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**ROISERV 榮万家**

**Roiserv Lifestyle Services Co., Ltd.**

**榮萬家生活服務股份有限公司**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2146)**

## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2023**

### **FINANCIAL SUMMARY**

- The Group's net profit decreased by approximately 46.9% from approximately RMB183.2 million for the six months ended June 30, 2022 to approximately RMB97.3 million for the six months ended June 30, 2023. Net profit margin decreased by 5.7 percentage points from 16.7% for the six months ended June 30, 2022 to 11.0% for the six months ended June 30, 2023.
- The Group's net profit attributable to owners of parent company decreased by approximately 46.5% from approximately RMB182.5 million for the six months ended June 30, 2022 to approximately RMB97.7 million for the six months ended June 30, 2023.
- The Group's gross profit decreased by approximately 36.1% from approximately RMB329.3 million for the six months ended June 30, 2022 to approximately RMB210.6 million for the six months ended June 30, 2023. The gross profit margin decreased by approximately 6.2 percentage points from approximately 30.1% for the six months ended June 30, 2022 to approximately 23.9% for the six months ended June 30, 2023.
- The Group's total revenue decreased by approximately 19.4% from approximately RMB1,093.8 million for the six months ended June 30, 2022 to approximately RMB881.4 million for the six months ended June 30, 2023.

### **INTERIM RESULTS**

The board (the "**Board**") of directors (the "**Directors**") of Roiserv Lifestyle Services Co., Ltd. (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended June 30, 2023 (the "**Period**" or the "**Relevant Period**") with the comparative figures for the corresponding period in 2022 as follows:

## CONSOLIDATED BALANCE SHEET

Unit: RMB

Items	Notes	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>Current assets:</b>			
Cash at bank and on hand		767,669,376.78	848,846,927.69
Settlement reserve		0	0
Placements with banks and non-bank financial institutions		0	0
Financial assets held-for-trading		0	0
Derivative financial assets		0	0
Notes receivable	II. 4	0	2,197,656.75
Accounts receivable	II. 5	2,046,574,525.93	1,949,399,158.32
Receivables financing		0	0
Prepayments	II. 6	88,949,092.18	82,773,348.13
Insurance premium receivable		0	0
Reinsurance premium receivable		0	0
Reserves for reinsurance contracts receivable		0	0
Other receivables	II. 7	771,346,648.72	689,071,682.41
Including: Dividends receivable		0	0
Financial assets purchased under agreements to resell		0	0
Inventories		52,463,081.35	44,981,237.06
Contract assets		30,941,561.01	27,838,699.18
Assets held for sale		0	0
Non-current assets due within one year		1,002,145.80	1,872,205.80
Other current assets		6,440,122.94	12,556,863.39
<b>Total current assets</b>		<b><u>3,765,386,554.71</u></b>	<b><u>3,659,537,778.73</u></b>

## CONSOLIDATED BALANCE SHEET (CONTINUED)

Unit: RMB

Items	Notes	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>Non-current assets:</b>			
Loans and advances granted		0	0
Debt investments		0	0
Other debt investments		0	0
Long-term receivables		7,416,896.10	7,043,303.54
Long-term equity investments		105,718,115.69	101,642,922.94
Investment in other equity instruments		0	0
Other non-current financial assets		0	0
Investment properties		61,177,435.00	60,841,725.00
Fixed assets		20,911,111.39	21,943,637.01
Construction in progress		0	0
Productive biological assets		0	0
Oil and gas assets		0	0
Right-of-use assets		883,639.25	342,031.55
Intangible assets	II. 8	5,374,967.06	6,279,308.44
Development expenses		0	0
Goodwill		0	0
Long-term prepaid expenses		14,555,924.71	13,722,881.31
Deferred income tax assets		88,024,976.53	78,635,195.30
Other non-current assets		3,599,181	3,599,181.00
<b>Total non-current assets</b>		<b><u>307,662,246.73</u></b>	<b><u>294,050,186.09</u></b>
<b>Total assets</b>		<b><u>4,073,048,801.44</u></b>	<b><u>3,953,587,964.82</u></b>

## CONSOLIDATED BALANCE SHEET (CONTINUED)

Unit: RMB

Items	Notes	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>Current liabilities:</b>			
Short-term borrowings		2,000,000.00	0
Loans from central bank		0	0
Financial liabilities held-for-trading		0	0
Derivative financial liabilities		0	0
Notes payable		0	0
Trade payables	II. 9	729,054,863.51	807,414,568.00
Receipt in advance	II. 10	18,078,806.64	2,958,279.78
Contract liabilities	II. 11	454,647,170.01	332,486,360.39
Amount from sales of repurchased financial assets		0	0
Deposits from customers and other banks		0	0
Brokerage for securities trading		0	0
Brokerage for underwriting securities		0	0
Staff remuneration payable		65,233,675.24	66,388,409.74
Taxes payable		66,312,972.69	92,830,085.13
Other payables	II. 12	520,156,044.87	552,047,414.55
Including: Dividends payable		0	0
Fee and commission payable		0	0
Reinsured accounts payable		0	0
Liabilities held for sale		0	0
Non-current liabilities due within one year		2,423,050.77	1,872,205.80
Other current liabilities		25,703,865.61	17,091,435.80
<b>Total current liabilities</b>		<b><u>1,883,610,449.34</u></b>	<b><u>1,873,088,759.19</u></b>

## CONSOLIDATED BALANCE SHEET (CONTINUED)

Unit: RMB

Items	Notes	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>Non-current liabilities:</b>			
Reserves for insurance contracts		0	0
Long-term borrowings		0	0
Bonds payable		0	0
Including: Preference shares		0	0
Perpetual bonds		0	0
Lease liabilities		7,037,320.83	7,411,035.92
Long-term payables		0	0
Long-term staff remuneration payable		0	0
Estimated liabilities		0	0
Deferred income		0	0
Deferred income tax liabilities		2,408,341.67	2,408,341.67
Other non-current liabilities		0	0
<b>Total non-current liabilities</b>		<b>9,445,662.50</b>	<b>9,819,377.59</b>
<b>Total liabilities</b>		<b>1,893,056,111.84</b>	<b>1,882,908,136.78</b>
<b>Owners' equity (or shareholders' equity):</b>			
Paid-up (or share) capital	II. 13	376,000,000.00	376,000,000.00
Other equity instruments		0	0
Including: Preference shares		0	0
Perpetual bonds		0	0
Capital reserve	II. 14	1,034,769,606.62	1,033,062,617.44
Less: Treasury shares		0	0
Other comprehensive income		0	0
Special reserve		0	0

## CONSOLIDATED BALANCE SHEET (CONTINUED)

*Unit: RMB*

Items	Notes	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Surplus reserve	II. 15	94,776,172.97	87,664,656.42
Provision for general risks		0	0
Undistributed profit		<u>664,148,505.68</u>	<u>573,576,276.83</u>
Total interests attributable to owners' equity (or shareholders' equity) of the parent company		<u><u>2,169,694,285.27</u></u>	<u><u>2,070,303,550.69</u></u>
Minority interests		<u>10,298,404.33</u>	<u>376,277.35</u>
<b>Total owners' equity (or shareholders' equity)</b>		<u><u>2,179,992,689.60</u></u>	<u><u>2,070,679,828.04</u></u>
<b>Total liabilities and owners' equity (or shareholders' equity)</b>		<u><u>4,073,048,801.44</u></u>	<u><u>3,953,587,964.82</u></u>

## CONSOLIDATED INCOME STATEMENT

Unit: RMB

Items	Notes	January 1, to June 30,	
		2023 (Unaudited)	2022 (Unaudited)
<b>I. Total operating income</b>		<b>881,438,961.07</b>	1,093,801,946.97
Including: Operating income	II. 16	<b>881,438,961.07</b>	1,093,801,946.97
Interest income		<b>0</b>	0
Premium earned		<b>0</b>	0
Fee and commission income		<b>0</b>	0
<b>II. Total operating costs</b>		<b>735,936,770.29</b>	832,839,334.81
Including: Operating cost	II. 16	<b>670,869,720.09</b>	764,498,231.81
Interest expense		<b>0</b>	0
Fee and commission expenses		<b>0</b>	0
Refunded premiums		<b>0</b>	0
Net amount of compensation payout		<b>0</b>	0
Net provisions for insurance contracts reserve		<b>0</b>	0
Policy dividend payment		<b>0</b>	0
Reinsured expenses		<b>0</b>	0
Taxes and surcharges		<b>4,324,922.29</b>	5,868,318.11
Selling expenses		<b>3,177,942.32</b>	3,225,805.94
Administrative expenses		<b>57,026,904.66</b>	79,451,233.04
Research and development expenses		<b>0</b>	0
Finance cost		<b>537,280.93</b>	-20,204,254.09
Including: Interest expenses		<b>11,283.94</b>	0
Interest income		<b>855,119.34</b>	732,835.47
Add: Other income		<b>6,558,519.06</b>	7,209,022.82
Investment income (loss expressed with “-”)		<b>3,635,067.56</b>	19,648,761.97
Including: Income from investment in associates and joint ventures		<b>4,075,192.75</b>	0
Derecognition income of financial assets measured at amortized cost		<b>0</b>	0
Exchange gain (loss expressed with “-”)		<b>0</b>	0
Net gain on exposure hedging (loss expressed with “-”)		<b>0</b>	0
Gain on change in fair value (loss expressed with “-”)		<b>25,000.00</b>	-4,576,014.03
Loss on impairment of credit (loss expressed with “-”)		<b>-33,386,956.07</b>	-35,566,936.92
Loss on impairment of assets (loss expressed with “-”)		<b>-265,633.25</b>	2,194,952.63
Gain on disposal of asset (loss expressed with “-”)		<b>0</b>	-10,100.13

**CONSOLIDATED INCOME STATEMENT (CONTINUED)**

*Unit: RMB*

Items	Notes	January 1, to June 30,	
		2023 (Unaudited)	2022 (Unaudited)
<b>III. Operating profit (loss expressed with “-”)</b>		<b>122,068,188.08</b>	249,862,298.50
Add: Non-operating income		<b>1,396,785.82</b>	500,523.04
Less: Non-operating expenses		<b>2,697,702.23</b>	1,415,935.63
<b>IV. Total profit (total loss expressed with “-”)</b>		<b>120,767,271.67</b>	248,946,885.91
Less: Income tax expenses	<i>II. 17</i>	<b>23,417,337.03</b>	65,723,370.38
<b>V. Net profit (net loss expressed with “-”)</b>		<b>97,349,934.64</b>	183,223,515.53
(I) By ownership			
Net profit attributable to owners of parent company		<b>97,683,745.40</b>	182,497,569.04
Gain or loss attributable to minority interests		<b>-333,810.76</b>	725,946.49
(II) By continuity of operations			
Net profit from continuing operations		<b>97,349,934.64</b>	183,223,515.53
Net profit from discontinued operations		<b>0</b>	0
<b>VI. Net other comprehensive income after tax</b>		<b>0</b>	0
Net other comprehensive income after tax attributable to owners of the parent company		<b>0</b>	0
(I) Other comprehensive income that may not be subsequently reclassified to profit and loss		<b>0</b>	0
1. Change in remeasurement of defined benefit plans		<b>0</b>	0
2. Other comprehensive income that may not be reclassified to profit or loss under equity method		<b>0</b>	0
3. Change in fair value of investments in other equity instruments		<b>0</b>	0
4. Change in fair value of enterprise’s own credit risk		<b>0</b>	0
5. Others		<b>0</b>	0



## CONSOLIDATED INCOME STATEMENT (CONTINUED)

Unit: RMB

Items	Notes	January 1, to June 30,	
		2023 (Unaudited)	2022 (Unaudited)
(II) Other comprehensive income that will be subsequently reclassified to profit or loss		0	0
1. Other comprehensive income that may be reclassified to profit or loss under equity method		0	0
2. Change in fair value of other debt investments		0	0
3. Gains or losses from changes in fair value of financial assets available-for-sale		0	0
4. Amount included in other comprehensive income on reclassification of financial assets		0	0
5. Gains or losses from held-to-maturity investment reclassified as financial assets available-for-sale		0	0
6. Provision for credit impairment of other debt investments		0	0
7. Others		0	0
Net other comprehensive income after tax attributable to minority interests		0	0
<b>VII. Total comprehensive income</b>		<b>97,349,934.64</b>	183,223,515.53
Total comprehensive income attributable to shareholders of the parent company		<b>97,683,745.40</b>	182,497,569.04
Total comprehensive income attributable to minority interests		<b>-333,810.76</b>	725,946.49
<b>VIII. Earnings per share:</b>			
(I) Basic earnings per share		<b>0.26</b>	0.49
(II) Diluted earnings per share		<b>0.26</b>	0.49

## NOTES TO THE ITEMS IN 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 its shares are listed on Shenzhen Stock Exchange Co., Ltd. (stock code: 002146). RiseSun Development and its subsidiaries (excluding the Group) are referred to as RiseSun Group. The ultimate holding company is RiseSun Holdings 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 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 Chinese Accounting Standards for Business Enterprises (“**CASBE**”) issued by the Ministry of Finance and relevant regulations, as well as related disclosure requirements of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

#### 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 Effect of Business Combination under Common Control on Opening Balance and that for the Corresponding Period of Last Year**

In December 16, 2022, the Company entered into an equity transfer agreement with Qinhuangdao Rongsheng Real Estate Development Co., Ltd. (秦皇島榮盛房地產開發有限公司) to acquire 77% equity interest in Shengxing Living Service (Hebei) Co., Ltd. (盛行旅居生活服務(河北)有限公司) (“**Shengxing Living**”) in cash at a consideration of RMB45,353,000. Both the Company and Shengxing Living are controlled by RiseSun Development, and such control is not temporary, therefore the combination is a business combination under common control.

According to the relevant provisions of Accounting Standards for Business Enterprises No. 2 – Longterm Equity Investment, Accounting Standards for Business Enterprises No. 20 – Business Combination and Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements, for a merger of controlling interest under common control, the reporting entity formed after the merger should be deemed to subsist as an integration since the date it came under the control of the ultimate controller. This should be reflected in the consolidated financial statements, which means for the reporting entity composed of the parent and subsidiaries formed after the merger, that both its asset size and business performance should be continuously calculated. In preparing consolidated financial statements, no matter the merger occurred in any time in the reporting period, the consolidated income statement and the consolidated cash flow statement should reflect the profits or losses and cash flow of the reporting entity composed of the parent and subsidiaries for the period from the beginning of the period during which such merger occurred to the date of merger. Correspondingly, the item of retained earnings on consolidated balance sheet should reflect the realizable surplus reserve and undistributed profit of the parent and subsidiaries as of the date of merger as if the parent and subsidiaries had been operating as one entity; for a merger of controlling interest under common control, when preparing the consolidated financial statements for the period during which such merger occurred, adjustments should be made to the opening balances recorded on the consolidated balance sheet and the related items on the comparative statements as if the reporting entity after the merger had been existing in the previous period.

The Company included Shengxing Living in the scope of combination at December 31, 2022 and adjusted the opening balance on the consolidated balance sheet, together with the relevant items on the consolidated income statement, consolidated cash flow statement and consolidated statement of changes in shareholders’ equity. The relevant items and changes in the income statement before and after consolidation for the period from January 1, 2022 to June 30, 2022 are set out as follows:

Unit: RMB

Items	January to	January to	Change in the
	June 2022 (after mergers and acquisitions) (Unaudited)	June 2022 (before mergers and acquisitions) (Unaudited)	amount from January to June 2022 resulting from mergers and acquisitions (Unaudited)
<b>I. Total operating income</b>	1,093,801,946.97	1,063,574,349.30	30,227,597.67
Including: Operating income	1,093,801,946.97	1,063,574,349.30	30,227,597.67
Interest income			
Premium earned			
Fee and commission income			
<b>II. Total operating costs</b>	832,839,334.81	808,484,819.62	24,354,515.19
Including: Operating cost	764,498,231.81	743,419,941.83	21,078,289.98
Interest expense			
Handling charges and commission expenses			
Refunded premiums			
Net amount of compensation payout			
Net provisions for insurance contracts reserve			
Policy dividend payment			
Reinsured expenses			
Taxes and surcharges	5,868,318.11	5,775,947.74	92,370.37
Selling expenses	3,225,805.94	3,039,064.28	186,741.66
Administrative expenses	79,451,233.04	76,491,405.11	2,959,827.93
Research and development expenses			
Finance cost	-20,204,254.09	-20,241,539.34	37,285.25
Including: Interest expenses			
Interest income	732,835.47	729,659.84	3,175.63
Add: Other income	7,209,022.82	7,020,137.34	188,885.48
Investment income (loss expressed with “-”)	19,648,761.97	19,648,761.97	-
Including: Investment income from associates and joint ventures			
Gain on derecognition of financial assets measured at amortized cost			
Exchange gain (loss expressed with “-”)			
Net gain on exposure hedging (loss expressed with “-”)			
Gain on change in fair value (loss expressed with “-”)	-4,576,014.03	-4,576,014.03	-
Loss on impairment of credit (loss expressed with “-”)	-35,566,936.92	-33,307,510.99	-2,259,425.93
Loss on impairment of assets (loss expressed with “-”)	2,194,952.63	2,194,952.63	-
Gain on disposal of asset (loss expressed with “-”)	-10,100.13	-10,100.13	-
<b>III. Operating profit (loss expressed with “-”)</b>	249,862,298.50	246,059,756.47	3,802,542.03
Add: Non-operating income	500,523.04	491,731.15	8,791.89
Less: Non-operating expenses	1,415,935.63	1,413,672.11	2,263.52
<b>IV. Total profit (total loss expressed with “-”)</b>	248,946,885.91	245,137,815.51	3,809,070.40
Less: Income tax expenses	65,723,370.38	64,112,712.18	1,610,658.20
<b>V. Net profit (net loss expressed with “-”)</b>	183,223,515.53	181,025,103.33	2,198,412.20
<b>(I) By continuity of operations</b>	183,223,515.53	181,025,103.33	2,198,412.20
1. Net profit from continuing operations (net loss expressed with “-”)	183,223,515.53	181,025,103.33	2,198,412.20
2. Net profit from discontinued operations (net loss expressed with “-”)			

Unit: RMB

Items	January to June 2022 (after mergers and acquisitions) (Unaudited)	January to June 2022 (before mergers and acquisitions) (Unaudited)	Change in the amount from January to June 2022 resulting from mergers and acquisitions (Unaudited)
<b>(II) By ownership</b>	183,223,515.53	181,025,103.33	2,198,412.20
1. Net profit attributable to owners of parent company (net loss expressed with “-”)	182,497,569.04	180,912,030.37	1,585,538.67
2. Gain or loss attributable to minority interests (net loss expressed with “-”)	725,946.49	113,072.96	612,873.53
<b>VI. Net other comprehensive income after tax</b>	-	-	-
Net other comprehensive income after tax attributable to owners of the parent company	-	-	-
(I) Other comprehensive income that may not be subsequently reclassified to profit and loss	-	-	-
1. Change in remeasurement of defined benefit plans			
2. Other comprehensive income that may not be reclassified to profit or loss under equity method			
3. Change in fair value of investments in other equity instruments			
4. Change in fair value of enterprise’s own credit risk			
5. Others			
(II) Other comprehensive income that will be subsequently reclassified to profit or loss	-	-	-
1. Other comprehensive income that may be reclassified to profit or loss under equity method			
2. Change in fair value of other debt investments			
3. Amount included in other comprehensive income on reclassification of financial assets			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedges reserve (effective part of hedging gains and losses from cash flows)			
6. Exchange differences arising from translation of foreign currency financial statements			
7. Others			
Net other comprehensive income after tax attributable to minority interests			
<b>VII. Total comprehensive income</b>	183,223,515.53	181,025,103.33	2,198,412.20
Total comprehensive income attributable to shareholders of the parent company	182,497,569.04	180,912,030.37	1,585,538.67
Total comprehensive income attributable to minority interests	725,946.49	113,072.96	612,873.53
<b>VIII. Earnings per share:</b>	-	-	
(I) Basic earnings per share (RMB/share)	0.49	0.48	0.01
(II) Diluted earnings per share (RMB/share)	0.49	0.48	0.01

#### 4 Notes Receivable

Types	Book balance		June 30, 2023 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	0.00	0.00	0.00	0.00	0.00
Including: the aging portfolio	0.00	0.00	0.00	0.00	0.00

  

Types	Book balance		December 31, 2022 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	2,881,192.62	100.00	683,535.87	23.72	2,197,656.75
Including: the aging portfolio	2,881,192.62	100.00	683,535.87	23.72	2,197,656.75

#### 5 Accounts Receivable

Types	Book balance		June 30, 2023 Provision for bad debts		Carrying Value
	Amount	Percentage (%)	Amount	Provision Percentage (%)	
Provision for bad debts made on a collective basis	2,280,293,051.20	100.00	233,718,525.27	10.25	2,046,574,525.93
Including: the aging portfolio	2,280,293,051.20	100.00	233,718,525.27	10.25	2,046,574,525.93

  

Types	Book balance		December 31, 2022 Provision for bad debts		Carrying Value
	Amount	Percentage (%)	Amount	Provision Percentage (%)	
Provision for bad debts made on a collective basis	2,158,238,358.92	100.00	208,839,200.60	9.68	1,949,399,158.32
Including: the aging portfolio	2,158,238,358.92	100.00	208,839,200.60	9.68	1,949,399,158.32

The aging analysis of accounts receivable based on transaction dates is as follows:

Aging	Book balance	June 30, 2023 Provision for bad debts	Provision Percentage (%)
Up to 1 year (inclusive)	1,508,754,672.01	87,638,201.64	5.81
1-2 years	575,091,910.32	70,702,988.44	12.29
2-3 years	177,707,003.34	64,581,282.52	36.34
3-4 years	12,654,345.93	7,087,543.16	56.01
4-5 years	4,972,040.45	2,595,430.36	52.20
Over 5 years	1,113,079.15	1,113,079.15	100.00
<b>Total</b>	<b><u>2,280,293,051.20</u></b>	<b><u>233,718,525.27</u></b>	<b><u>10.25</u></b>

## 6 Prepayments

Items	June 30, 2023		December 31, 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Up to 1 year	33,365,527.04	37.51	33,386,398.00	40.33
1-2 years	12,590,089.40	14.15	30,608,681.16	36.98
2-3 years	25,317,899.28	28.46	18,707,781.71	22.60
Over 3 years	17,675,576.46	19.87	70,487.26	0.09
<b>Total</b>	<b><u>88,949,092.18</u></b>	<b><u>100.00</u></b>	<b><u>82,773,348.13</u></b>	<b><u>100.00</u></b>

## 7 Other Receivables

Items	June 30, 2023	December 31, 2022
Other receivables	876,279,477.48	784,642,586.28
Provision for bad debts	-104,932,828.76	-95,570,903.87
<b>Total</b>	<b><u>771,346,648.72</u></b>	<b><u>689,071,682.41</u></b>

Aging	June 30, 2023	December 31, 2022
Up to 1 year (inclusive)	341,137,946.31	630,444,262.05
1-2 years	478,019,381.93	75,168,824.22
2-3 years	15,282,230.63	17,051,470.08
Over 3 years	41,839,918.61	61,978,029.93
Including: 3-4 years	2,515,758.71	20,615,487.87
4-5 years	19,994,211.59	20,946,643.69
Over 5 years	19,329,948.31	20,415,898.37
<b>Total</b>	<b><u>876,279,477.48</u></b>	<b><u>784,642,586.28</u></b>

## 8 Intangible Assets

Items	Right-of-use of software
<b>I. Original carrying amount</b>	
1. Opening balance	10,829,073.50
2. Increase in the current period	19,200.00
Including: Purchases	19,200.00
3. Decrease in the current period	0.00
Including: Disposals	0.00
4. Closing balance	10,848,273.50
<b>II. Accumulated amortisation</b>	
1. Opening balance	4,549,765.06
2. Increase in the current period	923,541.38
Including: Provisions	923,541.38
3. Decrease in the current period	0.00
Including: Disposals	0.00
4. Closing balance	5,473,306.44
<b>III. Allowance for impairment</b>	
1. Opening balance	0.00
2. Increase in the current period	0.00
Including: Provisions	0.00
3. Decrease in the current period	0.00
Including: Disposals	0.00
4. Closing balance	0.00
<b>IV. Carrying amount</b>	
1. Carrying amount on June 30, 2023	5,374,967.06
2. Carrying amount on December 31, 2022	<u><u>6,279,308.44</u></u>

## 9 Trade Payables

### (1) Presentation of trade payables

Items	June 30, 2023	December 31, 2022
Construction fees	462,659,083.05	575,956,407.18
Service fees	152,164,227.88	150,671,510.05
Payments for goods purchased	114,231,552.58	80,786,650.77
<b>Total</b>	<u><u>729,054,863.51</u></u>	<u><u>807,414,568.00</u></u>

### (2) Trade payables are presented by ageing

The aging analysis of trade payables (including amounts due to related parties) based on transaction dates is as follows:

Ageing	June 30, 2023	December 31, 2022
Up to 1 year	264,514,908.67	538,338,046.19
1-2 years	261,700,391.02	227,452,305.14
2-3 years	163,603,823.57	26,980,940.88
Over 3 years	39,235,740.25	14,643,275.79
<b>Total</b>	<u><u>729,054,863.51</u></u>	<u><u>807,414,568.00</u></u>



**10 Receipt in Advance**

<b>Item</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Rent	18,078,806.64	2,958,279.78

**11 Contract Liabilities**

<b>Item</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Property fees	403,223,428.72	218,473,535.12
Other community value-added services	6,050,484.63	48,001,945.63
Engineering construction	3,471,767.71	32,740,808.89
Garbage disposal fees and self-heating	11,030,727.43	9,420,340.30
Pre-intervention services	1,054,600.73	6,442,832.39
Sales payment	4,486,996.50	4,856,318.57
Elevator usage fees	3,791,594.61	3,392,683.50
Start-up costs	2,667,218.51	185,282.61
Others	18,870,351.17	8,972,613.38
<b>Total</b>	<b>454,647,170.01</b>	<b>332,486,360.39</b>

**12 Other Payables**

<b>Items</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Interest payable	0.00	0.00
Dividends payable	0.00	0.00
Other payables	520,156,044.87	552,047,414.55
<b>Total</b>	<b>520,156,044.87</b>	<b>552,047,414.55</b>

**13 Share Capital**

<b>Items</b>	<b>December 31, 2022</b>	<b>Change for the Period (+, -)</b>					<b>Subtotal</b>	<b>June 30, 2023</b>
		<b>Issuance of new shares</b>	<b>Share grant</b>	<b>Surplus reserve converted to shares</b>	<b>Others</b>			
Total number of shares	376,000,000.00	0.00	0.00	0.00	0.00	0.00	376,000,000.00	

## 14 Capital Reserve

Items	December 31, 2022	Increase during the Period	Decrease during the Period	June 30, 2023
Equity premium <sup>(Note 1)</sup>	956,185,004.84	0.00	0.00	956,185,004.84
Other capital reserve <sup>(Note 2)</sup>	76,877,612.60	1,706,989.18	0.00	78,584,601.78
<b>Total</b>	<b>1,033,062,617.44</b>	<b>1,706,989.18</b>	<b>0.00</b>	<b>1,034,769,606.62</b>

Note 1. Movements in equity premium: no movements during the Period.

Note 2. Movements in other capital reserve during the Period were due to the provisions for share-based payments.

## 15 Surplus Reserve

Items	December 31, 2022	Increase during the Period	Decrease during the Period	June 30, 2023
Statutory surplus reserve	87,664,656.42	7,111,516.55	0.00	94,776,172.97

## 16 Operating Revenue and Operating Cost

### (1) Operating revenue and operating cost

Items	Six months ended June 30,			
	2023		2022	
	Revenue	Cost	Revenue	Cost
Principle operations	877,815,634.63	670,732,266.05	1,093,535,123.15	764,103,061.73
Other operations	3,623,326.44	137,454.04	266,823.82	395,170.08
<b>Total</b>	<b>881,438,961.07</b>	<b>670,869,720.09</b>	<b>1,093,801,946.97</b>	<b>764,498,231.81</b>

### (2) Income from contracts

Classification of contract	January to June 2023	January to June 2022
Goods	–	–
Including: Property management services	621,779,347.86	620,628,299.60
Value-added services to non-property owners	83,903,217.7	322,104,801.24
Community value-added services	175,756,395.51	151,068,846.13
<b>Total</b>	<b>881,438,961.07</b>	<b>1,093,801,946.97</b>
Classified by region	January to June 2023	January to June 2022
Including: Mainland of China	841,212,383.90	1,093,801,946.97
Classified by contract term	–	–
Including: Recognised at a point in time	51,112,032.68	94,737,536.71
Recognised over time	830,326,928.39	999,064,410.26
Income from other sources	–	–
<b>Total</b>	<b>881,438,961.07</b>	<b>1,093,801,946.97</b>

## 17 Income Tax Expenses

Items	Six months ended June 30,	
	2023	2022
Current income tax calculated on the basis of the tax laws and relevant regulations	<b>32,807,118.26</b>	70,918,734.97
— Corporate income taxes in Mainland of China	<b>32,807,118.26</b>	70,918,734.97
Deferred income tax expenses	<b>-9,389,781.23</b>	-5,195,364.59
<b>Total</b>	<b><u>23,417,337.03</u></b>	<b><u>65,723,370.38</u></b>

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

## 18 Return on Net Assets and Earnings Per Share

Profit for the reporting period	Return on net assets (%)	Basic earnings per share	Diluted earnings per share
Net profit attributable to the holders of ordinary shares of the parent company	4.61%	0.26	0.26
Net profit attributable to the holders of ordinary shares of the parent company (excluding: extraordinary profit and loss)	<u>4.40%</u>	<u>0.25</u>	<u>0.25</u>

## 19 Dividends

	January 1, to June 30,	
	2023	2022
Dividends recognised as distribution during the Period:	<b><u>0.00</u></b>	<b><u>94,000,000.00</u></b>

*Note:* No dividend paid by the Board during the six months ended June 30, 2023.

The Board does not recommend to declare interim dividend for the six months ended June 30, 2023 (June 30, 2022: RMB0.25 per share (before tax)).

## MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW

### BUSINESS REVIEW

#### OVERVIEW

The Group is a comprehensive property management service provider with a strategic service network across China. As of June 30, 2023, the Group had a total of 420 property management projects under management with an aggregate gross floor area (“GFA”) under management of approximately 81.2 million square metres (“sq.m.”), covering 61 cities across 19 provinces, municipalities and autonomous regions in China. As of June 30, 2023, the Group was contracted to manage 505 property management projects with an aggregate contracted GFA of 99.9 million sq.m., covering 69 cities across 19 provinces, municipalities and autonomous regions in China.

The Group provides diversified services through three business lines, namely property management services, value-added services to non-property owners and community value-added services. Its portfolio of managed properties comprises (i) residential properties; and (ii) non-residential properties, including (a) commercial properties, such as shopping malls, office buildings and serviced apartments; and (b) public and other properties, such as industry parks, the Olympic Village, schools, parks and hospitals.

#### BUSINESS MODEL

The Group owns three major business lines, namely (i) property management services; (ii) value-added services to non-property owners; and (iii) community value-added services, which constitute the comprehensive services that the Group provides to its customers, and cover the entire value chain of property management.

- **Property management services:** The Group provides property developers, property owners and residents, the government and other public construction departments 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, the Olympic Village, schools, parks and hospitals. During the six months ended June 30, 2023, 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 has been continuously expanding its property management service portfolio by obtaining new property management service contracts. As of June 30, 2023, the Group has contracted GFA of approximately 99.9 million sq.m., representing a decrease of 1.2% as compared with that as of June 30, 2022, and 505 contracted projects, representing an increase of 2.2% as compared with that as of June 30, 2022. As of June 30, 2023, the GFA under management was approximately 81.2 million sq.m. relating to 420 projects under management, representing an increase of approximately 11.3% and 10.2% as compared with those as of June 30, 2022, respectively.

In addition, as of June 30, 2023, the Group had entered into 17 formal cooperation agreements with independent third-party property developers during the Period. In such cooperation agreements, such property developers engaged the Group as the property management services provider, entrusted the Group with the management of relevant projects and shall pay the Group property management fees based on agreed scope of services. The agreements executed in 2023 covered various types of businesses, such as government buildings, industrial parks, public buildings, residential buildings and landscaping. As at June 30, 2023, the properties managed by the Group under these formal cooperation agreements had an aggregate GFA of approximately 1.52 million sq.m..

The table below sets out the respective movements of the Group's contracted GFA and GFA under management for the six months ended June 30, 2023 and 2022:

	For the six months ended June 30,			
	2023		2022	
	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> )
At the beginning of the Period	97,521	73,286	96,103	67,942
New engagements <sup>(1)</sup>	4,005	9,575	5,139	4,978
Terminations <sup>(2)</sup>	(1,633)	(1,633)	0	0
At the end of the Period	<u>99,893</u>	<u>81,228</u>	<u>101,242</u>	<u>72,920</u>

#### 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 June 30, 2023, the Group established business presence in 69 cities in 19 provinces, municipalities and autonomous regions in the PRC.

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

	As of June 30,			
	2023		2022	
	('000 sq.m.)	%	('000 sq.m.)	%
Bohai Economic Rim <sup>(1)</sup>	47,794	58.8	42,930	58.9
Yangtze River Delta region <sup>(2)</sup>	16,235	20.0	16,437	22.6
Greater Bay Area and surrounding regions <sup>(3)</sup>	2,842	3.5	2,821	3.8
Central and Western China <sup>(4)</sup>	14,357	17.7	10,733	14.7
Total	<u>81,228</u>	<u>100.0</u>	<u>72,921</u>	<u>100.0</u>

Notes:

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

### Diversified portfolio of property management services

The Group has a diversified portfolio of properties under management comprising (i) residential properties; and (ii) non-residential properties, including (a) commercial properties, such as shopping malls, office buildings and serviced apartments; and (b) public and other properties, such as industry parks, the Olympic Village, schools, parks and hospitals.

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 June 30,			
	2023		2022	
	GFA under management ('000 sq.m.)	Number of projects under management	GFA under management ('000 sq.m.)	Number of projects under management
Residential properties	73,632	356	65,108	325
Non-residential properties				
– Commercial properties	3,534	42	3,517	41
– Public and other properties	4,062	22	4,296	15
Subtotal	<u>7,596</u>	<u>64</u>	<u>7,813</u>	<u>56</u>
Total	<u>81,228</u>	<u>420</u>	<u>72,921</u>	<u>381</u>

## **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. For the six months ended June 30, 2023, the revenue from value-added services to non-property owners decreased by approximately 74% from approximately RMB322.1 million for the corresponding period in 2022 to approximately RMB83.9 million.

The Group improved its independent operation capabilities by optimizing business structure of property engineering services, adjusting business models and establishing professional engineering management teams; relieved geographical restrictions, coordinated and deployed engineering resources, implemented a headquarters-branch linkage model, and standardized the engineering business management of property companies through the integration of personnel in various regions. However, as the non-owner 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 and thereafter, the property engineering services in the value-added services to non-property owners decreased significantly, and the revenue was significantly lower than the corresponding period in last year.

In order to cope with the overall downward economic situation of the upstream real estate industry, the Group has actively formulated plans to undertake new business. In the second quarter of 2023, the Group began undertaking projects such as aging renovation, local renovation and home improvement, conducted negotiations on renovation, maintenance and management of municipal works, parks, scenic spots and public parks, and deployed the whole construction business for the installation of charging piles for electric vehicles in residential communities to make up for the performance gap and expand into diversified business.

## **COMMUNITY VALUE-ADDED SERVICES**

In order to improve the community living experience of owners and residents in the properties under the Group's management and create more value for its services, the Group provides a wide variety of community value-added services to property owners and residents, primarily including property space management services and home-living services. The revenue from community value-added services for the six months ended June 30, 2023 was approximately RMB175.8 million, representing an increase of approximately 16.3% from approximately RMB151.1 million for the corresponding period in 2022. Such increase was mainly due to the improvement of the professional service capabilities such as community retail, house improvement experience, housekeeping services and parking agent services.

## Property space management services

The Group provides property space management services to property owners and residents, and provides turnkey furnishing services that can improve property value, 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 for the six months ended June 30, 2023 increased by approximately 13.8% from approximately RMB53.9 million for the corresponding period in 2022 to approximately RMB61.4 million.

For turnkey furnishing services, the Group has been linking up with property developers in advance, 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 which consists of a “property dictionary” (房源字典) system and a “resident-property matching”(房客匹配) system. The system ensures customer privacy and efficiently matches supply and demand information of properties, providing millions of property owners with convenient rental and sales channels and delivering a better service experience.

## 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 as well as housekeeping services. The revenue from home-living services for the six months ended June 30, 2023 increased by approximately 17.7% from approximately RMB97.1 million for the corresponding period in 2022 to approximately RMB114.4 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 June 30, 2023, the Group had a total of 61 offline convenience stores which were located in the communities under its management, with over 45,000 stock keeping units (“SKUs”) and approximately 1.10 million registered users on Rice Mall (米飯公社).

For the six months ended June 30, 2023, the Group’s revenue was approximately RMB881.4 million, representing a decrease of approximately 19.4% as compared to the corresponding period in 2022; gross profit was approximately RMB210.6 million, representing a decrease of approximately 36.1% as compared to the corresponding period in 2022. Net profit for first half of 2023 amounted to RMB97.3 million, representing a decrease of approximately 46.9% as compared to corresponding period in 2022. For the six months ended June 30, 2023, the net profit attributable to the owners of the parent company amounted to approximately RMB97.7 million, representing a decrease of approximately 46.5% as compared to the corresponding period in 2022. Basic earnings per share amounted to approximately RMB0.26.



## OUTLOOK

Looking forward to the second half of 2023, the Group will continue to (i) uphold the principle of customer-oriented services, maintain property service quality, upgrade the property service brand, and enhance the trust of owners and word-of-mouth effect through quality services to secure a solid market position; (ii) strategically invest in environment and sanitation, medical cosmetology, tourism and accommodation so as to expand its businesses and diversify its business portfolio. The Company completed the acquisition of 80% equity interest in Hebei Jinxiang Property Group Co., Ltd.\* (河北金項物業集團有限公司) (“**Hebei Jinxiang**”) on June 21, 2023, which is an important measure to formally deploy the urban service sector. The Group will improve the non-owner value-added system, intervene from the planning and design of projects, and undertake the role of a pre-intermediary from the perspectives of post-period customers and property services to facilitate the upgrade of the property brand; (iii) continuously improve the “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 continue to promote the community health industry such as housekeeping service, community nursing service, healthy service and other services, to provide owners with a “convenient and reassuring” community health experience to enable owners to feel our “caring” property services; (iv) at the same time strengthen the construction of financial management and control and capital support system to improve the financial management and control efficiency as well as the risk resistance capability of the enterprise; and (v) cultivate and introduce professional talent, optimize the talent structure, promote the information technology construction of the Company, achieve technology empowerment, thereby improving the efficiency and quality of the Company’s decision-making process.

## FINANCIAL REVIEW

### Revenue

During the Relevant Period, the Group derived its revenue from three business lines, namely (i) property management services; (ii) value-added services to non-property owners; and (iii) community value-added services. The following table sets forth the details of the Group’s revenue recognised by business line for the periods indicated:

	Six months ended June 30,		
	2023	2022	Change in
	<i>RMB’000</i>	<i>RMB’000</i>	percentage
			%
Property management services	<b>621,779</b>	620,628	0.2
Value-added services to non-property owners	<b>83,903</b>	322,105	-74.0
Community value-added services	<b>175,756</b>	151,069	16.3
Total	<b>881,438</b>	1,093,802	-19.4

The Group's revenue decreased by approximately 19.4% from RMB1,093.8 million for the six months ended June 30, 2022 to RMB881.4 million for the six months ended June 30, 2023, mainly due to:

- (i) the revenue from property management services remained stable, representing an increase of approximately 0.2% from RMB620.6 million for the six months ended June 30, 2022 to RMB621.8 million for the six months ended June 30, 2023. There was a decrease in the revenue from public construction projects during the Relevant Period due to service expiry. Taking into account the existing adverse macro economic conditions, the payment ability of property owner clients was limited, the Group adjusted the management fees for certain vacant properties and parking spaces for property owners during the Period. As a result, revenue from property management services did not grow with the increase in the GFA of projects under management, but remained relatively stable.
- (ii) the decrease in revenue from value-added services to non-property owners by approximately 74.0% from approximately RMB322.1 million for the six months ended June 30, 2022 to approximately RMB83.9 million for the six months ended June 30, 2023, which was mainly due to a significant decrease in demand for property engineering services, on-site services and other services as a result of the sharp decrease in the overall completed GFA and construction GFA of the property developers in 2023; meanwhile, the Group also took the initiative to reduce the provision of such services to real estate developers, reduce capital advances, and focus on projects with guaranteed collection of payment.
- (iii) the revenue from community value-added services increased by approximately 16.3% from approximately RMB151.1 million for the six months ended June 30, 2022 to approximately RMB175.8 million for the six months ended June 30, 2023. Such increase was mainly due to the growth of the Company's management scale and high-quality loyal users, laying a solid foundation for the growth of community value-added services. In addition, the Company upgraded and optimized its professional services such as community retail, house improvement, housekeeping and parking agent services according to customer needs, achieving steady business growth.

### Property management services

The following table sets forth a breakdown of the Group's revenue from property management services by type of property developers for the periods indicated:

	Six months ended June 30,			
	2023		2022	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Properties developed by RiseSun Group <sup>(1)</sup>	609,174	97.97	597,322	96.24
Properties developed by independent third party property developers	12,605	2.03	23,307	3.76
Total	<u>621,779</u>	<u>100.00</u>	<u>620,628</u>	<u>100.00</u>

Note:

- (1) Representing the properties independently developed by RiseSun Real Estate Development Co., Ltd. and its subsidiaries, which exclude the Group ("**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 offers a comprehensive range of value-added services to non-property owners, primarily property developers, mainly including property engineering services, on-site services and other services. The following table sets out the components of the revenue from value-added services to non-property owners for the periods indicated:

	Six months ended June 30,		2022	
	2023			
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property engineering services	<b>42,440</b>	<b>50.58</b>	148,525	46.11
On-site services	<b>16,042</b>	<b>19.12</b>	67,874	21.07
Other services <sup>(1)</sup>	<b>25,422</b>	<b>30.30</b>	105,706	32.82
Total	<b>83,904</b>	<b>100.00</b>	322,105	100.00

Note:

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

## Community value-added services

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

The following table sets forth the components of the revenue from community value-added services for the periods indicated:

	Six months ended June 30,		2022	
	2023			
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Home-living services	<b>114,365</b>	<b>65.07</b>	97,144	64.30
Property space management services	<b>61,391</b>	<b>34.93</b>	53,924	35.70
Total	<b>175,756</b>	<b>100.00</b>	151,068	100.00

## 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 12.2% from approximately RMB764.5 million for the six months ended June 30, 2022 to approximately RMB670.9 million for the six months ended June 30, 2023. The decrease in the cost of sales was mainly due to the decrease in revenue and accordingly the reduction in costs.

## Gross profit and gross profit margin

	Six months ended June 30,		Six months ended June 30,	
	2023		2022	
	Gross profit	Gross profit	Gross profit	Gross profit
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	138,993	22.4	208,865	33.7
Value-added services to non-property owners	44,947	53.6	101,418	31.5
Community value-added services	26,629	15.2	19,020	12.6
Total	<u>210,569</u>	<u>23.9</u>	<u>329,303</u>	<u>30.1</u>

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit decreased by approximately 36.1% from approximately RMB329.3 million for the six months ended June 30, 2022 to approximately RMB210.6 million for the six months ended June 30, 2023.

The gross profit margin of the Group decreased from approximately 30.1% for the six months ended June 30, 2022 to approximately 23.9% for the six months ended June 30, 2023, which was mainly attributable to the following reasons: (i) the Group recorded less gross profit from value-added services during the Period which has a higher gross profit margin; and (ii) the Group reduced management fees for certain idle properties and parking spaces during the Period as a result of the adverse macro economic conditions, coupling with the cost increase as a result of increasing investment for quality improvement.

## 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 selling expenses remained relatively stable at the level of about RMB3.2 million for the Period and the corresponding period of last year.

## **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 28.2% from approximately RMB79.5 million for the six months ended June 30, 2022 to approximately RMB57.0 million for the six months ended June 30, 2023, mainly due to the streamlining of functional staff costs, reducing costs and improving efficiency during the Relevant Period, with various expenses being lower than those of the corresponding period.

## **Income tax expenses**

The Group's income tax expenses comprise PRC corporate income tax. The Group's income tax expenses decreased by approximately 64.4% from approximately RMB65.7 million for the six months ended June 30, 2022 to approximately RMB23.4 million for the six months ended June 30, 2023. Such decrease was primarily due to the decrease in the Group's profit before tax as a result of the decline of its business. The effective income tax rate of the Group was approximately 19.3% for the six months ended June 30, 2023. During the Relevant Period, more subsidiaries of the Group were qualified as "small low-profit enterprises" where their taxable incomes were less than RMB3 million, as such, more entities of the Group enjoyed preferential income tax treatment, which was calculated at 5% while the general income tax rate was calculated at 25%, which pushed down the effective tax rate for the Period.

## **Profit and adjusted profit for the Period**

As a result of the aforementioned changes in the Group's financial conditions, the Group's profit for the Period decreased by approximately 46.9% from approximately RMB183.2 million for the six months ended June 30, 2022 to approximately RMB97.3 million for the six months ended June 30, 2023. After excluding the share-based payments (net of tax), the Group's adjusted profit for the Period decreased by approximately 47.0% from approximately RMB186.7 million for the six months ended June 30, 2022 to approximately RMB99.0 million for the six months ended June 30, 2023.

## **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 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 a clearer view of 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 periods and adjusted profit for the periods:

	<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Profit for the Period	<b>97,350</b>	183,224
Adjusted for:		
Share-based payments (net of tax)	<u><b>1,707</b></u>	<u>3,515</u>
Adjusted profit for the Period	<u><b>99,057</b></u>	<u>186,739</u>

### **Profit attributable to owners of the Company**

Profit attributable to owners of the Company amounted to approximately RMB97.7 million for the six months ended June 30, 2023, representing a decrease of approximately 46.5% from approximately RMB182.5 million for the corresponding period in 2022.

### **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. The Group's fixed assets, right-of-use assets and long-term prepaid expenses slightly increased for 0.8% from approximately RMB36.0 million as at December 31, 2022 to RMB36.3 million as at June 30, 2023.

### **Investment properties**

The Group's investment properties represent car parks and retail units held to earn rentals and for capital appreciation. Its investment properties increased from approximately RMB60.8 million as of December 31, 2022 to approximately RMB61.2 million as of June 30, 2023.

### **Intangible assets**

The Group's intangible assets mainly include computer software. The Group's intangible assets decreased from approximately RMB6.3 million as of December 31, 2022 to approximately RMB5.3 million as of June 30, 2023, representing a decrease of approximately 15.9%.

### **Trade and other receivables and prepayments**

The Group's trade and other receivables comprise trade receivables, note receivables, finance lease receivables, other receivables and prepayments to suppliers. As at June 30, 2023, the Group's trade and other receivables and prepayments amounted to approximately RMB2,915.2 million, representing an increase of approximately 6.7% from approximately RMB2,732.4 million as at December 31, 2022.

The Group's trade receivables mainly arise from the services provided under the Group's property management services, value-added services to non-property owners and community value-added services. As at June 30, 2023, the Group's trade receivables amounted to approximately RMB2,046.5 million, representing an increase of approximately 5.0% from approximately RMB1,949.4 million as at December 31, 2022, primarily due to the fact that the payment of fees is generally completed in the second half of the year as affected by the payment habit of owners.

As of June 30, 2023, the Group recorded finance lease receivables in the amount of approximately RMB8.4 million.

The Group's other receivables primarily consist of other receivables from related parties, payments made on behalf of property owners and residents related to utility fees, collaboration deposits, tender deposits and advances to employees. Other receivables increased from approximately RMB689.1 million as of December 31, 2022 to approximately RMB771.3 million as of June 30, 2023.

As at June 30, 2023, the Group's prepayments amounted to approximately RMB88.9 million, representing an increase of approximately 7.4% from approximately RMB82.8 million as at December 31, 2022, primarily due to an increase in prepayments of materials procurement from property engineering business.

### **Trade and other payables**

The Group's trade and other payables comprise trade payables, other payables, accrued payroll, other taxes payables and interests payable. As at June 30, 2023, the Group's trade and other payables amounted to approximately RMB1,380.7 million, representing a decrease of approximately 9.1% from approximately RMB1,518.7 million as at December 31, 2022.

The Group's trade payables primarily represent its obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, including purchase of materials. As at June 30, 2023, the Group's trade payables amounted to RMB729.0 million, representing a decrease of approximately 9.7% from approximately RMB807.4 million as at December 31, 2022.

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 and utility fees paid on behalf of property owners and residents. As at June 30, 2023, the Group's other payables amounted to RMB520.1 million, representing a decrease of approximately 5.8% from approximately RMB552.0 million as at December 31, 2022.

As at June 30, 2023, accrued payroll amounted to approximately RMB65.2 million, representing a slightly decrease of approximately 1.8% from approximately RMB66.4 million as at December 31, 2022.

### **Working capital**

The Group continues to meet the needs for its working capital, capital expenditure and other capital needs with cash generated from operations and proceeds from the Listing.

## **Net current assets**

As at June 30, 2023, the Group's net current assets amounted to approximately RMB1,881.8 million (December 31, 2022: approximately RMB1,786.4 million). The Group's total current assets increased by approximately 2.9% from approximately RMB3,659.5 million as at December 31, 2022 to approximately RMB3,765.4 million as at June 30, 2023. The Group's total current liabilities increased by approximately 0.6% from approximately RMB1,873.1 million as at December 31, 2022 to approximately RMB1,883.6 million as at June 30, 2023. The increase in the Group's total current assets was primarily attributable to the increase in receivables resulting from daily operations.

## **Cash and cash equivalents**

As at June 30, 2023, the Group's cash and cash equivalents (excluding restricted bank deposits) amounted to approximately RMB748.0 million (December 31, 2022: approximately RMB821.7 million).

## **Indebtedness**

As at June 30, 2023, the bank loans of the Group amounted to RMB2.0 million (December 31, 2022: nil), which will be due on March 27, 2024, arising from the acquisition of Hebei Jinxiang by the Group. Pursuant to the acquisition agreement, the principal and interest of the loan shall be repaid by Langfang International Exhibition Group Co., Ltd.\* (廊坊國際展覽集團有限公司) (the "**Vendor**") upon maturity. For further details of the acquisition, please refer to the section headed "SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES" below and the announcement of the Company dated June 21, 2023.

## **Pledge of assets**

As at June 30, 2023, the Group did not have any pledged assets (December 31, 2022: nil).

## **Financial risks**

The Group's activities are exposed to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### **Foreign exchange risk**

The Group's businesses are principally conducted in RMB. As at June 30, 2023, major non-RMB assets were cash and cash equivalents which amounted to RMB31.7 million and were denominated in Hong Kong dollars ("**HK\$**"). Fluctuation of the exchange rates of RMB against HK\$ could affect the Group's results of operations.



Currently, the Group does not implement any foreign currency hedging policy, but the management of the Group will closely monitor the exposure to any exchange rates and consider the use of hedging instruments if necessary.

### **Credit risk**

The Group is exposed to credit risk in relation to its trade and other receivables, contract assets, cash deposits at banks and financial assets at fair value through profit or loss. The carrying amounts of trade and other receivables, cash and cash equivalents and financial assets at fair value through profit or loss represent the Group's maximum exposure to credit risk in relation to financial assets.

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

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

The Group assessed that the expected credit loss (ECL) rate for trade and note receivables and contract assets from related parties were low considering the good financial position and credit history of the related parties. The Directors believe that there is no material credit risk inherent in trade and note receivables and contract assets from related parties. Apart from trade receivables and contract assets due from related parties, the Group has a large number of customers and there was no concentration of credit risk.

For the receivables from related parties, the Group intends to take various measures, including but not limited to realize assets to offset debts (including residences, shops, parking spaces, apartments) etc., firstly to ensure the safety and control of the Group's accounts receivables and reduce the operating risks of the Company. Secondly, the Group will fully utilize the advantages of professional and customer resources in asset sales and leasing business, gradually eliminate repossessed assets and realize the return of funds.

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

For other receivables due from third parties, the management makes periodic collective assessments as well as individual assessments 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 cash and cash equivalents at a level deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

## **CONTINGENT LIABILITIES AND LITIGATIONS**

As at June 30, 2023, the Group did not have any material contingent liabilities and litigations (December 31, 2022: nil).

## **COMMITMENTS**

As at June 30, 2023, the lease commitment of the Group as a lessee amounted to approximately RMB1.0 million (December 31, 2022: approximately RMB0.2 million).

## **KEY FINANCIAL RATIOS**

As at June 30, 2023, the current ratio was approximately 2.0 times (December 31, 2022: approximately 2.0 times) and its liabilities to assets ratio was approximately 46.5% (December 31, 2022: approximately 47.6%).

Current ratio is calculated based on total current assets divided by total current liabilities as at the respective dates and multiplied by 100%.

Liabilities to assets ratio is calculated based on total liabilities, which represent the sum of current liabilities and non-current liabilities, divided by total assets, which represent the sum of current assets and non-current assets, as at the respective dates and multiplied by 100%.

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

On June 21, 2023, the Company, the Vendor and Hebei Jinxiang entered into the agreement in relation to the acquisition of 80% equity interest in Hebei Jinxiang by the Company from the Vendor (the “**Acquisition**”), pursuant to which the Company agreed to acquire, and the Vendor agreed to dispose of, 80% equity interest in Hebei Jinxiang at a consideration of RMB40.0 million.

As at June 30, 2023, the Acquisition was completed. Hebei Jinxiang has become a non-wholly owned subsidiary of the Company since such completion and its financial results will be consolidated into the financial results of the Group.

For further details, please refer to the announcement of the Company dated June 21, 2023.

Save as disclosed above, the Group did not have any other significant investments, acquisitions, or disposals of subsidiaries, associates and joint ventures during the Relevant Period.

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

The Group intends to utilise the net proceeds raised from the Listing according to the plans set out in the section headed “CHANGE IN USE OF NET PROCEEDS” of the announcement dated June 16, 2023.

Having considered the change in the market conditions and the business needs of the Group since the Listing, the Board has resolved to change the use of the net proceeds such that the unutilized net proceeds in the amounts of approximately HK\$385.4 million from “strategic acquisitions and investments in property management companies” under “business expansion” will be re-allocated to: (i) fund the strategic acquisitions and investments in target companies engaging in environmental sanitation, medical beauty and tourism and accommodation totalled of approximately HK\$151.8 million; (ii) allow a further allocation of approximately HK\$58.4 million to “further diversify the Group’s community value-added service offerings to cover housekeeping services, community elderly care and healthcare service” under “enrich community value-added service offerings” and expand the coverage to include also “agricultural and sideline products and breeding and decoration services”; and (iii) allow a further allocation of approximately HK\$175.2 million to be used for “working capital and other general corporate purposes”.

For further details, please refer to the announcements of the Company dated June 16, 2023 and August 29, 2023.

Save as disclosed in this announcement, the Group has no plans for any material investments or capital assets as at June 30, 2023.

## **EMPLOYEES AND REMUNERATION POLICY**

Human resources have always been the most valuable resource of the Group. As of June 30, 2023, the Group had a total of 6,625 full-time employees. For the six months ended June 30, 2023, the staff cost recognised as expenses of the Group amounted to approximately RMB278.6 million (June 30, 2022: RMB332.2 million).

The Group has established a competitive compensation structure and a performance assessment system, providing equity incentives and performance-based salaries and bonuses. The Group provides incentives based on evaluation of employees’ performance in a number of areas, such as business development, value-added services, basic service quality and overall performance. The Group provides incentives and bonuses on a combination of monthly, quarterly, annual and mid-to-long-term basis, and on regular and matter-specific basis, to motivate the employees’ contribution. Since the adoption of a share incentive scheme on May 22, 2020, the Company has achieved good incentive results, thus effectively promoting the achievement of the Group’s strategic and operating objectives, and retaining and attracting more excellent talents. According to the relevant PRC laws and regulations, the Group makes contributions to social insurance fund, including pension fund, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance, and housing provident fund for the benefit of the PRC employees.

The Group focuses on cultivating talents and providing different systematic training catering to individual needs. For example, the Group provides senior management with training on improvement of post-listing management and operational awareness, mid-level management with training on risk prevention and new business development empowerment, project managers with training on business professionalism and standardized operation, management trainees with training on improvement of basic-level management and professionalism etc., and continuously establishes and optimizes a hierarchical talent cultivation system to clear the development path for talents. As of June 30, 2023, the Group organized approximately 840 training sessions, with nearly 38,000 attendees participated in these sessions.

## **EVENTS AFTER THE RELEVANT PERIOD**

On July 28, 2023, the Group completed the acquisition of 70% equity interest in Wanjia Smart Environment (Beijing) Co., Ltd.\* (萬家智慧環境(北京)有限公司) at a consideration of RMB50.155 million, details of which are set out in the announcement of the Company dated July 28, 2023.

Save as disclosed above, there were no material events affecting the Company which occurred subsequent to June 30, 2023 and 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 (the “**Shareholders**”) and to enhance corporate value and accountability system. The Company has adopted the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company.

To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the CG Code during the Relevant Period.

## **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 its code of conduct regarding securities transactions by the 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 during the Relevant Period and all the Directors and Supervisors confirmed that they have complied with the Model Code and the Securities Dealing Code during the six months ended June 30, 2023.

No incident of non-compliance was found by the Company during the Relevant Period. 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.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended June 30, 2023.

## 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. Xu Shaohong, Mr. Zhang Wenge and Mr. Jin Wenhui. The chairman of the Audit Committee is Mr. Xu Shaohong. The Audit Committee has reviewed and agreed with the unaudited interim results of the Group for the six months ended June 30, 2023.

The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters, including a review of the unaudited interim results and interim report for the six months ended June 30, 2023.

## INTERIM DIVIDEND

The Board does not recommend the declaration of any interim dividend for the six months ended June 30, 2023 (2022 interim dividend: RMB0.25 per share (before tax)).

## PUBLICATION OF THE INTERIM RESULTS AND THE 2023 INTERIM 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), and the 2023 interim report containing all the information required by the Listing Rules will be dispatched to the Shareholders and made available on the respective websites of the Stock Exchange and the Company on or before September 29, 2023.

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

Langfang, the PRC, August 31, 2023

*As at the date of this announcement, the Board comprises Mr. Geng Jianfu, Ms. Liu Hongxia and Mr. Xiao Tianchi as executive Directors; Mr. Zhang Wenge as non-executive Director; and Mr. Jin Wenhui, Mr. Xu Shaohong and Mr. Tang Yishu as independent non-executive Directors.*

\* *English names of the PRC established companies in this announcement are only translations of their official Chinese names solely for identification purpose. In case of inconsistency, the Chinese names prevail.*