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**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)**

**(1) ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
AND (2) RESUMPTION OF TRADING**

**2021 RESULTS HIGHLIGHTS**

- Total revenue of the Group for the Relevant Year amounted to approximately RMB2,484.9 million, representing a year-on-year increase of approximately 36.5%.
- Gross profit of the Group for the Relevant Year amounted to approximately RMB855.3 million, representing a year-on-year increase of approximately 59.8%.
- Gross profit margin for the Relevant Year was approximately 34.4%, representing a year-on-year increase of approximately 5.0 percentage points.
- Net profit of the Group for the Relevant Year amounted to approximately RMB400.3 million, representing a year-on-year increase of approximately 51.8%.
- Adjusted profit (excluding the listing expenses and share-based payments) of the Group for the Relevant Year was approximately RMB417.4 million, representing a year-on-year increase of approximately 37.9%.
- Profit attributable to the owners of the Company for the Relevant Year amounted to approximately RMB400.9 million, representing a year-on-year increase of approximately 52.0%.
- Contracted GFA for the Relevant Year was approximately 96.1 million sq.m., representing an increase of approximately 5.9 million sq.m..
- GFA under management for the Relevant Year was approximately 67.9 million sq.m., representing an increase of approximately 8.2 million sq.m..
- The Board does not recommend the payment of final dividend for the year ended December 31, 2021.

**ANNUAL RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Roiserv Lifestyle Services Co., Ltd. (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended December 31, 2021 (the “**Relevant Year**”) with the comparative audited figures for the preceding financial year, in accordance with the China Accounting Standards for Business Enterprises (“**CASBE**”), as follows:

## CONSOLIDATED BALANCE SHEET

As at 31 December

Item	Notes	2021	2020
<b>Current assets:</b>			
Cash at bank and on hand		926,633,390.26	604,885,712.47
Settlement reserve		0.00	0.00
Placements with banks and non-bank financial institutions		0.00	0.00
Financial assets held-for-trading		537,573,993.31	0.00
Derivative financial assets		0.00	0.00
Notes receivable	II. 3	123,938,656.81	184,646,457.37
Accounts receivable	II. 4	1,394,462,161.75	680,128,762.46
Receivables financing		0.00	0.00
Prepayments	II. 5	98,890,302.83	93,495,986.08
Insurance premium receivable		0.00	0.00
Reinsurance premium receivable		0.00	0.00
Reserves for reinsurance contracts receivable		0.00	0.00
Other receivables	II. 6	251,482,997.88	88,350,828.35
Including: Interest receivable		0.00	0.00
Dividends receivable		0.00	0.00
Financial assets purchased under agreements to resell		0.00	0.00
Inventories		39,979,912.62	28,801,240.42
Contract assets		68,188,304.46	41,064,257.68
Assets held for sale		0.00	0.00
Non-current assets due within one year		3,825,645.76	1,730,553.56
Other current assets		22,002,342.94	13,806,161.01
<b>Total current assets</b>		<b>3,466,977,708.62</b>	<b>1,736,909,959.40</b>

<b>Item</b>	<i>Notes</i>	<b>2021</b>	<b>2020</b>
<b>Non-current assets:</b>			
Loans and advances granted		<b>0.00</b>	0.00
Debt investments		<b>0.00</b>	0.00
Other debt investments		<b>0.00</b>	0.00
Long-term receivables		<b>8,104,930.99</b>	16,827,993.47
Long-term equity investments		<b>103,482,149.73</b>	0.00
Investments in other equity instruments		<b>0.00</b>	0.00
Other non-current financial assets		<b>0.00</b>	0.00
Investment properties		<b>61,334,300.00</b>	70,828,900.00
Fixed assets		<b>19,286,920.33</b>	14,588,316.85
Construction in progress		<b>0.00</b>	0.00
Productive biological assets		<b>0.00</b>	0.00
Oil and gas assets		<b>0.00</b>	0.00
Right-of-use assets		<b>663,244.66</b>	984,457.77
Intangible assets	<i>II. 7</i>	<b>7,843,466.17</b>	8,260,583.55
Development expenses		<b>0.00</b>	0.00
Goodwill		<b>0.00</b>	0.00
Long-term prepaid expenses		<b>10,987,078.72</b>	3,894,685.15
Deferred income tax assets		<b>42,495,591.22</b>	9,776,106.25
Other non-current assets		<b>0.00</b>	0.00
<b>Total non-current assets</b>		<b><u>254,197,681.82</u></b>	<b><u>125,161,043.04</u></b>
<b>Total assets</b>		<b><u>3,721,175,390.44</u></b>	<b><u>1,862,071,002.44</u></b>

Item	Notes	2021	2020
<b>Current liabilities:</b>			
Short-term borrowings		0.00	0.00
Loans from central bank		0.00	0.00
Placements from banks and other financial institutions		0.00	0.00
Financial liabilities held-for-trading		0.00	0.00
Derivative financial liabilities		0.00	0.00
Notes payable		0.00	0.00
Accounts payable	II. 8	671,105,986.85	291,444,158.42
Receipt in advance	II. 9	4,306,305.02	11,076,602.52
Contract liabilities	II. 10	412,355,414.96	331,413,572.53
Amount from sales of repurchased financial assets		0.00	0.00
Deposits from customers and other banks		0.00	0.00
Brokerage for securities trading		0.00	0.00
Brokerage for underwriting securities		0.00	0.00
Staff remuneration payable		76,157,284.88	102,191,204.77
Taxes payable		82,244,925.52	56,487,328.61
Other payables	II. 11	463,115,219.06	398,066,811.69
Including: Interest payable		0.00	0.00
Dividends payable		0.00	0.00
Fee and commission payable		0.00	0.00
Reinsured accounts payable		0.00	0.00
Liabilities held for sale		0.00	0.00
Non-current liabilities due within one year		3,825,645.76	2,759,059.14
Other current liabilities		18,488,044.58	15,353,204.34
<b>Total current liabilities</b>		<b>1,731,598,826.63</b>	<b>1,208,791,942.02</b>
<b>Non-current liabilities:</b>			
Reserves for insurance contracts		0.00	0.00
Long-term borrowings		0.00	0.00
Bonds payable		0.00	0.00
Including: Preference shares		0.00	0.00
Perpetual bonds		0.00	0.00
Lease liabilities		9,090,377.26	12,462,400.27
Long-term payables		0.00	0.00
Long-term staff remuneration payable		0.00	0.00
Estimated liabilities		0.00	0.00
Deferred income		0.00	0.00
Deferred income tax liabilities		3,926,248.64	6,013,389.70
Other non-current liabilities		0.00	0.00
<b>Total non-current liabilities</b>		<b>13,016,625.90</b>	<b>18,475,789.97</b>
<b>Total liabilities</b>		<b>1,744,615,452.53</b>	<b>1,227,267,731.99</b>

<b>Item</b>	<i>Notes</i>	<b>2021</b>	<b>2020</b>
<b>Shareholders' interests:</b>			
Share capital	<i>II. 12</i>	<b>376,000,000.00</b>	282,000,000.00
Other equity instruments		<b>0.00</b>	0.00
Including: Preference shares		<b>0.00</b>	0.00
Perpetual bonds		<b>0.00</b>	0.00
Capital reserve	<i>II. 13</i>	<b>1,070,659,130.78</b>	169,569,019.25
Less: Treasury shares		<b>0.00</b>	0.00
Other comprehensive income		<b>0.00</b>	0.00
Special reserve		<b>0.00</b>	0.00
Surplus reserve	<i>II. 14</i>	<b>68,458,186.26</b>	31,533,913.71
Provision for general risks		<b>0.00</b>	0.00
Undistributed profit		<b>459,319,132.27</b>	151,700,337.49
		<hr/>	<hr/>
<b>Total interests attributable to shareholders of the parent company</b>		<b><u>1,974,436,449.31</u></b>	<b><u>634,803,270.45</u></b>
Minority interests		<b><u>2,123,488.60</u></b>	<b><u>0.00</u></b>
<b>Total shareholders' interests</b>		<b><u>1,976,559,937.91</u></b>	<b><u>634,803,270.45</u></b>
<b>Total liabilities and shareholders' interests</b>		<b><u>3,721,175,390.44</u></b>	<b><u>1,862,071,002.44</u></b>

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

Item	Notes	2021	2020
<b>I. Total operating income</b>		<b>2,484,971,828.74</b>	1,820,840,523.52
Including: Operating income	II. 15	<b>2,484,971,828.74</b>	1,820,840,523.52
Interest income		<b>0.00</b>	0.00
Premium earned		<b>0.00</b>	0.00
Fee and commission income		<b>0.00</b>	0.00
<b>II. Total operating costs</b>		<b>1,851,716,778.94</b>	1,459,160,156.16
Including: Operating cost	II. 15	<b>1,629,701,711.19</b>	1,285,672,147.15
Interest expense		<b>0.00</b>	0.00
Fee and commission expenses		<b>0.00</b>	0.00
Refunded premiums		<b>0.00</b>	0.00
Net amount of compensation payout		<b>0.00</b>	0.00
Net provisions for insurance contracts reserve		<b>0.00</b>	0.00
Policy dividend payment		<b>0.00</b>	0.00
Reinsured expenses		<b>0.00</b>	0.00
Taxes and surcharges		<b>17,954,164.21</b>	16,226,177.84
Selling expenses		<b>19,476,570.20</b>	9,800,612.93
Administrative expenses		<b>176,645,329.57</b>	153,870,879.44
Research and development expenses		<b>0.00</b>	0.00
Finance cost		<b>7,939,003.77</b>	-6,409,661.20
Including: Interest expenses		<b>49,822.12</b>	3,737,323.78
Interest income		<b>5,391,744.23</b>	11,272,674.72
Add: Other income		<b>8,465,337.58</b>	6,344,631.22
Investment income (loss expressed with “-”)		<b>15,835,986.50</b>	592,751.47
Including: Income from investment in associates and joint ventures		<b>3,482,149.73</b>	0.00
Derecognition income of financial assets measured at amortized cost		<b>0.00</b>	0.00
Exchange gain (loss expressed with “-”)		<b>0.00</b>	0.00
Net gain on exposure hedging (loss expressed with “-”)		<b>0.00</b>	0.00
Gain on change in fair value (loss expressed with “-”)		<b>4,445,083.56</b>	2,585,000.00
Loss on impairment of credit (loss expressed with “-”)		<b>-133,030,414.65</b>	-9,670,079.08
Loss on impairment of assets (loss expressed with “-”)		<b>-4,174,663.36</b>	0.00
Gains from disposal of asset (loss expressed with “-”)		<b>6,149.80</b>	11,325.35

Item	Notes	2021	2020
<b>III. Operating profit (loss expressed with “-”)</b>		<b>524,802,529.23</b>	361,543,996.32
Add: Non-operating income		<b>1,032,906.33</b>	2,070,497.02
Less: Non-operating expenses		<b>2,203,663.81</b>	3,782,195.30
<b>IV. Total profit (total loss expressed with “-”)</b>		<b>523,631,771.75</b>	359,832,298.04
Less: Income tax expenses	<i>II. 16</i>	<b>123,359,215.82</b>	96,076,561.93
<b>V. Net profit (net loss expressed with “-”)</b>		<b>400,272,555.93</b>	263,755,736.11
<b>(I) By continuity of operations</b>		<b>400,272,555.93</b>	263,755,736.11
1. Net profit from continuing operations (net loss expressed with “-”)		<b>400,272,555.93</b>	263,755,736.11
2. Net profit from discontinued operations (net loss expressed with “-”)			
<b>(II) By ownership</b>		<b>400,272,555.93</b>	263,755,736.11
1. Net profit attributable to owners of parent company (net loss expressed with “-”)		<b>400,943,067.33</b>	263,755,736.11
2. Gain or loss attributable to minority interests (net loss expressed with “-”)		<b>-670,511.40</b>	0.00
<b>VI. Net other comprehensive income after tax</b>		<b>0.00</b>	0.00
Net other comprehensive income after tax attributable to owners of the parent company		<b>0.00</b>	0.00
<b>(I) Other comprehensive income that may not be subsequently reclassified to profit and loss</b>		<b>0.00</b>	0.00
1. Change in remeasurement of defined benefit plans		<b>0.00</b>	0.00
2. Other comprehensive income that may not be reclassified to profit or loss under equity method		<b>0.00</b>	0.00
3. Change in fair value of investments in other equity instruments		<b>0.00</b>	0.00

Item	<i>Notes</i>	2021	2020
4. Change in the fair value of the company's own credit risk		0.00	0.00
5. Others		0.00	0.00
(II) Other comprehensive income that will be subsequently reclassified to profit or loss		0.00	0.00
1. Other comprehensive income that may be reclassified to profit or loss under equity method		0.00	0.00
2. Change in fair value of other debt investments		0.00	0.00
3. Amount included in other comprehensive income on reclassification of financial assets		0.00	0.00
4. Provision for credit impairment of other debt investments		0.00	0.00
5. Cash flow hedges reserve (effective part of hedging gains and losses from cash flows)		0.00	0.00
6. Exchange differences arising from translation of foreign currency financial statements		0.00	0.00
7. Others		0.00	0.00
Net other comprehensive income after tax attributable to minority interests		<u>0.00</u>	<u>0.00</u>
<b>VII. Total comprehensive income</b>		<b>400,272,555.93</b>	263,755,736.11
Total comprehensive income attributable to shareholders of the parent company		<b>400,943,067.33</b>	263,755,736.11
Total comprehensive income attributable to minority interests		<u>-670,511.40</u>	<u>0.00</u>
<b>VIII. Earnings per share:</b>			
(I) Basic earnings per share (RMB/share)	<i>II. 17</i>	<b>1.09</b>	0.97
(II) Diluted earnings per share (RMB/share)	<i>II. 17</i>	<b>1.09</b>	0.97



# NOTES TO THE FINANCIAL STATEMENTS

## I. GENERAL INFORMATION

### 1 GENERAL INFORMATION

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

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

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

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

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

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

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1 Basis for Preparation

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

There was no difference in net assets and net profit in the Company’s financial reports disclosed under the China Accounting Standards for Business Enterprises and HKFRSs in 2020.

### 2 Going Concern

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

### 3 Notes receivable

Type	Book balance		Closing balance Provision for bad debts		Carrying Value
	Amount	Percentage (%)	Amount	Provision Percentage (%)	
Provision for bad debts made on an individual basis	0.00	0.00	0.00	0.00	0.00
Provision for bad debts made on a collective basis	132,248,637.14	100.00	8,309,980.33	6.29	123,938,656.81
Including: the aging portfolio	132,248,637.14	100.00	8,309,980.33	6.29	123,938,656.81
<b>Total</b>	<b>132,248,637.14</b>	<b>100.00</b>	<b>8,309,980.33</b>	<b>6.29</b>	<b>123,938,656.81</b>

Type	Book balance		Opening balance Provision for bad debts		Carrying Value
	Amount	Percentage (%)	Amount	Provision Percentage (%)	
Provision for bad debts made on an individual basis	0.00	0.00	0.00	0.00	0.00
Provision for bad debts made on a collective basis	184,646,457.37	100.00	0.00	0.00	184,646,457.37
Including: the aging portfolio	184,646,457.37	100.00	0.00	0.00	184,646,457.37
<b>Total</b>	<b>184,646,457.37</b>	<b>100.00</b>	<b>0.00</b>	<b>0.00</b>	<b>184,646,457.37</b>

### 4 Accounts receivable

Type	Book balance		Closing balance Provision for bad debts		Carrying Value
	Amount	Percentage (%)	Amount	Provision Percentage (%)	
Provision for bad debts made on a collective basis	1,490,507,612.11	100.00	96,045,450.36	6.44	1,394,462,161.75
Including: the aging portfolio	1,490,507,612.11	100.00	96,045,450.36	6.44	1,394,462,161.75

Type	Book balance		Opening balance Provision for bad debts		Carrying Value
	Amount	Percentage (%)	Amount	Provision Percentage (%)	
Provision for bad debts made on a collective basis	697,210,499.80	100.00	17,081,737.34	2.45	680,128,762.46
Including: the aging portfolio	697,210,499.80	100.00	17,081,737.34	2.45	680,128,762.46

The aging analysis of accounts receivable as at the transaction date is as follows:

<b>Aging</b>	<b>Closing balance</b>
Up to 1 year (inclusive)	1,380,028,817.93
1-2 years	96,649,106.67
2-3 years	11,939,589.77
3-4 years	777,018.59
4-5 years	676,781.15
Over 5 years	436,298.00
<b>Total</b>	<b><u><u>1,490,507,612.11</u></u></b>

**5 Prepayments**

<b>Item</b>	<b>Closing balance</b>		<b>Opening balance</b>	
	<b>Amount</b>	<b>Percentage (%)</b>	<b>Amount</b>	<b>Percentage (%)</b>
Up to 1 year	74,504,444.73	75.34	76,728,185.29	82.07
1-2 years	23,140,673.73	23.40	16,767,800.79	17.93
2-3 years	1,245,184.37	1.26	0.00	0.00
<b>Total</b>	<b><u><u>98,890,302.83</u></u></b>	<b><u><u>100.00</u></u></b>	<b><u><u>93,495,986.08</u></u></b>	<b><u><u>100.00</u></u></b>

**6 Other receivables**

<b>Item</b>	<b>Closing balance</b>	<b>Opening balance</b>
Other receivables	302,889,098.65	94,093,220.53
Provision for bad debts	(51,406,100.77)	(5,742,392.18)
<b>Total</b>	<b><u><u>251,482,997.88</u></u></b>	<b><u><u>88,350,828.35</u></u></b>

Other receivables

<b>Aging</b>	<b>Closing balance</b>
Up to 1 year (inclusive)	218,831,156.95
1-2 years	17,513,867.07
2-3 years	24,909,714.73
Over 3 years	41,634,359.90
Including: 3-4 years	15,558,411.94
4-5 years	17,435,027.81
Over 5 years	8,640,920.15
<b>Total</b>	<b><u><u>302,889,098.65</u></u></b>

## 7 Intangible Assets

Item	Right-of-use of software
<b>I. Original carrying amount</b>	
1. Opening balance	9,300,246.03
2. Increase in the current year	1,503,144.19
Including: Purchases	1,503,144.19
3. Decrease in the current year	5,665.00
Including: Disposals	5,665.00
4. Closing balance	10,797,725.22
<b>II. Accumulated amortisation</b>	
1. Opening balance	1,039,662.48
2. Increase in the current year	1,921,024.90
Including: Provisions	1,921,024.90
3. Decrease in the current year	6,428.33
Including: Disposals	6,428.33
4. Closing balance	2,954,259.05
<b>III. Allowance for impairment</b>	
1. Opening balance	0.00
2. Increase in the current year	0.00
Including: Provisions	0.00
3. Decrease in the current year	0.00
Including: Disposals	0.00
4. Closing balance	0.00
<b>IV. Carrying amount</b>	
1. Closing carrying amount	7,843,466.17
2. Opening carrying amount	8,260,583.55

As at the end of the year, the intangible assets developed internally by the Company accounted for 0.00% of the carrying amount of the total intangible assets.

## 8 Trade Payables

### (1) Presentation of trade payables

Item	Closing balance	Opening balance
Construction fees	496,338,608.99	169,537,197.09
Service fees	104,345,452.55	70,625,679.65
Payments for goods purchased	70,421,925.31	51,281,281.68
<b>Total</b>	<b>671,105,986.85</b>	<b>291,444,158.42</b>

### (2) Presentation of trade payables by aging

The aging analysis of the trade payables (including the trade payables to related parties) based on transaction date were as follows:

Aging	Closing balance	Opening balance
Up to 1 year	594,168,845.37	229,466,178.90
1-2 years	59,991,698.63	37,974,368.03
2-3 years	13,556,354.28	19,202,889.19
Over 3 years	3,389,088.57	4,800,722.30
<b>Total</b>	<b>671,105,986.85</b>	<b>291,444,158.42</b>

**9 Receipt in Advance**

<b>Item</b>	<b>Closing balance</b>	<b>Opening balance</b>
Rent	4,306,305.02	11,076,602.52

**10 Contract Liabilities**

<b>Item</b>	<b>Closing balance</b>	<b>Opening balance</b>
Prepayment of property management fees and construction fees	412,355,414.96	331,413,572.53

**11 Other Payables**

<b>Item</b>	<b>Closing balance</b>	<b>Opening balance</b>
Interest payable	0.00	0.00
Dividends payable	0.00	0.00
Other payables	463,115,219.06	398,066,811.69
<b>Total</b>	<b>463,115,219.06</b>	<b>398,066,811.69</b>

**12 Share Capital**

<b>Item</b>	<b>Opening balance</b>	<b>Issuance of new shares</b>	<b>Changes in current year (+ or -)</b>			<b>Subtotal</b>	<b>Closing balance</b>
			<b>Share donation</b>	<b>Reserved funds converted into shares</b>	<b>Others</b>		
Total shares	282,000,000.00	94,000,000.00	0.00	0.00	0.00	94,000,000.00	376,000,000.00

**13 Capital Reserve**

<b>Item</b>	<b>Opening balance</b>	<b>Increase in the year</b>	<b>Decrease in the year</b>	<b>Closing balance</b>
Equity premium	117,164,019.38	960,704,064.00	76,715,078.54	1,001,153,004.84
Other capital reserves	52,404,999.87	17,101,126.07	0.00	69,506,125.94
<b>Total</b>	<b>169,569,019.25</b>	<b>977,805,190.07</b>	<b>76,715,078.54</b>	<b>1,070,659,130.78</b>

*Note 1.* Movements in equity premium: the increase in this period was due to the shares premium arising from public offering of shares of the Company on January 15, 2021. The decrease in the year was due to the fact that capital reserve was written down by issuance costs.

*Note 2.* Movements in other capital reserves were due to the provisions made to share based payments in 2021.

**14 Surplus Reserve**

<b>Item</b>	<b>Opening balance</b>	<b>Increase in the year</b>	<b>Decrease in the year</b>	<b>Closing balance</b>
Statutory surplus reserve	31,533,913.71	36,924,272.55	0.00	68,458,186.26

## 15 Operating Revenue & Operating Cost

### (1) Operating revenue & operating cost

Item	Amount of the year		Amount of last year	
	Revenue	Cost	Revenue	Cost
Principle operations	2,471,867,431.36	1,627,327,275.49	1,801,918,900.58	1,284,343,660.33
Other operations	13,104,397.38	2,374,435.70	18,921,622.94	1,328,486.82
<b>Total</b>	<b>2,484,971,828.74</b>	<b>1,629,701,711.19</b>	<b>1,820,840,523.52</b>	<b>1,285,672,147.15</b>

### (2) Income from contracts

Classification of contract	2021	2020
Goods		
Including: Property management services	1,081,529,963.75	897,661,905.07
Value-added services to non-property owners	1,047,769,053.89	714,324,504.84
Community value-added services	355,672,811.10	195,171,000.00
Other services	0.00	13,683,113.61
<b>Total</b>	<b>2,484,971,828.74</b>	<b>1,820,840,523.52</b>
<b>Classified by region</b>	<b>2021</b>	<b>2020</b>
Including: Mainland of China	2,484,971,828.74	1,820,840,523.52
<b>Classified by contract term</b>		
Including: Revenue recognised at a point in time	294,786,402.04	144,372,000.00
Revenue recognised over time	2,190,185,426.70	1,666,987,523.52
Other income sources	0.00	9,481,000.00
<b>Total</b>	<b>2,484,971,828.74</b>	<b>1,820,840,523.52</b>

## 16 Income Tax Expenses

Item	Amount of the year	Amount of last year
Current income tax calculated on the basis of the tax laws and relevant regulations	158,165,841.85	96,402,935.13
— Corporate income taxes in Mainland of China	158,165,841.85	96,402,935.13
Deferred income tax expenses	<u>-34,806,626.03</u>	<u>-326,373.20</u>
<b>Total</b>	<b><u>123,359,215.82</u></b>	<b><u>96,076,561.93</u></b>

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

## 17 Return on Net Assets and Earnings Per Share

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share (RMB per share)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the holders of ordinary shares of the parent company	23.29	1.09	1.09
Net profit attributable to the holders of ordinary shares of the parent company (excluding: extraordinary profit and loss)	<u>23.16</u>	<u>1.08</u>	<u>1.08</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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, 2021, the Group had a total of 349 property management projects under management with an aggregate gross floor area (“GFA”) under management of 67.94 million square metres (“sq.m.”), covering 43 cities across 16 provinces, municipalities and autonomous regions in China. As of December 31, 2021, the Group was contracted to manage 463 property management projects with an aggregate contracted GFA of 96.10 million sq.m., covering 64 cities across 17 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, the Olympic Village and parks.

#### 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, parks and the Olympic Village. During the year ended December 31, 2021, all of the Group’s property management fees were charged on a lump sum basis.
- **Value-added services to non-property owners:** The Group offers a comprehensive range of value-added services to non-property owners, primarily property developers. These services primarily comprise (i) property engineering services; (ii) sales assistance services; and (iii) other services which primarily include preliminary planning and design consultancy services, property delivery services and aftersales services.



- Community value-added services: The Group provides community value-added services to property owners and residents. It categorizes these services into two types: (i) home-living services which primarily include community retail, commercial procurement services, home repairs and maintenance, and housekeeping services; and (ii) property space management services which primarily include turnkey furnishing services and property brokerage services.

## 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. As of December 31, 2021, its contracted GFA was approximately 96.1 million sq.m. under 463 contracted projects, representing an increase of approximately 6.53% and 6.68% as compared with that as of December 31, 2020, respectively. As of December 31, 2021, the GFA under management was approximately 67.9 million sq.m. under 349 projects under management, representing an increase of approximately 13.81% and 14.43% as compared with that as of December 31, 2020, respectively.

In addition, as of December 31, 2021, the Group had entered into 183 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, 2021, the properties proposed to be managed by the Group under these framework agreements and strategic cooperation agreements had an aggregate GFA of approximately 132.96 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, 2021 and 2020:

	Year ended December 31,			
	2021		2020	
	Contracted GFA ( <i>'000 sq.m.</i> )	GFA under management ( <i>'000 sq.m.</i> )	Contracted GFA ( <i>'000 sq.m.</i> )	GFA under management ( <i>'000 sq.m.</i> )
As of the beginning of the year	90,208	59,696	77,440	50,305
New engagements <sup>(1)</sup>	7,227	9,267	14,474	9,941
Terminations <sup>(2)</sup>	(1,332)	(1,021)	(1,706)	(550)
As of the end of the year	<u>96,103</u>	<u>67,942</u>	<u>90,208</u>	<u>59,696</u>

#### Notes:

- 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.
- 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, 2021, the Group established business presence in 64 cities in 17 provinces, municipalities and autonomous regions in the PRC.

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

	As of December 31,			
	2021		2020	
	('000 sq.m.)	%	('000 sq.m.)	%
Bohai Economic Rim <sup>(1)</sup>	40,226	59.2%	35,427	59.3%
Yangtze River Delta region <sup>(2)</sup>	15,289	22.5%	14,730	24.7%
Greater Bay Area and surrounding regions <sup>(3)</sup>	2,589	3.8%	1,801	3.0%
Central and Western China <sup>(4)</sup>	9,838	14.5%	7,738	13.0%
Total	<u>67,942</u>	<u>100.0%</u>	<u>59,696</u>	<u>100.0%</u>

### 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 average 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, 2021 and 2020, the unit price of the Group's consolidated average property fees was RMB1.7/sq.m./month and RMB1.7/sq.m./month, respectively.

## 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, 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,			
	2021		2020	
	GFA under management ( <i>'000 sq.m.</i> )	Number of projects under management	GFA under management ( <i>'000 sq.m.</i> )	Number of projects under management
Residential properties	60,715	300	54,958	257
Non-residential properties				
– Commercial properties	3,042	35	1,703	38
– Public and other properties	4,185	14	3,035	10
Subtotal	<u>7,227</u>	<u>49</u>	<u>4,738</u>	<u>48</u>
Total	<u>67,942</u>	<u>349</u>	<u>59,696</u>	<u>305</u>

In addition, under the strong support of 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, 2021, the Group had an aggregate GFA under management of approximately 1,546,000 sq.m. and an aggregate contracted GFA of approximately 4.8 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,			
	2021		2020	
	GFA under management ( <i>'000 sq.m.</i> )	%	GFA under management ( <i>'000 sq.m.</i> )	%
RiseSun Group <sup>(1)</sup>	66,396	97.7%	58,779	98.5%
Properties developed by independent third-party property developers	1,546	2.3%	917	1.5%
Total	<u>67,942</u>	<u>100.0%</u>	<u>59,696</u>	<u>100.0%</u>

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, sales assistance services and other services. In 2021, the revenue from value-added services to non-property owners increased by 46.7% from approximately RMB714.3 million in 2020 to approximately RMB1,047.8 million.

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, thus accomplishing various annual operation indicators of engineering business better than expected.

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 2021 was approximately RMB355.7 million, representing an increase by approximately 82.2% from approximately RMB195.2 million in 2020.

### **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 2021 significantly increased by 48.2% from approximately RMB123.1 million in 2020 to approximately RMB182.4 million.

For community retail and commercial procurement services, the Group launched a comprehensive retail model integrating its online shopping, offline convenience stores and home delivery services. Its online shopping mall focuses on high-end consumer goods and its offline convenience stores focus on groceries. The targeted retail model lowers its operating costs and ensures product quality. Its headquarters directly manage the offline convenience stores. With such a streamlined management structure, the Group is able to respond to requests and resolve issues in a timely manner. It believes its comprehensive retail model, coupled with its home delivery services where it helps customers shop and deliver groceries to the customer's door, provides convenient shopping experience for the customers. As of December 31, 2021, the Group had a total of 47 offline convenience stores which were located in the communities under its management, with over 52,000 stock keeping units or SKUs and approximately 910,000 registered users on Rice Mall (米飯公社). The monthly average activity of the Rice Mall APP increased by approximately 80.3% as compared to the same period of 2020.

### **Property space management services**

The Group provides property space management services for property owners and residents, and provide 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 2021 significantly increased by approximately 140.4% from approximately RMB72.1 million in 2020 to approximately RMB173.2 million.

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

For property brokerage business, the Group deploys a Sales and Lease Operation System (租售業務系統) which consists of a “property dictionary” system and a “resident-property matching” system. These systems securely manage customer information and efficiently match supplies and demands of the properties, provide millions of property owners with convenient rental and sales channels, and create a better service experience. Meanwhile, the Group gave full play to the personnel advantages in the industry, adopted a full-staff marketing model, formulated detailed sales plans, and actively expanded various resources, thus eventually achieving the successful completion of property brokerage indicators.

## **OUTLOOK**

In 2022, the Group will 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. Taking advantage of the rapid growth and transformation of the property management industry in China, the Group believes that it is well-positioned to achieve high-quality growth focusing on both profitability and scale with access to capital and technology.

Looking forward to 2022, the Group will (i) uphold the principle of customer-oriented services, maintain 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 %
	2021 RMB'000	2020 RMB'000	
Property management services	1,081,530	897,662	20.5
Value-added services to non-property owners	1,047,769	714,325	46.7
Community value-added services	355,673	195,171	82.2
Other services <sup>(1)</sup>	0	13,683	0.00
Total	<u>2,484,972</u>	<u>1,820,841</u>	<u>36.5</u>

#### Note

- (1) The other services mainly represent the interest income from lending and the gain or loss from sales and leaseback business of parking spaces and shops of the Company which was previously recognized as other (losses)/gains under the Hong Kong Financial Reporting Standards.

The Group's revenue increased by approximately 36.5% from approximately RMB1,820.8 million for the year ended December 31, 2020 to approximately RMB2,484.9 million for the year ended December 31, 2021. The increase in revenue was mainly attributable to:

- (i) the increase in revenue from property management services by approximately 20.5% from approximately RMB897.7 million for the year ended December 31, 2020 to approximately RMB1,081.5 million for the year ended December 31, 2021, which was primarily driven by the Group's business expansion, of which the GFA under management increased by approximately 13.7% from 59.7 million sq.m. as of December 31, 2020 to 67.9 million sq.m. as of December 31, 2021;
- (ii) the increase in revenue from value-added services to non-property owners by approximately 46.7% from approximately RMB714.3 million for the year ended December 31, 2020 to approximately RMB1,047.8 million for the year ended December 31, 2021, which was primarily driven by the increase in number of projects for which the Group provided services and the optimization of the charging standards for the value-added services to non-property owners; and
- (iii) the increase in revenue from community value-added services by approximately 82.2% from approximately RMB195.2 million for the year ended December 31, 2020 to approximately RMB355.7 million for the year ended December 31, 2021, which was primarily attributable to the rapid growth of the Group's merchandise sales business and property brokerage business.



## 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,			
	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Properties developed by RiseSun Group <sup>(1)</sup>	<b>1,060,446</b>	<b>98.1%</b>	889,224	99.1%
Properties developed by independent third-party property developers	<b>21,084</b>	<b>1.9%</b>	8,438	0.9%
Total	<b><u>1,081,530</u></b>	<b><u>100.0%</u></b>	<b><u>897,662</u></b>	<b><u>100.0%</u></b>

### 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,			
	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Bohai Economic Rim <sup>(1)</sup>	<b>613,008</b>	<b>56.7%</b>	530,494	59.1%
Yangtze River Delta region <sup>(2)</sup>	<b>246,768</b>	<b>22.8%</b>	241,937	27.0%
Greater Bay Area and surrounding regions <sup>(3)</sup>	<b>52,323</b>	<b>4.8%</b>	44,638	5.0%
Central and Western China <sup>(4)</sup>	<b>169,431</b>	<b>15.7%</b>	80,593	9.0%
Total	<b><u>1,081,530</u></b>	<b><u>100.0%</u></b>	<b><u>897,662</u></b>	<b><u>100.0%</u></b>

### 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,			
	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property engineering services	<b>513,403</b>	<b>49.0%</b>	293,909	41.1%
On-site services	<b>159,175</b>	<b>15.2%</b>	209,181	29.3%
Other services <sup>(1)</sup>	<b>375,192</b>	<b>35.8%</b>	211,234	29.6%
Total	<b><u>1,047,760</u></b>	<b><u>100.0%</u></b>	<b><u>714,325</u></b>	<b><u>100.0%</u></b>

### 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,			
	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Home-living services	<b>182,441</b>	<b>51.3%</b>	122,159	62.6%
Property space management services	<b>173,231</b>	<b>48.7%</b>	73,012	37.4%
Total	<b><u>355,673</u></b>	<b><u>100.0%</u></b>	<b><u>195,171</u></b>	<b><u>100.0%</u></b>

## Cost of sales

The Group's cost of sales mainly consists of (i) employee benefit expenses; (ii) maintenance costs; (iii) engineering costs; (iv) greening and cleaning expenses; (v) costs of goods sold; (vi) utilities; (vii) taxes and other levies; (viii) cost of consumables; (ix) office expenses; (x) travelling and entertainment expenses; (xi) depreciation and amortization charges; and (xii) others. The Group's cost of sales increased by approximately 26.8% from approximately RMB1,285.7 million for the year ended December 31, 2020 to approximately RMB1,629.7 million for the year ended December 31, 2021. The increase in the cost of sales was lower than the increase in revenue, mainly due to the impact of related policies and the effective control over employee benefits and maintenance costs.

## Gross profit and gross profit margin

	Year ended December 31,			
	2021		2020	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Property management services	338,416	31.3	246,756	27.5
Value-added services to non-property owners	387,300	37.0	209,410	29.3
Community value-added services	129,554	36.4	67,584	34.6
Other services	0	0.0	11,418	83.4
Total	<u>855,270.0</u>	<u>34.4</u>	<u>535,168</u>	<u>29.4</u>

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit increased by approximately 59.8% from approximately RMB535.2 million for the year ended December 31, 2020 to approximately RMB855.3 million for the year ended December 31, 2021.

The gross profit margin of the Group increased from 29.4% for the year ended December 31, 2020 to 34.4% for the year ended December 31, 2021, which was mainly attributable to the increase in the proportion and gross profit margin of value-added services to non-property owners.

## **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 increased by approximately 98.7% from approximately RMB9.8 million for the year ended December 31, 2020 to approximately RMB19.5 million for the year ended December 31, 2021, primarily due to the expansion of the Group's goods sales business and greater 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 increased by approximately 14.8% from approximately RMB153.8 million for the year ended December 31, 2020 to approximately RMB176.6 million for the year ended December 31, 2021, primarily due to the increase in employee benefit expenses resulting from the implementation of share incentive scheme.

## **Income tax expenses**

The Group's income tax expenses comprise PRC corporate income tax. The Group's income tax expenses increased by approximately 28.4% from approximately RMB96.1 million for the year ended December 31, 2020 to approximately RMB123.4 million for the year ended December 31, 2021. Such increase was primarily due to the increase in the Group's profit before tax as a result of its business expansion. The effective income tax rate of the Group remained relatively stable at 26.7% and 23.6% for the years ended December 31, 2020 and 2021, respectively. Such rate was higher than the PRC statutory corporate income tax rate of 25%, primarily because certain expenses were not deductible for tax purposes (such as share-based payments).

## **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 increased by approximately 51.8% from approximately RMB263.8 million for the year ended December 31, 2020 to approximately RMB400.3 million for the year ended December 31, 2021. After excluding the listing expenses and share-based payments (net of tax), the Group's adjusted profit for the year increased by approximately 37.9% from approximately RMB302.8 million for the year ended December 31, 2020 to approximately RMB417.4 million for the year ended December 31, 2021.

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

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

	Year ended December 31,	
	2021	2020
	RMB’000	RMB’000
Profit for the year	400,273	263,756
Adjusted for:		
Listing expenses (net of tax)	0	2,236
Share-based payments (net of tax)	17,101	36,780
Adjusted profit for the year	417,374	302,772

## 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, 2020 and 2021, the Group’s fixed assets, right-of-use assets and long-term prepaid expenses amounted to approximately RMB19.5 million and RMB30.9 million, respectively. The increase in the Group’s property, plant and equipment during the year ended December 31, 2021 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 RMB70.8 million as of December 31, 2020 to approximately RMB61.3 million as of December 31, 2021, primarily due to the fact that the increase of disposal of investment properties outpaced that of purchase.

## Intangible assets

The Group’s intangible assets mainly include computer software. The Group’s intangible assets decreased from approximately RMB8.3 million as of December 31, 2020 to approximately RMB7.8 million as of December 31, 2021, 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, 2021, the Group’s trade and other receivables and prepayments amounted to approximately RMB1,880.7 million, representing an increase of approximately 76.6% from approximately RMB1,065.2 million as of December 31, 2020.

The Group's trade receivables mainly arise from the services provided under the Group's property management services, value-added services to non-property owners and community value-added services. As of December 31, 2021, the Group's trade receivables amounted to approximately RMB1,394.5 million, representing an increase of approximately 105.0% from approximately RMB680.1 million as of December 31, 2020, mainly due to the increase in revenue of the Group after its business expansion and the fact that the settlement speed of the customers did not accelerate.

As of December 31, 2021, the Group recorded finance lease receivables in the amount of approximately RMB11.9 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 investment deposits, prepaid utility fees, receivables from related parties, reserve fund and others. It increased from approximately RMB88.4 million as of December 31, 2020 to approximately RMB251.5 million as of December 31, 2021, due to the increase in receivables from related parties, and the refundable deposits totalling approximately RMB100 million paid for certain due diligence work done for a potential investment during the Relevant Year.

As of December 31, 2021, the Group's prepayments amounted to approximately RMB98.9 million, representing an increase of approximately 5.78% from approximately RMB93.5 million as of December 31, 2020, primarily due to an increase in energy fees prepaid to the power supply bureau as a result of an increase in the number of properties under management.

### **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, 2021, the Group's trade and other payables amounted to approximately RMB1,292.6 million, representing an increase of approximately 52.4% from approximately RMB848.2 million as of December 31, 2020.

The Group's trade payables primarily represent its obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, including purchase of materials. As of December 31, 2021, the Group's trade payables amounted to approximately RMB671.1 million, representing an increase of approximately 130.3% from approximately RMB291.4 million as of December 31, 2020, mainly due to the increase in procurement costs driven by the business expansion.

The Group's other payables mainly represent deposits from property owners or residents and suppliers, maintenance funds for the properties under the Group's management, cash collected on behalf of property developers and owners, utility fees paid on behalf of property owners and residents and accrued listing expenses. As of December 31, 2021, the Group's other payables amounted to approximately RMB463.1 million, representing the increase of approximately 16.33% from approximately RMB398.1 million as of December 31, 2020, 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, 2021, accrued payroll amounted to approximately RMB76.2 million, representing a decrease of approximately 25.5% from approximately RMB102.2 million as of December 31, 2020, mainly due to the decrease in year-end bonus in 2021.

## **Working capital**

The Group believes that, taking into account the financial resources available to it, it has sufficient working capital to meet the needs for working capital, capital expenditure and other capital needs.

## **Net current assets**

As of December 31, 2021, the Group's net current assets amounted to approximately RMB1,735.4 million (December 31, 2020: approximately RMB528.1 million). The Group's total current assets increased by approximately 99.6% from approximately RMB1,736.9 million as of December 31, 2020 to approximately RMB3,467.0 million as of December 31, 2021. The Group's total current liabilities increased by approximately 43.3% from approximately RMB1,208.8 million as of December 31, 2020 to approximately RMB1,731.6 million as of December 31, 2021. The increase in the Group's total current assets was primarily attributable to the increase in trade receivables resulting from business expansion and the increase in the cash and cash equivalents resulting from the accelerated settlement and recovery of non-trade receivables due from related parties.

## **Cash and cash equivalents**

As of December 31, 2021, the Group's cash and cash equivalents amounted to approximately RMB916.1 million, representing an increase of approximately 51.9% from approximately RMB603.2 million as of December 31, 2020, mainly due to the proceeds of approximately RMB1,054.7 million received from the public offering of H shares of the Company during the Relevant Year.

## **Indebtedness**

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

## **Pledge of assets**

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

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

On June 21, 2021, the Company entered into a subscription agreement with Beijing Tongxing Gongying Asset Management Company Limited (北京同興共贏資產管理有限公司) (“**Beijing Tongxing**”), pursuant to which the Company subscribed for the security-type contractual funds issued by Beijing Tongxing in the amount of RMB500,000,000. As one or more of the applicable percentage ratios in respect of the subscription exceeded 5% but was less than 25%, the subscription constituted a disclosable transaction of the Company and was subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. For further details, please refer to the announcements of the Company dated June 21, 2021 and July 27, 2021.

Save as disclosed above, the Group did not have any significant investment or significant acquisition of subsidiaries, associates and joint ventures during the year ended December 31, 2021.



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

Save as disclosed in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated December 31, 2020 (“**Prospectus**”) regarding its plan for utilising the net proceeds from the Listing on January 15, 2021 (the “**Listing Date**”), the Group does not have other plans for material investments or capital assets as at the date of this announcement.

### **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, 2021, 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, 2021, 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 RMB18,809,352.34 (2020: RMB301,000) higher/lower, respectively.

#### (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, 2021, 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.

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

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

The Group assessed that the expected credit loss (“ECL”) rate for trade and notes receivable and contract assets from related parties were low considering the good financial position and credit history of the related parties. The Directors believe that there is no material credit risk inherent in trade and notes receivable and contract assets from related parties.

Apart from trade receivables and contract assets due from related parties, the Group has a large number of customers and there was no concentration of credit risk.

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

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

### **Liquidity risk**

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

## **CONTINGENT LIABILITIES AND LITIGATIONS**

As of December 31, 2021, the Group did not have any material contingent liabilities and litigations (December 31, 2020: nil).

## **COMMITMENTS**

As of December 31, 2021, the lease commitment of the Group as a lessee amounted to RMB0.8 million (December 31, 2020: RMB0.7 million).

## **KEY FINANCIAL RATIOS**

As of December 31, 2021, the current ratio was 2.0 (December 31, 2020: 1.44) and its liabilities to assets ratio was 46.9% (December 31, 2020: 65.9%).

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 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, 2021, the Group had no material off-balance sheet commitments and arrangements.

## **PROCEEDS FROM LISTING**

The H shares of the Company (the “**H Shares**”) were listed on the main board of the Stock Exchange on January 15, 2021, with 94,000,000 new H Shares 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:

- Approximately 60.0% will be used to pursue selective strategic investment and acquisition opportunities to further expand business scale and geographic coverage and broaden service offerings;
- Approximately 15.0% will be used to enrich the Group’s community value-added service offerings;
- Approximately 15.0% will be used to upgrade the Group’s information technology infrastructure and promote smart community management; and
- Approximately 10.0% will be used for general business purpose and working capital.

Further details on the utilisation of the net proceeds for the year ended December 31, 2021 will be disclosed in the annual report of the Company for the year ended December 31, 2021.

## **EMPLOYEES AND REMUNERATION POLICY**

Human resource has always been the most valuable resource of the Group. As of December 31, 2021, the Group had a total of 8,421 full-time employees. For the year ended December 31, 2021, the staff cost recognised as expenses of the Group amounted to approximately RMB685.1 million (2020: approximately RMB592.9 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, 2021, the Group organized approximately 1,000 training sessions, and nearly 10,000 employees participated in these sessions.

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

On February 28, 2022, the Company announced that it would prepare its financial statements in accordance with the CASBE starting from the financial year 2021 in order to improve working efficiency and save cost. On the same day, the Company also announced that PricewaterhouseCoopers resigned as its auditor with effect from February 14, 2022 and appointed ShineWing Certified Public Accountants LLP (“**ShineWing**”) as its new auditor, subject to the approval by the Company’s shareholders (the “**Shareholders**”). The corresponding changes to the Company’s articles of association to allow publication of its financial statements in accordance with CASBE and the appointment of ShineWing as the Company’s auditor were duly approved by the Shareholders at the extraordinary general meeting of the Company held on March 8, 2022. Please refer to the Company’s announcement dated February 18, 2022 and circular dated February 21, 2022 for details.

On January 28, 2022, Mr. Xu Bin, the Company’s chief financial officer, resigned, and Mr. Wang Zhiwei was appointed as the Company’s chief financial officer to replace Mr. Xu on the same date.

Save as disclosed above, there have not been any significant events taken place that have a material impact on the Group from December 31, 2021 up to the date of this announcement.

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

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

Since the Listing, the Company has adopted and applied the CG Code contained in Appendix 14 to the Listing Rules as its own corporate governance code. To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the CG Code that were in force since the Listing Date and up to December 31, 2021.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by its Directors, supervisors of the Company (the “**Supervisors**”) and employees (the “**Securities Dealing Code**”). The Company has made specific enquiries with all the Directors and Supervisors on whether they have complied with the required standard as set out in the Model Code since the Listing Date and up to December 31, 2021 and all the Directors and Supervisors confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the above-mentioned period.

No incident of non-compliance was found by the Company since the Listing Date and up to December 31, 2021. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with the Securities Dealing Code and written guidelines on no less exacting terms than the Model Code.

## **AUDIT COMMITTEE**

The Board has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and monitor the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit. The Audit Committee consists of three members, namely Mr. Siu Chi Hung, Mr. Zhang Wenge and Mr. Jin Wenhui. The chairman of the Audit Committee is Mr. Siu Chi Hung, who holds appropriate accounting qualification.

## **REVIEW OF ANNUAL RESULTS**

The Audit Committee has discussed with the management and the external auditor of the Company and has reviewed the annual results of the Group for the year ended December 31, 2021 together with the accounting standards and practices adopted by the Group. The Audit Committee has agreed with the management of the Company on the annual results of the Group for the year ended December 31, 2021.

## **SCOPE OF WORK OF SHINEWING CERTIFIED PUBLIC ACCOUNTANTS**

The figures in respect of the Group's balance sheet, income statement, and the related notes thereto for the year ended December 31, 2021 as set out in this announcement have been agreed by the Group's external auditor, ShineWing, to the amounts set out in the Group's audited consolidated financial statements for the Relevant Year. The work performed by ShineWing in this respect did not constitute an assurance engagement in accordance with auditing standards issued by the Chinese Institute of Certified Public Accountants and consequently no assurance has been expressed by ShineWing on this announcement.

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

Since the Listing Date and up to December 31, 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of its Directors, since the Listing Date and up to the date of this announcement, the Company had maintained sufficient public float of at least 25% of the Company's total number of issued shares as required under the Listing Rules.

## **FINAL DIVIDEND**

The Board does not recommend the payment of final dividend for the year ended December 31, 2021.

## **PUBLICATION OF AUDITED ANNUAL RESULTS AND ANNUAL REPORT**

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) as well as the website of the Company at [www.roiserv.com](http://www.roiserv.com). The annual report of the Company containing all the information required under the Listing Rules will be dispatched to the Shareholders and made available on the websites of the Stock Exchange and the Company on or before July 15, 2022.

## FULFILMENT OF ALL RESUMPTION GUIDANCE AND RESUMPTION OF TRADING

Reference is made to the announcement of the Company dated June 23, 2022 in relation to the resumption guidance (the “**Resumption Guidance**”) received by the Company from the Stock Exchange. As at the date of this announcement, the Company has fulfilled all the Resumption Guidance to the satisfaction of the Stock Exchange.

At the request of the Company, trading in the H Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on April 1, 2022. An application has been made by the Company to the Stock Exchange for the resumption of trading in the H Shares on the Stock Exchange with effect from 9:00 a.m. on July 11, 2022.

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

Hong Kong, July 8, 2022

*As at the date of this announcement, the executive Directors are Mr. Geng Jianfu and Mr. Xiao Tianchi; the non-executive Director is Mr. Zhang Wenge; and the independent non-executive Directors are Mr. Jin Wenhui, Mr. Siu Chi Hung and Mr. Tang Yishu.*

*Any discrepancy in any table between totals and sums of individual amounts listed in any table are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*