ms. Liu Hongxia was deemed to be interested in Shares held by Shengyide Commercial.
- (5) Huatai Securities Co., Ltd. was interested in the long position of 6,700,500 H Shares, representing 7.12% equity interest of H Shares in our Company and 5,924,000 short positions in H Shares, representing 6.30% equity interest of H Shares in our Company through its wholly-owned subsidiaries, Huatai International Financial Holdings Company Limited and Huatai Financial Holdings (Hong Kong) Limited indirectly. By virtue of SFO, Huatai Securities Co., Ltd. and Huatai International Financial Holdings Company Limited are deemed to be interested in the H Shares held by Huatai Financial Holdings (Hong Kong) Limited.

Save as disclosed above, the Directors was not aware of any other persons (other than the Directors, Supervisors or chief executive of the Company) who had interests or short positions in any Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

ARRANGEMENT TO PURCHASE EQUITY OR DEBT SECURITIES

During the year ended December 31, 2022, none of the Company, its holding company, or any of its subsidiaries was a party to any arrangement enabling the Directors to acquire benefits by means of the acquisition of equity or debt securities, including the debentures of the Company or any other body corporate.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

During the year ended December 31, 2022 and as of December 31, 2022, save as disclosed in this report, there was no transaction, arrangement or contract of significance, to which the Company, its holding company or subsidiary was a party, and in which the Directors and the Supervisors or their respective connected entities were materially interested, either directly or indirectly.

NON-COMPETITION UNDERTAKING

On December 19, 2020, each of the Controlling Shareholders entered into a deed of non-competition (the “Undertakings”) in favor of the Company, pursuant to which, each of the Controlling Shareholders has, among other things, irrevocably and unconditionally undertaken to the Company that he/she/it will not, and will procure his/her/its close associates not to compete with the Group’s business. Details of the Undertakings are set out in the section headed “Relationship with Controlling Shareholders – Deed of Non-Competition” in the Prospectus.

The independent non-executive Directors had reviewed the status of compliance and the confirmation provided by the Controlling Shareholders as part of the annual review process. On the basis that: (i) the Company has received the confirmations from its Controlling Shareholders regarding the Undertakings; (ii) there was no competing business reported by the Controlling Shareholders; and (iii) there was no particular situation rendering the full compliance of the Undertakings being questionable, the independent non-executive Directors are of the view that the Undertakings have been complied with and been enforced by the Company in accordance with the terms.

SIGNIFICANT CONTRACTS

During the year ended December 31, 2022 and as of December 31, 2022, save as disclosed in the section headed “Related Party Transactions” below, there was no significant contract relating to the business of the Group between the Company (or any of its subsidiaries) and the Controlling Shareholder(s) (or any of its/their subsidiaries), nor was there any significant contract for the provision of services by the Controlling Shareholder(s) (or any of its/their subsidiaries) to the Company (or any of its subsidiaries).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2022, the revenue attributable to the Group’s largest customer, and five largest customers in aggregate, represented approximately 1.26% and 5.47% of the Group’s total annual revenue, respectively.

For the year ended December 31, 2022, the purchase attributable to the Group’s largest supplier, and five largest suppliers in aggregate, represented approximately 4.66% and 16.93% of the Group’s total purchase, respectively.

Except that the Controlling Shareholders are the Group's largest customers and are interested in the Group, for the year ended December 31, 2022, none of the other Directors, Supervisors, their respective associates or other Shareholders (to the knowledge of the Directors, who are interested in more than 5% of the issued shares of the Company) had any interests in the five largest suppliers or customers of the Group.

CONTINUING CONNECTED TRANSACTIONS

The following transactions constituted continuing connected transactions of the Group for the year ended December 31, 2022, which are subject to the reporting and annual review requirements under Chapter 14A of the Listing Rules:

1. Master Sales Agreement

On December 18, 2020, the Company entered into a master sales agreement (the "**Master Sales Agreement**") with RiseSun Holdings, pursuant to which RiseSun Holdings and its subsidiaries (excluding the Group) ("**RiseSun Holdings Group**") agreed to purchase certain products from the Group, including but not limited to promotional materials, gifts, consumables (such as food, mineral water and beverage), office stationeries, office equipment, green plants, and cleaning products (the "**Products**"), which will be used in the sales offices, marketing promotion activities and for office use of RiseSun Holdings Group for a term commencing from the Listing Date to December 31, 2022.

On December 1, 2021, the Company entered into a supplemental agreement with RiseSun Holdings to revise the existing annual caps for the two years ended December 31, 2022. Under the supplemental agreement, the maximum annual purchase amount for the year ended December 31, 2022 shall not exceed RMB80 million.

For the year ended December 31, 2022, the actual purchase under the Master Sales Agreement amount amounted to RMB1,010,879.05.

2. Master Property Management Services Agreement

On December 18, 2020, the Company entered into a master property management services agreement with RiseSun Real Estate Development (the "**Master Property Management Services Agreement**"), pursuant to which the Group agreed to provide property management services to RiseSun Group and its associates, including but not limited to (i) preliminary planning and design consultancy services; (ii) display units and on-site sales office management services; (iii) property pre-delivery services, including but not limited to property inspection and cleaning before delivery and pre-delivery preparation; and (iv) properties owned or used by RiseSun Group and/or its associates, such as unsold property units, car parking lots and commercial properties (the "**Property Management Services**"), for a term commencing from the Listing Date to December 31, 2022.

The maximum annual fee payable by RiseSun Group and its associates in relation to the Property Management Services to be provided by the Group under the Master Property Management Services Agreement for the year ended December 31, 2022 shall not exceed RMB499.6 million.

For the year ended December 31, 2022, the actual transaction amount under the Master Property Management Services Agreement amount amounted to RMB316,920,591.62.

3. Master Small-Scale Engineering and Related Consultancy Services Agreement

On December 18, 2020, the Company entered into a master small-scale engineering and related consultancy services agreement with RiseSun Real Estate Development (the “**Master Small-Scale Engineering and Related Consultancy Services Agreement**”), pursuant to which the Group agreed to provide small-scale engineering and related consultancy services to RiseSun Group and its associates, including but not limited to (i) installing security systems before the delivery of the properties, (ii) erecting and dismantling outer fencing for construction sites, (iii) providing preliminary planning and design consultancy services in relation to small-scale engineering in the initial design, construction and post-delivery stages, (iv) construction site drainage services, (v) signboard production and installation, and (vi) after-sales repair services (the “**Small-Scale Engineering and Related Consultancy Services**”), for a term commencing from the Listing Date to December 31, 2022.

The maximum annual fee payable by RiseSun Group and its associates under the Master Small-Scale Engineering and Related Consultancy Services Agreement for the year ended December 31, 2022 shall not exceed RMB417.0 million. For the year ended December 31, 2022, the actual transaction amount under the Master Small-Scale Engineering and Related Consultancy Services Agreement amounted to RMB115,111,445.76.

4. Master Advertising and Public Relations Service Agreement

On December 1, 2021, the Company entered into the master advertising and public relations service agreement (the “**Master Advertising and Public Relations Service Agreement**”) with RiseSun Real Estate Development, pursuant to which, the Group agreed to provide advertising and public relations services to RiseSun Group and its associates, including but not limited to advertising design services, media agency services and public relations services, for a term of one year with effect from December 1, 2021 and ending on November 30, 2022 (both days inclusive).

The maximum annual fee payable by RiseSun Group and its associates under the Master Advertising and Public Relations Service Agreement for the year ended December 31, 2022 shall not exceed RMB80 million.

For the year ended December 31, 2022, the actual transaction amount under the Master Advertising and Public Relations Service Agreement amounted to RMB18,867.92.

5. Master Carpark Sales Agency Service Agreement

On December 1, 2021, the Company entered into the master carpark sales agency service agreement (the “**Master Carpark Sales Agency Service Agreement**”) with RiseSun Real Estate Development, pursuant to which, RiseSun Group and its associates agreed to appoint the Group as the sales agent to sell certain carparking spaces developed by RiseSun Group and its associates pursuant to the Master Carpark Sales Agency Service Agreement for a term of one year with effect from December 1, 2021 and ending on November 30, 2022 (both days inclusive). Pursuant to the Master Carpark Sales Agency Service Agreement, the Group will be responsible for the integrated marketing planning and design of the car parking spaces, and such services provided by the Group includes but are not limited to, market research; sales strategy formulation (including pricing, preferential policies, financial products, etc.); suggestions on car parking space transformation; sales of materials; customer discovery, tracking, return visits; and marketing activities and implementation.

The maximum annual fee payable by RiseSun Group and its associates under the Master Carpark Sales Agency Service Agreement for the year ended December 31, 2022 shall not exceed RMB80 million.

For the year ended December 31, 2022, the actual transaction amount under the Master Carpark Sales Agency Service Agreement amounted to RMB1,163,063.07.

RiseSun Real Estate Development and RiseSun Holdings Group are the Controlling Shareholders and are therefore connected persons of the Company under the Listing Rules. The above transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 14A.55 of the Listing Rules, all the independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that they have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) in accordance with the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

CONFIRMATION OF THE AUDITORS

The Board has engaged the auditors of the Company to report on the continuing connected transactions of the Company for the year ended December 31, 2022. The auditors of the Company have issued a letter in relation to the continuing connected transactions pursuant to Rule 14A.56 of the Listing Rules. In the letter, the auditors of the Company confirmed that, in respect of these continuing connected transactions of the Company during the year ended December 31, 2022, nothing has come to their attention that causes them to believe that the continuing connected transactions:

- (i) have not been approved by the Board;
- (ii) were not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (iv) have exceeded the annual caps set by the Company.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended December 31, 2022 are disclosed in Note XI to the financial statements of this report.

Save as disclosed above, the related party transactions set out in Note XI to financial statements for the year ended December 31, 2022 did not constitute non-exempted connected transaction or continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules with respect to the connected transactions or continuing connected transactions entered into by the Group during the year ended December 31, 2022.

PRE-EMPTIVE RIGHTS AND TAX RELIEF OR EXEMPTION

There is no provision on pre-emptive rights in the Articles of Association. The Company is not aware of any tax relief or exemption available to any existing Shareholder by reason of his/her holding of the securities of the Company.

LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

The Company did not enter into any new loan agreement, which contained any covenant relating to specific performance of the Controlling Shareholders and shall be disclosed as required by Rule 13.18 of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

As of the date of this report, based on the information publicly available to the Company and within the best knowledge of its Directors, the Company has maintained sufficient public float as required under the Listing Rules.

CORPORATE GOVERNANCE

The Company has adopted, applied and complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules that were in force for the year ended December 31, 2022. The corporate governance practices of the Company are set out in the section headed “Corporate Governance Report” of this report.

FINANCIAL SUMMARY

Summary of the Group’s results and assets and liabilities for the latest five financial years is set out in the section headed “Five-Year Financial Summary” on pages 248 to 249 of this report.

PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Company as at December 31, 2022 are set out in Note VIII to the financial statements in this report.

PERMITTED INDEMNITY

The Group has purchased and maintained liability insurance for the Directors for the year ended December 31, 2022, which provides appropriate cover for the Directors.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the year ended December 31, 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

EQUITY LINKED AGREEMENT

No equity linked agreement was entered into during the year ended December 31, 2022.

CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

Please refer to the section headed “Biographical details of Directors, Supervisors and Senior Management” of this report for changes in the biographical details of the Directors and the Supervisors that are required to be disclosed pursuant to Rule 13.51B of the Listing Rules since the Listing and up to the date of this report.

MANAGEMENT CONTRACT

No contract concerning management of the whole or substantial part of any business of the Company was entered into during the year ended December 31, 2022.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company has no significant subsequent event for the year ended December 31, 2022.

REMUNERATION OF DIRECTORS, SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors, the Supervisors and the five highest paid individuals for the Relevant Year are set out in Note XI.5 to the financial statements.

RETIREMENT BENEFIT SCHEME

The Group operates defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. There are no provisions under the retirement benefit scheme of the Group whereby forfeited contributions may be used to reduce future contributions. Details of retirement benefit scheme of the Group are set out in Notes VI.23 and IV.26 to the financial statements.

DONATIONS

The donation made by Group for the year ended December 31, 2022 was approximately RMB13,013.38.

ACCOUNTING STANDARDS

The Company is incorporated in the PRC and its overseas listed foreign shares have been listed on the Stock Exchange since January 15, 2021. It adopted Hong Kong Financial Reporting Standards (the “HKFRSs”) for the preparation of the Prospectus and its subsequent financial statements. In order to improve working efficiency and lower the cost for preparing two sets of financial statements in accordance with the PRC accounting standards as well as the HKFRSs, on February 18, 2022, the Board considered and approved to prepare the Company's financial statements and disclose relevant financial information in accordance with CASBE starting from the annual report for the year ended December 31, 2021. The corresponding changes to the Articles of Association to allow publication of the Company's financial statements in accordance with CASBE was approved by the Shareholders at the extraordinary general meeting of the Company held on March 8, 2022. For details, please refer to the announcements of the Company dated February 18, 2022 and March 8, 2022 and the circular of the Company dated February 21, 2022. The Company prepares the financial statements in accordance with CASBE and relevant regulations starting from the year ended December 31, 2021.

AUDITOR

On February 18, 2022, the Board announced that the Company and PricewaterhouseCoopers (“**PwC**”) could not reach a consensus on the audit fee for the financial year ended December 31, 2021. As PwC failed to reach a consensus with the Company on the audit fee and was unable to obtain the necessary information and evidence in respect of the matters it concerned for the implementation of the corresponding audit procedures, PwC has agreed to resign as the auditor of the Company with effect from February 14, 2022. On the same date, the Board further announced that, with the recommendation of the Audit Committee, ShineWing Certified Public Accountants LLP (信永中和會計師事務所(特殊普通合伙)) (“**ShineWing**”) to be appointed as the new auditor of the Company in relation to the audit of the Company’s financial statements for the year ended December 31, 2021, subject to the approval by the Shareholders. The resignation of PwC and the appointment of ShineWing as the Company’s auditor were approved by the Shareholders at the extraordinary general meeting of the Company held on March 8, 2022.

As mentioned in its resignation letter, PwC discussed with the Company and requested the management to provide further information and documents regarding certain financial investments of the Group, trade receivables and transactions between the Group and related and non-related parties, and deposits paid for potential acquisitions of the Group. However, PwC has not obtained the necessary information in respect of these matters as mentioned in the its resignation letter and therefore, it was unable to plan and complete the required audit procedures. The abovementioned outstanding information and documents have been duly provided to ShineWing for the purpose of its audit after its appointment.

For details, please refer to the announcements of the Company dated February 18, 2022 and March 8, 2022 and the circular of the Company dated February 20, 2022. ShineWing has audited the accompanying consolidated financial statements for the year ended December 31, 2022 which were prepared in accordance with CASBE.

ShineWing will retire at the AGM and, being eligible, will offer itself for re-appointment as auditor of the Company. A resolution for the re-appointment of ShineWing as auditors of the Company will be proposed at the AGM.

By Order of the Board

Geng Jianfu

Chairman and executive Director

Hong Kong, 28 April, 2023

COMPOSITION OF THE SUPERVISORY COMMITTEE

In accordance with the requirements of the Articles of Association, the Supervisory Committee of the Company consists of five members, of which there are two employee representative Supervisors, one Shareholder representative Supervisor and two external Supervisors. The term of office of Supervisors shall be three years, and is renewable upon re-election after the expiry of their term.

As of the date of this report, the composition of the Supervisory Committee of the Company is as follows:

Name	Position
Mr. Jing Zhonghua	Chairman of the Supervisory Committee and Shareholder Representative Supervisor
Ms. Dong Hui	Employee Representative Supervisor
Mr. Liu Jifeng	Employee Representative Supervisor
Mr. Wang Jiandong (<i>Resigned on March 2, 2023</i>)	External Supervisor
Mr. Zhang Yuanpeng	External Supervisor
Mr. Yang Xi (<i>Appointed on March 2, 2023</i>)	External Supervisor

CHANGES IN SUPERVISORS

No change in supervisors for the year ended December 31, 2022.

MAJOR WORK PERFORMED BY THE SUPERVISORY COMMITTEE IN 2022

During the year ended December 31, 2022, the Supervisory Committee performed its duties diligently to supervise the operation and management of the Company in a legal, timely and effective manner under the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Articles of Association and the Listing Rules, which effectively safeguarded the interests of the Shareholders and the Company.

In 2022, the Supervisory Committee held a total of 3 meetings of the Supervisory Committee. The Supervisors carefully reviewed the meeting materials and fully studied and discussed the proposals before attending the meetings of the Supervisory Committee to earnestly perform their supervisory duties. The details of Supervisors attendance at the meetings of the Supervisory Committee held during the 2022 are as follows:

Name	Attendance in person	Attendance by proxy	Absence
Mr. Jing Zhonghua	3/3	N/A	N/A
Ms. Dong Hui	3/3	N/A	N/A
Mr. Liu Jifeng	3/3	N/A	N/A
Mr. Wang Jiandong	3/3	N/A	N/A
Mr. Zhang Yuanpeng	3/3	N/A	N/A

The Supervisory Committee supervised the operating activities of the Company, and supervised the Company in establishing a relatively comprehensive internal control system and corresponding internal control structure, and made great efforts to execute, improve and effectively implement the same so as to mitigate various operating risks of the Company.

The Supervisory Committee also inspected the detailed implementation of the financial management system of the Company and carefully reviewed the financial report of the Company. It considered the financial report of the Company to be true and reliable, and the audit opinions issued by the audit firm appointed by the Company to be objective and impartial.

The Supervisory Committee supervised the performance of duties by the Directors and senior management of the Company, and took the view that the Directors, president and other senior management of the Company diligently exercised various powers as delegated by the Shareholders and carefully discharged their duties under the principles of diligence and integrity. As at the date of this report, the Directors, president and other senior management conducted the work in strict accordance with the laws and regulations, the Articles of Association and other various provisions, to ensure the regulated operations of the Company, and they were not aware of any power abuse or any actions which might be detrimental to the interests of the Shareholders and the legitimate rights of employees of the Company.

The Supervisory Committee is satisfied with the operation management work conducted and the outstanding business performance achieved by the Board and management of the Company in 2022, and is fully confident in the development prospect of the Company in the future.

By Order of the Supervisory Committee

Jing Zhonghua

Chairman of the Supervisory Committee

Hong Kong, 28 April, 2023



信永中和会计师事务所

ShineWing

certified public accountants

北京市东城区朝阳门北大街
8号富华大厦A座9层9/F, Block A, Fu Hua Mansion,
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To the shareholders of Roiserv Lifestyle Services Co., Ltd.:

I. AUDIT OPINION

We have audited the accompanying financial statements of Roiserv Lifestyle Services Co., Ltd. (hereinafter referred to as "the Company"), including the Consolidated and Parent Company's Balance Sheet as at December 31st, 2022, the Consolidated and Parent Company's Income Statement, the Consolidated and Parent Company's Cash Flow Statement, the Consolidated and Parent Company's Statement of Changes in Shareholders' Equity and Notes to the Financial Statements for 2022.

In our opinion, the accompanying financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises in all major respects, and have fairly present the consolidated and the parent company's financial position of the Company as at December 31st, 2022 and the Consolidated and Parent Company's financial performance and cash flows of for the year then ended.

II. BASIS FOR OPINION

We have conducted the audit in accordance with the Chinese Certified Public Accountant (CPA) Auditing Standards. The "Auditor's Responsibility" section further clarifies our responsibilities under these guidelines. In accordance with the Code of Professional Ethics of Chinese Certified Public Accountants, we are independent of the Company and have fulfilled other responsibilities in terms of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Expected credit losses on receivables

Key Audit Matters

As stated in notes VI.3, VI.4, and VI.6, the balance of receivables of the Company as at December 31st, 2022 was RMB2,945,762,100, of which the balance of notes receivable was RMB2,881,200, the balance of accounts receivable was RMB2,158,238,300, and the balance of other receivables was RMB784,642,600, representing 74.51% of the total assets, and the total amount of expected credit losses accrued was RMB305,093,600.

The Management of the Company accrues expected credit losses based on the credit risk characteristics of each receivable, either on an individual receivable or on a portfolio of receivables. The determination of expected credit losses on receivables requires consideration of the customer's credit risk, historical payment and forward-looking factors, which involves Management's estimates and judgement. We have therefore identified expected credit losses on receivables as a key audit matter.

Audit Response

For the impairment of receivables, we performed the following audit procedures, among others:

- ① Understand the internal controls relating to expected credit losses on receivables, evaluate the design of these controls and determine whether they have been effectively implemented.
- ② Analyze the reasonableness of expected credit losses on receivables, including the basis for determining the portfolio of receivables and the judgement of the individual accrual of expected credit losses.
- ③ Evaluate the expected credit loss model used by the Company, analyze the reasonableness of the main parameters and indicators and review the calculation process.
- ④ Review Management's consideration and objective evidence related to the impairment testing of receivables and focus on whether Management has adequately identified items that have been impaired.
- ⑤ Obtain the Company's expected credit loss calculation sheet, check whether the accrual method is implemented in accordance with the expected credit loss policy, review whether the aging of accounts receivable is correct, and recalculate whether the amount of provision for expected credit loss is accurate.
- ⑥ Implement confirmation procedures for receivables and select a sample to check post-period payment collection.
- ⑦ Check that expected credit losses on receivables have been properly presented and disclosed in the financial report.

2. Revenue recognition

Key Audit Matters

As stated in Note VI.33, the Company's operating income for FY 2022 was RMB1,911,193,900. The Company's operating income includes property management income, nonowner value-added service income, and community value-added service income.

As one of the Company's key performance indicators, there is an inherent risk that management may manipulate the timing of revenue recognition to meet specific objectives or expectations, and the accuracy of its recognition has a significant impact on the Company's operating results, so we identified revenue recognition as a key audit matter.

Audit Response

For operating income, we performed the following audit procedures, among others:

- ① Understand and evaluate the effectiveness of the design of the Company's internal controls related to revenue recognition, and perform control tests on the operating effectiveness of key internal controls.
- ② Obtain samples of sales contracts, identify the contractual terms related to the transfer of control of goods, and evaluate whether the point of revenue recognition is in compliance with the provisions of *Accounting Standard for Business Enterprises*.
- ③ Based on the business categories and business models, analyze the monthly and annual trends of operating income and the reasons for the changes, analyze the fluctuation of the gross profit margin of each type of business and the reasons for the fluctuation, and judge the reasonableness of operating income.
- ④ Take a sampling approach to check supporting documents related to revenue recognition, such as property service contracts, engineering and construction contracts, customer acknowledgement slips, invoices, etc., and check business system data to determine the authenticity of revenue recognition.
- ⑤ Select a sample of customers and perform correspondence procedures on accounts receivable and operating income for the period. For un-replied items, perform alternative audit procedures by checking original vouchers and post-period refunds.
- ⑥ Perform cut-off tests for revenue recognized around the balance sheet date to determine whether the revenue recognition period is appropriate.
- ⑦ Check that operating income has been properly presented and disclosed in the financial report.

IV. OTHER INFORMATION

The management of the Company (hereinafter referred to as the "Management") is responsible for the other information. The other information comprises the information included in the Company 2022 annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information; we are required to report that fact. We have nothing to report in this regard.

V. THE RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE OF THE FINANCIAL STATEMENTS

The Management is responsible for the preparation of the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation; and for designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern (if applicable) and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. AUDITOR'S RESPONSIBILITIES OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

During the course of the audit in accordance with auditing standards, we exercise professional judgement and maintain professional skepticism. We also carry out the following works:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of its internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements in accordance with the auditing standards or, if such disclosures are inadequate, we shall modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, and also whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance audit of the group. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings etc., including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with those relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and related safeguards (if applicable).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation prohibited public disclosure about the matter or when, in rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

ShineWing Certified Public Accountants (LLP)

Chinese Certified Public Accountant:
(Engagement Partner)

Chinese Certified Public Accountant:

Beijing, China

March 31st, 2023

CONSOLIDATED BALANCE SHEET

Prepared by: Roiserv Lifestyle Service Co., Ltd.

Unit: RMB

Item	Notes	December 31 st , 2022	December 31 st , 2021
Current assets:			
Cash and cash equivalents	VI. 1	848,846,927.69	929,253,989.97
Provision of settlement funds			
Lendings to banks and other financial institutions			
Trading financial assets	VI. 2		537,573,993.31
Derivative financial assets			
Notes receivable	VI. 3	2,197,656.75	123,938,656.81
Accounts receivable	VI. 4	1,949,399,158.32	1,422,426,405.73
Receivables financing			
Prepayments	VI. 5	82,773,348.13	99,615,946.39
Premiums receivable			
Accounts receivable reinsurance			
Receivable reserves for reinsurance			
Other receivables	VI. 6	689,071,682.41	265,977,745.69
Including: Interest receivable			
Dividends receivable			
Buying back the sale of financial assets			
Inventories	VI. 7	44,981,237.06	40,296,027.59
Contract assets	VI. 8	27,838,699.18	68,188,304.46
Held-for-sale assets			
Non-current assets due within one year	VI. 9	1,872,205.80	3,825,645.76
Other current assets	VI. 10	12,556,863.39	23,474,423.52
Total current assets		3,659,537,778.73	3,514,571,139.23
Non-current assets:			
Loans and advances			
Debt investments			
Other debt investments			
Long-term receivables	VI. 11	7,043,303.54	8,104,930.99
Long-term equity investments	VI. 12	101,642,922.94	103,482,149.73
Investment in other equity instruments			
Other non-current financial assets			
Investment properties	VI. 13	60,841,725.00	61,334,300.00
Fixed assets	VI. 14	21,943,637.01	20,329,754.86
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-of-use assets	VI. 15	342,031.55	663,244.66
Intangible assets	VI. 16	6,279,308.44	7,843,466.17
Development expenditures			
Goodwill			
Long-term deferred expenses	VI. 17	13,722,881.31	11,458,571.10
Deferred tax assets	VI. 18	78,635,195.30	44,831,377.50
Other non-current assets	VI. 19	3,599,181.00	
Total non-current assets		294,050,186.09	258,047,795.01
Total assets		3,953,587,964.82	3,772,618,934.24

CONSOLIDATED BALANCE SHEET

Item	Notes	December 31 st , 2022	December 31 st , 2021
Current liabilities:			
Short-term borrowings			
Borrowings from Central Bank			
Borrowings from other banks and other financial institutions			
Trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	VI. 20	807,414,568.00	679,204,021.03
Advance from customers	VI. 21	2,958,279.78	4,306,305.02
Contract liabilities	VI. 22	332,486,360.39	420,503,851.82
Buying back the sale of financial assets			
Deposits from customers and interbank			
Acting trading securities			
Acting underwriting securities			
Employee benefits payable	VI. 23	66,388,409.74	77,348,885.07
Taxes and surcharges payable	VI. 24	92,830,085.13	84,318,804.47
Other payables	VI. 25	552,047,414.55	505,217,038.09
Including: Interest payable			
Dividends payable			
Handling charges and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	VI. 26	1,872,205.80	3,825,645.76
Other current liabilities	VI. 27	17,091,435.80	18,488,044.58
Total current liabilities		1,873,088,759.19	1,793,212,595.84
Non-current liabilities:			
Insurance reserves			
Long-term borrowings			
Bonds payable			
Including: Preference share			
Perpetual bond			
Lease liabilities	VI. 28	7,411,035.92	9,090,377.26
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities	VI. 18	2,408,341.67	3,926,248.64
Other non-current liabilities			
Total non-current liabilities		9,819,377.59	13,016,625.90
Total liabilities		1,882,908,136.78	1,806,229,221.74

Item	Notes	December 31 st , 2022	December 31 st , 2021
Shareholders' equity:			
Share capital	VI. 29	376,000,000.00	376,000,000.00
Other equity instruments			
Including: Preference share			
Perpetual bond			
Capital reserve	VI. 30	1,033,062,617.44	1,071,044,130.78
Less: Treasury share			
Other comprehensive income			
Special reserve			
Surplus reserve	VI. 31	87,664,656.42	68,458,186.26
General risk reserve			
Undistributed profits	VI. 32	573,576,276.83	451,210,297.43
Total shareholders' equity attributable to the parent company		2,070,303,550.69	1,966,712,614.47
Non-controlling interests		376,277.35	-322,901.97
Total shareholders' equity		2,070,679,828.04	1,966,389,712.50
Total liabilities and shareholders' equity		3,953,587,964.82	3,772,618,934.24

Legal representative:

Principal in charge of accounting:

Head of accounting department:

PARENT COMPANY'S BALANCE SHEET

Prepared by: Roiserv Lifestyle Service Co., Ltd.

Unit: RMB

Item	Notes	December 31 st , 2022	December 31 st , 2021
Current assets:			
Cash and cash equivalents		776,406,963.26	822,099,895.87
Trading financial assets			537,573,993.31
Derivative financial assets			
Notes receivable		628,583.84	69,469,061.08
Accounts receivable	XVII.1	1,293,302,518.06	969,864,646.54
Receivables financing			
Prepayments		51,871,973.89	52,980,874.10
Other receivables	XVII.2	1,314,022,695.74	636,038,235.36
Including: Interest receivable			
Dividends receivable		48,871,200.00	48,871,200.00
Inventories		16,860,877.80	11,995,883.71
Contract assets		15,166,043.05	49,617,553.11
Held-for-sale assets			
Non-current assets due within one year		1,872,205.80	3,825,645.76
Other current assets		10,245,219.53	14,893,484.12
Total current assets		3,480,377,080.97	3,168,359,272.96
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables		7,043,303.54	8,104,930.99
Long-term equity investments	XVII.3	158,438,922.94	159,991,149.73
Investment in other equity instruments			
Other non-current financial assets			
Investment properties		60,841,725.00	59,174,300.00
Fixed assets		14,515,515.22	14,274,127.23
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-of-use assets		303,326.02	558,186.78
Intangible assets		3,520,832.81	3,964,316.67
Development expenditures			
Goodwill			
Long-term deferred expenses		4,152,623.80	6,043,084.60
Deferred tax assets		52,961,817.56	29,400,410.77
Other non-current assets		3,599,181.00	
Total non-current assets		305,377,247.89	281,510,506.77
Total assets		3,785,754,328.86	3,449,869,779.73

PARENT COMPANY'S BALANCE SHEET

Item	Notes	December 31 st , 2022	December 31 st , 2021
Current liabilities:			
Short-term borrowings			
Trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable		439,130,265.26	388,857,131.29
Advance from customers		2,123,579.58	2,454,069.81
Contract liabilities		276,726,498.76	357,166,953.80
Employee benefits payable		51,325,601.88	57,083,166.37
Taxes and surcharges payable		62,249,306.93	56,039,174.69
Other payables		991,195,712.47	678,918,070.44
Including: Interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year		1,872,205.80	3,825,645.76
Other current liabilities		14,811,897.47	16,046,549.19
Total current liabilities		1,839,435,068.15	1,560,390,761.35
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preference share			
Perpetual bond			
Lease liabilities		7,370,502.39	8,936,934.55
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities		2,401,291.67	3,926,248.64
Other non-current liabilities			
Total non-current liabilities		9,771,794.06	12,863,183.19
Total liabilities		1,849,206,862.21	1,573,253,944.54

PARENT COMPANY'S BALANCE SHEET

Item	Notes	December 31 st , 2022	December 31 st , 2021
Shareholders' equity:			
Share capital		376,000,000.00	376,000,000.00
Other equity instruments			
Including: Preference share			
Perpetual bond			
Capital reserve		1,013,105,247.58	1,051,238,317.69
Less: Treasury share			
Other comprehensive income			
Special reserve			
Surplus reserve		87,664,656.42	68,458,186.26
Undistributed profits		459,777,562.65	380,919,331.24
Total shareholders' equity		1,936,547,466.65	1,876,615,835.19
Total liabilities and shareholders' equity		3,785,754,328.86	3,449,869,779.73

Legal representative:

Principal in charge of accounting:

Head of accounting department:

CONSOLIDATED INCOME STATEMENT

Prepared by: Roiserv Lifestyle Service Co., Ltd.

Unit: RMB

Item	Notes	FY2022	FY2021
I. Total operating income		1,911,193,884.20	2,563,485,932.42
Including: Operating income	VI.33	1,911,193,884.20	2,563,485,932.42
Interest income			
Premiums earned			
Handling charges and commission income			
II. Total operating cost		1,454,251,663.91	1,922,990,851.86
Including: Operating cost	VI.33	1,290,614,146.22	1,692,474,034.41
Interest expenses			
Handling charges and commission expenses			
Surrender value			
Net expenditure for compensation payments			
Net amount of provision for insurance contract			
Bond insurance expenses			
Reinsurance costs			
Tax and surcharges	VI.34	11,253,730.00	18,195,642.65
Selling expenses	VI.35	7,100,170.29	21,440,629.96
General and administrative expenses	VI.36	167,036,545.02	183,027,720.56
Research and development expenses			
Financial expenses	VI.37	-21,752,927.62	7,852,824.28
Including: Interest expenses		28,510.36	49,822.12
Interest income		1,554,118.32	5,581,105.54
Add: Other income	VI.38	17,115,930.90	8,633,957.11
Investment income (Loss marked with "-")	VI.39	-22,063,577.06	15,835,986.50
Including: Investment income from associates and joint ventures		-3,339,226.79	3,482,149.73
Gain on derecognition of financial assets measured at amortized cost			
Exchange earnings (Loss marked with "-")			
Net exposure to hedging gains (Loss marked with "-")			
Income from changes in fair value (Loss marked with "-")	VI.40	622,171.00	4,445,083.56
Credit impairment losses (Loss marked with "-")	VI.41	-141,263,528.00	-142,056,162.79
Impairment losses on assets (Loss marked with "-")	VI.42	2,257,394.48	-4,174,663.36
Income from disposal of assets (Loss marked with "-")	VI.43		6,149.80
III. Operating profit (Loss marked with "-")		313,610,611.61	523,185,431.38
Add: Non-operating income	VI.44	752,355.04	1,153,717.60
Less: Non-operating expenses	VI.45	3,319,116.35	2,280,068.26
IV. Total profits (Total loss marked with "-")		311,043,850.30	522,059,080.72
Less: Income tax expenses	VI.46	74,832,221.42	124,508,585.53

CONSOLIDATED INCOME STATEMENT

Item	Notes	FY2022	FY2021
V. Net profits (Net loss marked with “-”)		236,211,628.88	397,550,495.19
(1) Classified by business continuity		236,211,628.88	397,550,495.19
1. Net profits from continuing operations (Net loss marked with “-”)		236,211,628.88	397,550,495.19
2. Net profits of discontinuing operations (Net loss marked with “-”)			
(2) Classified by ownership		236,211,628.88	397,550,495.19
1. Net profit attributable to owners of the parent company (Net loss marked with “-”)		235,572,449.56	398,954,319.29
2. Non-controlling interests (Net loss marked with “-”)		639,179.32	-1,403,824.10
VI. Net after-tax amount of other comprehensive income		-	-
The net after-tax value of other comprehensive income attributable to owners of the parent company		-	-
(1) Other comprehensive income that cannot be reclassified into profit or loss		-	-
1. Remeasurement of changes in defined benefit plans			
2. Other comprehensive income not converted into profit or loss under the equity method			
3. Changes in fair value of investments in other equity instruments			
4. Changes in fair value of an enterprise’s own credit risk			
5. Others			
(2) Other comprehensive income reclassified into profit and loss		-	-
1. Other comprehensive income converted into profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. The amount reclassified from financial assets to other comprehensive income constitutes			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedge reserves (effective portion of cash flow hedge gains and losses)			
6. Translation difference of foreign currency statements			
7. Others			
Net other comprehensive income attributable to non-controlling interests after tax			
VII. Total comprehensive income		236,211,628.88	397,550,495.19
Total comprehensive income attributable to shareholders of the parent company		235,572,449.56	398,954,319.29
Total comprehensive income attributable to non-controlling interests		639,179.32	-1,403,824.10
VIII. Earnings per share:			
(1) Basic earnings per share (yuan/share)		0.63	1.06
(2) Diluted earnings per share (yuan/share)		0.63	1.06

For business combinations under common control that occur in the current year, the net profit realized by the consolidated party before consolidation was RMB6,260,367.69.

The net profit realized by the consolidated party in the previous year was RMB -3,188,316.08.

Legal representative:

Principal in charge of accounting:

Head of accounting department:

PARENT COMPANY'S INCOME STATEMENT

Prepared by: Roiserv Lifestyle Service Co., Ltd.

Unit: RMB

Item	Notes	FY2022	FY2021
I. Operating income	XVII.4	1,425,325,433.62	1,774,070,425.70
Less: Operating cost	XVII.4	948,160,304.28	1,109,787,199.91
Tax and surcharges		8,564,799.66	14,063,220.63
Selling expenses		5,666,801.82	18,151,762.38
General and administrative expenses		137,159,399.52	149,032,482.25
Research and development expenses			
Financial expenses		-22,941,425.44	7,106,065.48
Including: Interest expenses		24,911.90	37,489.39
Interest income		1,069,638.31	4,967,531.88
Add: Other income		10,557,782.30	7,284,905.34
Investment income (Loss marked with "-")	XVII.5	-21,992,060.99	64,699,096.09
Including: Investment income from associates and joint ventures		-3,339,226.79	3,482,149.73
Gain on derecognition of financial assets measured at amortized cost			
Net exposure to hedging gains (Loss marked with "-")			
Income from changes in fair value (Loss marked with "-")		622,171.00	4,445,083.56
Credit impairment losses (Loss marked with "-")		-85,851,413.37	-82,116,561.17
Impairment losses on assets (Loss marked with "-")		1,940,952.25	-2,984,588.53
Income from disposal of assets (Loss marked with "-")			6,149.80
II. Operating profit (Loss marked with "-")		253,992,984.97	467,263,780.14
Add: Non-operating income		458,170.99	804,385.25
Less: Non-operating expenses		2,700,655.49	1,801,012.48
III. Total profits (Total loss marked with "-")		251,750,500.47	466,267,152.91
Less: Income tax expenses		59,685,798.90	97,024,427.44
IV. Net profits (Net loss marked with "-")		192,064,701.57	369,242,725.47
1. Net profits from continuing operations (Net loss marked with "-")		192,064,701.57	369,242,725.47
2. Net profits of discontinuing operations (Net loss marked with "-")			

PARENT COMPANY'S INCOME STATEMENT

Item	Notes	FY2022	FY2021
V. Net after-tax amount of other comprehensive income		—	—
(1) Other comprehensive income that cannot be reclassified into profit or loss		—	—
1. Remeasurement of changes in defined benefit plans			
2. Other comprehensive income not converted into profit or loss under the equity method			
3. Changes in fair value of investments in other equity instruments			
4. Changes in fair value of an enterprise's own credit risk			
5. Others			
(2) Other comprehensive income reclassified into profit and loss		—	—
1. Other comprehensive income converted into profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. The amount reclassified from financial assets to other comprehensive income constitutes			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedge reserves (effective portion of cash flow hedge gains and losses)			
6. Translation difference of foreign currency statements			
7. Others			
VI. Total comprehensive income		192,064,701.57	369,242,725.47
VII. Earnings per share:			
(1) Basic earnings per share (yuan/share)			
(2) Diluted earnings per share (yuan/share)			

Legal representative:

Principal in charge of accounting:

Head of accounting department:

CONSOLIDATED CASH FLOW STATEMENT

Prepared by: Roiserv Lifestyle Service Co., Ltd.

Unit: RMB

Item	Notes	FY2022	FY2021
I. Cash flow from operating activities:			
Cash received from sales of goods or rendering services		1,852,585,274.06	2,217,803,450.22
Net increase in customer deposits and interbank deposits			
Net increase in borrowing from the central bank			
Net increase in borrowing from other financial institutions			
Cash received for original insurance contract premiums			
Net cash received from reinsurance business			
Net increase in funds and investments for policyholders			
Cash for interest, fees and commissions			
Net increase in borrowing funds			
Net increase in funds from repurchase business			
Net cash received from agency trading of securities			
Received tax refunds		304,350.85	69,926.37
Cash received related to other operating activities	VI.47.(1)	283,622,557.40	100,913,350.22
Subtotal of cash inflow from operating activities		2,136,512,182.31	2,318,786,726.81
Cash paid for the purchase of goods and services		1,015,233,222.85	946,279,921.78
Net increase in customer loans and advances			
Net increase in the central bank and interbank deposits			
Cash payment for claims under original insurance contracts			
Net increase in funds disbursed			
Cash payment for interest, fees and commissions			
Cash paid for policy dividends			
Cash paid to and for employees		655,532,729.47	752,208,964.63
Taxes paid		206,149,853.24	279,897,891.22
Cash paid related to other operating activities	VI.47.(1)	848,024,093.25	236,696,440.62
Subtotal of cash outflows from operating activities		2,724,939,898.81	2,215,083,218.25
Net cash flow from operating activities		-588,427,716.50	103,703,508.56
II. Cash flow from investing activities:			
Cash received from the recovery of investment		600,000,000.00	7,000,000.00
Cash received from the absorption of investment		20,827,687.69	12,332,228.86
Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets		4,467,290.11	3,155,584.09
Net cash received from disposal of subsidiaries and other business units			
Cash received related to other investing activities			
Subtotal of cash inflow from investing activities		625,294,977.80	22,487,812.95

CONSOLIDATED CASH FLOW STATEMENT

Item	Notes	FY2022	FY2021
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets		17,283,745.86	21,744,135.59
Cash paid for investment			739,340,194.43
Net increase in pledged loans			
Net cash paid for the acquisition of subsidiaries and other business units		46,853,000.00	
Cash paid related to other investing activities			
Subtotal of cash outflows from investing activities		64,136,745.86	761,084,330.02
Net cash flow from investing activities		561,158,231.94	-738,596,517.07
III. Cash flow from financing activities:			
Cash received from the absorption of investment		60,000.00	1,057,498,064.00
Including: Cash received by subsidiaries from non-controlling interests' investment		60,000.00	2,794,000.00
Cash received from loans granted			31,300,464.70
Cash received relating to other financing activities			
Subtotal cash inflow from financing activities		60,000.00	1,088,798,528.70
Payment of debt in cash			33,889,696.06
Cash used to pay dividends, profits, or interest		94,000,000.00	56,405,360.00
Including: Dividends and profits paid to non-controlling interests by subsidiaries			
Cash paid related to other financing activities	VI.47.(1)	281,476.00	49,091,361.95
Subtotal cash outflow from financing activities		94,281,476.00	139,386,418.01
Net cash flow from financing activities		-94,221,476.00	949,412,110.69
IV. Impact of exchange rate fluctuations on cash and cash equivalents		24,468,656.08	-8,901,401.77
V. Net increase in cash and cash equivalents		-97,022,304.48	305,617,700.41
Add: Balance of cash and cash equivalents at the beginning of the period		918,715,148.68	613,097,448.27
VI. Balance of cash and cash equivalents at the end of the period		821,692,844.20	918,715,148.68

Legal representative:

Principal in charge of accounting:

Head of accounting department:

PARENT COMPANY'S CASH FLOW STATEMENT

Prepared by: Roiserv Lifestyle Service Co., Ltd.

Unit: RMB

Item	Notes	FY2022	FY2021
I. Cash flow from operating activities:			
Cash received from sales of goods or rendering services		1,274,727,182.35	1,567,799,387.91
Received tax refunds		201,096.73	
Cash received related to other operating activities		561,090,798.95	54,244,303.76
Subtotal of cash inflow from operating activities		1,836,019,078.03	1,622,043,691.67
Cash paid for the purchase of goods and services		642,691,119.52	542,666,011.20
Cash paid to and for employees		488,193,006.70	575,858,975.88
Taxes paid		160,870,646.24	210,020,642.19
Cash paid related to other operating activities		1,101,940,014.43	204,346,402.45
Subtotal of cash outflows from operating activities		2,393,694,786.89	1,532,892,031.72
Net cash flow from operating activities		-557,675,708.86	89,151,659.95
II. Cash flow from investing activities:			
Cash received from the recovery of investment		600,000,000.00	
Cash received from the absorption of investment		20,827,687.69	12,324,138.45
Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets		4,470,262.35	3,155,484.09
Net cash received from disposal of subsidiaries and other business units		417.80	
Cash received related to other investing activities			
Subtotal of cash inflow from investing activities		625,298,367.84	15,479,622.54
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets		9,871,278.15	12,103,291.55
Cash paid for investment			754,139,194.43
Net cash paid for the acquisition of subsidiaries and other business units		47,140,000.00	
Cash paid related to other investing activities			
Subtotal of cash outflows from investing activities		57,011,278.15	766,242,485.98
Net cash flow from investing activities		568,287,089.69	-750,762,863.44

PARENT COMPANY'S CASH FLOW STATEMENT

Item	Notes	FY2022	FY2021
III. Cash flow from financing activities:			
Cash received from the absorption of investment			1,054,704,064.00
Cash received from loans granted			
Cash received relating to other financing activities			
Subtotal cash inflow from financing activities		-	1,054,704,064.00
Payment of debt in cash			
Cash used to pay dividends, profits, or interest		94,000,000.00	56,400,000.00
Cash paid related to other financing activities		281,476.00	49,091,361.95
Subtotal cash outflow from financing activities		94,281,476.00	105,491,361.95
Net cash flow from financing activities		-94,281,476.00	949,212,702.05
IV. Impact of exchange rate fluctuations on cash and cash equivalents			
		24,468,656.08	-8,901,401.77
V. Net increase in cash and cash equivalents		-59,201,439.09	278,700,096.79
Add: Balance of cash and cash equivalents at the beginning of the period		811,561,054.58	532,860,957.79
VI. Balance of cash and cash equivalents at the end of the period		752,359,615.49	811,561,054.58

Legal representative:

Principal in charge of accounting:

Head of accounting department:

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Prepared by: Roiserv Lifestyle Service Co., Ltd.

Unit: RMB

Item	FY2022													Non-controlling interests	Total shareholders' equity
	Other equity instruments				Equity attributable to shareholders of the parent company						Undistributed profit	Others	Subtotal		
	Paid-in capital	Preferred share	Perpetual bond	Other	Capital reserve	Less: treasury share	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve					
1. Closing balance of last year	376,000,000.00	-	-	-	1,071,044,130.78	-	-	-	68,458,186.26	-	451,210,297.43	-	1,966,712,614.47	-322,901.97	1,966,389,712.50
Add: Impact from changes in accounting policies															
Impact from corrections of errors in prior period															
Business combinations under common control															
Others															
2. Opening balance of current year	376,000,000.00	-	-	-	1,071,044,130.78	-	-	-	68,458,186.26	-	451,210,297.43	-	1,966,712,614.47	-322,901.97	1,966,389,712.50
3. Movement for current year															
(*) for decrease)	-	-	-	-	-37,981,513.34	-	-	-	-19,206,470.16	-	-122,365,979.40	-	-103,590,936.22	699,179.32	104,290,115.54
(1) Total comprehensive income											235,572,449.56		235,572,449.56	639,179.32	236,211,628.88
(2) Shareholder's contributions and withdrawals of capital	-	-	-	-	-37,981,513.34	-	-	-	-	-	-	-	-37,981,513.34	60,000.00	-37,921,513.34
1) Common stock contributed by shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	60,000.00	60,000.00
2) Capital contributed by other equity instruments holders															
3) Share-based payment recorded in shareholder's equity					7,371,466.66								7,371,466.66		7,371,466.66
4) Others					-45,353,000.00								-45,353,000.00		-45,353,000.00
(3) Profits distribution	-	-	-	-	-	-	-	-	19,206,470.16	-	-113,206,470.16	-	-94,000,000.00	-	-94,000,000.00
1) Appropriation of surplus reserve									19,206,470.16		-19,206,470.16				
2) Extraction of general risk reserves															
3) Distribution to shareholders											-94,000,000.00		-94,000,000.00		-94,000,000.00
4) Others															
(4) Internal transfer within shareholder's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1) Conversion of capital reserve into share capital															
2) Conversion of surplus reserve into share capital															
3) Recover of loss by surplus reserve															
4) Benefit plans are carried forward to retained earnings															
5) Other comprehensive income are carried forward to retained earnings															
6) Others															
(5) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1) Withdrawal of special reserve															
2) Use of special reserve															
6) Others															
4. Closing balance of current year	376,000,000.00	-	-	-	1,033,062,617.44	-	-	-	87,664,656.42	-	573,576,276.83	-	2,070,303,550.69	376,277.35	2,070,679,828.04

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Item	FY2021													Non-controlling interests	Total shareholders' equity
	Paid-in capital	Other equity instruments			Capital reserve	Equity attributable to shareholders of the parent company					General risk reserve	Undistributed profit	Others		
		Preferred share	Perpetual bond	Other		Less: treasury share	Other comprehensive income	Special reserve	Surplus reserve						
1. Closing balance of last year	282,000,000.00	-	-	-	169,569,019.25	-	-	-	31,533,913.71	-	151,700,337.49	-	634,803,270.45	-	634,803,270.45
Add: Impact from changes in accounting policies															
Impact from corrections of errors in prior period															
Business combinations under common control															
Others					385,000.00						-6,120,086.80		-5,735,086.80	-1,713,077.87	-7,448,164.67
2. Opening balance of current year	282,000,000.00	-	-	-	169,954,019.25	-	-	-	31,533,913.71	-	145,580,250.69	-	629,068,183.65	-1,713,077.87	627,355,105.78
3. Movement for current year															
(*) for decrease)	94,000,000.00	-	-	-	901,090,111.53	-	-	-	36,924,272.55	-	305,630,046.74	-	1,337,644,430.82	1,390,175.90	1,339,034,606.72
(1) Total comprehensive income											398,954,319.29		398,954,319.29	-1,403,824.10	397,550,495.19
(2) Shareholder's contributions and withdrawals of capital	94,000,000.00	-	-	-	901,090,111.53	-	-	-	-	-	-	-	995,090,111.53	2,794,000.00	997,884,111.53
1) Common stock contributed by shareholders	94,000,000.00				883,988,985.46								977,988,985.46	2,794,000.00	980,782,985.46
2) Capital contributed by other equity instruments holders															
3) Share-based payment recorded in shareholder's equity					17,101,126.07								17,101,126.07		17,101,126.07
4) Others					-								-		-
(3) Profits distribution	-	-	-	-	-	-	-	-	36,924,272.55	-	-93,324,272.55	-	-56,400,000.00	-	-56,400,000.00
1) Appropriation of surplus reserve									36,924,272.55		-36,924,272.55		-		-
2) Extraction of general risk reserves													-		-
3) Distribution to shareholders													-56,400,000.00		-56,400,000.00
4) Others													-		-
(4) Internal transfer within shareholder's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1) Conversion of capital reserve into share capital													-		-
2) Conversion of surplus reserve into share capital													-		-
3) Recover of loss by surplus reserve													-		-
4) Benefit plans are carried forward to retained earnings													-		-
5) Other comprehensive income are carried forward to retained earnings													-		-
6) Others													-		-
(5) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1) Withdrawal of special reserve													-		-
2) Use of special reserve													-		-
(6) Others													-		-
4. Closing balance of current year	376,000,000.00	-	-	-	1,071,044,130.78	-	-	-	68,458,186.26	-	451,210,297.43	-	1,966,712,614.47	-322,901.97	1,966,389,712.50

Legal representative:

Principal in charge of accounting:

Head of accounting department:

PARENT COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Prepared by: Roiserv Lifestyle Service Co., Ltd.

Unit: RMB

Item	FY2021											Total shareholders' equity
	Paid-in capital	Preferred share	Perpetual bond	Other	Capital reserve	Less: treasury share	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	
1. Closing balance of last year	376,000,000.00	-	-	-	1,051,238,317.69	-	-	-	68,458,186.26	380,919,331.24	-	1,876,615,835.19
Add: Impact from changes in accounting policies												-
Impact from corrections of errors in prior period												-
Others												-
2. Opening balance of current year	376,000,000.00	-	-	-	1,051,238,317.69	-	-	-	68,458,186.26	380,919,331.24	-	1,876,615,835.19
3. Movement for current year ("-" for decrease)	-	-	-	-	-38,133,070.11	-	-	-	19,206,470.16	78,858,231.41	-	59,931,631.46
(1) Total comprehensive income										192,064,701.57		192,064,701.57
(2) Shareholder's contributions and withdrawals of capital					-38,133,070.11							-38,133,070.11
1) Common stock contributed by shareholders												
2) Capital contributed by other equity instruments holders												
3) Share-based payment recorded in shareholder's equity					7,219,929.89							7,219,929.89
4) Others					-45,353,000.00							-45,353,000.00
(3) Profits distribution									19,206,470.16	-113,206,470.16		-94,000,000.00
1) Appropriation of surplus reserve									19,206,470.16	-19,206,470.16		
2) Distribution to shareholders										-94,000,000.00		-94,000,000.00
3) Others												
(4) Internal transfer within shareholder's equity												
1) Conversion of capital reserve into share capital												
2) Conversion of surplus reserve into share capital												
3) Recover of loss by surplus reserve												
4) Benefit plans are carried forward to retained earnings												
5) Other comprehensive income are carried forward to retained earnings												
6) Others												
(5) Special reserve												
1) Withdrawal of special reserve												
2) Use of special reserve												
(6) Others												
4. Closing balance of current year	376,000,000.00	-	-	-	1,013,105,247.58	-	-	-	87,664,656.42	459,777,562.65	-	1,936,547,466.65

PARENT COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Item	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury share	FY2021		Surplus reserve	Undistributed profit	Others	Total shareholders' equity
		Preferred share	Perpetual bond	Other			Other comprehensive income	Special reserve				
1. Closing balance of last year	282,000,000.00	-	-	-	150,754,371.40	-	-	-	31,533,913.71	105,000,878.32	-	569,289,163.43
Add: Impact from changes in accounting policies												-
Impact from corrections of errors in prior period												-
Others												-
2. Opening balance of current year	282,000,000.00	-	-	-	150,754,371.40	-	-	-	31,533,913.71	105,000,878.32	-	569,289,163.43
3. Movement for current year ("-" for decrease)	94,000,000.00	-	-	-	900,483,946.29	-	-	-	36,924,272.55	275,918,452.92	-	1,307,326,671.76
(1) Total comprehensive income										369,242,725.47		369,242,725.47
(2) Shareholder's contributions and withdrawals of capital	94,000,000.00	-	-	-	900,483,946.29	-	-	-	-	-	-	994,483,946.29
1) Common stock contributed by shareholders	94,000,000.00				883,988,985.46							977,988,985.46
2) Capital contributed by other equity instruments holders												-
3) Share-based payment recorded in shareholder's equity					16,494,960.83							16,494,960.83
4) Others												-
(3) Profits distribution	-	-	-	-	-	-	-	-	36,924,272.55	-93,324,272.55	-	-56,400,000.00
1) Appropriation of surplus reserve									36,924,272.55	-36,924,272.55		-
2) Distribution to shareholders										-56,400,000.00		-56,400,000.00
3) Others												-
(4) Internal transfer within shareholder's equity	-	-	-	-	-	-	-	-	-	-	-	-
1) Conversion of capital reserve into share capital												-
2) Conversion of surplus reserve into share capital												-
3) Recover of loss by surplus reserve												-
4) Benefit plans are carried forward to retained earnings												-
5) Other comprehensive income are carried forward to retained earnings												-
6) Others	-	-	-	-	-	-	-	-	-	-	-	-
(5) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-
1) Withdrawal of special reserve												-
2) Use of special reserve												-
(6) Others												-
4. Closing balance of current year	376,000,000.00	-	-	-	1,051,238,317.69	-	-	-	68,458,186.26	380,919,331.24	-	1,876,615,835.19

Legal representative:

Principal in charge of accounting:

Head of accounting department:

I. GENERAL INFORMATION ABOUT THE COMPANY

Roiserv Lifestyle Service Co., Ltd. (hereinafter referred to as “the Company”, collectively referred to as “the Group” when including subsidiaries), formerly known as Langfang RiseSun Property Service Co., Ltd., was incorporated on November 2nd, 2000, and was converted from a limited liability company to a stock company limited on April 23rd, 2020. The registered address of the Company is East Daxiang Line and North Heyuan Road (within Xianghe Xiandai Water Industry Co., Ltd), Jiangxintun Town, Xianghe County, Langfang, Hebei Province, PRC.

The Group is principally engaged in the provision of property management and related value-added services.

The parent company of the Company is RiseSun Real Estate Development Co. Ltd. (hereinafter referred to as “RiseSun Development”, a company incorporated in the PRC and whose shares are listed on Shenzhen Stock Exchange). RiseSun Development and its affiliates (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 January 15th, 2021, The Company’s shares were listed on the main board of the Stock Exchange of Hong Kong Limited.

II. SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group include 201 subsidiaries, of which 188 are wholly-owned subsidiaries and 13 are controlled. During the year, there is an increase of 87 subsidiaries due to new establishments, an increase of 8 subsidiaries through business mergers and acquisitions under common control, and a decrease of 3 subsidiaries due to business cancellation.

The relevant information is detailed in Note VII. Changes in the scope of consolidation and Note VIII. Interests in other entities.

III. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

1. Preparation basis

The Group’s financial statements have been prepared on a going concern basis, based on transactions and events that have actually occurred, in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance and relevant regulations, as well as related disclosure requirements of the Hong Kong Companies Ordinance and Listing Rules of the Stock Exchange of Hong Kong Limited, and the accounting policies and accounting estimates described in Note IV. Significant accounting policies and accounting estimates.

2. Going concern

The Group has a recent profitable operating history and is supported by financial resources. It is considered reasonable that the financial statements are prepared on a going concern basis. Therefore, such financial statements have been prepared based on the assumption of a going concern.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance with the *Accounting Standards for Business Enterprises*

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises and give a true and complete view of the financial position, results of operations and cash flows of the Company and the Group and other relevant information.

2. Accounting period

The Group's accounting period is also the calendar year, from January 1st to December 31st.

3. Functional currency

Renminbi (RMB) is the functional currency of the Group.

4. Accounting treatment for business combinations under common control and not under common control

Assets and liabilities acquired by the Group as a consolidator in a business combination under common control are measured at the carrying amount of the consolidated party in the consolidated statements of the ultimate controlling party at the date of consolidation. The difference between the book value of the net assets acquired and the book value of the consideration paid for the consolidation is adjusted to capital reserve; if the capital reserve is not sufficient to offset the difference, retained earnings are adjusted.

The identifiable assets, liabilities and contingent liabilities of the acquire acquired in a business combination not under common control are measured at fair value at the acquisition date. The cost of the combination is the sum of the fair value of cash or non-cash assets paid, liabilities issued or assumed and equity securities issued by the Group to obtain control of the acquire at the date of acquisition, and all directly related costs incurred in the business combination (for a business combination achieved in stages through multiple transactions, the cost of the combination is the sum of the costs of each transaction). The excess of the cost of the combination over the fair value of the share of identifiable net assets of the acquire acquired in the combination is recognized as goodwill; if the cost of the combination is less than the fair value of the share of identifiable net assets of the acquire acquired in the combination, the fair value of each identifiable asset, liability and contingent liability acquired in the combination, as well as the fair value of non-cash assets or equity securities issued in consideration of the combination, are first reviewed. If, after the review, the cost of combination is still less than the fair value of the share of identifiable net assets of the acquire acquired in the combination, the difference is recognized as non-operating income in the period of combination.

5. Preparation of the consolidated financial statements

The Group includes all controlled subsidiaries in the scope of the consolidated financial statements.

In preparing the consolidated financial statements, if the accounting policies or accounting periods adopted by a subsidiary and the Company are not consistent, the necessary adjustments are made to the financial statements of the subsidiary in accordance with the Company's accounting policies or accounting periods.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

5. Preparation of the consolidated financial statements (continued)

All significant internal transactions, transaction balances and unrealized profits within the scope of consolidation are eliminated in the preparation of the consolidated financial statements. The shares of ownership interests of subsidiaries that do not belong to the parent company and the shares of net profit or loss, other comprehensive income and total comprehensive income for the period that belong to non-controlling interests are presented in the consolidated financial statements under “non-controlling interests, profit or loss of non-controlling interests, other comprehensive income attributable to non-controlling interests and total comprehensive income attributable to non-controlling interests”, separately.

For subsidiaries acquired in a business combination under common control, their operating results and cash flows are included in the consolidated financial statements from the beginning of the period of combination. When preparing the comparative consolidated financial statements, the relevant items in the prior year’s financial statements are adjusted as if the reporting entity formed after the combination had been in existence since the point at which the ultimate controlling party began to exercise control.

In the case of a business combination ultimately formed by acquiring an equity interest in an investee under common control through multiple transactions, when the consolidated statements are prepared, they are adjusted as if the present status had been in existence at the time when the ultimate controlling party began to exercise control. When the comparative statements are prepared, the combined party’s assets and liabilities are included in the comparative statements of the Group’s consolidated financial statements, and the increased net assets as a result of the combination are adjusted to the relevant items under owners’ equity in the comparative statements, to the extent that it is no earlier than the point at which the Group and the combined party are both under the control of the ultimate controlling party. In order to avoid double counting the value of the net assets of the combined party, relevant gains or losses of long-term equity investments held by the Group before reaching combination, other comprehensive income and other changes in net assets that are recognized between the later of the date of the acquisition of the original equity interest and the date when the Group and the combined party are under the ultimate control of the same party and the date of combination should be eliminated from opening retained earnings and current profit or loss in the comparative statement period, separately.

For a subsidiary acquired through a business combination not under common control, the results of operations and cash flows are included in the consolidated financial statements from the date the Group obtains control. In the preparation of the consolidated financial statements, the financial statements of the subsidiary are adjusted on the basis of the fair value of each identifiable asset, liability and contingent liability determined at the purchase date.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

5. Preparation of the consolidated financial statements (continued)

When a step-by-step acquisition of an equity interest in an investee not under common control through multiple transactions eventually results in a business combination, in the preparation of the consolidated statements, the equity interest of the acquire held prior to the date of purchase is remeasured at the fair value of the equity interest at the date of purchase, and the difference between the fair value and its carrying amount is recognized as investment income in the current period; the equity interest of the acquire held prior to the date of purchase which relates to other comprehensive income under the equity method and the changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution is recognized as investment income or loss in the period to which the date of purchase belongs, except for other comprehensive income resulting from the remeasurement of the net liabilities or changes in net assets of the defined benefit plans of the investee.

When the Group partially disposes of its long-term equity investments in subsidiaries without loss of control, the difference between the disposal price and the share of the net assets of the subsidiaries corresponding to the disposal of the long-term equity investments calculated on an ongoing basis from the date of purchase or the date of combination is adjusted to capital premium or equity premium in the consolidated financial statements, and retained earnings are adjusted if the capital reserve is not sufficient to cover the reduction.

If the Group loses control over an investee due to, for example, the disposal of a portion of its equity investment, the remaining equity interest is remeasured at its fair value at the date of loss of control in the preparation of the consolidated financial statements. The difference between the sum of the consideration received for the disposal of the equity interest and the fair value of the remaining equity interest, less the share of the net assets of the original subsidiary calculated on a continuing basis from the date of purchase or the date of combination in proportion to the original shareholding, is recognized as investment gain or loss in the period in which control is lost, and goodwill is eliminated. Other comprehensive income related to the equity investment in the original subsidiary, etc., is transferred to current investment gain or loss when control is lost.

If the Group disposes of its equity investment in a subsidiary through multiple transactions, which is a package deal, until it loses control, each transaction is accounted for as a disposal of the subsidiary and loss of control; however, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal of the investment in each disposal prior to the loss of control is recognized in the consolidated financial statements as other comprehensive income and is transferred to investment income or loss in the period in which control is lost.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Cash and cash equivalents

Cash in the Group's cash flow statement represents cash on hand and deposits readily available for payment. Cash equivalents in the cash flow statement represent investments that are held for less than three months, are highly liquid, easily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

7. Foreign currency operations and translation of foreign currency statements

(1) Foreign currency operations

The Group's foreign currency operations are translated into RMB at the spot exchange rate at the date of the transaction. At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rate at the balance sheet date. The resulting translation differences are recognized directly in profit or loss, except for exchange differences arising from special borrowings in foreign currencies for the purpose of acquiring or producing assets eligible for capitalization, which are treated on the basis of capitalization.

(2) Translation of foreign currency financial statements

Asset and liability items in the foreign currency balance sheet are translated using the spot exchange rate at the balance sheet date; owner's equity items, except for "undistributed profits", are translated at the spot exchange rate at the time when the business occurred; income and expense items in the income statement are translated using the spot exchange rate at the date of the transaction. The translation differences arising from the above translation are presented under the item of other comprehensive income. Cash flows in foreign currencies are translated using the spot exchange rates at the dates when the cash flows occur. The effect of exchange rate changes on cash is shown separately in the cash flow statement.

8. Financial assets and financial liabilities

A financial asset or financial liability shall be recognized when the Group becomes a party to a financial instrument contract.

(1) Financial assets

1) *Classification, recognition and measurement of financial assets*

The Group classifies financial assets into financial assets at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, in accordance with a business model for managing financial assets and contract cash flow characteristics of financial assets.

The Group classifies a financial asset as a financial asset at amortized cost if both of the following conditions are met: ① the business model for managing the financial asset is to collect the contractual cash flows. ② the contractual terms of the financial asset provide that the cash flows arising on a specific date are solely payments of principal and interest based on the principal amount outstanding. Such financial assets are initially measured at their fair value, the relevant transaction expenses recognized in the initially recognized amount, and subsequently measured at amortized cost. For the portion of such financial assets that do not belong to any hedging relationship, the amortization by effective interest method, impairment and exchange profits or losses, as well as gains and losses arising from the derecognition are included in profit or loss. The Group's financial assets at the amortized cost specifically include accounts receivable, notes receivable, and other receivables.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

8. Financial assets and financial liabilities (continued)

(1) Financial assets (continued)

1) *Classification, recognition and measurement of financial assets* (continued)

The Group classifies a financial asset as a financial asset at fair value through other comprehensive income if both of the following conditions are met: ① the business model for managing the financial asset is to both collect the contractual cash flows and sell the financial asset. ② the contractual terms of the financial asset provide that the cash flows arising on a specific date are solely payments of principal and interest based on the principal amount outstanding. Such financial assets are initially measured at fair value, the relevant transaction expenses recognized in the initially recognized amount. All gains and losses arising from the portion of such financial assets that do not belong to any hedging relationship and other gains or losses are both recognized in other comprehensive income, except for gains or losses caused by credit impairment, exchange profits and losses, and the financial assets' interest calculated by the effective interest method. On derecognition of the financial assets, the accumulated gains or losses previously recognized in other comprehensive income shall be transferred out and recognized in profit or loss for the current period. The Group's financial asset at fair value through other comprehensive income specifically includes other debt investments.

Interest income shall be recognized based on the effective interest method. It is determined by multiplying the carrying amount of the financial asset by the effective interest rate, but except for the following situations: ① for purchased or originated financial assets with credit impairment, their interest income shall be recognized based on amortized costs of the financial assets and effective interest rate being adjusted by credit since initial recognition. ② for purchased or originated financial assets that are not impaired on credit but, in subsequent periods, have credit impairment, their interest income shall be recognized based on amortized costs of the financial assets and effective interest rate in subsequent periods.

The Group designates non-trading equity instrument investments as financial assets at fair value through other comprehensive income. Once the designation is made, it cannot be revoked. The designated non-trading equity instrument investments measured at fair value through other comprehensive income shall be initially measured at their fair value, and the relevant transaction expenses are included in the initially recognized amount. All other relevant gains and losses (including exchange profits and losses), other than dividends received (except those belonging to the recovery of investment costs) that are recorded in profit or loss, shall be recognized in other comprehensive income and cannot be transferred into profit or loss in subsequent periods. On derecognition of the financial assets, the accumulated gains or losses previously recognized in other comprehensive income shall be transferred out and recognized in retained earnings. The designated equity instrument investments at fair value through other comprehensive income include other equity instrument investments.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

8. Financial assets and financial liabilities (continued)

(1) Financial assets (continued)

1) *Classification, recognition and measurement of financial assets* (continued)

Except for the above-mentioned financial assets measured at amortized cost and financial assets at fair value through other comprehensive income, the Group classifies other financial assets as financial assets at fair value through profit or loss. Such financial assets shall be initially measured at their fair value, and the relevant transaction expenses are directly recognized in profit or loss. Gains or losses arising from such financial assets shall be included in profit or loss. The Group's financial assets at fair value through profit or loss specifically include financial assets held for trading.

If contingent considerations recognized in a business combination not under common control constitute financial assets, the Group classifies them as financial assets at fair value through profit or loss.

2) *Recognition and measurement of the transfer of financial assets*

The Group shall derecognize the financial assets that satisfy one of the following conditions: ① the contract rights to receive the cash flows of the financial assets expire; ② the financial assets are transferred and the Group has transferred almost all risks and rewards of ownership of the financial assets; ③ the financial assets are transferred and the Group has neither transferred, nor retained almost all risks and rewards of ownership of the financial assets, and nor retained control over the financial assets.

If the overall transfer of the financial assets satisfies the conditions for derecognition, the difference between the carrying amount of the transferred financial assets at the date of derecognition and the sum of the consideration received for the transfer and the amount corresponding to the derecognition portion of the cumulative amount of changes in fair value previously recognized directly in other comprehensive income (financial assets involved in the transfer meet the following conditions at the same time: ① the Group's business model for managing the financial assets is aimed at both the collection of the contractual cash flows and the sale of the financial assets; ② the contract terms of the financial assets stipulate that the cash flows arising on a specific date are only payments for principal and interest based on the principal amount outstanding) is recognized in profit or loss for the current period.

If partial transfer of financial assets satisfies the conditions for derecognition, the carrying amount of the transferred financial assets as a whole shall be allocated at their respective relative fair values into derecognition portion and non-derecognition portion, and the difference between the sum of the consideration received for the transfer and the amount corresponding to the derecognition portion of the accumulated changes in fair value that should be apportioned to the derecognition portion (financial assets involved in the transfer satisfy the following conditions at the same time: ① the Group's business model for managing the financial assets is aimed at both the collection of the contractual cash flows and the sale of the financial assets; ② the contract terms of the financial assets stipulate that the cash flows arising on a specific date are only payments for principal and interest based on the principal amount outstanding) and the whole carrying amount of above financial assets allocated is included in profit or loss for the current period.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

8. Financial assets and financial liabilities (continued)

(2) Financial liabilities

1) *Classification, recognition and measurement of financial liabilities*

The Group classifies financial liabilities as financial liabilities at amortized cost that are subsequently measured at amortized cost by effective interest method, except for the following:

① financial liabilities at fair value through profit or loss (including derivative instruments belonging to financial liabilities) include financial liabilities held for trading and financial liabilities designated as those measured at fair value through profit or loss at initial recognition. Such financial liabilities are subsequently measured at fair value, gains and losses arising from changes in fair value, dividends and interests relating to the financial liabilities are recorded in profit or loss.

② for transfer of financial assets that do not meet the conditions of derecognition or financial liabilities resulting from continuing to involve in transferred financial assets, the Group shall measure such financial liabilities in accordance with the relevant regulations of transfer of financial assets.

③ for financial guarantee contracts that do not fall under above ① and ②, and loan commitments loaning at below-market interest rate that does not belong to the situation of above ①, the Group, as an issuer, shall measure such financial liabilities after initial recognition at the higher of the amount of allowance of losses recognized in accordance with the relevant regulations of impairment of financial instruments and the balance of initial amount net of the accumulated amortization recognized based on the revenue standards.

If a financial liability results from contingent considerations in a business combination not under common control with the Group as a purchaser, the Group shall account for it at fair value through profit or loss.

2) *Conditions of derecognition of financial liabilities*

As the present obligations of a financial liability are wholly or partially discharged, the financial liability or the portion with discharged obligation shall be derecognized. If the Group, with a creditor, signs an agreement whereby the existing financial liabilities are replaced by the new financial liabilities assumed whose contract terms are materially different from those of the existing ones, the Group shall derecognize the existing financial liabilities, while recognize a new financial liability. If contract terms of the existing financial liabilities are amended wholly or partially in essence, the Group shall derecognize the existing financial liabilities or part of them, while recognizing the post-amendment financial liabilities as a new financial liability. The difference between the carrying amount of the derecognition portion and considerations paid is included in profit or loss.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

8. Financial assets and financial liabilities (continued)

(3) Determination of fair value of financial assets and financial liabilities

The Group shall measure fair values of financial assets and financial liabilities at their prices in the principal market, if there is no principal market, at their prices in the most advantageous market with a valuation technique applicable to the current situation and supported by sufficiently available data and other information. Inputs used in the measurement of fair value divide into three levels, i.e. the first level inputs are the price quotations of the same assets or liabilities obtained at an active market on the date of measurement without adjustment; the second level inputs are observable inputs, directly or indirectly, of the relevant assets or liabilities other than those of the first level inputs; the third level inputs are unobservable inputs of the related assets or liabilities. The Group prioritizes the use of the first-level inputs and then the third-level inputs last. The level to which results of fair value measurement belong is determined by the lowest level to which the inputs that are significant to the fair value measurement as a whole belong.

The Group recognizes equity instrument investments at fair value. But in a limited situation, if the recent information used to determine fair values is not sufficient, or the possibly estimated amounts of fair values are distributed widely, and costs are the best estimates of fair values in such distribution scope, such costs can represent appropriate estimates of fair value in such scope.

(4) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities of the Group are reported separately in the balance sheet, not offsetting mutually, however, they can be presented at a net value after offsetting, if the following conditions are both met: (1) the Group has a legal right to offset the recognized amounts, and the right is executable at present; (2) the Group plans to settle accounts with a net amount, or realize the financial assets and liquidate the financial liabilities at the same time.

(5) Distinction between financial liabilities and equity instruments and their treatment

The Group distinguishes financial liabilities and equity instruments in accordance with the following principles: (1) if the Group cannot avoid performing a contractual obligation by delivery of cash or other financial assets, unconditionally, the contractual obligation satisfies the definition of financial liabilities. Although some financial instruments do not contain the terms and conditions for which the obligation is conducted by delivery of cash or other financial assets, such contractual obligation may be formed indirectly through other terms and conditions. (2) if a financial instrument can or needs to be settled by equity instruments of the Group itself, the Group's equity instruments used in settlement of the instrument shall be considered either as substitutes of cash or other financial assets or for making the holder of the instrument enjoying the remaining equity in assets net of all liabilities by the issuer. If it is the former, the instrument is a financial liability of the issuer, conversely, it is an equity instrument. Under certain situations, a financial instrument contract stipulates that the Group can or needs to settle the instrument by its own equity instruments, of which, the amount of contractual right or contractual obligation equals the quantity of its own equity instruments obtainable or to be delivered multiplying their fair values at the time of settlement, the contract shall be classified as a financial liability, whether the amount of contractual right or contractual obligation is fixed or changeable by changes wholly or partially based on variates other than those of market prices of the Group's own equity instruments.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

8. Financial assets and financial liabilities (continued)

(5) Distinction between financial liabilities and equity instruments and their treatment (continued)

All terms and conditions reached between the Group’s members and holders of financial instruments shall be considered when the Group makes a classification of financial instruments (or their components) in the consolidated statements. If the Group undertakes an obligation whereby the instrument would be settled by delivery of cash, other financial assets or other ways resulting in the instrument as a financial liability, the instrument shall be classified as a financial liability.

If financial instruments or their components belong to financial liabilities, the relevant interests, dividends (other distributions) and gains or losses, as well as gains or losses arising from redemption or refinancing, etc. shall be recognized in profit or loss.

If financial instruments or their components belong to equity instruments, the Group shall treat them as equity changes and not recognize fair value change of equity instruments when issuing (including refinancing), repurchasing, selling or cancelling them.

9. Notes receivable

Determination of expected credit losses of notes receivable and their treatment:

For notes receivable not containing a significant financing component that resulted from transactions governed by the Accounting Standards for Business Enterprises No. 14 – Revenue, the Group shall measure their allowance for losses at an amount of expected credit losses over their entire duration.

The Group’s accounting estimate policies that expected credit losses would be measured by a single instrument or portfolio based on practical credit losses of previous years and with a consideration of forward-looking information of the current year, are as follows:

Level of single instrument	
Single asset	Accrual of provision for bad debt
Commercial acceptance bill	Loss given default is measured by portfolio
Banker’s acceptance bill (held to maturity)	Risk of expected credit losses is minimal

Determination of expected credit losses of notes receivable:

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Notes receivable (continued)

Below is the judgement on whether credit risk has increased significantly since initial recognition. The Group determines whether the credit risk of a financial instrument has increased significantly by comparing the probability of default over the expected life of the financial instrument as determined at initial recognition with the probability of default over the expected life of the instrument as determined at the balance sheet date. For lower credit risk, it can be assumed that the credit risk of the financial instrument has not increased significantly since initial recognition. Normally, if a financial instrument is more than 30 days past due, it indicates that the credit risk of the financial instrument has increased significantly. This is unless the Group can obtain reasonable and substantiated forward-looking information without undue additional costs or efforts to demonstrate that the credit risk has not increased significantly since initial recognition even if it is more than 30 days past due, it can be determined that the financial instrument has not increased significantly.

Below is the assessment based on the portfolio. For notes receivable, if the Group cannot obtain sufficient information about credit risk increasing significantly at a reasonable cost on a level of single instrument, while it is feasible to assess whether credit risk has increased significantly on the portfolio basis, the Group shall group notes receivable and consider assessing whether credit risk has increased significantly based on the portfolio in accordance with the type of financial instrument, credit risk rating, initial recognition date, and remaining contract period as common risk characteristics.

Below is the measurement of expected credit losses. Expected credit losses are the weighted average of credit losses on financial instruments weighted by the risk of default. Credit losses represent the difference between all contractual cash flows receivable under the contracts and all cash flows expected to be received by the Group, discounted at the original effective interest rate, which is the present value of the total cash shortfall.

The Group calculates the expected credit loss on notes receivable at the balance sheet date. If the expected credit loss is greater than the current carrying amount of the provision for impairment of notes receivable, the Group recognizes the difference as an impairment loss on notes receivable, debiting “credit impairment loss” and crediting “provision for bad debts”. Conversely, the Group recognizes the difference as an impairment gain and makes the opposite accounting entry.

The Group incurs credit losses in practice and identifies the related notes receivable are irrecoverable, after approval, their value could be written off. Based on the approved write-off amount, the Group debits “provision for bad debts” and credits “notes receivable”. If the write-off amount is greater than the provision amount made, their difference is debited to “credit impairment loss”.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Accounts receivable

Determination of expected credit losses of accounts receivable and their treatment:

For accounts receivable not containing a significant financing component that resulted from transactions governed by the Accounting Standards for Business Enterprises No. 14 – Revenue, the Group shall measure their allowance for losses at an amount of expected credit losses over their entire duration.

Below is the judgement on whether credit risk has increased significantly since initial recognition. The Group determines whether the credit risk of a financial instrument has increased significantly by comparing the probability of default over the expected life of the financial instrument as determined at initial recognition with the probability of default over the expected life of the instrument as determined at the balance sheet date. However, if the Group determines that a financial instrument has only low credit risk at the balance sheet date, it can assume that the credit risk of the financial instrument has not increased significantly since initial recognition. Normally, if a financial instrument is more than 30 days past due, it indicates that the credit risk of the financial instrument has increased significantly. This is unless the Group can obtain reasonable and substantiated information without undue additional costs or efforts to demonstrate that the credit risk has not increased significantly since initial recognition even if it is more than 30 days past due. In determining whether there has been a significant increase in credit risk since initial recognition, the Group considers reasonable and substantiated information, including forward-looking information, that is available without undue additional costs or efforts.

Below is the assessment based on the portfolio. For accounts receivable, if the Group cannot obtain sufficient information about credit risk increasing significantly at a reasonable cost on a level of single instrument, while it is feasible to assess whether credit risk has increased significantly on the portfolio basis, the Group shall group accounts receivable and consider assessing whether credit risk has increased significantly based on the portfolio in accordance with the type of financial instrument, credit risk rating, initial recognition date, and remaining contract period as common risk characteristics.

Below is the measurement of expected credit losses. Expected credit losses are the weighted average of credit losses on financial instruments weighted by the risk of default. Credit losses represent the difference between all contractual cash flows receivable under the contracts and all cash flows expected to be received by the Group, discounted at the original effective interest rate, which is the present value of the total cash shortfall.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Accounts receivable (continued)

The Group calculates the expected credit loss on accounts receivable at the balance sheet date. If the expected credit loss is greater than the current carrying amount of the provision for impairment of accounts receivable, the Group recognizes the difference as an impairment loss on accounts receivable, debiting “credit impairment loss” and crediting “provision for bad debts”. Conversely, the Group recognizes the difference as an impairment gain and makes the opposite accounting entry.

The Group incurs credit losses in practice and identifies the related accounts receivable are irrecoverable, after approval, their value could be written off. Based on the approved write-off amount, the Group debits “provision for bad debts” and credits “accounts receivable”. If the write-off amount is greater than the provision amount made, their difference is debited to “credit impairment loss”.

The Group’s accounting estimate policies that expected credit losses would be measured by a single instrument or portfolio based on practical credit losses of previous years and with a consideration of forward-looking information of the current year, are as follows:

Level of single instrument	
Single asset	Accrual of provision for bad debt
Decline in credit rating of transaction objects	Significant increase in credit risk
Aging portfolio	Loss given default is measured by portfolio
Portfolio for low-recovery risk	Risk of expected credit losses is minimal

For long-term receivables containing a significant financing component that is resulted from transactions governed by the Accounting Standards for Business Enterprises No. 14 – Revenue, the Group shall measure their allowance for losses at an amount of expected credit losses over their entire duration. Determination of expected credit losses of long-term receivables is as follows:

Level of single instrument	
Single asset	Accrual of provision for bad debt
Repayment is not due and credit risk is relatively low	Credit impairment has not occurred
Repayment is due and credit risk has not increased significantly since the initial recognition	Loss given default is measured by portfolio

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Receivables financing

Receivables financing describes notes receivable, accounts receivables and others that are measured at fair value through other comprehensive income at the balance sheet date. The Group classifies banker's acceptance bills that have purposes of both collecting contractual cash flows and selling, as well as having a relatively high credit rating, as receivables financing.

The accounting treatment refers to those of financial assets at fair value through other comprehensive income in Note IV. 8. Financial assets and financial liabilities.

12. Other receivables

Determination of expected credit losses of other receivables and their treatment:

The Group measures allowances for losses of other receivables in the following situations: ① for financial assets whose credit risks have not increased significantly since initial recognition, the Group measures them at an amount of expected credit losses over the next 12 months; ② for financial assets whose credit risks have increased significantly since initial recognition, the Group measures them at an amount of expected credit losses over their entire duration; ③ for purchased or originated financial assets that have been impaired on credit, the Group measures them at an amount of expected credit losses over their entire duration.

Below is the assessment based on the portfolio. For other receivables, if the Group cannot obtain sufficient information about credit risk increasing significantly at a reasonable cost on a level of single instrument, while it is feasible to assess whether credit risk has increased significantly on the portfolio basis, the Group shall group other receivables and consider assessing whether credit risk has increased significantly based on the portfolio in accordance with the type of financial instrument, credit risk rating, initial recognition date, and remaining contract period as common risk characteristics.

The Group's accounting estimate policies that expected credit losses would be measured by single instrument or portfolio based on practical credit losses of previous years and with a consideration of forward-looking information of the current year, are as follows:

Level of single instrument	
Single asset	Accrual of provision for bad debt
Decline in credit rating of transaction objects	Significant increase in credit risk
Aging portfolio	Loss given default is measured by portfolio
Portfolio for low-recovery risk	Risk of expected credit losses is minimal

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Inventories

The Group's inventories mainly include goods in stock, raw materials, circulation materials, etc.

Inventories are valued at actual cost at the time of acquisition under the perpetual inventory system. The actual cost of inventories received or issued is determined by the first-in-first-out method. Low-value consumables and packaging materials are amortized by the 50/50 amortization method.

The net realizable value of inventories of goods held for sale, such as goods in stock, work in process and materials for sale, is determined by the estimated selling price of the inventories, less estimated selling expenses and related taxes; the net realizable value of materials held for production is determined by the estimated selling price of their finished goods, less estimated costs to be incurred to completion, estimated selling expenses and related taxes.

14. Contract assets

(1) Methods and criteria for recognition of contract assets

A contract asset is a right to receive consideration for merchandise that the Group has transferred to a customer and that is dependent on factors other than the passage of time. If the Group sells two clearly distinguishable commodities to a customer and is entitled to receive payment because one of the commodities has been delivered, but the receipt of such payment is also dependent on the delivery of the other commodity, the Group treats the right to receive payment as a contract asset.

(2) Determination of expected credit losses on contract assets and accounting treatment

The method of determining expected credit losses on contract assets refers to the above Note 9. Notes receivable and Note 10. Accounts receivable.

Accounting treatment is as below: if the expected credit loss is greater than the current carrying amount of the provision for impairment of contract assets, the Group recognizes the difference as an impairment loss and debits "Impairment loss on assets" and credits "Provision for impairment of contract assets". Conversely, the Group recognizes the difference as an impairment gain and makes the opposite accounting entry.

The Group incurs credit losses in practice and identifies the related notes or accounts receivable are irrecoverable, after approval, their value could be written off. Based on the approved write-off amount, the Group debits "provision for impairment of contract assets" and credits "contract assets". If the write-off amount is greater than the provision amount made, their difference is debited to "impairment loss of assets".

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

15. Contract costs

(1) Determination of the amount of assets related to contract costs

The Group's assets related to contract costs include contract performance costs and contract acquisition costs.

Contract performance costs, which are costs incurred by the Group to perform a contract that is not regulated by the relevant regulations of the Accounting Standards for Business Enterprises and meet the following conditions at the same time, are recognized as a contract performance cost as an asset: the cost is directly attributable to a current or expected contract, including direct labor, direct materials, manufacturing costs (or similar costs), costs explicitly borne by the customer and other costs incurred solely in connection with that contract; the cost increases the Group's future resources available to meet its performance obligations; and the cost is expected to be recovered.

Contract acquisition costs, which are incremental costs incurred by the Group to obtain a contract that is expected to be recovered, are recognized as contract acquisition costs as an asset; if the asset is amortized over a period of not more than one year, it is recognized in profit or loss as incurred. Incremental costs are costs that the Group would not have incurred without obtaining the contract (e.g., sales commissions, etc.). Expenses incurred by the Group to obtain a contract other than incremental costs that are expected to be recovered (such as travel expenses that would have been incurred regardless of whether the contract was obtained) are recognized in profit or loss as incurred, except for those explicitly borne by the customer.

(2) Amortization of assets related to contract costs

The Group's assets related to contract costs are amortized to current profit or loss using the same basis as the revenue recognition of the commodity to which the asset relates.

(3) Impairment of assets related to contract costs

In determining impairment losses on assets related to contract costs, the Group first determines impairment losses on other assets related to contracts recognized in accordance with the relevant regulations of the Accounting Standards for Business Enterprises; then, based on the difference between the carrying value of the assets and the remaining consideration that the Group expects to obtain for the transfer of the commodity-related to the assets and the estimated costs to be incurred for the transfer of the related commodity, the excess should be provided for impairment and recognized as an asset impairment loss.

If there is a subsequent change in the factors for impairment in previous periods, such that the aforementioned difference is higher than the carrying amount of the assets, the original provision for impairment is reversed and recognized in profit or loss, but the carrying amount of the reversed assets should not exceed the carrying amount of the assets at the date of reversal assuming no provision for impairment was made.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. Long-term equity investments

The Group's long-term equity investments are mainly investments in subsidiaries, associates, and joint ventures.

The Group's judgement basis on joint control is that all parties or groups of parties jointly control the arrangement, and its relevant activities require the unanimous consent of the parties sharing control.

If the Group holds, directly or indirectly through subsidiaries, more than 20% but less than 50% of the voting power of the investee, it is normally presumed that the Group has a significant influence on the investee; if the voting power held is below 20%, it is also required to judge that it has significant influence over the investee by taking into account the facts and circumstances such as having representatives on the Board of Directors or similar authority of the investee, or participating in the process of formulating financial and operating policies of the investee, or having significant transactions with the investee, or sending management personnel to the investee, or providing key technical information to the investee.

An investee shall be considered a subsidiary of the Group if the Group controls it. Long-term equity investments acquired through business combinations under common control are measured at the initial investment cost at the date of combination based on the acquisition of the combined party's share of the carrying value of the net assets of the ultimate controlling party in the consolidated statements. If the carrying value of the net assets of the combined party at the date of combination is negative, the cost of long-term equity investments is determined at zero.

When the Group acquires an equity interest in an investee under common control through multiple transactions in stages, resulting in a business combination, the Group accounts for each transaction as a single transaction for the acquisition of control. If the transactions do not belong to a package deal, the initial investment cost of the long-term equity investment is based on the share of the carrying value of the net assets of the combined party in the consolidated financial statements of the ultimate controlling party at the date of combination. The difference between the initial investment cost and the sum of the book value of the long-term equity investment before reaching combination plus the book value of the consideration paid for further acquisition of shares at the date of combination is adjusted against the capital reserve, and if the capital reserve is not sufficient to cover the reduction, it is offset against retained earnings.

For a long-term equity investment acquired in a business combination not under common control, the Group shall use the cost of the combination as the initial investment cost of the long-term equity investment.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. Long-term equity investments (continued)

If the Group acquires the equity of the investee by steps through multiple transactions not under common control, eventually forming a business combination, and which belongs to a package deal, each transaction shall be regarded as a single transaction that acquires control. Conversely, if that is not a package deal, the sum of the carrying amount of equity investment originally held plus additional investment costs shall be accounted for as initial investment cost under the cost method. If the equity held before the date of purchase is accounted for under the equity method, the relevant other comprehensive income accounted by the original equity method shall not be adjusted temporarily, and the disposal of such investment shall be based on the same basis as related assets or liabilities by the investee. For equity held before the date of purchase that is designated as a non-trading equity instrument, the accumulated changes in fair value previously recognized in other comprehensive income shall not be transferred into profit or loss.

Except for the above long-term equity investments acquired through business combinations, if a long-term equity investment is acquired by paying cash, the investment cost shall be recognized as the purchase price actually paid, if by issuing equity securities, as the fair value of equity securities issued; for a long-term equity investment invested by the investor, its investment cost shall be reported at the agreed value under the investment contract or agreement; if the Group has a long-term equity investment that is acquired by debt restructuring, exchange of non-monetary assets and other ways, its investment costs shall be determined in accordance with the relevant regulations of the Accounting Standards for Business Enterprises and considering the disclosures on practical situations of the Company.

The Group uses the cost method for investments in subsidiaries, and the equity method for investments in joint ventures and associates.

If additional investment is made on long-term equity that is subsequently measured under the cost method, the carrying amount of the investment cost shall be increased by the fair value of the cost paid in additional investment and the related transaction expenses. For the cash dividends or profits distributed by the investee, the investment income shall be recognized in accordance with the amount to be entitled.

The carrying amount of a long-term equity investment that is subsequently accounted for under the equity method shall be increased or decreased according to the changes in the owner's equity of the investee. In particular, the share of net profits or losses of the investee to be entitled shall be recognized based on the fair value of identifiable assets as acquiring investment, in accordance with the accounting policies and accounting periods of the Group, after adjusting the net profits of the investee with offsetting the portion of unrealized internal transaction gains or losses incurred with associates and joint ventures that are attributable to the investee on the basis of shareholding percentage.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. Long-term equity investments (continued)

Upon the disposal of a long-term equity investment, the difference between the carrying amount and the price actually received is included in investment income. For long-term equity investments accounted for under the equity method, when the equity method is terminated, the relevant other comprehensive income recognized by the original equity method shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the investee, and the owner's equity arising from the changes in other owner's equity of the investee other than net profits or losses, other comprehensive income and profit distribution shall be fully transferred into investment income on a pro-rata basis.

If the Group has no longer joint control of, or significant influence over, the investee due to the disposal of part of the equity investment or other reasons, and the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (Caikuai [2017] No. 7) can be applied to the accounting of the remaining equity after the disposal, the difference between the fair value and the carrying amount of the remaining equity, at the date the joint control or significant influence loses, shall be included in profit or loss. When the equity method is terminated, the other comprehensive income arising from the original equity investment under the equity method shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the investee and carried forward by proportion, the owner's equity resulting from the changes in other owner's equity of the investee other than net profits or losses, other comprehensive income and profit distribution shall be transferred proportionally into investment income.

If the Group loses control of the investee because of disposal of part of the long-term equity investment, and the remaining equity after the disposal shall enable the Group to exercise joint control of, or have significant influence over, the investee, the remaining equity shall be accounted for in accordance with the equity method, and the difference between the carrying amount of disposed equity and the consideration for disposal shall be included in investment income, as well as the remaining equity shall be adjusted regarding as being accounted for under the equity method since the time of acquisition; if the remaining equity after the disposal shall not exercise the joint control of, or have significant influence over, the investee and be accounted for to which the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (Caikuai [2017] No. 7) is applied, the difference between the carrying amount of disposed equity and the consideration for disposal shall be included in investment income, and the difference between the fair value and the carrying amount of the remaining equity, at the date the control loses, shall be included in profit or loss.

For all transactions that dispose of equity by steps to lose control of the equity that is not a package deal, the Group shall separately account for each transaction. If they belong to a package deal, all transactions shall be treated as a single transaction that disposes of a subsidiary to lose control; however, the difference between the disposal price of each transaction and the carrying amount of long-term equity investment corresponding to the disposed of equity shall be recognized as other comprehensive income before losing the control, then shall be fully transferred into profit or loss in the period control loses.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Investment properties

The Group's investment properties include buildings and parking spaces that have been acquired for rental purposes and are measured using the fair value model.

When self-use properties or inventories are converted to investment properties or investment properties are converted to self-use properties, the book value before conversion is used as the carrying amount after conversion.

Investment properties are derecognized when they are disposed of, or permanently withdrawn from use and no economic benefits are expected from their disposal. Proceeds from the disposal of investment properties that are sold, transferred, scrapped or destroyed, net of their carrying amounts and related taxes, are recognized in profit or loss for the current period.

18. Fixed assets

The Group's fixed assets are tangible assets that have both the following characteristics, i.e. they are held for the production of goods, provision of services, rental or operation management and have a useful life of more than one year and their unit value is over RMB2,000.

Fixed assets are recognized when it is probable that the economic benefits associated with them will flow to the Group and their cost can be measured reliably. The Group's fixed assets include general equipment, special equipment, transportation equipment and other equipment, etc.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Fixed assets (continued)

The Group depreciates all fixed assets, except for fully depreciated fixed assets that continue to be used and land that is separately recorded in the accounts. Depreciation is provided using the average life method. The categorized depreciable lives, estimated net salvage value and depreciation rates of the Group's fixed assets are as follows:

SN	Category	Depreciation life (years)	Estimated residual value (%)	Annual depreciation rate (%)
1	General equipment	3-10	5	9.5%-31.67%
2	Transportation equipment	5	5	19%
3	Special equipment	5	5	19%
4	Other equipment	5	5	19%

The Group reviews the estimated useful lives, estimated net residual values and depreciation methods of fixed assets at the end of each year and treats changes, if any, as changes in accounting estimates.

19. Construction in progress

On the date when the construction in progress reaches its intended useable state, fixed assets are carried forward at the estimated value based on the project budget, cost or actual cost of the project, etc. Depreciation starts from the following month, and the difference in the original value of fixed assets is adjusted after the completion of the final accounting procedures for completion.

20. Borrowing costs

For borrowing costs incurred that are directly attributable to a fixed asset, investment properties and inventories that require more than one year of acquisition or production activity to reach their intended use or saleable condition, etc., capitalization begins when expenditure on the asset has been incurred, borrowing costs have been incurred, and the acquisition or production activities necessary to bring the asset to its intended use or saleable condition have commenced; capitalization ceases when the acquisition or production of the asset eligible for capitalization reaches its intended use or saleable condition, subsequent borrowing costs incurred are recognized in profit or loss. If there is an unusual interruption in the acquisition or production of the asset eligible for capitalization and the interruption lasts for more than three consecutive months, the capitalization of borrowing costs is suspended until the acquisition or production of the asset resumes.

Interest expenses actually incurred in the period on special borrowings are capitalized, net of interest income earned on unused borrowed funds deposited in banks or investment income earned on temporary investments; general borrowings are capitalized based on the weighted-average amount of accumulated asset expenses in excess of the portion of special borrowings multiplied by the weighted-average interest rate of the general borrowings occupied. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

21. Right-of-use assets

A right-of-use asset is the right of the Group, as lessee, to use the leased asset for the term of the lease.

(1) Initial measurement

At the inception date of the lease term, the Group initially measures a right-of-use asset at cost. This cost includes the following four items: ① the initial measurement amount of the lease liability; ② the amount of lease payments made on or before the commencement date of the lease term for which a lease incentive exists, less the amount relating to the lease incentive already taken; ③ the initial direct costs incurred, being the incremental costs incurred in arriving at the lease; ④ costs expected to be incurred to dismantle and remove the leased asset, to restore the site on which the leased asset is located or to restore the leased asset to its agreed condition under the terms of the lease, other than those incurred for the production of inventory.

(2) Subsequent measurement

After the commencement date of the lease term, the Group adopts the cost model for subsequent measurement of a right-of-use asset, which is to measure a right-of-use asset at cost less accumulated depreciation and accumulated impairment losses, and if the Group remeasures the lease liability in accordance with the relevant provisions of the leasing standards, the book value of the right-of-use asset is adjusted accordingly.

Depreciation of right-of-use assets

The Group depreciates a right-of-use asset from the beginning of the lease term. A right-of-use asset is generally depreciated from the month in which the lease term commences. The amount of depreciation provided is charged to the cost of the relevant asset or to the current profit or loss, depending on the use to which the right-of-use asset is put.

In determining the depreciation method for a right-of-use asset, the Group makes decisions based on the manner in which the economic benefits associated with the right-of-use asset are expected to be consumed and depreciates the right-of-use asset on a straight-line basis.

In determining the depreciable life of a right-of-use asset, the Group follows the following principles: where it is reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, depreciation is charged over the remaining useful life of the leased asset; where it is not reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, depreciation is charged over the shorter of the lease term and the remaining useful life of the leased asset.

Impairment of right-of-use assets

If a right-of-use asset is impaired, the Group applies subsequent depreciation to the carrying value of the right-of-use asset, net of impairment losses.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

22. Intangible assets

The Group's intangible assets, including software use rights and so on, are measured at actual costs at the time of acquisition, of which, acquired intangible assets are measured at actual costs based on the prices actually paid and other related expenses. The actual costs of intangible assets invested by investors shall be determined at the value agreed in the investment contracts or agreements, but if the agreed value in the contracts or agreements is not fair, the actual costs shall be determined at fair value.

23. Impairment of long-term assets

The Group examines long-term equity investments, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful life and operating lease assets at each balance sheet date, and performs impairment tests when there is an indication of impairment. Goodwill and intangible assets with indefinite useful life are tested for impairment at the end of each year, regardless of whether there is an indication of impairment.

After the impairment test, if the carrying amount of the asset exceeds its recoverable amount, the difference is recognized as an impairment loss. Once an impairment loss is recognized for the above asset, it will not be reversed in subsequent accounting periods. The recoverable amount of an asset is the higher of the asset's fair value less costs of disposal and the present value of the asset's estimated future cash flows.

Indications of impairment are as follows:

- (1) A significant decline in the market value of the asset in the current period that is significantly greater than the decline that would be expected due to the passage of time or normal use;
- (2) Significant changes in the economic, technological or legal environment in which the enterprise operates and the market in which the assets are located occur in the current period or will occur in the near future, which adversely affects the enterprise;
- (3) Market interest rates or other market rates of return on investments have increased in the current period, thereby affecting the discount rate at which the enterprise calculates the present value of the expected future cash flows from the asset, resulting in a significant reduction in the recoverable amount of the asset;
- (4) Evidence indicates that the asset is obsolete or its entity has been damaged;
- (5) The assets have been or will be idle, discontinued or planned for early disposal;
- (6) Evidence reported within the enterprise indicates that the economic performance of the asset has fallen or will fall short of expectations, such as when the net cash flow generated by the asset or the operating profit (or loss) realized is significantly lower (or higher) than the projected amount;
- (7) Other indications that the asset may have been impaired.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Long-term deferred expenses

The Group's long-term deferred expenses include renovation costs and start-up costs. These costs are amortized evenly over the benefit period, and if an item of long-term deferred expenses does not benefit subsequent accounting periods, the entire unamortized amortization value of the item is transferred to the current profit or loss.

25. Contract liabilities

Contract liabilities reflect the Group's obligations to transfer goods to customers for which consideration has been received or is receivable from customers. Where the Group has paid the contractual consideration or the Group has acquired the unconditional right to receive the contractual consideration before transferring the goods to the customer, contractual liability is recognized at the earlier of the actual payment made by the customer or the amount due and payable, in the amount received or receivable.

26. Employee benefits

The Group's employee benefits comprise short-term benefits, post-employment benefits, termination benefits and other long-term benefits.

Short-term benefits mainly include employees' salaries, bonuses, allowances and subsidies, employee benefits, and social insurance contributions, such as medical insurance premiums, industrial injury insurance premiums and maternity insurance premiums, housing fund, labor union expenses, employee education expenses and other short-term benefits. Actual short-term benefits incurred are recognized as liabilities in the accounting period in which the employees render services and are charged to the current profit or loss or the cost of the related assets by the beneficiary.

Post-employment benefits, which mainly include basic pension contributions and unemployment insurance, are classified as defined contribution plans in accordance with the risks and obligations assumed by the Company. For defined contribution plans, a liability is recognized on the basis of contributions made to a separate entity at the balance sheet date in exchange for services rendered by employees during the accounting period and is charged to the current profit or loss or to the cost of the related asset by the beneficiary.

Termination benefits refer to compensation to employees who terminate their employment relationship with the Group before the expiration of their employment contracts or to encourage them to voluntarily accept redundancy. Liability for employee compensation arising from termination benefits is recognized at the date of termination of employment and recognized in profit or loss, with compensation paid for more than one year discounted at an appropriate discount rate and recognized in profit or loss.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

27. Lease liabilities

(1) Initial measurement

The Group initially measures the lease liability at the present value of the lease payments outstanding at the commencement date of the lease term.

1) *Lease payment*

Lease payments, being payments made by the Group to the lessor in connection with the right to use the leased asset during the lease term, including: ① fixed payments and substantially fixed payments, net of amounts relating to lease incentives, where lease incentives exist; ② variable lease payments that depend on an index or rate that is determined at the time of initial measurement based on the index or rate at the beginning of the lease term; ③ the Group reasonably determines the exercise price of the purchase option when it will be exercised; ④ the lease term reflects the amount required to be paid to exercise the option to terminate the lease when the Group will exercise the option to terminate the lease; ⑤ the amount expected to be payable based on the residual value of the guarantee provided by the Group.

2) *Discount rate*

The Group, in calculating the present value of the lease payments, uses the interest rate implicit in the lease as a discount rate, the rate is the rate that makes the sum of the present value of the lessor's lease receipts and the present value of the unguaranteed residual value equal to the sum of the fair value of the leased asset and the lessor's initial direct costs. The Group uses an incremental borrowing rate as a discount rate if the interest rate implicit in the lease cannot be determined. The incremental borrowing rate refers to the interest rate that the Group would have to pay to obtain an asset with a value close to that of the right-of-use asset in a similar economic environment and to borrow funds under similar mortgage terms for a similar period of time. The interest rate is related to: ① the Group's own situation, i.e., its solvency and credit standing; ② the term of the "borrowing", i.e., the lease term; ③ the amount of the "borrowed" funds, i.e., the amount of the lease liabilities; and ④ the "mortgage terms", i.e., the nature and quality of the target asset; ⑤ economic environment, including the jurisdiction in which the lessee is located, the currency of denomination, the time of contract signing, etc. The Group arrives at this incremental borrowing rate based on the bank loan interest rate, and adjustments by considering the above factors.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

27. Lease liabilities

(2) Subsequent measurement

After the beginning date of the lease term, the Group makes subsequent measurements of the lease liability according to the following principles: ① when confirming the interest of the lease liability, increase the booking amount of the lease liability; ② when paying the lease payment, reduce the carrying amount of the lease liability; ③ when the lease payment changes due to revaluation or lease change, the book value of the lease liability shall be remeasured.

The Group calculates the interest expense on lease liabilities at a fixed periodic rate for each period of the lease term and recognizes it in profit or loss for the current period, except when it should be capitalized. The periodic interest rate is the discount rate used by the Group for the initial measurement of the lease liability or the revised discount rate used by the Group when the lease liability is required to be remeasured at the revised discount rate due to a change in the lease payments or due to a change in the lease.

(3) Remeasurement

After the beginning date of the lease term, in case of the following circumstances, the Group shall remeasure the lease liability according to the present value of the lease payment after the change, and adjust the book value of the right-to-use asset accordingly. If the book value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Group will include the remaining amount in the current profit and loss. ① The actual fixed payment amount changes (in this case, the original discount rate is adopted); ② The expected payable amount of the guaranteed residual value changes (in this case, the original discount rate is adopted); ③ Changes in the index or rate used to determine the amount of lease payments (in this case, discounted at the revised discount rate); ④ The evaluation result of the purchase option changes (in this case, the revised discount rate is adopted); ⑤ The evaluation result of the renewal option and the termination option or the actual exercise of the options changes (in this case, the revised discount rate is adopted).

28. Provisions

The Group recognizes a liability when operations related to contingencies such as external guarantees, discounting of commercial acceptances, pending litigation or arbitration, product quality guarantees, etc. meet the following conditions at the same time: the obligation is a present obligation assumed by the Group; it is probable that the performance of the obligation will result in an outflow of economic benefits to the enterprise; and the amount of the obligation can be measured reliably.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Share-based payment

Equity-settled share payments made in exchange for services rendered by the employees are measured at the fair value of equity instruments granted to the employees at the grant date. The amount of this fair value is included in the related costs or expenses on a straight-line basis during the waiting period based on the best estimate of the number of available equity instruments, with a corresponding increase in capital reserves, if the services are completed during the waiting period or if the required performance conditions are met before the right is granted.

Cash-settled share-based payments are measured at the fair value of the liabilities assumed by the Group that are determined on the basis of shares or other equity instruments. If the right is granted immediately, the related costs or expenses are recognized at the fair value of the liability assumed at the date of grant, increasing the liability accordingly; If the right is required to complete services during the waiting period or to meet specified performance conditions, at each balance sheet date in the waiting period, services acquired in the current period are charged to costs or expense and the liability is adjusted accordingly, based on the best estimate of the availability of the right, to the fair value of the liability assumed by the Group.

The fair value of the liability is remeasured at each balance sheet date and at the balance sheet date prior to the settlement of the related liability, and the change is recognized in profit or loss for the current period.

If the Group cancels the equity instruments granted during the waiting period (except for those cancelled because the conditions for exercising the rights have not been met), the cancellation is treated as an accelerated exercise, which means that the equity payment plan for the remaining waiting period is treated as if the conditions for exercising the rights had been fully met, and all expenses for the remaining waiting period are recognized in the period when the equity instruments granted are cancelled.

30. Revenue recognition principles and measurement methods

The Group recognizes revenue when it has fulfilled its performance obligations under the contract, i.e., when the customer obtains control of the relevant goods.

If a contract contains two or more performance obligations, the transaction price is apportioned to each individual performance obligation by the Group at the beginning of the contract in the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation, and the revenue is measured according to the transaction price apportioned to each individual performance obligation.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. Revenue recognition principles and measurement methods (continued)

The transaction price is the amount of consideration to which the Group is expected to be entitled as a result of the transfer of goods or services to the customer, excluding amounts received on behalf of third parties. The transaction price recognized by the Group shall not exceed the amount for which it is highly probable that there will be no material reversal of the revenue recognized in the aggregate when the relevant uncertainty is removed. Expected refunds to customers as liabilities are not included in the transaction price. If there is a significant financing component in the contract, the transaction price is determined by the Group on the basis of the amount payable in cash by the customer as control of goods is acquired. The difference between this transaction price and the contract consideration is amortized over the term of the contract using the effective interest method. If the interval between the transfer of the control and the customer's payment of the price is expected to be less than one year at the contract commencement date, the existence of a significant financing component in the contract is not considered.

The performance obligations in contracts are fulfilled within a certain time period when one of the following conditions is met; otherwise, performance obligations are fulfilled at a point in time:

- (1) The customer acquires and consumes the economic benefits of the Group's performance at the same time as the performance.
- (2) The customer is able to control the goods under construction in the course of the Group's performance.
- (3) The goods produced in the course of the Group's performance are irreplaceable and entitled to receive payment by the Group for the cumulative portion of performance completed to date throughout the term of the contract.

For performance obligations to be performed within a certain period of time, the revenue is recognized by the Group in accordance with the progress of performance over that period of time, the progress of performance is determined by the input method. When the progress of performance is not reasonably determinable, the revenue is recognized in the amount of costs already incurred that are expected to be reimbursed until the progress of performance can be reasonably determined.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. Revenue recognition principles and measurement methods (continued)

For performance obligations performed at a point in time, the revenue is recognized by the Group at the point in time when the customer obtains control of the related goods or services. In determining whether the customer has acquired control of the goods or services, the following indications are considered:

- (1) The Group has a present right to receive payment for the goods or services.
- (2) Legal ownership of the goods has been transferred by the Group to the customer.
- (3) The physical transfer of the goods has been made by the Group to the customer.
- (4) The principal risks and rewards of ownership of the goods have been transferred by the Group to the customer.
- (5) The customer has accepted the goods.

The Group's rights to receive consideration for goods or services transferred to customers are presented as contract assets, which are impaired on the basis of expected credit losses. The Group's unconditional rights to receive consideration from customers that are owned are presented as receivables. The Group's obligation to transfer goods or services to customers for which consideration is receivable for goods received is presented as a contractual liability.

Specific methods of revenue recognition

The Group mainly provides property management services and related value-added services. Service revenue is recognized in the accounting period in which the Group provides the services and the customer simultaneously accepts and consumes the benefits provided by the Group's performance.

(1) *Property management services*

For property management services, the Group receives a fixed amount for services rendered and recognizes it as revenue on an annual, quarterly or monthly basis, to the extent that the Group is entitled to invoice and the amount corresponds directly to the value performed.

The Group, as the principal, is responsible for providing property management services to the owners of properties managed under the complete rationing system and is entitled to receive revenue based on the value of property management service fees received or receivable, as well as to recognize all related property management costs as service costs.

(2) *Non-owner value-added services*

Non-owner value-added services mainly include engineering services, pre-planning and design consultancy services, cleaning, security, landscaping, maintenance and repair services and property brokerage services provided to property developers in the pre-delivery phase. The Group agrees on the price of each service with the customer.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. Revenue recognition principles and measurement methods (continued)

Specific methods of revenue recognition (continued)

(3) *Community value-added services*

Community value-added services are primarily related to services provided to property owners, including lifestyle services, residential property brokerage and others, and the revenue is recognized when the related community value-added services are provided. Transaction payments are immediately due when the community value-added services are provided to the customer.

The revenue from the sale of goods, which is included in community value-added services, is recognized when the Group delivers the relevant goods to the buyer and the recoverability of the related consideration is reasonably assured.

For non-owner and owner value-added services other than property brokerage services, the Group recognizes revenue over the contract period by reference to the progress to the full achievement of the performance obligation. Progress to full performance obligation is the amount reflected in the expected entitlement to consideration, and it is measured, depending on the nature of the contract, primarily by reference to (a) the proportion of contract costs incurred for work performed to date to the total estimated cost of each contract; or (b) the completion of an actual proportion of the contract work.

For property brokerage services, the Group acts as a sales agent and receives a commission based on the contract purchase price. The revenue from brokerage services is recognized at the point when the corresponding services are rendered.

Where a contract involves the sale of multiple services, the transaction price is allocated to each performance obligation based on its relative stand-alone selling price. If the stand-alone selling price is not directly observable, it is estimated on the basis of expected costs plus profit margin or using an adjusted market valuation method, depending on the availability of observable data.

31. Government grants

Government grants are monetary assets or non-monetary assets that the Group obtains from the government without consideration. Among them, asset-related government grants refer to government grants obtained by the Group for the acquisition and construction or other formation of long-term assets; revenue-related government grants refer to government grants other than asset-related government grants. If the objects of subsidies are not specified in government documents, the Group makes a judgment in accordance with the above distinction principles, and if it is difficult to distinguish them, they are classified as revenue-related government subsidies as a whole.

Government grants are measured at the amount actually received if they are monetary assets, or at the amount receivable if there is conclusive evidence that the relevant conditions set forth in the financial support policy can be met and the financial support funds are expected to be received at the end of the period. If the government grants are non-monetary assets and their fair value that cannot be reliably obtained, they shall be measured at the nominal amount (RMB1).

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

31. Government grants (continued)

Government grants related to assets are recognized as deferred income, and the government grants related to assets recognized as deferred income are recognized in profit or loss on a straight-line basis over the useful life of the related assets.

If the related assets are sold, transferred, scrapped or destroyed before the end of their useful lives, the unallocated balance of the related deferred gain is transferred to profit or loss in the period in which the assets are disposed of.

Government grants related to revenue, which are used to compensate for related costs and expenses or losses in subsequent periods, are recognized as deferred income and recognized in profit or loss or reduced by related costs in the period in which the related costs and expenses or losses are recognized; those used to compensate for related costs and expenses or losses already incurred are recognized directly in profit or loss or reduced by related costs. Government subsidies related to ordinary activities are recognized in other income or reduced by related costs and expenses in accordance with the substance of the economic operations. Government subsidies not related to ordinary activities are recognized as non-operating income and expenses.

32. Deferred tax assets and deferred tax liabilities

The Group's deferred tax assets and deferred tax liabilities are recognized based on the difference between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax assets are recognized for deductible losses and tax credits that can be offset against taxable income in subsequent years in accordance with the provisions of the tax law as if they were temporary differences. For temporary differences arising from the initial recognition of goodwill, no corresponding deferred tax liabilities are recognized. For temporary differences arising from the initial recognition of assets or liabilities in transactions other than business combinations that affect neither accounting profit nor taxable income (or deductible losses), the corresponding deferred tax assets and deferred tax liabilities are not recognized. At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is recovered or the liability is settled.

The Group recognizes deferred income tax assets to the extent that it is probable that future taxable income will be available against which deductible temporary differences, deductible losses and tax credits can be utilized.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

33. Lease

(1) Identification of leases

A lease is a contract whereby the lessor cedes the right to use an asset to the lessee for a certain period of time for consideration. At the inception date of the contract, the Group assesses whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if one party to the contract cedes the right to control the use of one or more identified assets for a specified period of time in exchange for consideration. To determine whether the contract cedes the right to control the use of the identified asset for a certain period of time, the Group assesses whether the customer under the contract is entitled to substantially all of the economic benefits arising from the use of the identified asset during the period of use and has the right to dominate the use of the identified asset during that period of use.

If a contract contains several separate leases, the Group splits the contract and accounts for each separate lease separately. If a contract contains both lease and non-lease components, the Group splits the lease and non-lease components for accounting purposes.

(2) The Group as lessee

1) *Recognition of leases*

The Group recognizes a right-of-use asset and a lease liability for leases at the inception date of the lease term. The recognition and measurement of right-of-use assets and lease liabilities refer to Note IV. 21. Right-of-use assets and 27. Lease liabilities.

2) *Lease modification*

Lease modification refers to the modification of lease scope, lease consideration and lease term other than the original contract terms, including adding or terminating the right to use one or more leased assets, extending or shortening the lease term stipulated in the contract, etc. The effective date of lease modification refers to the date when both parties agree on the lease modification.

The Group shall account for a lease modification as a separate lease if both: ① the modification increases the scope of the lease by adding the right to use one or more underlying assets; ② the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

33. Lease (continued)

(2) The Group as lessee (continued)

2) *Lease modification* (continued)

If a lease modification is not accounted for as a separate lease, on the effective date of the lease modification, the Group re-determines the lease term after the modification by apportioning the consideration of the modified contract in accordance with the relevant provisions of the Lease Standards; and the lease payments after the modification are discounted using the revised discount rate to re-measure the lease liability. In calculating the present value of the lease payments after the modification, the Group uses the interest rate embedded in the lease for the remaining lease term as the discount rate; if the interest rate embedded in the lease for the remaining lease term cannot be determined, the Group uses the incremental borrowing rate of the lessee as of the effective date of the lease change as the discount rate. With respect to the effect of the above lease liability adjustments, the Group distinguishes the following scenarios for accounting purposes: ① If a lease modification results in a reduction in the scope of the lease or a shortening of the lease term, the lessee shall reduce the carrying value of the right-of-use asset and recognize the gain or loss related to the partial termination or complete termination of the lease in profit or loss for the current period. ② If other lease modifications result in a remeasurement of the lease liability, the lessee adjusts the carrying amount of the right-of-use asset accordingly.

3) *Short-term leases and low-value asset leases*

For short-term leases with lease terms of up to 12 months and leases of low-value assets with a lower value when the individual leased assets are brand-new, the Group chooses not to recognize right-of-use assets and lease liabilities. The Group recognizes lease payments for short-term leases and leases of low-value assets in the cost of the related assets or in profit or loss for the current period on a straight-line basis or other systematic and reasonable bases in each period of the lease term.

(3) The Group as the lessor

On the basis that the contract assessed in (1) is a lease or contains a lease, the Group, as the lessor, classifies the lease into a finance lease and an operating lease as of the lease commencement date.

If a lease transfers substantially all the risks and rewards associated with ownership of the leased asset, the lessor classifies the lease as a finance lease and leases other than finance leases as operating leases.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

33. Lease (continued)

(3) The Group as the lessor (continued)

A lease is normally classified as a finance lease if one or more of the following circumstances exist: ① at the end of the lease term, ownership of the leased asset is transferred to the lessee; ② the lessee has the option to purchase the leased asset and the purchase price entered into is sufficiently low compared to the fair value of the leased asset at the time the option is expected to be exercised so that it is reasonably certain that the lessee will exercise the option at the lease inception date; ③ although ownership of the asset does not pass, the lease term represents the majority of the useful life of the leased asset (not less than 75% of the useful life of the leased asset); ④ at the lease inception date, the present value of the lease receipt amount is almost equal to the fair value of the leased asset (not less than 90% of the fair value of the leased asset.); ⑤ the leased asset is special in nature and can only be used by the lessee if no major modifications are made. The Group may also classify a lease as a finance lease if one or more of the following indications exist: ① if the lessee revokes the lease, the loss to the lessor caused by the revocation is borne by the lessee; ② the gain or loss arising from fluctuations in the fair value of the residual value of the asset is attributed to the lessee; and ③ the lessee has the ability to continue the lease to the next period at a rent much lower than the market level.

1) *Accounting for finance leases*

Initial measurement

On the commencement date of the lease term, the Group recognizes finance lease receivables for finance leases and derecognizes the finance lease assets. For the initial measurement of finance lease receivables, the Group uses the net lease investment as the recorded value of the finance lease receivables.

The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the commencement date of the lease term discounted at the interest rate embedded in the lease. The lease receipt amount, which is the amount receivable by the lessor from the lessee for ceding the right to use the leased asset during the lease term, includes: ① the fixed payment amount to be paid by the lessee and the substantial fixed payment amount; if there is a lease incentive, the amount related to the lease incentive is deducted; ② the variable lease payment amount that depends on the index or rate, which is determined at the time of initial measurement based on the index or rate at the beginning of the lease term; ③ the exercise price of the purchase option, provided that it is reasonably certain that the lessee will exercise the option; ④ the amount to be paid by the lessee to exercise the option to terminate the lease, provided that the lease term reflects that the lessee will exercise the option to terminate the lease; ⑤ the residual value of the guarantee provided to the lessor by the lessee, a party related to the lessee, and an independent third party with the financial ability to meet the guarantee obligation.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

33. Lease (continued)

(3) The Group as the lessor (continued)

1) *Accounting for finance leases*

Subsequent measurement

The Group calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate. The periodic rate is the discount rate embedded in the net lease investment (in the case of a sublease, if the embedded interest rate of the sublease cannot be determined, the discount rate of the original lease is used (adjusted for the initial direct costs associated with the sublease), or if a change in a finance lease is not accounted for as a separate lease and the lease would have been classified as a finance lease if the change had been effective at the lease inception date. The revised discount rate is determined in accordance with the relevant regulations if the change is not accounted for as a separate lease.

Accounting for lease changes

If a change in a finance lease occurs and both of the following conditions are met, the Group will account for the change as a separate lease: ① the change expands the scope of the lease by adding the right to use one or more leased assets; ② the increased consideration is equivalent to the separate price of the expanded portion of the lease-adjusted for the circumstances of that contract.

If a change in a finance lease is not accounted for as a separate lease and the condition that the lease would have been classified as an operating lease had the change been effective on the commencement date of the lease is met, the Group accounts for the lease as a new lease from the effective date of the lease change and uses the net investment in the lease prior to the effective date of the lease change as the carrying amount of the leased asset.

2) *Accounting for operating leases*

Handling of rent

The Group recognizes lease receipts from operating leases as rental income using the straight-line method during each period of the lease term.

Incentives offered

If a rent-free period is provided, the Group allocates the total rental income on a straight-line basis over the entire lease term without deducting the rent-free period, and rental income should be recognized over the rent-free period. If the Group bears certain expenses of the lessee, such expenses shall be deducted from the total rental income and allocated over the lease term according to the balance of the rental income after deduction.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

33. Lease (continued)

(3) The Group as the lessor (continued)

2) *Accounting for operating leases* (continued)

Initial direct costs

The initial direct costs incurred by the Group in connection with operating leases should be capitalized to the cost of the assets subject to the leases and amortized to current profit or loss over the lease terms on the same recognition basis as rental income.

Depreciation

For fixed assets under operating leases, the Group uses the depreciation policy for similar assets to provide depreciation; for other operating lease assets, a systematic and reasonable method is used to amortize them.

Variable lease payments

Variable lease payments acquired by the Group in connection with operating leases that are not included in the lease receipts are recognized in profit or loss when they are actually incurred.

Change of operating lease

If a change in an operating lease occurs, the Group accounts for it as a new lease from the effective date of the change, and the amount of lease receipts received in advance or receivable in connection with the lease prior to the change is considered to be the amount received under the new lease.

34. Changes in significant accounting policies and accounting estimates

None.

V. TAXES

1. Major tax types and tax rates

Tax type	Tax basis	Tax rate
Value added tax	Value-added tax payable	1%、3%、5%、6%、9%、13%
City maintenance and construction tax	Value-added tax payable	7%
Education fee surcharge	Value-added tax payable	3%
Local education fee surcharge	Value-added tax payable	2%
Corporate income tax	Taxable income	20%、25%

V. TAXES (continued)

1. Major tax types and tax rates (continued)

Different corporate income tax rates are described by taxable entity:

No.	Name of taxable entity	Tax rate	Eligibility to enjoy small and micro concessions
1	Roiserv Lifestyle Service Co., Ltd.	25%	No
2	Shijiazhuang Shengjing Fitness Service Co., Ltd.	20%	Yes
3	Hohhot RiseSun Property Service Co., Ltd.	20%	Yes
4	Tangshan Fengnan District Pujie Property Services Co., Ltd.	20%	Yes
5	Shanxi Roiserv Lifestyle Service Co., Ltd.	25%	No
6	Henan Roiserv Lifestyle Service Co., Ltd.	20%	Yes
7	Roiserv (Beijing) Technology Services Limited	25%	No
8	Roiserv (Beijing) Property Service Co., Ltd.	20%	Yes
9	Hangzhou Rongjia Life Service Co., Ltd.	20%	Yes
10	Cangzhou Rongzhi Property Service Co., Ltd.	20%	Yes
11	Langfang Rongrui Property Management Co., Ltd.	20%	Yes
12	Baoding Rongrun Property Service Co., Ltd.	20%	Yes
13	Nanjing Liuhe RiseSun Property Service Co., Ltd.	25%	No
14	Jiangsu Pujie Property Co., Ltd.	20%	Yes
15	Nanjing Handu Technology Industrial Co., Ltd.	20%	Yes
16	Nanjing Shengtou Automobile Service Co., Ltd.	20%	Yes
17	Roiserv (Shandong) Property Development Co., Ltd.	20%	Yes
18	Linqing Pujie Property Service Co., Ltd.	20%	Yes

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(Unless indicated otherwise, all amounts are expressed in RMB)

V. TAXES (continued)

1. Major tax types and tax rates (continued)

No.	Name of taxable entity	Tax rate	Eligibility to enjoy small and micro concessions
19	Liaocheng Rongkun Construction Engineering Co., Ltd.	20%	Yes
20	Langfang Rongxin Real Estate Brokerage Co., Ltd.	20%	Yes
21	Zhanjiang Rongjin Trading Co., Ltd.	20%	Yes
22	Xuzhou Rongrun Trading Co., Ltd.	20%	Yes
23	Jinan Rongfa Convenience Supermarket Co., Ltd.	20%	Yes
24	Liaocheng Dongchangfu Rongfa Trading Co., Ltd.	20%	Yes
25	Liaocheng Guandi Automobile Beauty Maintenance Service Co., Ltd.	20%	Yes
26	Liaocheng Lishe Automobile Beauty Maintenance Service Co., Ltd.	20%	Yes
27	Liaocheng Rongyi Automobile Beauty Service Co., Ltd.	20%	Yes
28	Langfang Duona Trading Co., Ltd.	20%	Yes
29	Linyi Ronghui Trading Co., Ltd.	20%	Yes
30	Tangshan Rongjun Trading Co., Ltd.	25%	No
31	Tangshan You'anmi Catering Services Co., Ltd.	20%	Yes
32	Tangshan Xuantu Automobile Service Co., Ltd.	20%	Yes
33	Cangzhou Rongkun Trading Co., Ltd.	20%	Yes
34	Cangzhou Rongna Trading Co., Ltd.	20%	Yes
35	Cangzhou Rongqia Trading Co., Ltd.	20%	Yes

V. TAXES (continued)

1. Major tax types and tax rates (continued)

No.	Name of taxable entity	Tax rate	Eligibility to enjoy small and micro concessions
36	Cangzhou Rongxin Automobile Service Co., Ltd.	20%	Yes
37	Cangzhou Rongpai Trading Co., Ltd.	20%	Yes
38	Cangzhou Rongmai Trading Co., Ltd.	20%	Yes
39	Cangzhou Rongxiu Trading Co., Ltd.	20%	Yes
40	Cangzhou Rongzhe Trading Co., Ltd.	20%	Yes
41	Cangzhou Rongqi Trading Co., Ltd.	20%	Yes
42	Cangzhou Rongliang Automobile Service Co., Ltd.	20%	Yes
43	Cangzhou Rongsu Trading Co., Ltd.	20%	Yes
44	Handan Rongchao Trading Co., Ltd.	20%	Yes
45	Handan Rongyiheng Trade Co., Ltd.	20%	Yes
46	Shenyang Ronghua Trading Co., Ltd.	20%	Yes
47	Shenyang Roiserv Jiangxin Car Washing Beauty Co., Ltd.	20%	Yes
48	Bengbu Rongchang Trading Co., Ltd.	20%	Yes
49	Shenyang Rongkun Trading Co., Ltd.	20%	Yes
50	Chengdu Rongchao Trading Co., Ltd.	20%	Yes
51	Nanjing Ronghui Trading Co., Ltd.	20%	Yes
52	Xianghe Rongkun Trading Co., Ltd.	20%	Yes
53	Hunan Rongkun Trading Co., Ltd.	20%	Yes
54	Shijiazhuang Rongci Trading Co., Ltd.	20%	Yes

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(Unless indicated otherwise, all amounts are expressed in RMB)

V. TAXES (continued)

1. Major tax types and tax rates (continued)

No.	Name of taxable entity	Tax rate	Eligibility to enjoy small and micro concessions
55	Langfang Rongzhen Trading Co., Ltd.	25%	No
56	Langfang Rongba Trading Co., Ltd.	20%	Yes
57	Chongqing Rongzhiguan Trading Co., Ltd.	20%	Yes
58	Changzhou Zhenmiao Grocery & Trading Co., Ltd.	25%	No
59	Huizhou Rongzhen Trading Co., Ltd.	20%	Yes
60	Shenyang Rongyue Trading Co., Ltd.	20%	Yes
61	Shenyang Rongxin Trading Co., Ltd.	20%	Yes
62	Zhengzhou Shenshuo Trading Co., Ltd.	20%	Yes
63	Hohhot Rongmian Trading Co., Ltd.	20%	Yes
64	Zhangjiakou Rongyiheng Trading Co., Ltd.	20%	Yes
65	Shijiazhuang Rongyu Trading Co., Ltd.	20%	Yes
66	Yueyang Rongyue Department Store Trading Co., Ltd.	20%	Yes
67	Shenyang Ronghe Trading Co., Ltd.	20%	Yes
68	Shenyang Rongxi Catering Management Co., Ltd.	20%	Yes
69	Shenyang Rongguan Trading Co., Ltd.	20%	Yes
70	Yixing Rongmiao Department Store Trading Co., Ltd.	20%	Yes
71	Jiaxing Rongjun Trading Co., Ltd.	20%	Yes
72	Zhanjiang Ronghan Trading Co., Ltd.	20%	Yes
73	Shenyang Rongyu Trading Co., Ltd.	25%	No

V. TAXES (continued)

1. Major tax types and tax rates (continued)

No.	Name of taxable entity	Tax rate	Eligibility to enjoy small and micro concessions
74	Changsha Rongdou Catering Service Co., Ltd.	20%	Yes
75	Handan Rongyuyuan Trade Co., Ltd.	20%	Yes
76	Zhanjiang Shengxu Trading Co., Ltd.	20%	Yes
77	Shijiazhuang Rongxu Trading Co., Ltd.	20%	Yes
78	Nanjing Rongling Trading Co., Ltd.	20%	Yes
79	Roiserv (Guangdong) Lifestyle Service Co., Ltd.	20%	Yes
80	Yangxi County Shanhuhai Property Owners' Home Catering Services Co., Ltd.	20%	Yes
81	Zhanjiang Ronghui Automobile Beauty Co., Ltd.	20%	Yes
82	Zhanjiang Jiatianwa Real Estate Brokerage Service Co., Ltd.	20%	Yes
83	Yangxi Rongyuwan Owner's House Catering Service Co., Ltd.	20%	Yes
84	Zhanjiang Owner's House Catering Service Co., Ltd.	20%	Yes
85	Yongqing Jingtai Property Service Co., Ltd.	20%	Yes
86	Tianjin Roiserv Lifestyle Service Co., Ltd.	20%	Yes
87	Hengshui Rongyue Lifestyle Service Co., Ltd.	20%	Yes
88	Cangzhou Rongyue Landscaping Engineering Co., Ltd.	20%	Yes
89	Sichuan Roiserv Shengxin Property Management Co., Ltd.	20%	Yes
90	Zhangjiakou Rongsheng Jingxuan Property Service Co., Ltd.	20%	Yes
91	Cangzhou Rongguang Construction Engineering Co., Ltd.	20%	Yes

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V. TAXES (continued)

1. Major tax types and tax rates (continued)

No.	Name of taxable entity	Tax rate	Eligibility to enjoy small and micro concessions
92	Shijiazhuang Rongci Real Estate Brokerage Co., Ltd.	20%	Yes
93	Changzhou Rongyijia Property Agent Co., Ltd.	25%	No
94	Tianjin Rongshang Technology Co., Ltd.	25%	No
95	Jinan Rongtong Real Estate Brokerage Co., Ltd.	20%	Yes
96	Zhangjiakou Rongmiao Cheng Property Management Co., Ltd.	20%	Yes
97	Cangzhou Roiserv New Town Property Service Co., Ltd.	20%	Yes
98	Beijing Rongyang Wanjia Management Consulting Co., Ltd.	20%	Yes
99	Langfang Fibito Education Service Co., Ltd.	20%	Yes
100	Beijing Manbeilun Cosmetics Co., Ltd.	20%	Yes
101	Zhangjiakou Rongmeng Property Management Co., Ltd.	20%	Yes
102	Zhangjiakou Rongguanyue Property Management Co., Ltd.	20%	Yes
103	Jiaxing Rongjia Life Service Co., Ltd.	20%	Yes
104	Hohhot Rongzhen Trading Co., Ltd.	20%	Yes
105	Changsha Sanfen Liangtian Real Estate Brokerage Co., Ltd.	20%	Yes

V. TAXES (continued)**1. Major tax types and tax rates** (continued)

No.	Name of taxable entity	Tax rate	Eligibility to enjoy small and micro concessions
106	Roiserv (Xuzhou) Lifestyle Service Co., Ltd.	20%	Yes
107	Changzhou Roiserv Lifestyle Service Co., Ltd.	20%	Yes
108	Yixing Roiserv Property Management Co., Ltd.	20%	Yes
109	Nantong Rongtu Property Management Co., Ltd.	20%	Yes
110	Jinan Ronghuai Trading Co., Ltd.	20%	Yes
111	Jinan Shengzhuang Decoration Service Co., Ltd.	20%	Yes
112	Shenyang Sujie Car Washing Beauty Co., Ltd.	20%	Yes
113	Inner Mongolia Ronglan Trading Co., Ltd.	20%	Yes
114	Hohhot Rongmiao Trading Co., Ltd.	20%	Yes
115	Jiaxing Rongjun Lifestyle Service Co., Ltd.	20%	Yes
116	Jiaxing Rongsheng Lifestyle Service Co., Ltd.	20%	Yes
117	Ronggao Trading (Jiaxing) Co., Ltd.	20%	Yes
118	Shijiazhuang Rongmi Trading Co., Ltd.	20%	Yes
119	Shijiazhuang Rongdi Trading Co., Ltd.	20%	Yes
120	Shijiazhuang Rongtan Trading Co., Ltd.	20%	Yes

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V. TAXES (continued)

1. Major tax types and tax rates (continued)

No.	Name of taxable entity	Tax rate	Eligibility to enjoy small and micro concessions
121	Yangjiang Shengshang Technology Co., Ltd.	20%	Yes
122	Zhanjiang Shengyi Trading Co., Ltd.	20%	Yes
123	Zhanjiang Shengjing Trading Co., Ltd.	20%	Yes
124	Zhanjiang Rongsheng Trading Co., Ltd.	20%	Yes
125	Binzhou Roiserv Lifestyle Service Co., Ltd.	20%	Yes
126	Langfang Rongshang Technology Co., Ltd.	20%	Yes
127	Shijiazhuang Rongmiao Technology Co., Ltd.	20%	Yes
128	Chengdu Rongzhishang Technology Co., Ltd.	20%	Yes
129	Guangdong Rongshang Technology Co., Ltd.	20%	Yes
130	Xuzhou Rongzhishang Technology Co., Ltd.	20%	Yes
131	Liuzhite Roiserv Lifestyle Service Co., Ltd.	20%	Yes
132	Hebei Rongheng Bosheng Power Engineering Co., Ltd.	20%	Yes
133	Rongyikang (Beijing) Lifestyle Technology Co., Ltd.	20%	Yes
134	Roiserv (Tangshan) Lifestyle Service Co., Ltd.	20%	Yes
135	Roiserv (Shijiazhuang) Property Service Co., Ltd.	20%	Yes
136	Baoding Roiserv Lifestyle Service Co., Ltd.	20%	Yes
137	Roiserv (Cangzhou) Lifestyle Service Co., Ltd.	20%	Yes
138	Roiserv (Hunan) Lifestyle Service Co., Ltd.	20%	Yes

V. TAXES (continued)

2. Tax benefits

According to the Notice on the Implementation of the Policy of Universal Tax Relief for Small and Micro Enterprises (Caishui [2019] No. 13), from January 1st, 2019 to December 31st, 2021, the portion of the annual taxable income of small and micro enterprises not exceeding RMB1 million will be reduced by 25% of the taxable income and subject to corporate income tax at a rate of 20%; the portion of the annual taxable income exceeding RMB1 million but not exceeding RMB3 million will be reduced by 50% of the taxable income and is subject to the corporate income tax at a rate of 20%.

According to the Announcement of the State Administration of Taxation on Matters Relating to the Implementation of Preferential Income Tax Policies to Support the Development of Small and Micro Enterprises and Individual Entrepreneurs (Announcement of the State Administration of Taxation No. 8 of 2021), the portion of the annual taxable income of small and micro enterprises not exceeding RMB1 million will be reduced by 12.5% of the taxable income and is subject to the corporate income tax at a rate of 20%. The specific levy and management issues involved in the enjoyment of the above policies by small and micro enterprises shall be subject to the relevant provisions of the Announcement of the State Administration of Taxation on Matters Relating to the Implementation of the Policy of Universal Tax Relief for Small and Micro Enterprises (No. 2 of 2019). The former announcement shall come into effect on January 1st, 2021 and expire on December 31st, 2022.

According to the Announcement on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Entrepreneurs (Announcement of the Ministry of Finance and the State Administration of Taxation, No. 12 of 2021), part of the annual taxable income of small and micro enterprises not exceeding RMB1 million, the corporate income tax will be reduced by 50% on top of the preferential policies stipulated in Article 2 of the Notice on the Implementation of the Policy of Universal Tax Relief for Small and Micro Enterprises (Caishui [2019] No. 13) announced by the Ministry of Finance and the State Administration of Taxation. The former announcement shall come into effect on January 1st, 2021 and expire on December 31st, 2022.

According to the Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Matters Relating to In-depth Implementation of the Western Development Strategy (Caishui [2011] No. 58), enterprises located in the Western Region and operate its main business within the scope of industrial projects specified in the Catalogue of Industries Encouraged in the Western Region and whose corresponding main business income in the current year accounts for more than 70% of the total income of enterprises can pay the corporate income tax at a preferential tax rate of 15% in the period from January 1st, 2011 to December 31st, 2020.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

V. TAXES (continued)

2. Tax benefits (continued)

According to the Announcement of the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission on the Continuation of the Corporate Income Tax Policy for Western Development (Announcement of the Ministry of Finance No. 23 of 2020), the enterprises in the encouraged industries located in the Western Region are subject to a reduced corporate income tax rate of 15% from January 1st, 2021 to December 31st, 2030. The encouraged industry enterprises referred to in this article are those whose main business is within the scope of the industrial projects specified in the Catalogue of Industries Encouraged in the Western Region and whose corresponding main business income accounts for more than 60% of the total income of enterprises.

According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementation of the Relief Policy of “Six Taxes and Two Fees” for Small and Micro Enterprises (Announcement of the Ministry of Finance and the State Administration of Taxation No. 10 of 2022), the people’s governments of provinces, autonomous regions and municipalities directly under the Central Government shall determine, in accordance with their practical conditions in their respective regions and the needs of macroeconomic control, that small-scale VAT taxpayers, small and micro enterprises and individual entrepreneurs shall be entitled to a 50% reduction in the tax amount of resource tax, city maintenance and construction tax, property tax, urban land use tax, stamp duty (excluding stamp duty on securities transactions), arable land occupation tax and education fee surcharge and local education fee surcharge.

Small and micro enterprises in that announcement refer to those that are engaged in non-restricted and non-prohibited industries and meet the following three conditions at the same time: the annual taxable income of not more than RMB3 million, the number of employees not exceeding 300, and the total assets of not more than RMB50 million. The implementation period of the announcement is from January 1st, 2022 to December 31st, 2024.

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

In the financial statements disclosed below, unless otherwise stated, “Opening” refers to January 1st, 2022, “Closing” refers to December 31st, 2022, “Current year” refers to January 1st to December 31st, 2022 and “Prior year” refers to January 1st to December 31st, 2021, and the currency unit is RMB.

1. Cash and cash equivalents

Item	Closing balance	Opening balance
Cash on hand	2,961.40	2,237.30
Bank deposits	848,581,231.29	927,719,984.13
Other cash and cash equivalents	262,735.00	1,531,768.54
Total	848,846,927.69	929,253,989.97
Including: Total amount deposited abroad	157,387.09	278,559.17

Restricted use of cash and cash equivalents

Item	Closing balance	Opening balance
Judicial freeze	26,454,083.49	9,838,841.29
Property deposit	700,000.00	700,000.00
Total	27,154,083.49	10,538,841.29

2. Trading financial assets

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	0.00	537,573,993.31
Including: Financial products	0.00	537,573,993.31

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Notes receivable

(1) Presentation of notes receivable by category

Item	Closing balance	Opening balance
Commercial acceptances	2,197,656.75	123,938,656.81

(2) Notes receivable endorsed or discounted at year-end and not yet due at the balance sheet date

Item	Amount derecognized at year-end	Amount not derecognized at year-end
Commercial acceptances	0.00	152,696.53

(3) Notes transferred to accounts receivable at the end of the year due to non-performance by the drawer

Item	Amount transferred to accounts receivable at the end of the year
Commercial acceptances	197,697,044.41

(4) Presentation by bad debt accrual method

Category	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Accrual ratio (%)	
Provision for bad debts made on an individual basis	0.00	0.00	0.00	0.00	0.00
Provision for bad debts by portfolio	2,881,192.62	100.00	683,535.87	23.72	2,197,656.75
Including: Aging portfolio	2,881,192.62	100.00	683,535.87	23.72	2,197,656.75

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Notes receivable (continued)

(4) Presentation by bad debt accrual method (continued)

Category	Book balance		Opening balance		Book value
	Amount	Ratio (%)	Amount	Accrual ratio (%)	
Provision for bad debts made on an individual basis	0.00	0.00	0.00	0.00	0.00
Provision for bad debts by portfolio	132,248,637.14	100.00	8,309,980.33	6.28	123,938,656.81
Including: Aging portfolio	132,248,637.14	100.00	8,309,980.33	6.28	123,938,656.81

Provision for bad debts on notes receivable made on a portfolio basis

Name	Closing balance		
	Book balance	Bad debt provision	Accrual ratio (%)
1-2 years	2,042,924.24	264,401.67	12.94
3-4 years	838,268.38	419,134.20	50.00
Total	2,881,192.62	683,535.87	-

(5) Aging of notes receivable at year-end

The above year-end notes receivable of the Group aged 1-2 years amounted to RMB2,042,924.24 and aged 3-4 years amounted to RMB838,268.38.

NOTES TO THE FINANCIAL STATEMENTSJanuary 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. Accounts receivable****(1) Accounts receivable classified according to the bad debt accrual method**

Category	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Accrual ratio (%)	
Provision for bad debts by portfolio	2,158,238,358.92	100.00	208,839,200.60	9.68	1,949,399,158.32
Including: Aging portfolio	2,158,238,358.92	100.00	208,839,200.60	9.68	1,949,399,158.32

Category	Opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Accrual ratio (%)	
Provision for bad debts by portfolio	1,521,772,429.97	100.00	99,346,024.24	6.53	1,422,426,405.73
Including: Aging portfolio	1,521,772,429.97	100.00	99,346,024.24	6.53	1,422,426,405.73

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

(1) Accounts receivable classified according to the bad debt accrual method (continued)

Provision for bad debts of accounts receivable by portfolio

Aging	Book balance	Closing balance	
		Bad debt provision	Accrual ratio (%)
Within 1 year (including 1 year)	1,258,747,124.70	72,990,142.31	5.80
1-2 years	818,688,578.35	103,796,013.15	12.68
2-3 years	69,662,152.35	24,452,725.86	35.10
3-4 years	9,250,405.78	5,975,029.48	64.59
4-5 years	777,018.59	512,210.65	65.92
More than 5 years	1,113,079.15	1,113,079.15	100.00
Total	2,158,238,358.92	208,839,200.60	-

(2) Accounts receivable shown by aging

Aging	Closing balance
Within 1 year (including 1 year)	1,258,747,124.70
1-2 years	818,688,578.35
2-3 years	69,662,152.35
3-4 years	9,250,405.78
4-5 years	777,018.59
More than 5 years	1,113,079.15
Total	2,158,238,358.92

(3) Provision for bad debts of accounts receivable for the year

Category	Opening balance	Accrual	Amount of change for the year			Closing balance
			Recovery or reversal	Charge-off or write-off	Others	
Accrual by portfolio	99,346,024.24	110,466,298.76	0.00	973,122.40	0.00	208,839,200.60

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

(4) Accounts receivable actually written off during the year

Item	Write-off amount
House rent	500,000.00
Property fees	241,179.94
Renovation and move-in service fees	150,000.00
Merchandise sales	81,460.80
Construction	481.66
Total	973,122.40

Significant write-offs of accounts receivable:

Entity name	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether the amount arises from a related transaction
Bengbu Bengshan District California Sunshine Fitness Club	House rent	500,000.00	The debtor refuses to pay rent due to quality problems in housing	Division head and headquarters approval	No

(5) Top five accounts receivable with closing balances grouped by the debtor

The aggregate amount of the top five accounts receivable with closing balance grouped by debtors for the year was RMB272,355,753.29, accounting for 12.62% of the total closing balance of accounts receivable, and the aggregate amount of the corresponding provision for bad debts with closing balance was RMB33,569,469.66.

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Prepayments

(1) Aging of prepayments

Item	Closing balance		Opening balance	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	33,386,398.00	40.33	75,217,897.78	75.51
1-2 years	30,608,681.16	36.98	23,152,864.24	23.24
2-3 years	18,707,781.71	22.60	1,245,184.37	1.25
More than 3 years	70,487.26	0.09	0.00	-
Total	82,773,348.13	100.00	99,615,946.39	100.00

(2) Top five prepayments with closing balances grouped by prepaid objects

The aggregate amount of the top five prepayments with closing balances grouped by prepaid objects for the year was RMB46,898,849.16, accounting for 56.65% of the total prepayments with closing balances.

6. Other receivables

Item	Closing balance	Opening balance
Interest receivable	0.00	0.00
Dividends receivable	0.00	0.00
Other receivables	689,071,682.41	265,977,745.69
Total	689,071,682.41	265,977,745.69

Other receivables

(1) Classification of other receivables by nature of payment

Nature of payment	Closing book balance	Opening book balance
Deposit and guarantee	578,755,594.30	128,649,612.80
Advances for utilities, etc.	103,791,725.22	100,638,551.02
Provisional payments for receipts in lieu	56,303,886.51	47,260,880.10
Collection on behalf of third-party platforms	29,096,524.69	28,564,187.39
Social security and provident fund payment	2,775,858.37	3,113,305.83
Maintenance fund	2,155,064.52	2,082,868.67
Reserves	495,750.40	458,815.22
Others	11,268,182.27	12,356,754.83
Total	784,642,586.28	323,124,975.86

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other receivables (Continued)

Other receivables (Continued)

(2) Provision for bad debts of other receivables

	Phase I	Phase II	Phase III	
		Expected	Expected	
	Expected credit	credit losses	credit losses	
	losses for the	over the entire	over the entire	
	next 12 months	life (no credit	life (credit	
		impairment)	impairment has	
			occurred)	Total
Bad debt provision				
Balance as of January 1 st , 2022	57,147,230.17	0.00	0.00	57,147,230.17
The book balance of other receivables in the current year	-	-	-	-
- Transferred to Phase II	0.00	0.00	0.00	0.00
- Transferred to Phase III	0.00	0.00	0.00	0.00
- Reversed to Phase II	0.00	0.00	0.00	0.00
- Reversed to Phase I	0.00	0.00	0.00	0.00
Accrual for the year	38,423,673.70	0.00	0.00	38,423,673.70
Reversal for the year	0.00	0.00	0.00	0.00
Charge-off for the year	0.00	0.00	0.00	0.00
Write-off for the year	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00
Balance as of December 31st, 2022	95,570,903.87	0.00	0.00	95,570,903.87

(3) Other receivables shown by aging

Aging	Closing balance
Within 1 year (including 1 year)	630,444,262.05
1-2 years	75,168,824.22
2-3 years	17,051,470.08
More than 3 years	61,978,029.93
Including: 3-4 years	20,615,487.87
4-5 years	20,946,643.69
More than 5 years	20,415,898.37
Total	784,642,586.28

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other receivables (Continued)

Other receivables (Continued)

(4) Provision for bad debts of other receivables

Category	Opening balance	Accrual	Amount of change for the year		Others	Closing balance
			Recovery or reversal	Charge-off or write-off		
Bad debt provision	57,147,230.17	38,423,673.70	0.00	0.00	0.00	95,570,903.87

(5) Top five other receivables with closing balances grouped by debtor

Entity name	Nature of payment	Closing balance	Aging	Ratio in total closing balance of other receivables (%)	Bad debt provision Closing balance
Langfang Junyi Building Materials Co., Ltd.	Deposit and guarantee	553,522,631.90	Within 1 year	70.54	27,676,131.60
Tangshan RiseSun Real Estate Development Co., Ltd.	Provisional payments for receipts in lieu	31,965,166.35	Within 1 year, 3-5 years	4.07	23,897,502.54
Sizhong Internet (Beijing) Network Technology Co., Ltd.	Collection on behalf of third-party platforms	26,713,427.54	Within 1 year, 1-2 years	3.40	3,477,657.81
Liaocheng RiseSun Real Estate Development Co., Ltd.	Advances for utilities, etc.	24,363,431.75	Within 1 year, 1-4 years	3.11	12,692,936.33
Chengdu Rongsheng Weiye Real Estate Development Co., Ltd.	Advances for utilities, etc.	8,368,042.81	Within 1 year, 1-2 years	1.07	1,083,637.96
Total	-	644,932,700.35	-	82.19	68,827,866.24

NOTES TO THE FINANCIAL STATEMENTSJanuary 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**7. Inventories**

Item	Book balance	Closing balance	Book value
		Provision for decline in value of inventories	
Raw materials	6,312,033.96	0.00	6,312,033.96
Stock items	27,651,242.21	0.00	27,651,242.21
Revolving material	11,017,960.89	0.00	11,017,960.89
Total	44,981,237.06	0.00	44,981,237.06

Item	Book balance	Opening balance	Book value
		Provision for decline in value of inventories	
Raw materials	6,147,222.85	0.00	6,147,222.85
Stock items	24,461,964.50	0.00	24,461,964.50
Revolving material	9,686,840.24	0.00	9,686,840.24
Total	40,296,027.59	0.00	40,296,027.59

8. Contract assets**(1) Detail of contract assets**

Item	Book balance	Closing balance	Book value
		Provision for impairment	
Engineering construction	29,755,968.06	1,917,268.88	27,838,699.18

Item	Book balance	Opening balance	Book value
		Provision for impairment	
Engineering construction	72,362,967.82	4,174,663.36	68,188,304.46

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Contract assets (Continued)

(2) Provision for impairment of contract assets

	Phase I	Phase II	Phase III	
	Expected	Expected	Expected	
	credit losses	credit losses	credit	
	for the next	over the	losses over	
	12 months	entire life	the entire	
		(no credit	life (credit	
		impairment)	impairment	
			has occurred)	Total
Bad debt provision				
Balance as of January 1 st , 2022	4,174,663.36	0.00	0.00	4,174,663.36
The book balance of contract assets in the current year	-	-	-	-
- Transferred to Phase II	0.00	0.00	0.00	0.00
- Transferred to Phase III	0.00	0.00	0.00	0.00
- Reversed to Phase II	0.00	0.00	0.00	0.00
- Reversed to Phase I	0.00	0.00	0.00	0.00
Accrual for the year	-2,257,394.48	0.00	0.00	-2,257,394.48
Reversal for the year	0.00	0.00	0.00	0.00
Charge-off for the year	0.00	0.00	0.00	0.00
Write-off for the year	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00
Balance as of December 31st, 2022	1,917,268.88	0.00	0.00	1,917,268.88

(3) Contract assets by aging

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	29,755,968.06	72,362,967.82
Provision for impairment	1,917,268.88	4,174,663.36
Book value	27,838,699.18	68,188,304.46

(4) The amount and reason for significant changes in the book value of contract assets during the year

Item	Amount of change	Reason for change
Engineering construction	-40,349,605.28	A large amount was transferred to accounts receivable due to the completion of construction projects undertaken by the Company during the year

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Contract assets (Continued)

(5) Provision for impairment of contract assets during the year

Item	Accrual for the year	Reversal for the year	Charge-off/ Write-off for the year	Reason
Engineering construction	-2,257,394.48	0.00	0.00	–

9. Non-current assets due within one year

Item	Closing balance	Opening balance
Long-term receivables	1,872,205.80	3,825,645.76

10. Other current assets

Item	Closing balance	Opening balance
Prepaid corporate income tax	10,532,141.95	19,510,458.45
Input tax credit	1,992,436.09	2,487,458.53
Input tax to be certified	0.00	72,080.58
Prepaid city maintenance and construction tax	12,590.12	0.00
Prepaid education surcharge	5,316.08	0.00
Prepaid local education surcharge	3,543.96	0.00
Short-term financial products	0.00	1,400,000.00
Others	10,835.19	4,425.96
Total	12,556,863.39	23,474,423.52

11. Long-term receivables

Item	Closing balance			Opening balance			Discount rate interval
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	
Receivables from the assignment of operating rights of commercial parking spaces	7,043,303.54	0.00	7,043,303.54	8,104,930.99	0.00	8,104,930.99	–

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term equity investments

Investee	Opening balance (Book value)	Change for the year							Closing balance (Book value)	Closing balance of provision for impairment	
		Additional investment	Reduced investment	Gains or losses recognized on investments under the equity method	Adjustments to other comprehensive income	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment			Others
I. Joint ventures											
Bengbu Dongfang Wanjia Life Service Co., Ltd.	0.00	1,500,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,500,000.00	0.00
II. Associates											
Beijing Yinsiliang Energy Resource Technology Co., Ltd.	103,482,149.73	0.00	0.00	-3,339,226.79	0.00	0.00	0.00	0.00	0.00	100,142,922.94	0.00
Total	103,482,149.73	1,500,000.00	0.00	-3,339,226.79	0.00	0.00	0.00	0.00	0.00	101,642,922.94	0.00

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2022 - December 31st, 2022
(Unless indicated otherwise, all amounts are expressed in RMB)

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Investment properties

Investment properties using the fair value measurement model

Item	House and building	Car parking	Total
I. Opening balance	7,749,700.00	53,584,600.00	61,334,300.00
II. Change for the year	5,452,500.00	-5,945,075.00	-492,575.00
Add: Outsourcing	5,468,454.00	0.00	5,468,454.00
Less: Disposal	0.00	6,583,200.00	6,583,200.00
Add: Fair value changes	-15,954.00	638,125.00	622,171.00
III. Closing balance	13,202,200.00	47,639,525.00	60,841,725.00

14. Fixed assets

Item	Closing book value	Opening book value
Fixed assets	21,943,637.01	20,329,754.86
Fixed asset liquidation	0.00	0.00
Total	21,943,637.01	20,329,754.86

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Fixed assets (Continued)

Details of fixed assets

Item	General equipment	Transportation equipment	Specialized equipment	Other equipment	Total
I. Original book value	-	-	-	-	-
1. Opening balance	24,722,860.05	4,694,392.82	6,105,804.35	1,227,390.98	36,750,448.20
2. Increase in current year	4,975,471.16	70,790.31	2,880,097.90	61,898.84	7,988,258.21
(1) Acquisition	4,975,471.16	70,790.31	2,880,097.90	61,898.84	7,988,258.21
3. Decrease in current year	337,842.57	690,524.60	67,211.82	61,710.13	1,157,289.12
(1) Disposal or scrap	337,842.57	690,524.60	67,211.82	61,710.13	1,157,289.12
4. Closing balance	29,360,488.64	4,074,658.53	8,918,690.43	1,227,579.69	43,581,417.29
II. Accumulated depreciation	-	-	-	-	-
1. Opening balance	9,554,818.68	3,578,175.35	2,536,772.25	750,927.06	16,420,693.34
2. Increase in current year	4,417,737.04	220,129.71	1,100,004.97	162,806.15	5,900,677.87
(1) Accrual	4,417,737.04	220,129.71	1,100,004.97	162,806.15	5,900,677.87
3. Decrease in current year	212,410.73	379,628.84	63,851.23	27,700.13	683,590.93
(1) Disposal or scrap	212,410.73	379,628.84	63,851.23	27,700.13	683,590.93
4. Closing balance	13,760,144.99	3,418,676.22	3,572,925.99	886,033.08	21,637,780.28
III. Provision for impairment	-	-	-	-	-
1. Opening balance	0.00	0.00	0.00	0.00	0.00
2. Increase in current year	0.00	0.00	0.00	0.00	0.00
3. Decrease in current year	0.00	0.00	0.00	0.00	0.00
4. Closing balance	0.00	0.00	0.00	0.00	0.00
IV. Book value	0.00	0.00	0.00	0.00	0.00
1. Closing book value	15,600,343.65	655,982.31	5,345,764.44	341,546.61	21,943,637.01
2. Opening book value	15,168,041.37	1,116,217.47	3,569,032.10	476,463.92	20,329,754.86

15. Right-of-use assets

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Total original book value	1,308,784.15	0.00	0.00	1,308,784.15
Including: Houses and buildings	1,308,784.15	0.00	0.00	1,308,784.15
Total accumulated depreciation	645,539.49	321,213.11	0.00	966,752.60
Including: Houses and buildings	645,539.49	321,213.11	0.00	966,752.60
Total net book value	663,244.66	-	-	342,031.55
Including: Houses and buildings	663,244.66	-	-	342,031.55
Total provision for impairment	0.00	0.00	0.00	0.00
Including: Houses and buildings	0.00	0.00	0.00	0.00
Total book value	663,244.66	-	-	342,031.55
Including: Houses and buildings	663,244.66	-	-	342,031.55

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VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**16. Intangible assets**

Item	Software usage rights
I. Original book value	–
1. Opening balance	10,797,725.22
2. Increase in current year	73,604.11
Including: Acquisition	73,604.11
3. Decrease in current year	42,255.83
Including: Disposal	42,255.83
4. Closing balance	10,829,073.50
II. Accumulated amortization	–
1. Opening balance	2,954,259.05
2. Increase in current year	1,597,012.73
Including: Accrual	1,597,012.73
3. Decrease in current year	1,506.72
Including: Disposal	1,506.72
4. Closing balance	4,549,765.06
III. Provision for impairment	–
1. Opening balance	0.00
2. Increase in current year	0.00
Including: Accrual	0.00
3. Decrease in current year	0.00
Including: Disposal	0.00
4. Closing balance	0.00
IV. Book value	–
1. Closing book value	6,279,308.44
2. Opening book value	7,843,466.17

17. Long-term deferred expenses

Item	Opening balance	Increase in current year	Amortization for the year	Other decrease for the year	Closing balance
Renovation costs	9,671,111.34	3,805,612.64	2,662,008.53	0.00	10,814,715.45
Others	1,787,459.76	1,480,235.90	359,529.80	0.00	2,908,165.86
Total	11,458,571.10	5,285,848.54	3,021,538.33	0.00	13,722,881.31

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets without offsetting

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Bad debt provision	305,093,640.34	61,135,402.18	164,803,234.74	36,549,486.32
Provision for asset impairment	1,917,268.88	453,836.02	4,174,663.36	1,032,579.02
Deductible losses	74,498,887.76	14,756,731.19	37,989,083.46	6,468,944.68
Contract liabilities (shopping vouchers)	909,979.82	134,107.83	1,251,221.96	235,881.42
Advertising and business promotion expenses	8,620,472.34	2,155,118.08	5,435,183.26	544,486.06
Total	391,040,249.14	78,635,195.30	213,653,386.78	44,831,377.50

(2) Deferred tax liabilities without offsetting

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of investment properties	9,746,166.68	2,408,341.67	10,471,195.68	2,617,798.92
Trading fair value changes	0.00	0.00	5,233,798.88	1,308,449.72
Total	9,746,166.68	2,408,341.67	15,704,994.56	3,926,248.64

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Other non-current assets

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Prepayment for works	3,599,181.00	0.00	3,599,181.00	0.00	0.00	0.00

20. Accounts payable

(1) Listing of accounts payable

Item	Closing balance	Opening balance
Construction	575,956,407.18	499,718,463.36
Service fee	150,671,510.05	107,527,464.83
Commodity	80,786,650.77	71,958,092.84
Total	807,414,568.00	679,204,021.03

(2) Accounts payable by aging

Aging	Closing balance	Opening balance
Within 1 year	538,338,046.19	599,071,690.63
1-2 years	227,452,305.14	61,525,134.08
2-3 years	26,980,940.88	14,388,801.35
3-4 years	11,271,844.56	3,657,509.76
4-5 years	2,832,118.49	432,169.98
More than 5 years	539,312.74	128,715.23
Total	807,414,568.00	679,204,021.03

21. Advance from customers

Item	Closing balance	Opening balance
Leasing	2,958,279.78	4,306,305.02

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Contract liabilities

Item	Closing balance	Opening balance
Property fees	218,473,535.12	246,649,167.51
Other community value-added services	48,001,945.63	42,110,350.36
Engineering construction	32,740,808.89	73,414,316.02
Garbage disposal fees and self-heating	9,420,340.30	10,517,093.13
Pre-intervention services	6,442,832.39	29,660,853.02
Sales payment	4,856,318.57	4,062,669.77
Elevator usage fee	3,392,683.50	3,563,813.55
Start-up fee	185,282.61	4,834,429.60
Others	8,972,613.38	5,691,158.86
Total	332,486,360.39	420,503,851.82

23. Employee benefits payable

(1) Classification of employee benefits payable

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Short-term compensation	71,719,253.66	574,965,355.80	586,175,472.48	60,509,136.98
Post-employment benefits-Defined contribution plan	5,629,631.41	69,246,345.48	69,049,304.13	5,826,672.76
Termination benefits	0.00	1,383,380.77	1,330,780.77	52,600.00
Total	77,348,885.07	645,595,082.05	656,555,557.38	66,388,409.74

(2) Short-term compensation

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Salaries, bonuses, allowances and subsidies	57,437,232.05	489,245,003.45	502,669,076.88	44,013,158.62
Employee benefit costs	829,903.65	10,151,187.35	10,334,289.09	646,801.91
Social security fee	4,372,416.58	41,101,825.26	41,513,718.45	3,960,523.39
Including: Medical insurance premiums	3,933,226.25	36,741,434.28	37,591,773.61	3,082,886.92
Industrial injury insurance premium	325,596.68	3,534,321.00	3,539,400.66	320,517.02
Birth insurance premium	113,593.65	826,069.98	382,544.18	557,119.45
Housing provident fund	549,073.84	26,369,813.31	24,829,755.02	2,089,132.13
Labour union expenditure and personnel education fund	8,530,627.54	8,097,526.43	6,828,633.04	9,799,520.93
Total	71,719,253.66	574,965,355.80	586,175,472.48	60,509,136.98

NOTES TO THE FINANCIAL STATEMENTSJanuary 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**23. Employee benefits payable** (Continued)**(3) Defined contribution plan**

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Basic endowment insurance	5,335,694.08	66,735,115.51	66,503,542.41	5,567,267.18
Unemployment insurance expense	293,937.33	2,511,229.97	2,545,761.72	259,405.58
Total	5,629,631.41	69,246,345.48	69,049,304.13	5,826,672.76

24. Taxes and surcharges payable

Item	Closing balance	Opening balance
Enterprise income tax	64,480,564.97	65,162,278.83
Value Added Tax	25,491,875.32	16,399,394.79
Personal income tax	666,056.02	883,286.45
Urban construction tax	637,806.00	1,083,849.11
Education fee surcharge	256,650.93	275,075.24
Local education fee surcharge	170,918.06	183,567.31
Property tax	173,837.79	128,617.47
Land use tax	42,454.08	20,947.74
Stamp duty	40,101.72	50,654.55
Water conservancy fund	1,345.34	7,361.40
Others	868,474.90	123,771.58
Total	92,830,085.13	84,318,804.47

25. Other payables

Item	Closing balance	Opening balance
Interest payable	0.00	0.00
Dividends payable	0.00	0.00
Other payables	552,047,414.55	505,217,038.09
Total	552,047,414.55	505,217,038.09

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Other payables (Continued)

Other payables

Nature of payment	Closing balance	Opening balance
Receipts in lieu	228,652,633.13	234,960,241.92
Maintenance fund	153,076,296.69	70,099,497.92
Current accounts	72,590,548.96	46,242,046.70
Deposit and guarantee	58,317,805.27	122,371,605.56
Start-up fee	2,911,839.99	1,375,354.17
Operating debits	2,552,551.75	2,554,598.07
Accrued expenses	2,288,730.01	2,213,978.10
Maintenance fee	1,958,240.01	1,576,075.02
Indemnity, fines	1,575,850.61	304,728.40
Payment in lieu of individual social security and housing provident fund	935,966.65	299,661.56
Listing fee	0.00	363,639.38
Others	27,186,951.48	22,855,611.29
Total	552,047,414.55	505,217,038.09

26. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Lease liabilities due within one year	1,872,205.80	3,825,645.76

27. Other current liabilities

Item	Closing balance	Opening balance
Output tax to be transferred	17,091,435.80	18,488,044.58

NOTES TO THE FINANCIAL STATEMENTSJanuary 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**28. Lease liabilities**

Item	Closing balance	Opening balance
Lease liabilities	7,411,035.92	9,090,377.26

29. Share capital

Item	Opening balance	Issuance of new shares	Change for the year (+, -)			Subtotal	Closing balance
			Share grant	Transfer from housing provident fund	Others		
Total number of shares	376,000,000.00	0.00	0.00	0.00	0.00	0.00	376,000,000.00

30. Capital reserve

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Equity premium	1,001,538,004.84	0.00	45,353,000.00	956,185,004.84
Other capital reserve	69,506,125.94	7,371,486.66	0.00	76,877,612.60
Total	1,071,044,130.78	7,371,486.66	45,353,000.00	1,033,062,617.44

Note 1: The Capital reserve – Equity premium decreased by RMB45,353,000.0 during the year, which represents a business combination under common control, and the acquisition of 77% of the equity of Vogue Living and Living Service (Hebei) Co., Ltd. this year.

Note 2: Capital reserve – Other capital reserve increased by RMB7,371,486.66 during the year, which represents a provision for share-based payments.

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. Surplus reserve

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Surplus reserve	68,458,186.26	19,206,470.16	0.00	87,664,656.42

32. Undistributed profit

Item	Current year	Prior year
Closing balance of prior year	451,210,297.43	151,700,337.49
Add: Adjustment to undistributed profit at the beginning of the year (Business combinations under common control)	0.00	-6,120,086.80
Opening balance of current year	451,210,297.43	145,580,250.69
Add: Net profit attributable to owners of the parent company for the year	235,572,449.56	398,954,319.29
Less: Withdrawal of statutory surplus reserves	19,206,470.16	36,924,272.55
Dividends payable on ordinary shares	94,000,000.00	56,400,000.00
Dividends on ordinary shares transferred to share capital	0.00	0.00
Closing balance of current year	573,576,276.83	451,210,297.43

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Operating income and operating cost

(1) Details of operating income and operating cost

Item	Current year amount		Prior year amount	
	Income	Cost	Income	Costs
Main business	1,899,686,149.81	1,288,968,677.96	2,550,374,658.80	1,690,080,354.55
Other business	11,507,734.39	1,645,468.26	13,111,273.62	2,393,679.86
Total	1,911,193,884.20	1,290,614,146.22	2,563,485,932.42	1,692,474,034.41

(2) Information on revenue generated from contracts

Classification of contract	2022	2021
Type of product	–	–
Including: Property management services	1,281,876,444.42	1,126,759,145.96
Non-owner value-added services	388,901,701.03	1,077,504,209.22
Community value-added services	240,415,738.75	359,222,577.24
Total	1,911,193,884.20	2,563,485,932.42
By region of operation	2022	2021
Including: China	1,911,193,884.20	2,563,485,932.42
By contract term	–	–
Including: Confirmation at a point in time	173,243,994.82	328,171,710.92
Confirmation within a certain period of time	1,737,949,889.38	2,235,314,221.50
Total	1,911,193,884.20	2,563,485,932.42

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Taxes and surcharges

Item	Current year amount	Prior year amount
Urban construction tax	4,760,474.34	6,503,687.79
Education fee surcharge	2,156,391.11	2,904,268.54
Local education fee surcharge	1,359,259.29	1,836,256.48
Property tax	1,840,912.39	2,423,909.62
Stamp duty	603,703.74	565,637.51
Land use tax	252,004.90	225,314.52
Water conservancy fund	139,419.62	163,735.32
Resource tax	118,337.20	119,997.80
Cultural construction costs	11,618.26	13,135.49
Vehicle and boat use tax	11,609.15	9,655.38
Disability employment guarantee fund	0.00	3,430,044.20
Total	11,253,730.00	18,195,642.65

35. Selling expenses

Item	Current year amount	Prior year amount
Employee benefits	4,365,057.38	10,286,981.64
Agency consultancy fees	937,766.63	1,524,586.20
Travel expenses	798,357.22	2,475,505.63
Entertainment expenses	585,919.41	4,846,992.72
Depreciation and amortization	165,466.91	125,516.30
Promotion fees	90,514.39	828,668.18
Others	157,088.35	1,352,379.29
Total	7,100,170.29	21,440,629.96

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(Unless indicated otherwise, all amounts are expressed in RMB)

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**36. General and administrative expenses**

Item	Current year amount	Prior year amount
Employee benefits	121,963,156.80	125,564,239.69
Agency service fee	10,789,291.88	11,696,463.24
Share-based payments	7,371,486.66	17,101,126.07
Entertainment expenses	6,421,199.78	9,418,832.98
Office expenses	4,099,264.35	3,077,894.00
Disability employment guarantee fund	4,001,959.89	0.00
Auditor's fees	3,886,505.90	4,035,593.80
Depreciation and amortisation	3,446,627.77	3,569,393.54
Travel expenses	2,127,514.07	2,723,054.41
Transport costs	1,014,262.50	1,399,701.08
Others	1,915,275.42	4,441,421.75
Total	167,036,545.02	183,027,720.56

37. Financial expenses

Item	Current year amount	Prior year amount
Interest expenses	28,510.36	49,822.12
Less: Interest income	1,554,118.32	5,581,105.54
Add: Loss on exchange	-24,468,656.08	8,924,271.22
Other expenditures	4,241,336.42	4,459,836.48
Total	-21,752,927.62	7,852,824.28

38. Other income

Sources of generating other income	Current year amount	Prior year amount
VAT add-on credits	10,050,059.05	5,442,163.49
VAT and additional tax refunds	304,350.85	26,383.04
Government grants	5,609,714.13	976,601.32
Listing incentive payment	1,000,000.00	2,080,600.00
Personal tax handling fee refunds	134,639.26	53,159.87
Refund of trade union funds	17,167.61	55,049.39
Total	17,115,930.90	8,633,957.11

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. Investment income

Item	Current year amount	Prior year amount
Investment income of long-term equity investments measured under equity method	-3,339,226.79	3,482,149.73
Investment income on trading financial assets during the holding period	0.00	12,353,836.77
Investment income from disposal of trading financial assets	-17,925,231.34	0.00
Gain on debt restructuring	-799,118.93	0.00
Total investment income	-22,063,577.06	15,835,986.50

40. Income from changes in fair value

Source of income or loss from change in fair value	Current year amount	Prior year amount
Trading financial assets	0.00	5,233,798.88
Investment properties measured at fair value	622,171.00	-788,715.32
Total	622,171.00	4,445,083.56

41. Credit impairment losses

Item	Current year amount	Prior year amount
Bad debt losses on notes receivable	7,626,444.46	-8,309,980.33
Bad debt losses on accounts receivable	-110,466,298.76	-82,357,299.61
Bad debt losses on other receivables	-38,423,673.70	-51,388,882.85
Total	-141,263,528.00	-142,056,162.79

42. Impairment losses on assets

Item	Current year amount	Prior year amount
Impairment loss on contract assets	2,257,394.48	-4,174,663.36

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VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**43. Income from disposal of assets**

Item	Current year amount	Prior year amount	Amount recorded in non-recurring gains and losses during the current year
Gain on disposal of fixed assets	0.00	6,149.80	0.00

44. Non-operating income

Item	Current year amount	Prior year amount	Amount recorded in non-recurring gains and losses during the current year
Gain on retirement of non-current assets	8,503.78	16,912.87	8,503.78
Long-term income	6,328.78	27,989.74	6,328.78
Forfeiture income	188,273.43	328,084.49	188,273.43
Default payments	128,341.85	143,331.56	128,341.85
Government grants	0.00	22,513.04	0.00
Others	420,907.20	614,885.90	420,907.20
Total	752,355.04	1,153,717.60	752,355.04

45. Non-operating expenses

Item	Current year amount	Prior year amount	Amount recorded in non-recurring gains and losses during the current year
Losses on retirement of non-current assets	26,446.89	38,572.91	26,446.89
Payment of back taxes and late payment fees	596,434.75	39,414.88	596,434.75
Donations	13,013.38	20,595.49	13,013.38
Extraordinary losses	0.00	2,500.00	0.00
Forfeiture expenses	158,400.00	141,680.00	158,400.00
Compensation payments	2,041,105.82	1,702,860.20	2,041,105.82
Others	483,715.51	334,444.78	483,715.51
Total	3,319,116.35	2,280,068.26	3,319,116.35

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

46. Income tax expenses

(1) Income tax expenses

Item	Current year amount	Prior year amount
Current income tax calculated in accordance with the tax law and related regulations	110,153,946.19	158,835,610.72
– Corporate income tax in the Mainland of China	110,153,946.19	158,835,610.72
Deferred income tax expense	-35,321,724.77	-34,327,025.19
Total	74,832,221.42	124,508,585.53

There is no Hong Kong income tax as the Company had no taxable income in Hong Kong during the year.

(2) Adjustment to accounting profits and income tax expenses

Item	Current year amount
Total consolidated profit for the year	311,043,850.30
Income tax expenses calculated at legal/applicable tax rate	77,760,962.58
Effect of different tax rates applied to subsidiaries	-3,891,021.61
Influence of adjustment to income tax of previous period	-2,786,871.99
Influence of non-taxable income	793,902.58
Influence of non-deductible costs, expenses and losses	2,955,249.86
Influence from use of deductible losses of the unrecognized deferred tax assets during the previous period	0.00
Influence of the deductible temporary difference or deductible losses of the unrecognized deferred tax assets during the current year	0.00
Income tax expenses	74,832,221.42

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VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**47. Statement of cash flow****(1) Other cash received/paid related to operating/investing/funding activities****1) Cash received related to other operating activities**

Item	Current year amount	Prior year amount
Receipts from agency sales of parking spaces offset against performance deposits	61,177,368.10	0.00
Current payments	205,357,264.88	89,715,191.66
Government grants	5,609,714.13	3,599,950.36
Listing incentive payment	1,000,000.00	0.00
Cash income from interest income	1,554,118.32	5,581,105.54
Cash income from non-operating income	743,851.26	1,017,102.66
Release of frozen funds from banks	8,028,433.84	1,000,000.00
Personal tax handling fee refunds	134,639.26	0.00
Refund of trade union funds	17,167.61	0.00
Total	283,622,557.40	100,913,350.22

2) Cash paid related to other operating activities

Item	Current year amount	Prior year amount
Car parking performance deposit	614,700,000.00	0.00
Current payments	164,926,964.03	173,270,731.05
Selling expenses, cash out expenses in administrative expenses	36,385,311.86	46,909,557.00
Bank charges	4,241,336.42	4,459,836.48
Cash paid in non-operating expenses	3,126,804.90	2,217,474.80
Funds frozen in banks	24,643,676.04	9,838,841.29
Total	848,024,093.25	236,696,440.62

3) Cash paid related to other financing activities

Item	Current year amount	Prior year amount
Listing financing costs	0.00	49,091,361.95
Payment of principal and interest on lease liabilities	281,476.00	0.00

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

47. Statement of cash flow (Continued)

(2) Supplementary information of the cash flow statement

Item	Current year amount	Prior year amount
1. Reconciliation of net profits to cash flows from operating activities	—	—
Net profits	236,211,628.88	397,550,495.19
Add: Provision for asset impairment	-2,257,394.48	4,174,663.36
Credit impairment losses	141,263,528.00	142,056,162.79
Depreciation of fixed assets, oil and gas assets, and productive biological assets	5,900,677.87	5,201,442.90
Depreciation of right-of-use assets	321,213.11	321,213.11
Amortisation of intangible assets	1,597,012.73	1,921,024.90
Amortisation of long-term deferred expenses	3,021,538.33	2,551,629.26
Loss on disposal of fixed assets, intangible assets and other long-lived assets (gains indicated with “-”)	0.00	-6,149.80
Loss on scrapping of fixed assets (gains indicated with “-”)	17,943.11	21,660.04
Loss on fair value changes (gains indicated with “-”)	-622,171.00	-4,445,083.56
Financial costs (gains indicated with “-”)	-24,440,145.72	8,951,223.89
Investment losses (gains indicated with “-”)	21,264,458.13	-15,835,986.50
Decrease in deferred tax assets (increase indicated with “-”)	-33,803,817.80	-32,239,884.13
Increase in deferred tax liabilities (decrease indicated with “-”)	-1,517,906.97	-2,087,141.06
Decrease in inventories (increase indicated with “-”)	-4,685,209.47	-11,069,254.92
Decrease in receivables from operating activities (increase indicated with “-”)	-1,003,764,717.04	-191,849,067.83
Increase in payables from operating activities (decrease indicated with “-”)	82,309,401.36	-209,775,723.86
Others (share-based payments and changes in restricted funds)	-9,243,755.54	8,262,284.78
Net cash flow from operating activities	-588,427,716.50	103,703,508.56
2. Significant non-cash investing and financing activities:	0.00	0.00
Conversion of debts into capital	0.00	0.00
Convertible bonds repayable within 1 year	0.00	0.00
Fixed assets acquired under finance lease arrangement	0.00	0.00
3. Changes in cash and cash equivalents:	0.00	0.00
Closing balance of cash	821,692,844.20	918,715,148.68
Less: opening balance of cash	918,715,148.68	613,097,448.27
Add: closing balance of cash equivalents	0.00	0.00
Less: opening balance of cash equivalents	0.00	0.00
Net increase in cash and cash equivalents	-97,022,304.48	305,617,700.41

NOTES TO THE FINANCIAL STATEMENTSJanuary 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**47. Statement of cash flow** (Continued)**(3) Cash and cash equivalents**

Item	Closing balance	Opening balance
Cash	821,692,844.20	918,715,148.68
Including: cash on hand	2,961.40	2,237.30
Bank deposits available for payment at any time	821,427,147.80	917,181,142.84
Other monetary funds available for payment at any time	262,735.00	1,531,768.54
Closing balance of cash and cash equivalents	821,692,844.20	918,715,148.68

48. Assets with restricted ownership and use rights

Item	Closing book value	Reasons for restrictions
Cash and cash equivalents	27,154,083.49	Funds freeze, property deposit

49. Foreign currency monetary items

Item	Closing balance in foreign currencies	Exchange rate	Equivalent RMB amount
Cash and cash equivalents	34,847,397.04	0.89327	31,128,134.35
Including: HKD	34,847,397.04	0.89327	31,128,134.35

50. Government grants**Basic information on government grants**

Category	Amount	Presented items	Amount charged to current profit or loss
Job stability allowance	3,945,277.64	Other income	3,945,277.64
Waste separation subsidy	33,995.00	Other income	33,995.00
Enterprise development support fund	1,469,726.21	Other income	1,469,726.21
Epidemic prevention subsidy	160,715.28	Other income	160,715.28
Total	5,609,714.13	-	5,609,714.13

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

51. Dividends

	2022	2021
Dividends recognised as distribution during the year:		
Interim dividend paid for 2022 of RMB0.25 (pre-tax) per share (2021: Nil)	94,000,000.00	-

On August 31, 2022, the Board recommended the payment of an interim dividend of RMB0.25 (before tax) per share in the form of cash for the six months ended June 30, 2022, totaling approximately RMB94 million to the Shareholders of the Company.

The Board does not recommend the payment of a final dividend for the year ended December 31, 2022 (2021: Nil).

VII. CHANGES IN SCOPE OF CONSOLIDATION

1. Business combinations under common control

(1) Business combinations under common control that occurred during the year

Name of the consolidated party	Percentage of equity acquired in a business combination	Basis for constituting a business combination under common control	Consolidation date	Basis for determining the consolidation date	Revenue	Net profit	Revenue	Net profit
					of the consolidated party from the beginning of the year of consolidation to the date of consolidation	of the consolidated party from the beginning of the year of consolidation to the date of consolidation	of the consolidated party for the comparative period	of the consolidated party for the comparative period
Vogue Living and Living Service (Hebei) Co., Ltd.	77%	Vogue Living and Living Service (Hebei) Co., Ltd. and the Company are under the ultimate control of RiseSun Real Estate Development Co., Ltd. before and after the date of the merger, and such control is not temporary	December 31 st , 2022	"Application Guide II, Basis for determining the date of consolidation or purchase" of <i>Accounting Standard for Business Enterprises No. 20 - Business Combinations</i>	55,703,625.54	6,260,367.69	78,514,103.68	-3,188,316.08

NOTES TO THE FINANCIAL STATEMENTSJanuary 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

VII. CHANGES IN SCOPE OF CONSOLIDATION (Continued)**1. Business combinations under common control** (Continued)**(2) Consolidation costs**

Item	Vogue Living and Living Service (Hebei) Co., Ltd.
Cash	45,353,000.00
Total consolidated costs	45,353,000.00

(3) Book value of the consolidated party's assets and liabilities at the date of consolidation

Item	Vogue Living and Living Service (Hebei) Co., Ltd.	
	Consolidation date	Prior year-end
Assets:	–	–
Cash and cash equivalents	1,419,350.03	2,620,599.71
Accounts receivable	41,482,509.96	27,964,243.98
Prepayments	495,713.30	725,643.56
Other receivables	33,071,200.71	22,417,701.28
Inventories	296,091.15	316,114.97
Other current assets	0.00	1,472,080.58
Fixed assets	862,970.70	1,042,834.53
Long-term deferred expenses	4,685.51	471,492.38
Deferred tax assets	1,410,770.12	2,395,024.33
Liabilities:	–	–
Accounts payable	9,773,575.19	8,098,034.18
Contract liabilities	7,503,138.76	8,148,436.86
Employee benefits payable	2,653,213.57	1,191,600.19
Taxes and surcharges payable	1,404,664.71	2,073,878.95
Other payables	62,048,002.36	50,550,265.89
Other current liabilities	36,809.95	0.00
Net assets	-4,376,113.06	-10,636,480.75
Less: Minority interests	-1,006,506.00	-2,446,390.57
Net assets acquired	-3,369,607.06	-8,190,090.18

VII. CHANGES IN SCOPE OF CONSOLIDATION (Continued)

2. Newly established

No.	Name of subsidiary	Reason for change	Date of establishment	Place of registration	Shareholding (%)	
					Direct	Indirect
1	Liuzhi Special District Rongwanjia Life Service Co., Ltd.	Newly established	2022-5-10	Guizhou	100	0
2	Rongwanjia (Cangzhou) Life Service Co., Ltd.	Newly established	2022-10-13	Hebei	100	0
3	Rongwanjia (Huizhou) Life Service Co., Ltd.	Newly established	2022-10-18	Guangdong	100	0
4	Rongwanjia (Langfang) Life Service Co., Ltd.	Newly established	2022-9-22	Hebei	100	0
5	Handan Rongmiao Property Management Co., Ltd.	Newly established	2022-9-16	Hebei	100	0
6	Rongwanjia (Anhui) Life Service Co., Ltd.	Newly established	2022-10-17	Anhui	100	0
7	Rongwanjia (Xuzhou) Life Service Co., Ltd.	Newly established	2022-11-18	Jiangsu	100	0
8	Rongyikang (Beijing) Life Technology Co., Ltd.	Newly established	2022-9-28	Beijing	100	0
9	Yangjiang Shengshang Technology Co., Ltd.	Newly established	2022-6-10	Guangdong	0	100
10	Shijiazhuang Rongmi Trading Co., Ltd.	Newly established	2022-6-21	Hebei	0	100
11	Shijiazhuang Rongdi Trading Co., Ltd.	Newly established	2022-6-23	Hebei	0	100
12	Ronggao Trading (Jiaxing) Co., Ltd.	Newly established	2022-8-19	Zhejiang	0	100
13	Jiaxing Rongsheng Life Service Co., Ltd.	Newly established	2022-8-17	Zhejiang	0	100

NOTES TO THE FINANCIAL STATEMENTSJanuary 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

VII. CHANGES IN SCOPE OF CONSOLIDATION (Continued)**2. Newly established** (Continued)

No.	Name of subsidiary	Reason for change	Date of establishment	Place of registration	Shareholding (%)	
					Direct	Indirect
14	Binzhou Rongwanjia Life Service Co., Ltd.	Newly established	2022-9-14	Shandong	0	100
15	Rongwanjia (Shijiazhuang) Property Service Co., Ltd.	Newly established	2022-9-9	Hebei	0	100
16	Rongwanjia (Hunan) Life Service Co., Ltd.	Newly established	2022-9-8	Hunan	0	100
17	Rongwanjia (Tangshan) Life Service Co., Ltd.	Newly established	2022-9-14	Hebei	0	100
18	Jiaxing Rongjia Life Service Co., Ltd.	Newly established	2022-9-20	Zhejiang	0	100
19	Baoding Rongwanjia Life Service Co., Ltd.	Newly established	2022-11-1	Hebei	0	100
20	Yixing Rongwanjia Property Management Co., Ltd.	Newly established	2022-10-10	Jiangsu	0	100
21	Nantong Rongtu Property Management Co., Ltd.	Newly established	2022-10-12	Jiangsu	0	100
22	Langfang Anci District Rongzhi Life Service Co., Ltd.	Newly established	2022-10-8	Hebei	0	100
23	Langfang Guangyang Rongjia Life Service Co., Ltd.	Newly established	2022-10-11	Hebei	0	100
24	Xianghe Rongliang Property Management Co., Ltd.	Newly established	2022-10-21	Hebei	0	100
25	Sanhe Rongyi Life Service Co., Ltd.	Newly established	2022-10-25	Hebei	0	100
26	Wen'an Rongjue Life Service Co., Ltd.	Newly established	2022-10-19	Hebei	0	100
27	Shaoxing Rongjia Life Service Co., Ltd.	Newly established	2022-11-1	Zhejiang	0	100

VII. CHANGES IN SCOPE OF CONSOLIDATION (Continued)

2. Newly established (Continued)

No.	Name of subsidiary	Reason for change	Date of establishment	Place of registration	Shareholding (%)	
					Direct	Indirect
28	Xingtai Rongwanjia Property Management Co., Ltd.	Newly established	2022-11-1	Hebei	0	100
29	Huailai Rong'an Property Management Co., Ltd.	Newly established	2022-10-18	Hebei	0	100
30	Yongqing Rongtu Life Service Co., Ltd.	Newly established	2022-10-20	Hebei	0	100
31	Gu'an Rongyue Property Management Co., Ltd.	Newly established	2022-10-20	Hebei	0	100
32	Bazhou Ronghao Property Management Co., Ltd.	Newly established	2022-10-20	Hebei	0	100
33	Hangzhou Lin'an Rongjia Life Service Co., Ltd.	Newly established	2022-11-9	Zhejiang	0	100
34	Shangrao Rongjia Life Service Co., Ltd.	Newly established	2022-11-3	Jiangxi	0	100
35	Suzhou Rongjia Life Service Co., Ltd.	Newly established	2022-11-18	Jiangsu	0	100
36	Nanjing Puhe Property Services Co., Ltd.	Newly established	2022-4-27	Jiangsu	0	100
37	Yiyang Rongwanjia Life Service Co., Ltd.	Newly established	2022-10-9	Hunan	0	100
38	Yongzhou Rongwanjia Life Service Co., Ltd.	Newly established	2022-10-13	Hunan	0	100
39	Zhangjiajie Rongwanjia Life Service Co., Ltd.	Newly established	2022-10-31	Hunan	0	100
40	Hefei Rongwanjia Life Service Co., Ltd.	Newly established	2022-11-11	Anhui	0	100
41	Huizhou Rongshang Technology Co., Ltd.	Newly established	2022-10-18	Guangdong	0	100

NOTES TO THE FINANCIAL STATEMENTSJanuary 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

VII. CHANGES IN SCOPE OF CONSOLIDATION (Continued)**2. Newly established** (Continued)

No.	Name of subsidiary	Reason for change	Date of establishment	Place of registration	Shareholding (%)	
					Direct	Indirect
42	Zhangjiakou Rongshang Technology Service Co., Ltd.	Newly established	2022-9-28	Hebei	0	100
43	Tangshan Rongshang Engineering Management Co., Ltd.	Newly established	2022-10-14	Hebei	0	100
44	Jiaxing Rongshang Engineering Technology Co., Ltd.	Newly established	2022-11-9	Zhejiang	0	100
45	Chengdu Rongzhishang Technology Co., Ltd.	Newly established	2022-10-19	Sichuan	0	100
46	Langfang Weipai Door and Window Installation Co., Ltd.	Newly established	2022-11-16	Hebei	0	51
47	Langfang Zhennuo Doors and Windows Co., Ltd.	Newly established	2022-11-15	Hebei	0	51
48	Henan Rongshang Engineering Technology Co., Ltd.	Newly established	2022-9-23	Henan	0	100
49	Langfang Rongrong Trading Co., Ltd.	Newly established	2022-11-15	Hebei	0	100
50	Hunan Rongmiao Technology Co., Ltd.	Newly established	2022-10-27	Hunan	0	100
51	Handan Rongna Technology Engineering Co., Ltd.	Newly established	2022-9-20	Hebei	0	100
52	Xuzhou Rongzhishang Technology Co., Ltd.	Newly established	2022-11-17	Jiangsu	0	100
53	Jiaxing Rongjun Life Service Co., Ltd.	Newly established	2022-4-11	Zhejiang	0	100
54	Handan Rongba Trading Co., Ltd.	Newly established	2022-3-18	Hebei	0	100
55	Shenyang Sujie Car Wash and Beauty Co., Ltd.	Newly established	2022-3-21	Liaoning	0	100

VII. CHANGES IN SCOPE OF CONSOLIDATION (Continued)

2. Newly established (Continued)

No.	Name of subsidiary	Reason for change	Date of establishment	Place of registration	Shareholding (%)	
					Direct	Indirect
56	Changzhou Rongwanjia Life Service Co., Ltd.	Newly established	2022-9-30	Jiangsu	0	100
57	Shijiazhuang Rongtan Trading Co., Ltd.	Newly established	2022-8-5	Hebei	0	100
58	Zhanjiang Rongsheng Trading Co., Ltd.	Newly established	2022-8-23	Guangdong	0	100
59	Zhanjiang Shengyi Trading Co., Ltd.	Newly established	2022-9-5	Guangdong	0	100
60	Langfang Rongshang Technology Co., Ltd.	Newly established	2022-9-6	Hebei	0	100
61	Zhanjiang Shengjing Trading Co., Ltd.	Newly established	2022-9-13	Guangdong	0	100
62	Shijiazhuang Rongmiao Technology Co., Ltd.	Newly established	2022-9-15	Hebei	0	100
63	Guangdong Rongshang Technology Co., Ltd.	Newly established	2022-9-26	Guangdong	0	100
64	Inner Mongolia Ronglan Trading Co., Ltd.	Newly established	2022-7-5	Inner Mongolia	0	100
65	Jinan Ronghuai Trading Co., Ltd.	Newly established	2022-8-15	Shandong	0	100
66	Jinan Shengzhuang Decoration Service Co., Ltd.	Newly established	2022-8-5	Shandong	0	100
67	Hohhot Rongmiao Trading Co., Ltd.	Newly established	2022-9-13	Inner Mongolia	0	100
68	Shenyang Rongshang Technology Co., Ltd.	Newly established	2022-09-23	Liaoning	0	100
69	Panjin Rongwanjia Life Service Co., Ltd.	Newly established	2022-10-25	Liaoning	0	100

NOTES TO THE FINANCIAL STATEMENTSJanuary 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

VII. CHANGES IN SCOPE OF CONSOLIDATION (Continued)**2. Newly established** (Continued)

No.	Name of subsidiary	Reason for change	Date of establishment	Place of registration	Shareholding (%)	
					Direct	Indirect
70	Linyi Rongjia Life Service Co., Ltd.	Newly established	2022-12-06	Shandong	0	100
71	Bengbu Rongshang Technology Co., Ltd.	Newly established	2022-10-17	Anhui	0	100
72	Wuhu Rongwanjia Property Service Co., Ltd.	Newly established	2022-11-10	Anhui	0	100
73	Rongwanjia (Shenyang) Life Service Co., Ltd.	Newly established	2022-09-09	Liaoning	100	0
74	Liaocheng Rongwanjia Life Service Co., Ltd.	Newly established	2022-09-27	Shandong	0	100
75	Chongqing Rongwanjia Life Service Co., Ltd.	Newly established	2022-11-10	Chongqing	0	100
76	Xi'an Rongjia Shengxin Property Management Co., Ltd.	Newly established	2022-11-01	Shaanxi	0	100
77	Qihe Rongwanjia Life Service Co., Ltd.	Newly established	2022-09-26	Shandong	0	100
78	Qingdao Rongjin Life Service Co., Ltd.	Newly established	2022-10-21	Shandong	0	100
79	Jinan Ronghe Life Service Co., Ltd	Newly established	2022-10-11	Shandong	0	100
80	Zhuzhou Rongwanjia Life Service Co., Ltd.	Newly established	2022-12-13	Hunan	0	100
81	Dujun Rongwanjia Life Service Co., Ltd.	Newly established	2022-11-11	Guizhou	0	100
82	Nanjing Rongshe Trading Co., Ltd	Newly established	2022-04-27	Jiangsu	0	100
83	Yueyang Rongwanjia Life Service Co., Ltd.	Newly established	2022-09-29	Hunan	0	100
84	Nanjing Rongzhishang Technology Co., Ltd	Newly established	2022-09-07	Jiangsu	0	100
85	Huazao (Beijing) Management Consulting Co., Ltd.	Newly established	2022-12-29	Beijing	0	95
86	Cangzhou Rongjing Property Management Co., Ltd.	Newly established	2022-09-09	Hebei	0	60
87	Cangzhou Rongqian Property Service Co., Ltd.	Newly established	2022-09-08	Hebei	0	60

VII. CHANGES IN SCOPE OF CONSOLIDATION (Continued)

3. Mergers and acquisitions

No.	Name of subsidiary	Reason for change	Business nature	Place of registration	Shareholding (%)	
					Direct	Indirect
1	Vogue Living and Living Service (Hebei) Co., Ltd.	Mergers and acquisitions	Resident services	Hebei	77	0
2	Qinhuangdao Business Co., Ltd.	Mergers and acquisitions	Retail	Hebei	0	100
3	Vogue Living and Living Service (Xingtai) Co., Ltd.	Mergers and acquisitions	Property services	Hebei	0	100
4	Vogue Living Service Laishui Co., Ltd.	Mergers and acquisitions	Property services	Hebei	0	100
5	Vogue Living and Living Service (Chengde) Co., Ltd.	Mergers and acquisitions	Property services	Hebei	0	100
6	Vogue Living and Living Service (Xinglong) Co., Ltd.	Mergers and acquisitions	Property services	Hebei	0	100
7	Vogue Living and Living Service (Chuzhou) Co., Ltd.	Mergers and acquisitions	Property services	Anhui	0	100
8	Vogue Living and Living Service (Jiaozuo) Co., Ltd.	Mergers and acquisitions	Property services	Henan	0	100

4. Write-offs

No.	Name of subsidiary	Reason for change	Date of establishment	Place of registration	Shareholding (%)	
					Direct	Indirect
1	Liaocheng Shengheng Automobile Beauty Maintenance Service Co., Ltd.	Write-offs	2022-5-12	Shandong	0	100
2	Liaocheng Rongheng Automobile Beauty Maintenance Service Co., Ltd.	Write-offs	2022-5-12	Shandong	0	100
3	Tianjin Rongbo Jiaao Electric Power Engineering Co., Ltd.	Write-offs	2022-1-13	Tianjing	40	0

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of an enterprise group

No.	Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered	Shareholding (%)		Method of acquisition
					capital (RMB10,000)	Direct	Indirect	
1	Rongwanjia (Beijing) Technology Service Co., Ltd.	Beijing	Beijing	Technical Service	1000	100		Investment
2	Tianjin Rongshang Technology Co., Ltd.	Tianjin	Tianjin	Technical Service	3000	100		Investment
3	Tangshan Fengnan District Pujie Property Service Co., Ltd.	Hebei	Hebei	Property management services	50	100		Mergers and acquisitions
4	Hohhot Rongsheng Property Service Co., Ltd.	Inner Mongolia	Inner Mongolia	Property management services	500	100		Investment
5	Shanxi Rongwanjia Life Service Co., Ltd.	Shanxi	Shanxi	Property management services	500	100		Investment
6	Shijiazhuang Shengjing Fitness Service Co., Ltd.	Hebei	Hebei	Fitness services	10	100		Mergers and acquisitions
7	Baoding Rongrun Property Service Co., Ltd.	Hebei	Hebei	Property management services	300	51		Investment
8	Cangzhou Rongwanjia New City Property Service Co., Ltd.	Hebei	Hebei	Property management services	300	51		Investment
9	Beijing Rongyang Wanjia Management Consulting Co., Ltd.	Beijing	Beijing	Business management consulting	200	70		Investment
10	Zhangjiakou Rongmeng Property Management Co., Ltd.	Hebei	Hebei	Property management services	50	100		Investment
11	Zhangjiakou Rongguanyue Property Management Co., Ltd.	Hebei	Hebei	Property management services	50	100		Investment
12	Shijiazhuang Rongci Real Estate Brokerage Co., Ltd	Hebei	Hebei	Real estate agency services	100	100		Investment
13	Zhangjiakou Rongsheng Jingxuan Property Services Co., Ltd.	Hebei	Hebei	Property management services	100	100		Mergers and acquisitions
14	Zhangjiakou Rongmiao Cheng Property Management Co., Ltd.	Hebei	Hebei	Property management services	300	51		Investment
15	Nanjing Liuhe Rongsheng Property Services Co., Ltd.	Jiangsu	Jiangsu	Property management services	300	100		Investment
16	Changzhou Rongyijia Real Estate Agency Service Co., Ltd.	Jiangsu	Jiangsu	Real estate agency services	300	100		Investment
17	Sichuan Rongwanjia Shengxin Property Management Co., Ltd.	Sichuan	Sichuan	Property management services	300	100		Investment

VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) Composition of an enterprise group (Continued)

No.	Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered	Shareholding (%)		Method of acquisition
					capital (RMB10,000)	Direct	Indirect	
18	Yongqing Jingtai Property Services Co., Ltd.	Hebei	Hebei	Property management services	100	100		Mergers and acquisitions
19	Henan Rongwanjia Life Service Co., Ltd.	Henan	Henan	Property management services	200	100		Investment
20	Hangzhou Rongjia Life Service Co., Ltd.	Zhejiang	Zhejiang	Resident daily life services	30	100		Investment
21	Rongwanjia (Beijing) Property Services Co., Ltd.	Beijing	Beijing	Property management services	100	100		Investment
22	Langfang Rongrui Property Management Co., Ltd.	Hebei	Hebei	Property management services	500	51		Investment
23	Langfang Rongxin Real Estate Brokerage Co., Ltd.	Hebei	Hebei	Real estate agency services	5000	100		Investment
24	Rongwanjia (Shandong) Property Development Co., Ltd.	Shandong	Shandong	Property management services	500	100		Investment
25	Jinan Rongtong Real Estate Brokerage Co., Ltd.	Shandong	Shandong	Real estate agency services	100	100		Investment
26	Tianjin Rongwanjia Life Service Co., Ltd.	Tianjin	Tianjin	Property management services	300	100		Investment
27	Cangzhou Rongzhi Property Services Co., Ltd.	Hebei	Hebei	Property management services	300	51		Investment
28	Cangzhou Rongguang Construction Engineering Co., Ltd.	Hebei	Hebei	Engineering services	100	100		Investment
29	Rongwanjia (Guangdong) Life Service Co., Ltd.	Guangdong	Guangdong	Resident daily life services	1000	100		Investment
30	Langfang Rongzhen Trading Co., Ltd.	Hebei	Hebei	Commodity sales	1300	100		Investment
31	Beijing Manbeilun Cosmetics Co., Ltd.	Beijing	Beijing	Commodity sales	100	100		Investment
32	Jiaxing Rongjia Life Service Co., Ltd.	Zhejiang	Zhejiang	Resident daily life services	30	100		Investment
33	Hebei Rongheng Bosheng Power Engineering Co., Ltd.	Hebei	Hebei	Other electrical engineering construction	1000	40		Investment
34	Rongwanjia (Cangzhou) Life Service Co., Ltd.	Hebei	Hebei	Resident daily life services	300	100		Investment
35	Rongwanjia (Huizhou) Life Service Co., Ltd.	Guangdong	Guangdong	Property management services	500	100		Investment

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(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) Composition of an enterprise group (Continued)

No.	Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered capital	Shareholding (%)		Method of acquisition
					(RMB10,000)	Direct	Indirect	
36	Rongwanjia (Langfang) Life Service Co., Ltd.	Hebei	Hebei	Resident daily life services	500	100		Investment
37	Handan Rongmiao Property Management Co., Ltd.	Hebei	Hebei	Property management services	500	100		Investment
38	Rongwanjia (Anhui) Life Service Co., Ltd.	Anhui	Anhui	Property management services	500	100		Investment
39	Rongwanjia (Xuzhou) Life Service Co., Ltd.	Jiangsu	Jiangsu	Resident daily life services	500	100		Investment
40	Rongyikang (Beijing) Life Technology Co., Ltd.	Beijing	Beijing	Technical Service	2000	100		Investment
41	Rongwanqian Property Management (Zhangjiakou) Co., Ltd.	Hebei	Hebei	Property management services	300		51	Investment
42	Jiangsu Pujie Property Co., Ltd.	Jiangsu	Jiangsu	Property management services	500		100	Mergers and acquisitions
43	Nanjing Handu Technology Industry Co., Ltd.	Jiangsu	Jiangsu	Elevator maintenance services	500		100	Mergers and acquisitions
44	Nanjing Shengtou Automobile Service Co., Ltd.	Jiangsu	Jiangsu	Car maintenance services	50		100	Investment
45	Linqing Pujie Property Services Co., Ltd.	Shandong	Shandong	Property management services	50		100	Investment
46	Liaocheng Rongkun Construction Engineering Co., Ltd.	Shandong	Shandong	Engineering services	1000		100	Investment
47	Hengshui Rongyue Life Service Co., Ltd.	Hebei	Hebei	Resident daily life services	100		100	Investment
48	Cangzhou Rongyue Landscape Engineering Co., Ltd.	Hebei	Hebei	Engineering services	300		100	Investment
49	Yangjiang Shengshang Technology Co., Ltd.	Guangdong	Guangdong	Engineering services	50		100	Investment
50	Zhanjiang Jiatianwa Real Estate Brokerage Service Co., Ltd.	Guangdong	Guangdong	Real estate agency services	50		100	Investment
51	Yangxi County Shanhu Sea Owner's Home Catering Service Co., Ltd.	Guangdong	Guangdong	Catering services	300		100	Investment
52	Zhanjiang Ronghui Automotive Beauty Co., Ltd.	Guangdong	Guangdong	Car maintenance services	50		100	Investment
53	Zhanjiang Rongjin Trading Co., Ltd.	Guangdong	Guangdong	Commodity sales	50		100	Investment
54	Hunan Rongkun Trading Co., Ltd.	Hunan	Hunan	Commodity sales	200		100	Investment

VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) Composition of an enterprise group (Continued)

No.	Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered capital	Shareholding (%)		Method of acquisition
					(RMB10,000)	Direct	Indirect	
55	Yueyang Rongyue Department Store Trading Co., Ltd.	Hunan	Hunan	Commodity sales	50		100	Investment
56	Zhanjiang Ronghan Trading Co., Ltd.	Guangdong	Guangdong	Commodity sales	50		100	Investment
57	Changsha Rongdou Catering Service Co., Ltd.	Hunan	Hunan	Catering services	50		100	Investment
58	Handan Rongyuyuan Trading Co., Ltd.	Hebei	Hebei	Commodity sales	300		100	Investment
59	Shenyang Rongyu Trading Co., Ltd.	Liaoning	Liaoning	Commodity sales	300		100	Investment
60	Tangshan Rongjun Trading Co., Ltd.	Hebei	Hebei	Commodity sales	50		100	Investment
61	Bengbu Rongchang Trading Co., Ltd.	Anhui	Anhui	Commodity sales	50		100	Investment
62	Hohhot Rongmian Trading Co., Ltd.	Inner Mongolia	Inner Mongolia	Commodity sales	50		100	Investment
63	Shijiazhuang Rongci Trading Co., Ltd.	Hebei	Hebei	Commodity sales	50		100	Investment
64	Shijiazhuang Rongyu Trading Co., Ltd.	Hebei	Hebei	Commodity sales	100		100	Investment
65	Zhangjiakou Rongyiheng Trading Co., Ltd.	Hebei	Hebei	Commodity sales	30		100	Investment
66	Nanjing Ronghui Trading Co., Ltd.	Jiangsu	Jiangsu	Commodity sales	50		100	Investment
67	Changzhou Zhenmiao Department Store Trading Co., Ltd.	Jiangsu	Jiangsu	Commodity sales	50		100	Investment
68	Yixing Rongmiao Department Store Trading Co., Ltd.	Jiangsu	Jiangsu	Commodity sales	50		100	Investment
69	Chengdu Rongchao Trading Co., Ltd.	Sichuan	Sichuan	Commodity sales	50		100	Investment
70	Chongqing Rongzhiguan Trading Co., Ltd.	Chongqing	Chongqing	Commodity sales	50		100	Investment
71	Langfang Rongba Trading Co., Ltd.	Hebei	Hebei	Commodity sales	50		100	Investment
72	Linyi Ronghui Trading Co., Ltd.	Shandong	Shandong	Commodity sales	50		100	Investment
73	Xuzhou Rongrun Trading Co., Ltd.	Jiangsu	Jiangsu	Commodity sales	50		100	Investment
74	Handan Rongchao Trading Co., Ltd.	Hebei	Hebei	Commodity sales	200		100	Investment
75	Zhengzhou Shenshuo Trading Co., Ltd.	Henan	Henan	Commodity sales	100		100	Investment
76	Jiaxing Rongjun Trading Co., Ltd.	Zhejiang	Zhejiang	Commodity sales	30		100	Investment
77	Xianghe Rongkun Trading Co., Ltd.	Hebei	Hebei	Commodity sales	50		100	Investment
78	Langfang Duona Trading Co., Ltd.	Hebei	Hebei	Commodity sales	30		100	Investment
79	Rongfa Trading Co., Ltd. in Dongchangfu District, Liaocheng City	Shandong	Shandong	Commodity sales	50		100	Investment

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VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) Composition of an enterprise group (Continued)

No.	Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered	Shareholding (%)		Method of acquisition
					capital (RMB10,000)	Direct	Indirect	
80	Cangzhou Rongkun Trading Co., Ltd.	Hebei	Hebei	Commodity sales	50		100	Investment
81	Huizhou Rongzhen Trading Co., Ltd.	Guangdong	Guangdong	Commodity sales	50		100	Investment
82	Shenyang Rongxin Trading Co., Ltd.	Liaoning	Liaoning	Commodity sales	50		100	Investment
83	Shenyang Rongkun Trading Co., Ltd.	Liaoning	Liaoning	Commodity sales	50		100	Investment
84	Shenyang Rongyue Trading Co., Ltd.	Liaoning	Liaoning	Commodity sales	100		100	Investment
85	Shenyang Ronghe Trading Co., Ltd.	Liaoning	Liaoning	Commodity sales	300		100	Investment
86	Shenyang Rongguan Trading Co., Ltd.	Liaoning	Liaoning	Commodity sales	300		100	Investment
87	Shenyang Ronghua Trading Co., Ltd.	Liaoning	Liaoning	Commodity sales	300		100	Investment
88	Langfang Feibi Tuoyu Service Co., Ltd.	Hebei	Hebei	Nursery services	100		100	Investment
89	Zhanjiang Shengxu Trading Co., Ltd.	Guangdong	Guangdong	Commodity sales	50		100	Investment
90	Hohhot Rongzhen Trading Co., Ltd.	Inner Mongolia	Inner Mongolia	Commodity sales	50		100	Investment
91	Shijiazhuang Rongxu Trading Co., Ltd.	Hebei	Hebei	Commodity sales	100		100	Investment
92	Nanjing Rongling Trading Co., Ltd.	Jiangsu	Jiangsu	Commodity sales	50		100	Investment
93	Yangxi County Rongyu Bay Owner's Home Catering Service Co., Ltd.	Guangdong	Guangdong	Catering services	50		100	Investment
94	Zhanjiang Owner's Home Catering Service Co., Ltd.	Guangdong	Guangdong	Catering services	50		100	Investment
95	Changsha Sanfen Liangtian Real Estate Brokerage Co., Ltd.	Hunan	Hunan	Real estate agency services	50		100	Investment
96	Shijiazhuang Rongmi Trading Co., Ltd.	Hebei	Hebei	Commodity sales	100		100	Investment
97	Shijiazhuang Rongdi Trading Co., Ltd.	Hebei	Hebei	Commodity sales	100		100	Investment
98	Ronggao Trading (Jiaxing) Co., Ltd.	Zhejiang	Zhejiang	Commodity sales	30		100	Investment
99	Jiaxing Rongsheng Life Service Co., Ltd.	Zhejiang	Zhejiang	Resident daily life services	30		100	Investment
100	Binzhou Rongwanjia Life Service Co., Ltd.	Shandong	Shandong	Resident daily life services	300		100	Investment
101	Liuzhi Special District Rongwanjia Life Service Co., Ltd.	Guizhou	Guizhou	Property management services	50		100	Investment
102	Rongwanjia (Shijiazhuang) Property Service Co., Ltd.	Hebei	Hebei	Property management services	500		100	Investment

VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) Composition of an enterprise group (Continued)

No.	Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered	Shareholding (%)		Method of acquisition
					capital (RMB10,000)	Direct	Indirect	
103	Rongwanjia (Hunan) Life Service Co., Ltd.	Hunan	Hunan	Resident daily life services	500		100	Investment
104	Rongwanjia (Tangshan) Life Service Co., Ltd.	Hebei	Hebei	Resident daily life services	100		100	Investment
105	Jiaxing Rongjia Life Service Co., Ltd.	Zhejiang	Zhejiang	Resident daily life services	2000		100	Investment
106	Baoding Rongwanjia Life Service Co., Ltd.	Hebei	Hebei	Property management services	300		100	Investment
107	Yixing Rongwanjia Property Management Co., Ltd.	Jiangsu	Jiangsu	Property management services	300		100	Investment
108	Nantong Rongtu Property Management Co., Ltd.	Jiangsu	Jiangsu	Property management services	300		100	Investment
109	Langfang Anci District Rongzhi Life Service Co., Ltd.	Hebei	Hebei	Resident daily life services	500		100	Investment
110	Langfang Guangyang Rongjia Life Service Co., Ltd.	Hebei	Hebei	Resident daily life services	500		100	Investment
111	Xianghe Rongliang Property Management Co., Ltd.	Hebei	Hebei	Property management services	500		100	Investment
112	Sanhe Rongyi Life Service Co., Ltd.	Hebei	Hebei	Resident daily life services	500		100	Investment
113	Wen'an Rongjue Life Service Co., Ltd.	Hebei	Hebei	Resident daily life services	500		100	Investment
114	Shaoxing Rongjia Life Service Co., Ltd.	Zhejiang	Zhejiang	Resident daily life services	500		100	Investment
115	Xingtai Rongwanjia Property Management Co., Ltd.	Hebei	Hebei	Property management services	300		100	Investment
116	Huailai Rong'an Property Management Co., Ltd.	Hebei	Hebei	Property management services	300		100	Investment
117	Yongqing Rongtu Life Service Co., Ltd.	Hebei	Hebei	Property management services	500		100	Investment
118	Gu'an Rongyue Property Management Co., Ltd.	Hebei	Hebei	Property management services	500		100	Investment
119	Bazhou Ronghao Property Management Co., Ltd.	Hebei	Hebei	Property management services	500		100	Investment
120	Hangzhou Lin'an Rongjia Life Service Co., Ltd.	Zhejiang	Zhejiang	Resident daily life services	500		100	Investment

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VIII. INTERESTS IN OTHER ENTITIES (Continued)**1. Interests in subsidiaries** (Continued)**(1) Composition of an enterprise group** (Continued)

No.	Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered capital	Shareholding (%)		Method of acquisition
					(RMB10,000)	Direct	Indirect	
121	Shangrao Rongjia Life Service Co., Ltd.	Jiangxi	Jiangxi	Resident daily life services	499		100	Investment
122	Suzhou Rongjia Life Service Co., Ltd.	Jiangsu	Jiangsu	Resident daily life services	500		100	Investment
123	Nanjing Puhe Property Services Co., Ltd.	Jiangsu	Jiangsu	Property management services	50		100	Mergers and acquisitions
124	Yiyang Rongwanjia Life Service Co., Ltd.	Hunan	Hunan	Resident daily life services	200		100	Investment
125	Yongzhou Rongwanjia Life Service Co., Ltd.	Hunan	Hunan	Resident daily life services	200		100	Investment
126	Zhangjiajie Rongwanjia Life Service Co., Ltd.	Hunan	Hunan	Resident daily life services	200		100	Investment
127	Hefei Rongwanjia Life Service Co., Ltd.	Anhui	Anhui	Property management services	500		100	Investment
128	Huizhou Rongshang Technology Co., Ltd.	Guangdong	Guangdong	Technical Service	500		100	Investment
129	Zhangjiakou Rongshang Technology Service Co., Ltd.	Hebei	Hebei	Engineering services	500		100	Investment
130	Tangshan Rongshang Engineering Management Co., Ltd.	Hebei	Hebei	Engineering services	500		100	Investment
131	Jiaxing Rongshang Engineering Technology Co., Ltd.	Zhejiang	Zhejiang	Technical Service	500		100	Investment
132	Chengdu Rongzhishang Technology Co., Ltd.	Sichuan	Sichuan	Technical Service	300		100	Investment
133	Langfang Weipai Door and Window Installation Co., Ltd.	Hebei	Hebei	Engineering services	100		51	Investment
134	Langfang Zhennuo Doors and Windows Co., Ltd.	Hebei	Hebei	Commodity sales	100		51	Investment
135	Henan Rongshang Engineering Technology Co., Ltd.	Henan	Henan	Technical Service	500		100	Investment
136	Langfang Rongrong Trading Co., Ltd.	Hebei	Hebei	Commodity sales	500		100	Investment
137	Hunan Rongmiao Technology Co., Ltd.	Hunan	Hunan	Engineering services	500		100	Investment
138	Handan Rongna Technology Engineering Co., Ltd.	Hebei	Hebei	Technical Service	300		100	Investment

VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) Composition of an enterprise group (Continued)

No.	Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered capital	Shareholding (%)		Method of acquisition
					(RMB10,000)	Direct	Indirect	
139	Xuzhou Rongzhishang Technology Co., Ltd.	Jiangsu	Jiangsu	Technical Service	500		100	Investment
140	Tangshan Youanmi Catering Service Co., Ltd.	Hebei	Hebei	Commodity sales	100		100	Mergers and acquisitions
141	Tangshan Xuantu Automobile Service Co., Ltd.	Hebei	Hebei	Car maintenance services	50		100	Mergers and acquisitions
142	Handan Rongyiheng Trading Co., Ltd.	Hebei	Hebei	Commodity sales	50		100	Investment
143	Jinan Rongfa Convenient Life Supermarket Co., Ltd.	Shandong	Shandong	Commodity sales	50		100	Mergers and acquisitions
144	Liaocheng Guandi Automobile Beauty Maintenance Service Co., Ltd.	Shandong	Shandong	Car maintenance services	10		100	Mergers and acquisitions
145	Liaocheng Lishe Automotive Beauty Maintenance Service Co., Ltd.	Shandong	Shandong	Car maintenance services	10		100	Mergers and acquisitions
146	Liaocheng Rongyi Automobile Beauty Service Co., Ltd.	Shandong	Shandong	Car maintenance services	10		100	Investment
147	Cangzhou Rongna Trading Co., Ltd.	Hebei	Hebei	Commodity sales	200		100	Investment
148	Cangzhou Rongqiao Trading Co., Ltd.	Hebei	Hebei	Commodity sales	200		100	Investment
149	Cangzhou Rongpai Trading Co., Ltd.	Hebei	Hebei	Commodity sales	50		100	Investment
150	Cangzhou Rongmai Trading Co., Ltd.	Hebei	Hebei	Commodity sales	50		100	Investment
151	Cangzhou Rongxiu Trading Co., Ltd.	Hebei	Hebei	Commodity sales	50		100	Investment
152	Cangzhou Rongzhe Trading Co., Ltd.	Hebei	Hebei	Commodity sales	50		100	Investment
153	Cangzhou Rongsu Trading Co., Ltd.	Hebei	Hebei	Commodity sales	50		100	Investment
154	Cangzhou Rongxin Automobile Service Co., Ltd.	Hebei	Hebei	Car maintenance services	50		100	Investment
155	Shenyang Rongwanjia Craftsmanship Car Wash and Beauty Co., Ltd.	Liaoning	Liaoning	Commodity sales	10		100	Investment
156	Shenyang Rongxi Catering Management Co., Ltd.	Liaoning	Liaoning	Commodity sales	30		100	Investment
157	Jiaxing Rongjun Life Service Co., Ltd.	Zhejiang	Zhejiang	Resident daily life services	30		100	Investment
158	Handan Rongba Trading Co., Ltd.	Hebei	Hebei	Commodity sales	50		100	Investment

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VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) Composition of an enterprise group (Continued)

No.	Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered capital (RMB10,000)	Shareholding (%)		Method of acquisition
						Direct	Indirect	
159	Shenyang Sujie Car Wash and Beauty Co., Ltd.	Liaoning	Liaoning	Commodity sales	10		100	Investment
160	Changzhou Rongwanjia Life Service Co., Ltd.	Jiangsu	Jiangsu	Property management services	300		100	Investment
161	Shijiazhuang Rongtan Trading Co., Ltd.	Hebei	Hebei	Commodity sales	100		100	Investment
162	Zhanjiang Rongsheng Trading Co., Ltd.	Guangdong	Guangdong	Commodity sales	50		100	Investment
163	Zhanjiang Shengyi Trading Co., Ltd.	Guangdong	Guangdong	Commodity sales	50		100	Investment
164	Langfang Rongshang Technology Co., Ltd.	Hebei	Hebei	Technical Service	500		100	Investment
165	Zhanjiang Shengjing Trading Co., Ltd.	Guangdong	Guangdong	Commodity sales	50		100	Investment
166	Shijiazhuang Rongmiao Technology Co., Ltd.	Hebei	Hebei	Technical Service	300		100	Investment
167	Guangdong Rongshang Technology Co., Ltd.	Guangdong	Guangdong	Technical Service	500		100	Investment
168	Cangzhou Rongqi Trading Co., Ltd.	Hebei	Hebei	Commodity sales	50		100	Investment
169	Cangzhou Rongliang Automobile Service Co., Ltd.	Hebei	Hebei	Car maintenance services	50		100	Investment
170	Inner Mongolia Ronglan Trading Co., Ltd.	Inner Mongolia	Inner Mongolia	Commodity sales	50		100	Investment
171	Jinan Ronghuai Trading Co., Ltd.	Shandong	Shandong	Commodity sales	50		100	Mergers and acquisitions
172	Jinan Shengzhuang Decoration Service Co., Ltd.	Shandong	Shandong	Engineering services	50		100	Mergers and acquisitions
173	Hohhot Rongmiao Trading Co., Ltd.	Inner Mongolia	Inner Mongolia	Commodity sales	50		100	Investment
174	Vogue Living and Living Service (Hebei) Co., Ltd.	Hebei	Hebei	Resident daily life services	500	77		Mergers and acquisitions
175	Qinhuangdao Business Co., Ltd.	Hebei	Hebei	Commodity sales	50		100	Mergers and acquisitions
		Qinhuangdao	Qinhuangdao					
176	Vogue Living and Living Service (Xingtai) Co., Ltd.	Hebei Xingtai	Hebei Xingtai	Resident daily life services	10		100	Mergers and acquisitions

VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) Composition of an enterprise group (Continued)

No.	Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered capital	Shareholding (%)		Method of acquisition
					(RMB10,000)	Direct	Indirect	
177	Vogue Living Service Laishui Co., Ltd.	Hebei Baoding	Hebei Baoding	Resident daily life services	10		100	Mergers and acquisitions
178	Vogue Living and Living Service (Chengde) Co., Ltd.	Hebei Chengde	Hebei Chengde	Resident daily life services	10		100	Mergers and acquisitions
179	Vogue Living and Living Service (Xinglong) Co., Ltd.	Hebei Chengde	Hebei Chengde	Resident daily life services	10		100	Mergers and acquisitions
180	Vogue Living and Living Service (Chuzhou) Co., Ltd.	Anhui Chuzhou	Anhui Chuzhou	Resident daily life services	10		100	Mergers and acquisitions
181	Vogue Living and Living Service (Jiaozuo) Co., Ltd.	Henan Jiaozuo	Henan Jiaozuo	Resident daily life services	50		100	Mergers and acquisitions
182	Shenyang Rongshang Technology Co., Ltd.	Liaoning	Shenyang	Technical Service	500		100	Investment
183	Panjin Rongwanjia Life Service Co., Ltd.	Liaoning	Panjin	Resident daily life services	500		100	Investment
184	Linyi Rongjia Life Service Co., Ltd.	Shandong	Linyi	Resident daily life services	500		100	Investment
185	Bengbu Rongshang Technology Co., Ltd.	Anhui	Bengbu	Technical Service	500		100	Investment
186	Wuhu Rongwanjia Property Service Co., Ltd.	Anhui	Wuhu	Property management services	500		100	Investment
187	Rongwanjia (Shenyang) Life Service Co., Ltd.	Liaoning	Shenyang	Resident daily life services	500	100		Investment
188	Liaocheng Rongwanjia Life Service Co., Ltd.	Shandong	Liaocheng	Resident daily life services	300		100	Investment
189	Chongqing Rongwanjia Life Service Co., Ltd.	Chongqing	Chongqing	Resident daily life services	300		100	Investment
190	Xi'an Rongjia Shengxin Property Management Co., Ltd.	Shaanxi	Xi'an	Property management services	300		100	Investment
191	Qihe Rongwanjia Life Service Co., Ltd.	Shandong	Dezhou	Resident daily life services	300		100	Investment

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VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) Composition of an enterprise group (Continued)

No.	Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered capital	Shareholding (%)		Method of acquisition
					(RMB10,000)	Direct	Indirect	
192	Qingdao Rongjin Life Service Co., Ltd.	Shandong	Qingdao	Resident daily life services	300		100	Investment
193	Jinan Ronghe Life Service Co., Ltd.	Shandong	Jinan	Resident daily life services	300		100	Investment
194	Zhuzhou Rongwanjia Life Service Co., Ltd.	Hunan	Zhuzhou	Resident daily life services	200		100	Investment
195	Dujun Rongwanjia Life Service Co., Ltd.	Guizhou	Qiannan Buyi Miao Autonomous Prefecture	Property management services	100		100	Investment
196	Nanjing Rongshe Trading Co., Ltd.	Jiangsu	Nanjing	Commodity sales	100		100	Investment
197	Yueyang Rongwanjia Life Service Co., Ltd.	Hunan	Yueyang	Resident daily life services	100		100	Investment
198	Nanjing Rongzhishang Technology Co., Ltd.	Jiangsu	Nanjing	Technical Service	50		100	Investment
199	Huazao (Beijing) Management Consulting Co., Ltd.	Beijing	Beijing	Social and economic consulting services	1000		95	Investment
200	Cangzhou Rongjing Property Management Co., Ltd.	Hebei	Cangzhou	Property management services	500		60	Investment
201	Cangzhou Rongqian Property Service Co., Ltd.	Hebei	Cangzhou	Property management services	500		60	Investment

The aforementioned subsidiaries are incorporated as companies with limited liability under the law of the People's Republic of China.

VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(2) Significant non-wholly owned subsidiaries

No.	Name of subsidiary	Minority shareholding	Profit or loss for the year attributable to minority shareholders	Dividends declared to minority shareholders during the year	Balance of minority interests at the end of the year
1	Cangzhou Rongzhi Property Service Co., Ltd.	49%	25,964.08	0.00	91,095.34
2	Langfang Rongrui Property Management Co., Ltd.	49%	1,048.45	0.00	442,012.21
3	Baoding Rongrun Property Service Co., Ltd.	49%	261,495.35	0.00	577,604.27
4	Rongwanqian Property Management (Zhangjiakou) Co., Ltd.	49%	0.00	0.00	0.00
5	Zhangjiakou Rongmiao Cheng Property Management Co., Ltd.	49%	1,116,935.21	0.00	1,943,291.44
6	Cangzhou Roiserv New Town Property Service Co., Ltd.	49%	-156,185.62	0.00	-98,489.50
7	Beijing Rongyang Wanjia Management Consulting Co., Ltd.	30%	-355,804.39	0.00	121,427.92
8	Hebei Rongheng Bosheng Power Engineering Co., Ltd.	60%	-1,694,158.33	0.00	-1,694,158.33
9	Vogue Living and Living Service (Hebei) Co., Ltd.	23%	1,439,884.57	0.00	-1,006,506.00
Total		-	639,179.32	0.00	376,277.35

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(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(3) Financial information of significant non-wholly owned subsidiaries

Name of subsidiary	Current assets	Non-current assets	Closing balance		Non-current liabilities	Total liabilities
			Total assets	Current liabilities		
Cangzhou Rongzhi Property Service Co., Ltd.	185,554.55	354.31	185,908.86	0.00	0.00	0.00
Langfang Rongrui Property Management Co., Ltd.	902,089.90	0.00	902,089.90	24.16	0.00	24.16
Baoding Rongrun Property Service Co., Ltd.	1,402,236.47	2,425.40	1,404,661.87	225,877.65	0.00	225,877.65
Rongwanqian Property Management (Zhangjiakou) Co., Ltd.	0.00	0.00	0.00	0.00	0.00	0.00
Zhangjiakou Rongmiao Cheng Property Management Co., Ltd.	3,814,416.77	1,846,620.75	5,661,037.52	1,695,136.62	0.00	1,695,136.62
Cangzhou Roiserv New Town Property Service Co., Ltd.	815,918.56	25,605.21	841,523.77	1,044,522.75	0.00	1,044,522.75
Beijing Rongyang Wanjia Management Consulting Co., Ltd.	780,712.31	253,876.77	1,034,589.08	629,829.34	0.00	629,829.34
Hebei Rongheng Bosheng Power Engineering Co., Ltd.	1,205,328.57	2,838,640.34	4,043,968.91	6,867,566.13	0.00	6,867,566.13
Vogue Living and Living Service (Hebei) Co., Ltd.	76,764,865.15	2,278,426.33	79,043,291.48	83,419,404.54	0.00	83,419,404.54

Name of subsidiary	Current assets	Non-current assets	Closing balance		Non-current liabilities	Total liabilities
			Total assets	Current liabilities		
Cangzhou Rongzhi Property Service Co., Ltd.	439,852.45	1,965.71	441,818.16	308,897.23	0.00	308,897.23
Langfang Rongrui Property Management Co., Ltd.	899,901.38	24.66	899,926.04	0.00	0.00	0.00
Baoding Rongrun Property Service Co., Ltd.	1,148,793.66	2,891.13	1,151,684.79	506,564.55	0.00	506,564.55
Rongwanqian Property Management (Zhangjiakou) Co., Ltd.	0.00	0.00	0.00	0.00	0.00	0.00
Zhangjiakou Rongmiao Cheng Property Management Co., Ltd.	6,480,998.99	241,863.66	6,722,862.65	5,036,421.37	0.00	5,036,421.37
Cangzhou Roiserv New Town Property Service Co., Ltd.	254,086.29	19,264.20	273,350.49	157,603.30	0.00	157,603.30
Beijing Rongyang Wanjia Management Consulting Co., Ltd.	1,616,062.63	128,758.83	1,744,821.46	214,047.08	0.00	214,047.08
Hebei Rongheng Bosheng Power Engineering Co., Ltd.	0.00	0.00	0.00	0.00	0.00	0.00
Vogue Living and Living Service (Hebei) Co., Ltd.	55,516,384.08	3,909,351.24	59,425,735.32	70,062,216.07	0.00	70,062,216.07

VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(3) Financial information of significant non-wholly owned subsidiaries (Continued)

Name of subsidiary	Operating income	Current year amount		
		Net profit	Total comprehensive income	Cash flows from operating activities
Cangzhou Rongzhi Property Service Co., Ltd.	166,774.63	52,987.93	52,987.93	-53,429.14
Langfang Rongrui Property Management Co., Ltd.	0.00	2,139.70	2,139.70	-15,038.71
Baoding Rongrun Property Service Co., Ltd.	3,206,693.71	533,663.98	533,663.98	-166,386.27
Rongwanqian Property Management (Zhangjiakou) Co., Ltd.	0.00	0.00	0.00	0.00
Zhangjiakou Rongmiao Cheng Property Management Co., Ltd.	25,410,348.20	2,279,459.62	2,279,459.62	2,643,715.45
Cangzhou Roiserv New Town Property Service Co., Ltd.	434,569.80	-318,746.17	-318,746.17	504,618.75
Beijing Rongyang Wanjia Management Consulting Co., Ltd.	0.00	-1,186,014.64	-1,186,014.64	-801,555.43
Hebei Rongheng Bosheng Power Engineering Co., Ltd.	129,449.94	-2,823,597.22	-2,823,597.22	3,101,979.24
Vogue Living and Living Service (Hebei) Co., Ltd.	55,703,625.54	6,260,367.69	6,260,367.69	-746,479.59

Name of subsidiary	Operating income	Prior year amount		
		Net profit	Total comprehensive income	Cash flows from operating activities
Cangzhou Rongzhi Property Service Co., Ltd.	549,975.89	132,920.93	132,920.93	55,949.61
Langfang Rongrui Property Management Co., Ltd.	0.00	-73.96	-73.96	-11,698.54
Baoding Rongrun Property Service Co., Ltd.	1,828,961.39	145,120.24	145,120.24	99,479.91
Rongwanqian Property Management (Zhangjiakou) Co., Ltd.	0.00	0.00	0.00	0.00
Zhangjiakou Rongmiao Cheng Property Management Co., Ltd.	4,706,247.20	-1,313,558.72	-1,313,558.72	-2,756,144.67
Cangzhou Roiserv New Town Property Service Co., Ltd.	45,886.13	-82,252.81	-82,252.81	67,993.80
Beijing Rongyang Wanjia Management Consulting Co., Ltd.	0.00	-409,225.62	-409,225.62	-951,121.23
Hebei Rongheng Bosheng Power Engineering Co., Ltd.	0.00	0.00	0.00	0.00
Vogue Living and Living Service (Hebei) Co., Ltd.	78,514,103.68	-3,188,316.08	-3,188,316.08	-4,203,873.21

NOTES TO THE FINANCIAL STATEMENTSJanuary 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. INTERESTS IN OTHER ENTITIES (Continued)**2. Interests in joint ventures or associates****Key financial information on significant joint ventures or associates**

Item	Closing balance/Current year amount	
	Beijing Yinsilang Energy Resource Technology Co., Ltd.	Bengbu Dongfang Wanjia Life Service Co., Ltd.
Current assets	221,545,431.18	1,500,000.00
Including: Cash and cash equivalents	8,867,859.24	1,500,000.00
Non-current assets	117,411.21	0.00
Total assets	221,662,842.39	1,500,000.00
Current liabilities	10,513,145.69	0.00
Non-current liabilities	0.00	0.00
Total liabilities	10,513,145.69	0.00
Minority interests	0.00	0.00
Equity attributable to shareholders of the parent company	211,149,696.70	1,500,000.00
Share of net assets based on percentage of shareholding	103,463,351.38	1,500,000.00
Adjustments	0.00	0.00
– Goodwill	0.00	0.00
– Unrealised profit on internal transactions	0.00	0.00
– Other	0.00	0.00
Book value of equity investments in associates	100,000,000.00	1,500,000.00
Fair value of equity investments in associates for which publicly quoted prices exist	0.00	0.00
Operating income	192,954,739.95	0.00
Finance costs	379,887.39	0.00
Income tax expense	1,599,211.94	0.00
Net profit	-6,364,748.55	0.00
Total comprehensive income	-6,364,748.55	0.00
Dividends received from associates during the year	0.00	0.00

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group's major financial instruments include receivables, payables and trading financial assets, etc. A detailed description of each financial instrument is set out in Note VI. to this note. The risks associated with these financial instruments and the risk management policies adopted by the Group to mitigate these risks are described below. The management of the Group manages and monitors these exposures to ensure that the above risks are kept within limits.

1. Various types of risk management objectives and policies

The Group's objective in engaging in risk management is to strike an appropriate balance between risk and return, to minimise the negative impact of risk on the Group's operating performance and to maximise the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of the Group's risk management is to identify and analyse the various risks to which the Group is exposed, establish appropriate risk tolerance limits and manage the risks, and monitor the various risks in a timely and reliable manner to keep the risks within the limits.

(1) Market risk

1) Exchange rate risk

The Group's exposure to exchange rate risk relates primarily to HKD and USD. The Group's other major business activities are denominated and settled in RMB, except for the Group's parent company currency funds and trading financial assets which include foreign currency operations. As at December 31st, 2022, the Group's assets and liabilities are all in RMB, except for the HKD and USD balances of assets and liabilities as described in the table below. The exchange rate risk arising from the assets and liabilities with HKD and USD balances may have an impact on the Group's results of operations.

Item	December 31 st , 2022	December 31 st , 2021
Cash and cash equivalents – HKD	31,128,134.35	469,013,740.85
Trading financial assets – USD	0.00	32,568,988.31

The Group closely monitors the impact of exchange rate movements on the Group.

2) Price risk

The Group's property services revenue is relatively stable and is less affected by price fluctuations.

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

1. Various types of risk management objectives and policies (Continued)

(2) Credit risk

At December 31st, 2022, the largest exposure to credit risk that could give rise to financial losses for the Group arises primarily from losses on the Group's financial assets arising from the failure of the other party to the contract to perform its obligations and from financial guarantees assumed by the Group, specifically:

The book amount of financial assets recognized in the consolidated balance sheet; for financial instruments measured at fair value, the book value reflects the exposure but is not the maximum exposure, which will change with future changes in fair value.

To mitigate credit risk, the Group has established a dedicated department to determine credit limits, perform credit approvals and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue claims. In addition, the Group reviews the collection status of receivables at each balance sheet date to ensure that adequate bad debt provisions are made for uncollectible amounts. As a result, the Group's management believes that the Group's exposure to credit risk has been significantly reduced.

The Group's liquidity is placed with banks with high credit ratings and therefore the credit risk on liquidity is low.

The Group has adopted the necessary policies to ensure that all sales customers have a good credit history. Apart from the top five accounts receivable amounts, the Group has no other significant credit concentration risk.

The total amount of the top five accounts receivable: RMB272,355,753.29.

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

1. Various types of risk management objectives and policies (Continued)

(3) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group manages liquidity risk by ensuring that it has sufficient financial liquidity to meet its obligations as they fall due without incurring unacceptable losses or causing damage to its corporate reputation. The Group regularly analyses the structure and maturity of its liabilities to ensure that sufficient funds are available.

Financial assets and financial liabilities held by the Group are analyzed by the maturity of the undiscounted residual contractual obligations as follows:

Amount at December 31st, 2022:

Item	Within one year	1-2 years	2 to 5 years	More than 5 years	Total
Financial assets	2,748,719,520.13	896,032,412.61	139,537,704.14	21,661,063.32	3,805,950,700.20
Including: Cash and cash equivalents	848,846,927.69	0.00	0.00	0.00	848,846,927.69
Notes receivable	0.00	2,042,924.24	838,268.38	0.00	2,881,192.62
Accounts receivable	1,258,747,124.70	818,688,578.35	79,689,576.72	1,113,079.15	2,158,238,358.92
Other receivables	630,444,262.05	75,168,824.22	58,613,601.64	20,415,898.37	784,642,586.28
Non-current assets due within one year	1,872,205.80	0.00	0.00	0.00	1,872,205.80
Long-term receivables	8,808,999.89	132,085.80	396,257.40	132,085.80	9,469,428.89
Financial liabilities	921,810,415.66	421,176,779.26	70,202,347.84	24,370,216.60	1,437,559,759.36
Including: Accounts payable	538,338,046.19	227,452,305.14	41,084,903.93	539,312.74	807,414,568.00
Other payables	306,035,021.66	193,592,388.32	28,721,186.51	23,698,818.06	552,047,414.55
Employee benefits payable	66,388,409.74	0.00	0.00	0.00	66,388,409.74
Non-current liabilities due within one year	1,872,205.80	0.00	0.00	0.00	1,872,205.80

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

2. Sensitivity analysis

The Group uses sensitivity analysis techniques to analyse the possible impact of reasonable and probable changes in risk variables on current profit or loss or shareholders' equity. As changes in any risk variable rarely occur in isolation and the correlation that exists between variables will have a significant effect on the ultimate amount of impact of a change in a risk variable, the following is performed assuming that changes in each variable are independent.

(1) Foreign exchange risk sensitivity analysis

Foreign exchange risk sensitivity analysis assumes that all net investment hedges and cash flow hedges for foreign operations are highly effective.

On the basis of the above assumptions, the after-tax effect on current profit or loss and equity of a reasonable possible change in exchange rates, with all other variables held constant, is as follows:

Item	Exchange rate movements	FY 2022		FY 2021	
		Impact on net profit	Impact on shareholders' equity	Impact on net profit	Impact on shareholders' equity
HKD	Appreciation against the RMB by 5	-1,167,305.04	-1,167,305.04	-17,588,015.28	-17,588,015.28
HKD	Devaluation against the RMB by 5	1,167,305.04	1,167,305.04	17,588,015.28	17,588,015.28
USD	Appreciation against the RMB by 5	0.00	0.00	-1,221,337.06	-1,221,337.06
USD	Devaluation against the RMB by 5	0.00	0.00	1,221,337.06	1,221,337.06

X. FAIR VALUE DISCLOSURES

1. Closing fair value of assets and liabilities measured at fair value

Item	Closing fair value			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurements	
I. Continuing fair value measurement	-	-	-	-
1. Investment properties	0.00	60,841,725.00	0.00	60,841,725.00
(1) Buildings for lease	0.00	13,202,200.00	0.00	13,202,200.00
(2) Parking spaces that are held and ready to be transferred after appreciation	0.00	47,639,525.00	0.00	47,639,525.00

2. Continuing and discontinuing Level 2 fair value measurement items, qualitative and quantitative information on the valuation techniques used and significant parameters

The investment properties of the enterprise that belong to Level 2 fair value measurement in the current period are mainly: housing buildings used for leasing and parking spaces held for sale by the enterprise, which were valued based on the valuation report issued by Beijing Dewei Evaluation Co., Ltd. (Report No. ZhongTongHuaBaoZi No. 020055 (2023)).

NOTES TO THE FINANCIAL STATEMENTSJanuary 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS**1. Related party relationships****(1) Controlling shareholders and ultimate controlling party****1) Controlling shareholders and ultimate controlling party**

Name of controlling shareholders and ultimate controlling party	Place of registration	Nature of business	Registered capital (RMB10,000)	Shareholding in the Company (%)	Percentage of voting rights in the Company (%)
RiseSun Real Estate Development Co., Ltd.	Langfang, Hebei	Real estate	434,816.39萬 人民幣	62.64	62.64
RiseSun Holdings Co., Ltd.	Langfang, Hebei	Real estate	64,400.00	-	-

2) Registered capital of controlling shareholders and changes therein

Controlling shareholders	Opening balance	Increase during the year	Decrease during the year	Closing balance
RiseSun Real Estate Development Co., Ltd.	4,348,163,851.00	0.00	0.00	4,348,163,851.00

3) Shareholdings or equities of controlling shareholders and changes therein

Controlling shareholders	Amount of shareholding (RMB10,000)		Shareholding ratio (%)	
	Closing balance	Opening balance	End of the year	Beginning of the year
RiseSun Real Estate Development Co., Ltd.	23,552.70	23,552.70	62.64	62.64

(2) Subsidiaries

For details of the subsidiaries, please refer to “VIII. 1 (1) Composition of an enterprise group” in this note.

(3) Joint ventures and associates

For details of the Company’s significant joint ventures or associates, please refer to VIII. 2. “Interests in joint ventures or associates” in this note.

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties

Name of other related party	Relationship with the Company
Handan Rongkai Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hebei RiseSun Real Estate Development Co., Ltd	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hebei Rongshang Real Estate Development Co., Ltd	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shijiazhuang Rongen Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hebei Xinlv Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shijiazhuang Youshan Ecological Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hebei Rongxu Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shijiazhuang Rongli Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shijiazhuang Rongfan Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hebei Moze Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shijiazhuang Rongzhi Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Real Estate Development Co., Ltd. Handan Branch	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun (Xuzhou) Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xuzhou Rongkai Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jiangsu Rongfa Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

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January 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties

Name of other related party	Relationship with the Company
Shijiazhuang Shangsheng Property Service Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing New Exploration Real Estate Consulting Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing Hua'ou Shundu Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Real Estate Development Co., Ltd. Langfang Branch	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Beijing RiseSun Real Estate Co., Ltd	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Real Estate Development Co., Ltd. Xianghe Branch	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Sizhong Internet (Beijing) Network Technology Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Liaocheng RiseSun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tangshan RiseSun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Shengkun Garden Engineering Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Xingcheng (Tangshan) Park Construction Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Panjin RiseSun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Guoke (Qihe) Investment Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jinan Rong'en Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jinan Rongshang Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jinan Shangsheng Business Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jinan Glory Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties

Name of other related party	Relationship with the Company
Jinan Shenghui Business Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun (Wuhu) Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing Shenghui Business Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jinan Rongcheng Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Renshou Shengjing Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Guangzhou RiseSun Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Development Zone RiseSun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Real Estate Development Co., Ltd. Langfang Development Zone Branch	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun (Xianghe) Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhangjiakou Rongfeng Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Baoding Zheshang Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhangjiakou Rongshang Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Shenghong Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Rongnian Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jinan Rongfeng Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Dezhou Glory Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties (Continued)

Name of other related party	Relationship with the Company
Qingdao Dongfang Lanhai Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Liaocheng Rongshun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Chengdu RiseSun Weiye Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Chengdu RiseSun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Puyang Rongyou Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yongqing Rongheng Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Real Estate Development Co., Ltd. Bazhou Branch	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bazhou Ronghai Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Rong'an Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Sizhong (Jiaxing) Investment Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Kaisheng Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Shangsheng Property Service Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Shenghui Business Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Chengdu RiseSun Washington Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Chengdu Tianhe Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Shengkun Business Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties (Continued)

Name of other related party	Relationship with the Company
Langfang Shangsheng Business Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qinhuangdao RiseSun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tibet Hongtu Tourism Culture Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tangshan Shangsheng Property Service Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xuzhou Rongteng Shengzhan Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Chuzhou RiseSun Business Management Service Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou RiseSun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Qianchen Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Zhongsheng Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shangsheng Property Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Lingshui Junsheng Real Estate Development Co., Ltd. RongEasy Hospitality Hotel	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shifang Kaixuan Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shenyang RiseSun Real Estate Development Co., Ltd	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing Ronghua Shengshi Information Technology Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xianghe Varytown Industrial Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun (Xinglong) Tourism Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Chengde Hengyue Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

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(Unless indicated otherwise, all amounts are expressed in RMB)

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties (Continued)

Name of other related party	Relationship with the Company
RiseSun KangLv Chengde Agricultural Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qinhuangdao Shengze Real Estate Development Co., Ltd. Zuolin Youli Hotel	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun (Xinglong) Tourism Development Co., Ltd. QingSongLing Arcadia International Resort Hotel	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jinzhai RiseSun Kanglv Investment Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Laishui RiseSun Weiye Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Laishui RiseSun Weiye Real Estate Development Co., Ltd. Rokey Hotel	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shennongjia Forestry District RiseSun Real Estate Tourism Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shennongjia Forestry District RiseSun Real Estate Tourism Development Co., Ltd. Arcadia International Forest Hotel	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shennongjia Forestry District RiseSun Real Estate Tourism Development Co., Ltd. Xuhui Institute	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shennongjia Forestry District RiseSun Real Estate RoEasy Exquisite Hotel Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shennongjia Forestry District Kangyang Service Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shennongjia Forestry District RiseSun Hotel Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties (Continued)

Name of other related party	Relationship with the Company
Yichang Rongyi Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Huangshan RiseSun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Lingshui Junsheng Real Estate Development Co., Ltd	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Anhui Jiu Hua Hot Spring Development Co., Ltd. Qingyang Arcadia Hotel Branch	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Huangshan RiseSun Real Estate Development Co., Ltd. Rongyiyuan Branch	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Liyang Jinrong Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang RiseSun Hotel Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qinhuangdao Shouling Entertainment Culture Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qinhuangdao Tongxin Real Estate Development Co., Ltd. RiseSun Health Valley Resort Hotel	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qinhuangdao Jinhai Real Estate Development Co., Ltd. Daihe Shouling Apartment	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qinhuangdao Jinhai Real Estate Development Co., Ltd. Gold Coast Hotel	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Anping RiseSun Holiday Hotel Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

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XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties (Continued)

Name of other related party	Relationship with the Company
Laishui RiseSun Weiye Real Estate Development Co., Ltd. Arcadia International Resort Hotel	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Laishui Rongfa Sports Culture Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Laishui RiseSun Weiye Real Estate Development Co., Ltd. RiseSun Four Seasons Fairyland Hotel	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Laishui RiseSun Weiye Real Estate Development Co., Ltd. Rongyiyuan Branch	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Laishui RiseSun Weiye Real Estate Development Co., Ltd. Rongxi Manor Hotel Branch	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xiuwu RiseSun Cultural Tourism Ancient Town Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xiuwu RiseSun Yuntai Ancient Town Business Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang RiseSun Hotel Management Co., Ltd. Linyi Branch	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang RiseSun Hotel Management Co., Ltd. Linyi Huayu Xingyuan Branch	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang RiseSun Hotel Management Co., Ltd. Linyi Rongxin Hotel Exhibition Center Branch	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties (Continued)

Name of other related party	Relationship with the Company
Chengde Rongde Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xingtai RiseSun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xingtai Ronghong Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Anhui Jiu Hua Hot Spring Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Huangshan Ro-easy Resort Hotel Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qianxi RiseSun Real Estate Tourism Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Lijiang RiseSun Kanglv Real Estate Co., Ltd. Arcadia Xueshan Yuanxiang Hotel	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Lijiang RiseSun Kanglv Real Estate Co., Ltd. Rongxi Manor Branch	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Lingshui Junsheng Real Estate Development Co., Ltd. Arcadia Holiday Hotel	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Lingshui Junsheng Real Estate Development Co., Ltd. Zuolin Youli Countryside B&B	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Chuzhou RiseSun Tourism Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Chuzhou Ronghua Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yangzhou RiseSun Kanglv Tourism Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties (Continued)

Name of other related party	Relationship with the Company
RongCheng Kang Brigade Investment Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Guangdong Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhanjiang Development Zone Rongfa Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shandong RiseSun Fuxiang Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Handan RiseSun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Handan Development Zone Rongfa Shenghong Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun (Pizhou) Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hanzhong Rongyuan Xingcheng Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hohhot RiseSun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yixing Chengdong Cultural Tourism Investment Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Real Estate Development Co., Ltd. Bengbu Branch	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Real Estate Development Co., Ltd. Liaocheng Branch	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun (Bengbu) Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bengbu RiseSun Weiye Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Linyi RiseSun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bengbu RiseSun Jiaye Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing RiseSun Shengtai Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties (Continued)

Name of other related party	Relationship with the Company
Bengbu RiseSun Fengye Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shenyang Xingfu Zhujia Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shenyang RiseSun Jinxiu Tiandi Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shenyang Zhong'an Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shenyang RiseSun Zhongtian Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shenyang RiseSun New Landmark Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Changzhou RiseSun Zhujia Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Henan Rongyou Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jiaxing RiseSun Xinyi Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Chongqing Rongqian Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yueyang Hengtong Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Xieyi Landscape Engineering Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Liaocheng Arcadia International Hotel Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Beijing Yijia Technology Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bengbu RiseSun Business Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xuzhou Yuesheng Decoration Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jinan Rongyi Hotel Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

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XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties (Continued)

Name of other related party	Relationship with the Company
Guoke (Qihe) Investment Co., Ltd. Arcadia IHotel	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Changsha Rongxiang Real Estate Development Co., Ltd	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Chongqing RiseSun Kunchuang Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Huizhou Jinrun Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Beijing Zhongrui Jiaye Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing Shangsheng Business Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhuzhou RiseSun Real Estate Development Co., Ltd	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qingdao Oriental Bay Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Development Zone Shengyuan Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Shengkun Business Management Co., Ltd. RiseSun Huafu Supermarket	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Hongya Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qingdao Ronghang Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hefei RiseSun Zeye Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing RiseSun Shengjing Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tangshan Rongkai Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Shangsheng Outlets Trading Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties (Continued)

Name of other related party	Relationship with the Company
Xiuwu RiseSun Cultural Tourism Ancient Town Development Co., Ltd. YunTaiShan RoEasy Hotel	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qinhuangdao Jinhai Real Estate Development Co., Ltd. Arcadia Seaside Holiday Hotel	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Huangshan RiseSun Real Estate Development Co., Ltd. Arcadia Shining Hotel	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing RiseSun Kanglv Tourism Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Chuzhou RiseSun Tourism Development Co., Ltd. Arcadia Hotel	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Laishui RiseSun Kanglv Investment Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hebei Yesanpo Tourism Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xingtai RiseSun Tourism Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xingtai RiseSun Tourism Development Co., Ltd. Arcadia International Resort Hotel	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Lijiang RiseSun Kanglv Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Rongyixing Kanglv (Hainan) Automobile Service Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Chuzhou Lianrong Information Technology Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

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XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties (Continued)

Name of other related party	Relationship with the Company
Chuzhou Rongding Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Chuzhou RiseSun Longwan Lake Tourism Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jinzhai RiseSun Ecological Agriculture Sightseeing Tourism Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Development Zone RiseSun Real Estate Development Co., Ltd. Arcadia International Hotel	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhanjiang Shenghui Business Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hunan RiseSun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hebei Wante Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Changsha Rongxiang Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yiyang RiseSun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shaanxi Huayu Yingfeng Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yangxi Ronghuasheng Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hebei RiseSun Building Materials Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Rongsen (Tianjin) Building Materials Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhanjiang Shangsheng Business Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shenyang Taichang Business Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xianghe Rongxin Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties (Continued)

Name of other related party	Relationship with the Company
Chongqing RiseSun Xinyu Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Arcadia International Hotel Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xuzhou RiseSun Plaza Business Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Changzhou Shangsheng Business Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhejiang RiseSun Yixin Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yixing RiseSun Yixin Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Changzhou Shenghui Business Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shenyang RiseSun Xingfu Dadao Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tangshan Shangsheng Department Store Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Yijing Garden Nursery Stock Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Architectural Design Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing RiseSun Building Materials Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qinhuangdao Shengze Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Jingxuan Zhangjiakou Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Yujing Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Fangze Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Development Zone Shengze Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties (Continued)

Name of other related party	Relationship with the Company
Rongcheng (Tianjin) Real Estate Marketing Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Linyi Kaien Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shandong Rongfa Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hebei Rongchuang Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shijiazhuang Shenghui Business Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Changsha Rongyuan Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Changsha Rongcheng Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yongzhou Rongfeng Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bengbu RiseSun Zhujia Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bengbu RiseSun Dingye Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bengbu RiseSun Jinye Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bengbu RiseSun Xiangyun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Real Estate Development Co., Ltd. Cangzhou Branch	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Defa Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Rongshuo Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Shengyu Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Taibo Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties (Continued)

Name of other related party	Relationship with the Company
Cangzhou Rongsu Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tangshan Ronghong Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Changzhou RiseSun Yixin Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing RiseSun Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing Rongting Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing Rongdao Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Liaocheng RiseSun Real Estate Development Co., Ltd. Linqing Branch	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tangshan RiseSun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Changsha Rongfeng Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhejiang RiseSun Yihong Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bazhou Rongcheng Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Xingcheng (Bazhou) Park Construction Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bazhou Nan Meng Yusheng Hot Spring City Kindergarten	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Huizhou Datianyang Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Huizhou Jinhong Investment Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Huailai Rongfeng Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhangjiakou Rongguang Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

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XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties (Continued)

Name of other related party	Relationship with the Company
Tianjin Rongtai Real Estate Co., Ltd	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tianjin Rongzhen Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shangrao RiseSun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhangjiajie RiseSun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Foshan Shunde Fosheng Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xinglong Ronghuian Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yangxi Huasheng Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xianghe Maosheng Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Sanhe Yanyuan Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xianghe Ruihong Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tangshan Shengyu Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tangshan Ronghao Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xuzhou Rong'an Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jinan Rongyi Catering Management Co., Ltd	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Qianchen Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Zhongshi Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zouping Chengtou Xinghui Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties (Continued)

Name of other related party	Relationship with the Company
Hengshui Rongjun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Rongchuan Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hebei Chengkun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xinyang Rongyang Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Wuhan Minglirui Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yueyang RiseSun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yiyang Rongcheng Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yongqing Rongzhidi Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Chongqing Rongpin Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhejiang Haoyuan Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhejiang Xinhan Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hangzhou Rongshang Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Suzhou Yihao Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhejiang Rongteng Shengzhan Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jiaxing Rongxiang Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tangshan Hongzhou Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shanxi Rongtai Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties (Continued)

Name of other related party	Relationship with the Company
Hangzhou Glory Shenghao Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Rongshang Business Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tangshan Shenghui Business Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Yutian Xingcheng Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Ruisheng Investment Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhejiang Yiwei Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhengzhou Hongzhufu Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Dongling Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Luohe Shengxu Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hebei Ronghong Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Ningbo Ronghao Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhejiang RiseSun Yihao Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Handan Rongang Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shijiazhuang Xinmao Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shijiazhuang Rongzhen Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Liaocheng Rongxiang Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Liaocheng Rongxing Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties (Continued)

Name of other related party	Relationship with the Company
Tibet New Exploration Real Estate Marketing Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zouping Chengtuo Qiyun Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing Rong'en Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing Rongyu Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing Rongyun Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Changzhou RiseSun Shangyuan Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Wuhu RiseSun Wanye Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hefei RiseSun Leye Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hefei Rongbang Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qingdao Dongfangyalong Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shanxi RiseSun Zhuoyue Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nantong Rongdatong Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Baoding Zexin Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Liaocheng Dongchangfu District Ronghe Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hefei RiseSun Shengye Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bengbu Rongjia Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Wuhu Rongzhong Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

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(Unless indicated otherwise, all amounts are expressed in RMB)

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties (Continued)

Name of other related party	Relationship with the Company
Xuzhou Lesheng Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Gangzhou RiseSun Real Estate Development Co., Ltd. Xinhua District Branch	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hongyun (Jiangsu Changzhou) Industrial Investment Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bazhou Rong'an Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bazhou Rongjin Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shaanxi RiseSun Fengying Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hanzhong Rongyuan Jincheng Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Taiyuan Rongde Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shanxi Rongjun Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qingdao Dongfangbailing Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shandong Yizhuo Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Varytown Industrial Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hebei Guangde Door & Window Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Beijing RiseSun Chuangzhan Operation Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Gu'an Rongfang Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Xingcheng Investment Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)

(4) Other related parties (Continued)

Name of other related party	Relationship with the Company
Qinhuangdao Jinhai Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qinhuangdao Tongxin Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Rongcheng (Tianjin) Building Materials Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shaoxing Chenyue Real Estate Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tangshan Bizhao Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tangshan Ronglu Real Estate Development Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xuzhou Shenghui Business Management Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qifang (Beijing) Education Technology Co., Ltd.	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Construction Engineering Co., Ltd.	A company controlled by ultimate holding company
Cangzhou Baosheng Real Estate Development Co., Ltd.	An associate of RiseSun Group
Shijiazhuang Runpeng Real Estate Development Co., Ltd.	An associate of RiseSun Group
Xuzhou Rongrun Real Estate Development Co., Ltd.	An associate of RiseSun Group

NOTES TO THE FINANCIAL STATEMENTSJanuary 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**2. Related transactions****(1) Related transactions for the purchase and sale of goods, provision and acceptance of labor services****1) Purchase of goods – Acceptance of labor services**

Related parties	Content of related transactions	Current year amount	Prior year amount
RiseSun Group	Engineering materials and labor services	19,686,543.23	102,784,339.35

2) Sales of goods – Provision of labor services

Related parties	Content of related transactions	Current year amount	Prior year amount
RiseSun Group	Sales of goods or rendering services	434,224,847.42	913,778,437.79
A company controlled by ultimate holding company	Sales of goods or rendering services	0.00	18,824,313.04
An associate of RiseSun Group	Sales of goods or rendering services	0.00	5,900,829.33
Ultimate holding company	Sales of goods or rendering services	0.00	111,273.27

(2) Key management remuneration

Name of item	Current year amount	Prior year amount
Total remuneration	6,607,697.12	6,571,562.37

(3) Continuing related transactions

The related transactions disclosed in the Group's 2022 Financial Report XI. 2. also constitute related transactions or continuing related transactions as defined in Chapter 14A of the Hong Kong Listing Rules.

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3. Balances of current accounts from related parties

(1) Items receivable

Name of item	Related parties	Closing book balance	Bad debt provision	Opening book balance	Bad debt provision
Notes receivable	RiseSun Group	1,890,227.71	249,132.01	132,248,637.14	8,309,980.33
Prepayments	RiseSun Group	412,626.86	0.00	246,306.58	0.00
Other receivables	RiseSun Group	166,630,058.45	54,248,457.73	143,741,034.93	32,528,478.81
Other receivables	A company controlled by ultimate holding company	91,457.96	12,054.16	5,000,000.00	250,000.00
Accounts receivable	RiseSun Group	1,325,520,714.20	147,048,705.23	919,957,942.44	62,766,778.21
Accounts receivable	An associate of RiseSun Group	4,356,385.62	482,363.44	4,578,202.70	363,868.52
Accounts receivable	A company controlled by ultimate holding company	39,052,526.56	6,509,318.96	16,683,086.34	1,311,901.42
Contract assets	RiseSun Group	27,010,722.70	1,780,006.62	43,626,869.42	2,713,591.32
Contract assets	An associate of RiseSun Group	0.00	0.00	1,287,404.17	80,076.54
Contract assets	A company controlled by ultimate holding company	0.00	0.00	701,704.78	43,646.04

(2) Items payable

Name of item	Related parties	Closing book balance	Opening book balance
Accounts payable	RiseSun Group	50,697,847.78	41,357,027.57
Accounts payable	A company controlled by ultimate holding company	6,003,200.00	0.00
Other payables	RiseSun Group	84,984,358.74	31,686,475.39
Other payables	An associate of RiseSun Group	0.00	25,124,500.00
Other payables	A company controlled by ultimate holding company	81,820.82	71,820.82
Advances from customers	RiseSun Group	0.00	3,798.18
Contract liabilities	RiseSun Group	38,085,081.01	72,957,452.32
Contract liabilities	A company controlled by ultimate holding company	70,846.48	117,056.15
Contract liabilities	An associate of RiseSun Group	2.03	
Contract liabilities	The ultimate holding company		25,379.25

4. Related party commitments

None.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Remuneration of directors, supervisors and employees

(1) Remuneration of directors and supervisors

Item	Salaries and allowances	Social security, housing fund and pensions	Bonus	Share-based payments	Total
Current year amount					
Executive Director	5,232,600.96	366,796.34	0.00	2,414,509.80	8,013,907.10
Geng Jianfu	2,543,682.00	81,200.12	0.00	897,355.22	3,522,237.34
Xiao Tianchi	612,000.00	130,710.30	0.00	494,509.27	1,237,219.57
Liu Hongxia (appointed on August 22 nd , 2022)	940,000.00	79,391.93	0.00	455,784.47	1,475,176.40
Liu Yonggang (resigned on June 21 st , 2022)	1,136,918.96	75,493.99	0.00	566,860.84	1,779,273.79
Supervisor	907,717.36	133,173.16	0.00	664,770.09	1,705,660.61
Dong Hui	612,964.48	81,006.32	0.00	430,800.73	1,124,771.53
Liu Jifeng	174,752.88	52,166.84	0.00	233,969.36	460,889.08
Wang Jiandong	60,000.00	0.00	0.00	0.00	60,000.00
Zhang Yuanpeng	60,000.00	0.00	0.00	0.00	60,000.00
Non-executive Director	275,500.00	54,597.40	0.00	411,252.64	741,350.04
Zhang Wengge	275,500.00	54,597.40	0.00	411,252.64	741,350.04
Independent Non-Executive Director	454,022.99	0.00	0.00	0.00	454,022.99
Jin Wenhui	150,000.00	0.00	0.00	0.00	150,000.00
Tang Yishu	150,000.00	0.00	0.00	0.00	150,000.00
Hui Siu Hong (appointed on August 22 nd , 2022)	66,522.99	0.00	0.00	0.00	66,522.99
Siu Chi Hung (resigned on July 20 th , 2022)	87,500.00	0.00	0.00	0.00	87,500.00
Total	6,869,841.31	554,566.90	0.00	3,490,532.53	10,914,940.74
Prior year amount					
Executive Director	5,502,714.54	336,767.31	1,861,840.00	4,854,051.15	12,555,373.00
Geng Jianfu	3,053,591.30	78,963.18	1,430,000.00	2,223,797.32	6,786,351.80
Xiao Tianchi	592,900.00	129,369.10	51,840.00	1,225,477.23	1,999,586.33
Liu Yonggang	1,856,223.24	128,435.02	380,000.00	1,404,776.59	3,769,434.85
Supervisor	1,086,509.77	159,424.28	91,715.00	1,647,412.22	2,985,061.27
Dong Hui	669,824.77	81,093.75	63,515.00	1,067,596.74	1,882,030.26
Liu Jifeng	301,185.00	78,330.53	28,200.00	579,815.47	987,531.00
Wang Jiandong	57,750.00	0.00	0.00	0.00	57,750.00
Zhang Yuanpeng	57,750.00	0.00	0.00	0.00	57,750.00
Non-executive Director	433,125.00	0.00	0.00	1,019,153.29	1,452,278.29
Zhang Wengge	0.00	0.00	0.00	1,019,153.29	1,019,153.29
Jin Wenhui	144,375.00	0.00	0.00	0.00	144,375.00
Tang Yishu	144,375.00	0.00	0.00	0.00	144,375.00
Siu Chi Hung	144,375.00	0.00	0.00	0.00	144,375.00
Total	7,022,349.31	496,191.59	1,953,555.00	7,520,616.66	16,992,712.56

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Remuneration of directors, supervisors and employees (Continued)

(2) The top five highest-paid employees

Four of the top five with the highest remuneration this year are directors (previous year: 2 people), among which the remuneration of directors is set out in Note "XI. 5. (1). Remuneration of directors and supervisors". The remuneration of the other one (previous year: 3 people) is as follows:

Item	Current year amount	Prior year amount
Salaries and allowances	681,659.38	2,777,224.80
Social security, housing fund and related pension costs	109,137.25	356,284.84
Bonus	0.00	508,938.75
Share-based payments	414,898.92	2,929,113.98
Total	1,205,695.55	6,571,562.37

Remuneration range:

Item	Number of people in the current year	Number of people in the prior year
Within RMB 1,000,000	0.00	0.00
RMB 1,000,001 to 1,500,000	1.00	0.00
RMB 1,500,001 to 2,000,000	0.00	0.00
RMB 2,000,001 to 2,500,000	0.00	3.00

- (3) **None of the Directors waived or agreed to waive any remuneration during the period. No remunerations were paid by the Group to any of the Directors, Supervisors or the five highest paid individuals as an inducement to join the Group or as compensation for loss of office.**

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

XII. SHARE-BASED PAYMENTS

1. General information on share-based payments

Item	Note
Total amount of each equity instrument granted by the Company during the year	0.00
Total amount of each equity instrument exercised by the Company during the year	5,461,225.00
	Shares
Total amount of each equity instrument of the Company lapsed during the year	0.00
The range of exercise prices and remaining contractual term of the Company's phantom stock plan issued and outstanding at the end of the year	None
The range of exercise prices and remaining contractual term of other equity instruments issued and outstanding at the end of the year by the Company	None

2. Equity-settled share-based payments

Item	Note
Methodology for determining the fair value of equity instruments at the date of grant	Determined on the basis of an assessment of the fair value valuation report of the share incentive scheme.
Basis for determining the number of exercisable equity instruments	At each balance sheet date during the waiting period, the number of equity instruments expected to become exercisable is revised by making a best estimate based on subsequent information such as the latest available changes in the number of exercisable employees. At the vesting date, the number of equity instruments ultimately expected to be exercisable corresponds to the actual number of exercisable instruments.
Reasons for significant differences between current year estimates and prior year estimates	None
Accumulated amount charged to capital reserves for equity-settled share-based payments	61,262,211.32
Total expense recognized for equity-settled share-based payments during the year	7,371,486.66

XIII. CONTINGENCIES

None.

XIV. COMMITMENTS

None.

XV. EVENTS AFTER THE BALANCE SHEET DATE

None.

XVI. OTHER SIGNIFICANT EVENTS

As at the reporting date, the controlling shareholder, RiseSun Real Estate Development Co., Ltd., held the following frozen equity interests in the Company:

No.	Enforcement Notice Document No.	Enforcement Court	Amount of frozen equity	Start date	End date
1	One of (2022) Hunan 0681 Execution case No.1077	Miluo People's Court, Yueyang City, Hunan Province	RMB583,800	2022-11-1	2025-10-31
2	(2022) Hunan 0681 Execution case No.1258	Miluo People's Court, Yueyang City, Hunan Province	RMB2,089,600	2022-11-1	2025-10-31
3	(2022) Hunan 0681 Execution case No.1380	Miluo People's Court, Yueyang City, Hunan Province	RMB1,045,800	2022-11-1	2025-10-31
4	(2022) Hunan 0681 Execution case No.1386	Miluo People's Court, Yueyang City, Hunan Province	RMB529,600	2022-11-1	2025-10-31
5	(2022) Hunan 0681 Execution case No.1385	Miluo People's Court, Yueyang City, Hunan Province	RMB1,052,600	2022-11-1	2025-10-31
6	(2022) Hunan 0681 Execution case No.1263	Miluo People's Court, Yueyang City, Hunan Province	RMB1,486,400	2022-11-1	2025-10-31
7	(2022) Hunan 0681 Execution case No.1257	Miluo People's Court, Yueyang City, Hunan Province	RMB1,045,000	2022-11-1	2025-10-31
8	One of (2022) Hunan 0681 Execution case No.1072	Miluo People's Court, Yueyang City, Hunan Province	RMB1,049,000	2022-11-1	2025-10-31
9	(2022) Hunan 0681 Execution case No.1083	Miluo People's Court, Yueyang City, Hunan Province	RMB554,200	2022-11-1	2025-10-31
10	(2022) Hunan 0681 Execution case No.1114	Miluo People's Court, Yueyang City, Hunan Province	RMB106,800	2022-11-1	2025-10-31
11	One of (2022) Hunan 0681 Execution case No.1079	Miluo People's Court, Yueyang City, Hunan Province	RMB2,086,300	2022-11-1	2025-10-31
12	(2022) Hunan 0681 Execution case No.1256	Miluo People's Court, Yueyang City, Hunan Province	RMB3,509,800	2022-11-1	2025-10-31
13	One of (2022) Hunan 0681 Execution case No.1076	Miluo People's Court, Yueyang City, Hunan Province	RMB1,351,100	2022-11-1	2025-10-31
14	(2022) Hunan 0681 Execution case No.1549	Miluo People's Court, Yueyang City, Hunan Province	RMB792,000	2022-11-1	2025-10-31
15	(2022) Shanghai 0104 Civil First Instance No. 12362	Xu Hui District People's Court, Shanghai	RMB56,400,000	2022-8-25	2025-8-24
16	(2022) Henan 0902 Enforcement of preservation cases No. 187	Hualong District People's Court, Puyang City, Henan Province	RMB500,000	2022-3-2	2025-3-1
17	(2022) Henan 0902 Enforcement of preservation cases No. 156	Hualong District People's Court, Puyang City, Henan Province	RMB1 million	2022-2-28	2025-2-27
18	(2022) Henan 0902 Enforcement of preservation cases No. 164	Hualong District People's Court, Puyang City, Henan Province	RMB1 million	2022-2-28	2025-2-27
19	(2022) Henan 0902 Enforcement of preservation cases No. 159	Hualong District People's Court, Puyang City, Henan Province	RMB1 million	2022-2-28	2025-2-27
20	(2022) Henan 0902 Enforcement of preservation cases No. 153	Hualong District People's Court, Puyang City, Henan Province	RMB1 million	2022-2-28	2025-2-27

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO SIGNIFICANT ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Accounts receivable

(1) Accounts receivable are classified according to the bad debt accrual method

Type	Book balance		Closing balance		Book value
	Amount	Ratio (%)	Bad debt provision		
			Amount	Accrual ratio (%)	
Provision for bad debts by portfolio	1,423,985,462.87	100.00	130,682,944.81	9.18	1,293,302,518.06
Including: Aging portfolio	1,423,985,462.87	100.00	130,682,944.81	9.18	1,293,302,518.06

Type	Book balance		Opening balance		Book value
	Amount	Ratio (%)	Bad debt provision		
			Amount	Accrual ratio (%)	
Provision for bad debts by portfolio	1,035,459,794.93	100.00	65,595,148.39	6.33	969,864,646.54
Including: Aging portfolio	1,035,459,794.93	100.00	65,595,148.39	6.33	969,864,646.54

Bad debt provision for accounts receivable by portfolio

Aging	Book balance	Closing balance	
		Bad debt provision	Accrual ratio (%)
Within 1 year (including 1 year)	908,696,093.71	51,572,191.99	5.68
1-2 years	467,933,409.70	60,604,965.88	12.95
2-3 years	42,495,983.61	15,170,143.82	35.70
3-4 years	3,475,857.12	2,185,739.05	62.88
4-5 years	687,249.58	453,034.92	65.92
More than 5 years	696,869.15	696,869.15	100.00
Total	1,423,985,462.87	130,682,944.81	-

XVII. NOTES TO SIGNIFICANT ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

1. Accounts receivable (Continued)

(2) Accounts receivable are presented by aging

Aging	Closing balance
Within 1 year (including 1 year)	908,696,093.71
1-2 years	467,933,409.70
2-3 years	42,495,983.61
3-4 years	3,475,857.12
4-5 years	687,249.58
More than 5 years	696,869.15
Total	1,423,985,462.87

(3) Provision for bad debts on accounts payable in current year

Type	Opening balance	Amount of change in current year			Others	Closing balance
		Accrual	Recovery or reversal	Charge off or write-off		
Accrual by portfolio	65,595,148.39	65,822,759.36	0.00	734,962.94	0.00	130,682,944.81

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO SIGNIFICANT ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

1. Accounts receivable (Continued)

(4) Accounts receivable actually written-off during the year

Item	Amount of write-off
House rentals	500,000.00
Property charges	234,962.94
Renovation and occupation service fee	150,000.00
Total	884,962.94

Of which significant written-off accounts receivable:

Name of entity	Nature of receivables	Amount of write-off	Reason for write-off	Write-off procedures performed	Whether the amount arises from a related transaction
Jiazhou Yangguang Fitness Club, Bengshan District, Bengbu City	House rentals	500,000.00	Debtor refuses to pay rent due to quality problems of the house	Approval by Divisional Heads, Headquarters	No

(5) Top five prepayments with closing balances grouped by prepaid objects

The aggregate amount of the top five accounts receivable with closing balance by party in default for the year was RMB194,112,805.22, representing 13.63% of the total closing balance of accounts receivable, and the corresponding provision for bad debts with a total closing balance of RMB24,976,640.17.

XVII. NOTES TO SIGNIFICANT ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

2. Other receivables

Item	Closing balance	Opening balance
Interest receivable	0.00	0.00
Dividends receivable	48,871,200.00	48,871,200.00
Other receivables	1,265,151,495.74	587,167,035.36
Total	1,314,022,695.74	636,038,235.36

(1) Dividends receivable

Item (or investee)	Closing balance	Opening balance
Nanjing Liuhe RiseSun Property Service Co., Ltd.	13,326,500.00	13,326,500.00
Shijiazhuang Shengjing Fitness Service Co., Ltd.	1,559,200.00	1,559,200.00
Roiserv (Shandong) Property Development Co., Ltd.	2,328,500.00	2,328,500.00
Hohhot RiseSun Property Service Co., Ltd.	1,514,700.00	1,514,700.00
Langfang Rongxin Real Estate Brokerage Co., Ltd.	2,997,200.00	2,997,200.00
Yongqing Jingtai Property Service Co., Ltd.	1,028,600.00	1,028,600.00
Langfang Rongzhen Trading Co., Ltd.	18,725,400.00	18,725,400.00
Shanxi Roiserv Lifestyle Service Co., Ltd.	1,357,400.00	1,357,400.00
Roiserv (Guangdong) Lifestyle Service Co., Ltd.	2,076,800.00	2,076,800.00
Cangzhou Rongguang Construction Engineering Co., Ltd.	418,800.00	418,800.00
Shijiazhuang Rongci Real Estate Brokerage Co., Ltd.	2,055,600.00	2,055,600.00
Tianjin Rongshang Technology Co., Ltd.	1,482,500.00	1,482,500.00
Total	48,871,200.00	48,871,200.00

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO SIGNIFICANT ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

2. Other receivables (Continued)

(2) Other receivables

1) Other receivables by nature of payment

Nature of payment	Closing book balance	Opening book balance
Collection on behalf of the third-party platforms	665,712,763.95	399,145,823.24
Deposit and margin	563,666,051.80	110,917,720.65
Advances for utilities, etc.	54,906,688.19	57,760,770.10
Provisional payments	19,427,381.58	25,279,678.47
Social security and provident fund payment	2,451,376.23	2,907,885.74
Maintenance fund	619,249.72	557,508.87
Reserves	275,175.92	429,638.85
Others	11,029,419.04	18,713,824.15
Total	1,318,088,106.43	615,712,850.07

2) Provision for bad debts on other receivables

Bad debt provision	Phase I Expected credit losses for the next 12 months	Phase II Expected credit losses over the entire life (no credit impairment)	Phase III Expected credit losses over the entire life (credit impairment has occurred)	Total
Balance as of January 1 st , 2022	28,545,814.71			28,545,814.71
Book balance of other receivables as of January 1 st , 2022	-	-	-	-
- Transfer to Phase II	0.00	0.00	0.00	0.00
- Transfer to Phase III	0.00	0.00	0.00	0.00
- Reverse to Phase II	0.00	0.00	0.00	0.00
- Reverse to Phase I	0.00	0.00	0.00	0.00
Accrual in current year	24,390,795.98	0.00	0.00	24,390,795.98
Reversal in current year	0.00	0.00	0.00	0.00
Charge off in current year	0.00	0.00	0.00	0.00
Write-off in current year	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00
Balance as of December 31st, 2022	52,936,610.69	0.00	0.00	52,936,610.69

XVII. NOTES TO SIGNIFICANT ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

2. Other receivables (Continued)

(2) Other receivables (Continued)

3) Other receivables by aging

Aging	December 31 st , 2022
Within 1 year (including 1 year)	1,233,632,163.73
1-2 years	58,502,414.95
2-3 years	3,097,674.34
More than 3 years	22,855,853.41
Including: 3-4 years	18,942,744.37
4-5 years	1,509,389.21
More than 5 years	2,403,719.83
Total	1,318,088,106.43

4) Provision for bad debts on other receivables

Type	December 31 st , 2021	Amount of change during the year			December 31 st , 2022
		Accrual	Recovery or reversal	Charge off or write-off	
Provision for bad debts on other receivables	28,545,814.71	24,390,795.98	0.00	0.00	52,936,610.69

5) Other receivables with top five closing balances, grouped by party in arrears

Name of Company	Nature of payment	Closing balance	Aging	As a percentage of the total closing balance of other receivables (%)	Closing balance of bad debt provision
Langfang Junyi Building Materials Co., Ltd.	Deposit and margin	553,522,631.90	Within 1 year	41.99	27,676,131.60
Sizhong Internet (Beijing) Network Technology Co., Ltd.	Collection on behalf of the third-party platforms	26,713,427.54	Within 1 year, 1-2 years	2.03	3,477,657.81
Liaocheng RiseSun Real Estate Development Co., Ltd.	Advances for utilities, etc.	24,363,431.75	Within 1 year, 1-4 years	1.85	12,692,936.33
Chengdu RiseSun Weiye Real Estate Development Co., Ltd.	Advances for utilities, etc.	8,368,042.81	Within 1 year, 1-2 years	0.63	1,083,637.96
Qinhuangdao Haorui Property Service Co., Ltd. Hainan Branch	Related party transactions within the scope of consolidation	6,881,592.78	1-2 years	0.52	0.00
Total		619,849,126.78	-	47.03	44,930,363.70

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO SIGNIFICANT ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

3. Long-term equity investments

(1) Classification of long-term equity investments

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	56,796,000.00	0.00	56,796,000.00	56,509,000.00	0.00	56,509,000.00
Investments in associates and joint ventures	101,642,922.94	0.00	101,642,922.94	103,482,149.73	0.00	103,482,149.73
Total	158,438,922.94	0.00	158,438,922.94	159,991,149.73	0.00	159,991,149.73

(2) Investments in subsidiaries

Investee	Opening balance	Increase during the year	Decrease during the year	Closing balance	Provision for	Closing balance
					impairment	of provision for
					during the year	impairment
Tianjin Rongshang Technology Co., Ltd.	30,000,000.00	0.00	0.00	30,000,000.00	0.00	0.00
Liaocheng RiseSun Property Service Co., Ltd.	5,000,000.00	0.00	0.00	5,000,000.00	0.00	0.00
Langfang Rongzhen Trading Co., Ltd.	3,000,000.00	0.00	0.00	3,000,000.00	0.00	0.00
Nanjing Liuhe RiseSun Property Service Co., Ltd.	3,000,000.00	0.00	0.00	3,000,000.00	0.00	0.00
Tianjin Roiserv Lifestyle Service Co., Ltd.	3,000,000.00	0.00	0.00	3,000,000.00	0.00	0.00
Guangdong Rongfa Property Service Co., Ltd.	2,200,000.00	0.00	0.00	2,200,000.00	0.00	0.00
Shanxi Roiserv Lifestyle Service Co., Ltd.	2,000,000.00	0.00	0.00	2,000,000.00	0.00	0.00
Zhangjiakou Rongmiao Cheng Property Management Co., Ltd.	1,530,000.00	0.00	0.00	1,530,000.00	0.00	0.00
Beijing Rongyang Wanjia Management Consulting Co., Ltd.	1,400,000.00	0.00	0.00	1,400,000.00	0.00	0.00
Cangzhou Rongguang Construction Engineering Co., Ltd.	1,000,000.00	0.00	0.00	1,000,000.00	0.00	0.00
Shijiazhuang Rongci Real Estate Brokerage Co., Ltd.	1,000,000.00	0.00	0.00	1,000,000.00	0.00	0.00

XVII. NOTES TO SIGNIFICANT ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

3. Long-term equity investments (Continued)

(2) Investments in subsidiaries (Continued)

Investee	Opening balance	Increase during the year	Decrease during the year	Closing balance	Provision for impairment during the year	Closing balance of provision for impairment
Roiserv (Beijing) Technology Services Limited	1,000,000.00	0.00	0.00	1,000,000.00	0.00	0.00
Langfang Rongxin Real Estate Brokerage Co., Ltd.	510,000.00	0.00	0.00	510,000.00	0.00	0.00
Hohhot RiseSun Property Service Co., Ltd.	500,000.00	0.00	0.00	500,000.00	0.00	0.00
Langfang Rongrui Property Management Co., Ltd.	459,000.00	0.00	0.00	459,000.00	0.00	0.00
Baoding Rongrun Property Service Co., Ltd.	255,000.00	0.00	0.00	255,000.00	0.00	0.00
Sichuan RiseSun Shengxin Property Service Co., Ltd.	200,000.00	0.00	0.00	200,000.00	0.00	0.00
Henan Rongding Property Service Co., Ltd.	200,000.00	0.00	0.00	200,000.00	0.00	0.00
Shijiazhuang Shengjing Fitness Service Co., Ltd.	100,000.00	0.00	0.00	100,000.00	0.00	0.00
Gangzhou Roiserv New Town Property Service Co., Ltd.	100,000.00	0.00	0.00	100,000.00	0.00	0.00
Zhangjiakou Rongmeng Property Management Co., Ltd.	20,000.00	0.00	0.00	20,000.00	0.00	0.00
Zhangjiakou Rongguanyue Property Management Co., Ltd.	20,000.00	0.00	0.00	20,000.00	0.00	0.00
Beijing Manbeilun Cosmetics Co., Ltd.	15,000.00	187,000.00	0.00	202,000.00	0.00	0.00
Roiserv (Shijiazhuang) Property Service Co., Ltd.	0.00	100,000.00	0.00	100,000.00	0.00	0.00
Shengxing Lvju Living Service (Hebei) Co., Ltd.	0.00	0.00	0.00	0.00	0.00	0.00
Total	56,509,000.00	287,000.00	0.00	56,796,000.00	0.00	0.00

NOTES TO THE FINANCIAL STATEMENTSJanuary 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO SIGNIFICANT ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)**3. Long-term equity investments** (Continued)**(3) Investments in associates and joint ventures**

Investee	Opening balance (Book value)	Additional investments	Reduced investment	Changes in current year						Closing balance (Book value)	Closing provision for impairment
				Gains and losses on investments recognized under the equity method	Adjustments to other comprehensive income	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment	Others		
I. Joint ventures											
Bengbu Dongfang Wanjia Life Service Co., Ltd.	0.00	1,500,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,500,000.00	0.00
II. Associates											
Beijing Yinsilang Energy Resource Technology Co., Ltd.	103,482,149.73	0.00	0.00	-3,339,226.79	0.00	0.00	0.00	0.00	0.00	100,142,922.94	0.00
Total	103,482,149.73	1,500,000.00	0.00	-3,339,226.79	0.00	0.00	0.00	0.00	0.00	101,642,922.94	0.00

XVII. NOTES TO SIGNIFICANT ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

4. Operating income and operating cost

(1) Operating income and operating cost

Item	Current year amount		Prior year amount	
	Income	Cost	Income	Cost
Main operations	1,421,630,114.65	946,748,295.52	1,767,561,956.61	1,107,412,764.21
Other operations	3,695,318.97	1,412,008.76	6,508,469.09	2,374,435.70
Total	1,425,325,433.62	948,160,304.28	1,774,070,425.70	1,109,787,199.91

(2) Information on income from contracts

Classification of contracts	FY 2022	FY 2021
Type of product	—	—
Including: Property management services	1,062,183,343.34	936,075,291.43
Value-added services for non-owners	286,143,023.68	705,794,328.52
Community value-added services	76,999,066.60	132,200,805.75
Total	1,425,325,433.62	1,774,070,425.70
By region of operation	—	—
Including: Domestic China	1,425,325,433.62	1,774,070,425.70
Total	1,425,325,433.62	1,774,070,425.70
By duration of contract	—	—
Including: Confirmed at a point in time	29,074,877.20	54,805,220.98
Confirmed within a certain period of time	1,396,250,556.42	1,719,265,204.72
Total	1,425,325,433.62	1,774,070,425.70

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2022 – December 31st, 2022

(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO SIGNIFICANT ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

5. Investment income

Item	Current year amount	Prior year amount
Investment income from long-term equity investments accounted for under the cost method	417.80	48,871,200.00
Investment income from long-term equity investments accounted for under the equity method	-3,339,226.79	3,482,149.73
Investment income from disposal of financial assets held for trading	-17,925,231.34	0.00
Investment income from financial assets held for trading	0.00	12,345,746.36
Gain from debt restructuring	-728,020.66	0.00
Total	-21,992,060.99	64,699,096.09

XVIII. APPROVAL OF THE FINANCIAL REPORT

This financial report was approved for presentation by the Board of Directors of the Company on March 31st, 2023.

Roiserv Lifestyle Services Co., Ltd.
March 31st, 2023

1. BREAKDOWN OF NON-RECURRING GAINS AND LOSSES FOR THE YEAR

Item	Current year amount	Note
Gains or losses from disposal of non-current assets	-16,255.61	
Government grants charged to current profit and loss (other than those closely related to the business of the enterprise and enjoyed on a fixed or quantitative basis in accordance with national uniform standards)	1,000,000.00	
Debt restructuring gains	-728,020.66	
Net current profit and loss of subsidiaries arising from business combinations under common control from the beginning of the year to the date of consolidation	6,260,367.69	
Gains or losses from changes in fair value of financial assets held for trading	0.00	
Investment income from disposal of financial assets held for trading	-17,925,231.34	
Gains or losses arising from changes in fair value of investment properties subsequently measured using the fair value model	622,171.00	
Investment income from long-term equity investments accounted for under the equity method	-3,339,226.79	
Other non-operating income and expenses other than those mentioned above	-2,554,410.27	
Other items of gain or loss that meet the definition of non-recurring gain or loss	0.00	
Subtotal	-16,680,605.98	
Less: Amount affected by income tax	-5,735,243.42	
Amount affected by minority interests (after tax)	1,422,375.02	
Total	-12,367,737.58	-

2. RETURN ON EQUITY AND EARNINGS PER SHARE

Profit for the reporting period	Weighted average return on equity (%)	Earnings per share (yuan/share)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the parent company	11.37	0.63	0.63
Net income attributable to ordinary shareholders of the parent company after deducting non-recurring gains and losses	12.12	0.67	0.67

FIVE-YEAR FINANCIAL SUMMARY

Year ended December 31,

CONSOLIDATED INCOME STATEMENT	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	1,911,194	2,484,972	1,820,841	1,282,039	901,890
Total profit	311,044	523,632	359,832	152,567	100,262
Income tax expenses	74,832	-123,359	-96,077	-39,409	-27,929
Profit (loss) for the year	236,212	400,273	263,756	113,158	72,333
Profit (loss) for the year attributable to:					
– Owners of the Company	235,573	400,943	263,756	113,232	72,270
– Non-controlling interests	639	-671	–	-74	63
Profit before income tax	311,044	523,632	359,833	152,567	100,262
Income tax expenses	74,832	123,359	96,077	39,409	(27,929)
Profit for the year	236,212	400,273	263,756	113,158	72,333
Attributable to:					
Owners of the Company	235,572	400,943	263,756	113,232	72,270
Non-controlling interests	639	(671)	0	74	63
Total	236,212	400,273	263,756	113,158	72,333
Earnings per share (expressed in RMB per share)					
Basic and diluted earnings per share	0.63	1.09	0.97	N/A	N/A

CONSOLIDATED BALANCE SHEET	As of December 31,				
	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Assets					
Non-current assets	294,050	254,198	125,161	174,405	681,642
Current assets	3,659,538	3,466,978	1,736,910	1,644,788	1,551,480
Total assets	3,953,588	3,721,175	1,862,071	1,819,193	2,233,122
Equity and liabilities					
Total equity	2,070,680	1,976,560	634,803	378,970	175,406
Non-current liabilities	9,820	13,017	18,476	83,673	623,116
Current liabilities	1,873,088	1,731,599	1,208,792	1,356,550	1,434,600
Total liabilities	1,882,908	1,744,615	1,227,268	1,440,223	2,057,716
Total equity and liabilities	3,953,588	3,721,175	1,862,071	1,819,193	2,233,122

GLOSSARY AND DEFINITIONS

“AGM”	the annual general meeting of the Company to be convened and held on Friday, June 30, 2023
“Articles of Association”	the articles of association of the Company
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“CASBE”	the China Accounting Standards for Business Enterprises
“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 H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2146)
“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 Part 2 of Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Group”, “we” or “us”	the Company and its subsidiaries
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing”	the listing of the Company on the Main Board of the Stock Exchange on January 15, 2021
“Listing Date”	January 15, 2021, the date on which dealings in the H Shares first commence on the Stock Exchange

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“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 the executive Director
“Nomination Committee”	the nomination committee of the Company
“non-GAAP”	non-generally accepted accounting principles
“Prospectus”	the prospectus of the Company dated December 31, 2021 issued in respect of the Listing
“Register of Members”	the register of members of the Company
“Relevant Year”	the year ended December 31, 2022
“Remuneration Committee”	the remuneration committee of the Company
“RiseSun Construction Engineering”	榮盛建設工程有限公司 (RiseSun Construction Engineering Co., Ltd.*), 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”	榮盛控股股份有限公司 (RiseSun Holdings Co., Ltd.*), a joint stock company with limited liability established in the PRC on July 31, 2002 and one of the Controlling Shareholders
“RiseSun Holdings Group”	RiseSun Holdings and its subsidiaries, which exclude the Group
“RiseSun Real Estate Development”	榮盛房地產發展股份有限公司 (RiseSun Real Estate Development Co., Ltd.*) (formerly known as 廊坊開發區榮盛房地產開發有限公司 (RiseSun Property Development Co., Ltd.*)), a joint stock company with limited liability 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), as amended, supplemented or otherwise modified from time to time

GLOSSARY AND DEFINITIONS

“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”	香河盛繹德商務信息諮詢中心(有限合夥) (Xianghe Shengyide Commercial Consulting Center (Limited Partner)*), a limited partnership established in the PRC on May 13, 2021 and one of the Shareholders
“sq.m.”	square metres
“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
“Zhonghong Kaisheng”	河北中鴻凱盛投資股份有限公司 (Hebei Zhonghong Kaisheng Investment Co., Ltd.*), a joint stock company with limited liability established in the PRC on December 12, 2015 and one of the Shareholders
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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