

ROISERV 榮萬家

Roiserv Lifestyle Services Co., Ltd.

榮萬家生活服務股份有限公司

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

Stock Code: 2146

2022
Interim Report



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BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Zhang Wenge

Independent non-executive Directors

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

SUPERVISORY COMMITTEE

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

JOINT COMPANY SECRETARIES

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

AUTHORISED REPRESENTATIVES

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

AUDITOR

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

COMPLIANCE ADVISER

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

LEGAL ADVISER

Sidley Austin (as to Hong Kong laws)

REGISTERED OFFICE IN THE PRC

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

HEADQUARTERS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

H SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

PRINCIPAL BANKS

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

INVESTOR RELATIONS

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

WEBSITE

www.roiserv.com

STOCK CODE

2146

FINANCIAL HIGHLIGHTS

For the six months ended June 30,

	2022	2021	Change percentage
Results Summary			
Revenue (RMB'000)	1,063,574	1,290,819	-17.60%
Gross profit (RMB'000)	320,155	449,976	-28.85%
Net profit for the period (RMB'000)	181,025	247,249	-26.78%
Adjusted profit for the period (RMB'000)	184,540	263,059	-29.85%
Gross profit margin (%)	30.1	34.9	– 4.8 percentage points
Basic earnings per Share (basic) (RMB)	0.48	0.67	-28.19%

	As at June 30, 2022	As at December 31, 2021	Change percentage
Balance Sheet Summary			
Total assets (RMB'000)	3,788,128	3,721,175	1.80%
Cash and cash equivalents (RMB'000)	986,712	916,094	7.71%
Total liabilities (RMB'000)	1,626,968	1,744,615	-6.74%
Total equity (RMB'000)	2,161,160	1,976,560	9.34%
Equity attributable to owners of the Company (RMB'000)	2,158,864	1,974,436	9.34%
Current ratio (times)			
Liabilities to assets ratio (%)	42.9%	46.9%	– 4 percentage points

MAJOR HONORS AND AWARDS FROM JANUARY TO JUNE, 2022

On April, 2022, Roiserv was awarded the honorary certificate of “2022 TOP 100 Property Management Companies in China” by Beijing China Index Academy (北京中指信息技术研究院).



On April, 2022, Roiserv was awarded the honorary certificate of “2022 Excellent Property Management Companies with Diversified Operations in China” by Beijing China Index Academy (北京中指信息技术研究院).



CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to report the interim results of Roiserv Lifestyle Services Co., Ltd. and its subsidiaries for the six months ended June 30, 2022.

In 2022, we continued to uphold the customer-oriented service philosophy, improved the quality of services, put into practice the values of “sincerity, warmth and thoughtfulness”, strived for the goal of becoming a caring, warm-hearted, trustworthy and well-received quality life service provider with a far-sighted service philosophy and a coverage on the whole life cycle and the entire community service chain, and achieved great results. For the six months ended June 30, 2022, the Group accomplished revenue of approximately RMB1,063.6 million, representing a decrease of approximately 17.6% as compared to that during the six months ended June 30, 2021; gross profit of approximately RMB320.1 million, representing a period-on-period decrease of approximately 28.8%. Net profit for the Period amounted to approximately RMB181.0 million, representing a decrease of approximately 26.8% as compared to that of 2021. The gross profit margin for the Period was approximately 30.1%, representing a period-on-period of approximately 4.8 percentage points. Profit attributable to the owners of the Company during the Period amounted to approximately RMB180.9 million, representing a decrease of approximately 26.8% as compared to that during the same period in 2021. Basic earnings per share amounted to approximately RMB0.48.

INDUSTRY STATUS

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

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

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

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

CORPORATE STRATEGIES

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

Continue to enhance brand value

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

Further expand our business scale and market share

Leveraging our leading market position in the Bohai Economic Rim, strategic service network, and brand recognition and awareness, we aim to further expand our business and market share and achieve organisational growth.

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

We also plan to expand our collaboration with independent third-party property developers. Leveraging our strategic presence in the Bohai Economic Rim, the Yangtze River Delta region, the Greater Bay Area and Central and Western China, we expect to further penetrate into target markets across China. For properties with a GFA of over 1 million sq.m. or municipal service properties, we may form joint ventures with independent third-party property developers to manage those properties developed by such developers. The independent third-party property developer and the Company will enter into agreements to form the joint venture, which will be the entity to procure property management service mandates and provide property management services. We believe the relationship with the property developer, the knowledge of the specific service needs of such property developer coupled with our property management experience, would increase the chances for the joint venture to secure property management services contracts for the property projects developed by such property developer. According to the China Index Academy, it is a common strategy for sizable property management companies, including many listed property management companies, to expand their market share and business scale rapidly through setting up joint ventures and developing business alliances with independent third-party property developers which do not have established property management businesses of their own. We believe these strategic collaborations will enable us to: (i) strengthen our business relationship with these business partners and increase our chances of securing property management service contracts for properties developed by them; (ii) share the risk and costs with them arising from venturing into new markets; and (iii) leverage the geographic coverage and customer base of our business partners to enlarge our market shares and diversify the sources and types of property projects under our management. The key factors we will consider in selecting targets for joint ventures include the credit worthiness of business partner, geographical location, legal compliance, target customer group, local population, project scale, construction standards and investment returns.

CHAIRMAN'S STATEMENT

For industry park management, we plan to further enrich our service by offering a wider range of value-added services such as catering, hotel operation and facilities and equipment management to meet the needs of enterprises in the industry parks. Leveraging our sophisticated management model and extensive experience which we believe are applicable to the management of industry parks, we plan to expand our cooperation with independent third-party property developers to manage industry parks developed by them. In particular, leveraging our experience in managing Xianghe New Industry Demonstration Zone (香河新興產業示範區), we plan to seek cooperation with independent third-party property developers in cities where we have existing operations so as to expand our property management portfolio of logistics centers and other types of industry parks. Meanwhile, we plan to engage in selective acquisitions to expand our business. Our selection criteria for potential target companies include but not limited to: (i) GFA under management of over 1.0 million sq.m.; (ii) operating revenue in the latest financial year of over RMB20.0 million; (iii) compliance of business operations with laws and regulations; and (iv) diversity in the portfolio of managed properties. We will prioritize in assessing potential acquisition or investment targets with a portfolio of managed properties covering tier-one or new tier-one cities, such as Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin and Chengdu, or those with a diversified portfolio of managed properties, such as commercial properties, industry parks, schools and hospitals. Through the investment in or acquisition of these companies, we expect to expand our geographic coverage, reinforce our competitive edge in economically developed regions, further diversify our portfolio of managed properties and enhance our brand awareness.

Continue to enrich our community value-added services

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

Our one-stop omni-channel service platform is centered around the community living scenarios, allowing users to submit online requests for repair and maintenance and complaints and feedback, and also connecting users with offline convenience stores, property brokerage services and other door-to-door services. With respect to community retail services, we plan to increase the coverage of our offline convenience stores and further improve customers' shopping experience by expanding product offerings and adopting intelligent operation systems. With respect to our property brokerage services, we plan to further expand our services to cover upstream and downstream services relating to real estate transactions, such as intermediary services relating to the sales and leasing of properties managed by us. In addition, we plan to establish an "all-in-one community card (社區一卡通)" system which will integrate online and offline resources and provide property owners and residents with access to high-quality home living services offered by vendors located in the one-kilometer radius surrounding the communities.

We plan to further expand our turnkey furnishing services to provide property owners with services covering the whole life-cycle of their properties. We expect to cooperate with suppliers of quality home furniture and appliances to decorate and renovate sample rooms as illustration to new property owners. In addition, we plan to offer renovation, cleaning and remodeling services for used properties. Moreover, we plan to further diversify our community value-added service offerings to cover housekeeping services, community elderly care and healthcare services. We also plan to provide integrated professional services such as indoor air quality improvement, housekeeping and cleaning, appliance cleaning services, and tailor make these services to property owners and residents based on their needs.

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

Further invest in technologies, develop and promote smart community management

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

Meanwhile, we plan to continuously upgrade our one-stop omni-channel service platform to enrich service scenarios and improve user experience. We expect that our service quality and customer satisfaction will be enhanced by such initiatives. We also plan to roll out digitalized and automated management tools to the communities managed by us, such as patrol vehicles, auto street-sweeping cars and surveillance drones, which are expected to improve service quality and reduce our reliance on manual labor. We expect the increased coverage of information technology systems and community management tools will enhance our service quality and operational efficiency.

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

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

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

By Order of the Board

Geng Jianfu

Chairman and Executive Director

August 31, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

OVERVIEW

The Group is a comprehensive property management service provider with a strategic service network across China. As of June 30, 2022, the Group had a total of 365 property management projects under management with an aggregate GFA under management of approximately 71.4 million sq.m., covering 48 cities across 17 provinces, municipalities and autonomous regions in China. As of June 30, 2022, the Group was contracted to manage 470 property management projects with an aggregate contracted GFA of 97.0 million sq.m., covering 65 cities across 17 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 property under management comprises (i) residential properties; and (ii) non-residential properties, including (a) commercial properties, such as shopping malls, office buildings and service apartments; and (b) public and other properties, such as industry parks, the Olympic Village, schools and parks.

BUSINESS MODEL

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

- **Property management services:** The Group provides property developers, property owners and residents with a wide range of property management services, primarily including security, cleaning, greening and gardening, and repair and maintenance services. Its portfolio of property under management 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 and parks. During the six months ended June 30, 2022, all of the Group's property management fees were charged on a lump sum basis.
- **Value-added services to non-property owners:** The Group offers a comprehensive range of value-added services to non-property owners, primarily property developers. These services primarily comprise (i) property engineering services; (ii) sales assistance services; and (iii) other services which primarily include preliminary planning and design consultancy services, property delivery services and after-sales services.
- **Community value-added services:** The Group provides community value-added services to property owners and residents. It categorizes these services into two types: (i) home-living services which primarily include community retail and commercial procurement services and home repairs, maintenance and housekeeping services; and (ii) property space management services which primarily include turnkey furnishing services and property brokerage services.

PROPERTY MANAGEMENT SERVICES

Continuous high-quality growth in GFA size

The Group has been rapidly expanding its property management service portfolio by obtaining new property management service contracts. As of June 30, 2022, its contracted GFA was approximately 97.0 million sq.m. under 470 projects, representing an increase of approximately 5.4% and 5.6% as compared with June 30, 2021, respectively. As of June 30, 2022, the GFA under management was approximately 71.39 million sq.m. under 365 property management projects, representing an increase of approximately 13.7% and 12.7% as compared with June 30, 2021, respectively.

In addition, as of June 30, 2022, the Group had entered into 42 framework agreements and strategic cooperation agreements with independent third party property developers, which typically set forth their intention to engage the Group as the property management services provider, the relevant projects proposed to be managed by the Group and its GFA, and the proposed scope of the Group's services and property management fees. As at June 30, 2022, the properties proposed to be managed by the Group under these framework agreements and strategic cooperation agreements had an aggregate GFA of approximately 71.3 million sq.m..

The table below indicates the respective movements of the Group's contracted GFA and GFA under management:

	2022		2021	
	Contracted GFA (<i>'000 sq.m.</i>)	GFA under management (<i>'000 sq.m.</i>)	Contracted GFA (<i>'000 sq.m.</i>)	GFA under management (<i>'000 sq.m.</i>)
As of the beginning of the Period	96,103	67,942	90,208	59,696
New engagements ⁽¹⁾	924	3,451	2,748	3,836
Termination ⁽²⁾	0	0	(864)	(766)
As of the end of the Period	97,027	71,393	92,092	62,766

Notes:

- (1) In relation to residential communities and non-residential communities the Group managed, new engagements primarily include preliminary property management service contracts for new properties developed by property developers and property management service contracts for residential communities replacing their previous property management service providers.
- (2) These terminations include certain property management service contracts that the Group did not renew on a voluntary basis, as a result of the shift of its resources to focus on more profitable contracts to optimise its property management portfolio.

Geographic Presence

Since the establishment of the Group, its business footprint has extended across the country. As of June 30, 2022, the Group established business presence in 65 cities in 17 provinces, municipalities and autonomous regions in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	As at June 30,			
	2022		2021	
	'000 sq.m.	%	'000 sq.m.	%
Bohai Economic Rim ⁽¹⁾	42,267	59.2%	36,900	58.8%
Yangtze River Delta region ⁽²⁾	15,944	22.3%	14,996	23.9%
Greater Bay Area and surrounding regions ⁽³⁾	2,588	3.6%	2,410	3.8%
Central and Western China ⁽⁴⁾	10,594	14.8%	8,460	13.5%
Total	71,393	100.0%	62,766	100.0%

Notes:

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

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 and parks.

The tables below set forth a breakdown of the GFA under management and the number of projects under management under the Group's property management services by type of property as of the dates indicated:

	As at June 30,			
	2022		2021	
	GFA under management	Number of projects under management	GFA under management	Number of projects under management
Residential properties	63,827	312	56,803	272
Non-residential properties				
– Commercial properties	3,270	38	2,543	37
– Public and other properties	4,296	15	3,420	15
Subtotal	7,566	53	5,963	52
Total	71,393	365	62,766	324

Value-added services to non-property owners

The Group provides comprehensive value-added services to non-property owners, primarily property developers, throughout the 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, 2022, the revenue from value-added services to non-property owners decreased by approximately 48.1% from approximately RMB607.5 million for the corresponding period in 2021 to approximately RMB315.5 million.

The Group improved its independent operation capabilities by optimizing business structure of property engineering services, adjusting business models and establishing professional engineering management teams; relieved geographical restrictions, coordinated and deployed engineering resources, implemented a headquarters-branch linkage model, and standardized the engineering business management of property companies through the integration of personnel in various regions, and achieved higher performance growth in 2021. However, as the non-owner value-added service customers are mainly property developers, the sharp decrease in the construction area and completed area of property developers in 2022, the property engineering services in the value-added services to non-property owners decreased significantly by approximately 50%, and the revenue was significantly lower than the corresponding period in last year.

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 inspection and alarm processing of facilities and equipment, enhancing the protection of facilities and equipment and optimizing management efficiency. Also, through intelligent operation and standardized process, the Group is capable to provide customers with standardized and quality services while improving operational efficiency. The Group provides smart community designing services to property developers who expect to use our 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 comprehensive 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, 2022 was approximately RMB149.2 million, representing a decrease of approximately 10.3% from approximately RMB166.3 million for the corresponding period in 2021.

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, 2022 decreased by approximately 44.3% from approximately RMB96.8 million for the corresponding period in 2021 to approximately RMB53.9 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.

MANAGEMENT DISCUSSION AND ANALYSIS

For property brokerage business, the Group deploys a Sales and Lease Operation System (租售業務系統). This systems securely manages customer information and efficiently matches supplies and demands of the properties, provides millions of property owners with convenient rental and sales channels. However, due to the decline in the volume and price of real estate, the second-hand property business has been subject to severe wait-and-see sentiment, resulting in a relatively large drop in revenue; secondly, due to the limited availability of parking spaces from our partners, the revenue from the high-margin parking space intermediary service has been drastically reduced. The Group has formulated solutions to expand the size of revenue from such high-margin business by leveraging the Group's customer stickiness and geographical advantages.

Home-living services

The Group offers home-living services to property owners and residents with their daily needs as the core. The primary home-living services provided by the Group include: community retail and commercial procurement services and home repairs, maintenance and housekeeping services. The revenue from home-living services for the six months ended June 30, 2022 increased by approximately 37.2% from approximately RMB69.4 million for the corresponding period in 2021 to approximately RMB95.3 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 the requests and resolve issues in a timely manner. We believe its comprehensive retail model, coupled with its home delivery services where it helps customers shop and deliver groceries to the customer's door, provide convenient shopping experience to the customers. As of June 30, 2022, the Group had a total of 54 offline convenience stores which were located in the communities under its management, with over 40,000 stock keeping units or SKUs and approximately 1 million registered users on Rice Mall (米飯公社).

For the six months ended June 30, 2022, the Group accomplished revenue of approximately RMB1,063.5 million, representing a decrease of approximately 17.6% as compared to that of 2021; gross profit of approximately RMB320.1 million, representing a period-on-period decrease of approximately 28.8%. Net profit for first half of the 2022 amounted to RMB181.0 million, representing a decrease of approximately 26.7% as compared to that of 2021. Profit attributable to the owners of the Company amounted to approximately RMB180.9 million, representing a decrease of approximately 26.8% as compared to that of 2021. Basic earnings per share amounted to approximately RMB0.48. This is mainly due to the impact of the overall weakened real estate market, which resulted in a significant decline in gross profit for non-property owner value-added services. In order to co-combat the Covid-19 pandemic, the properties provided more guaranteed living and conveniently priced items, and the gross margin of community value-added services decreased.

OUTLOOK

Looking forward to the second half of 2022, the Group will continue to uphold (i) the principle of customer-oriented services, adhere property service quality, upgrade the property service brand, and enhance the trust of owners and word-of-mouth effect through quality services to secure a solid market position; (ii) improve the non-owner value-added system; intervene from the planning and design of projects, and undertake the role of a pre-intermediary from the perspectives of post-period customers and property services to facilitate the upgrade of the property brand; (iii) 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 to provide owners with a "convenient and reassuring" community health experience to enable owners to feel our "caring" property services; (iv) at the same time, we will strengthen the construction of financial management and control and capital support system to improve the financial management and control efficiency as well as the risk resistance capability of the enterprise; and (v) cultivate and introduce professional talent, optimize the talent structure, promote the information technology construction of the Company, achieve technology empowerment, thereby improving the efficiency and quality of the Company's decision-making process.

FINANCIAL REVIEW

Revenue

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

	Six months ended June 30,		Change in percentage %
	2022 RMB'000	2021 RMB'000	
Property management services	598,813	516,900	15.85%
Value-added services to non-property owners	315,485	607,547	-48.07%
Community value-added services	149,276	166,372	-10.28%
Total	1,063,574	1,290,819	-17.60%

The Group's revenue decreased by approximately 17.6% from RMB1,290.8 million for the six months ended June 30, 2021 to RMB1,063.5 million for the six months ended June 30, 2022. The decrease in revenue was mainly attributable to:

- (i) the decrease in revenue from value-added services to non-property owners by approximately 48.1% from approximately RMB607.5 million for the six months ended June 30, 2021 to approximately RMB315.4 million for the six months ended June 30, 2022, which was mainly due to a significant decrease in income from businesses such as pre-intermediary service, household acceptance, project maintenance and others, as a result of the sharp decrease in the overall completed area and construction area of the property developers in 2022;
- (ii) the decrease in revenue from community value-added services by approximately 10.3% from approximately RMB166.3 million for the six months ended June 30, 2021 to approximately RMB149.2 million for the six months ended June 30, 2022, which was mainly due to the significant decline in the results of the property brokerage business as a result of the impact of the real estate economic situation during the Period; and
- (iii) The outbreak of the Covid-19 pandemic in March 2022 in the region where the Group's headquarters is located lasted for more than 40 days and seriously affected the revenue of the Group's headquarters and important segments.

Despite of the above, the revenue from property management services increased by approximately 15.8% from RMB516.9 million for the six months ended June 30, 2021 to RMB598.8 million for the six months ended June 30, 2022, which was primarily driven by the increase of the GFA under management due to the Group's business expansion, of which the GFA under management increased by approximately 13.7% from approximately 62.77 million sq.m. as of June 30, 2021 to approximately 71.39 million sq.m. as of June 30, 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Property management services

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

	Six months ended June 30,			
	2022		2021	
	RMB'000	%	RMB'000	%
Properties developed by RiseSun Group ⁽¹⁾	575,506	96.11%	509,585	98.58%
Properties developed by independent third party property developers	23,307	3.89%	7,315	1.42%
Total	598,813	100.00%	516,900	100.00%

Note:

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

Value-added services to non-property owners

The Group offers a comprehensive range of value-added services to non-property owners, primarily property developers, mainly including property engineering services, on-site services and other services. The following table sets out the components of the revenue from value-added services to non-property owners for the periods indicated:

	Six months ended June 30,			
	2022		2021	
	RMB'000	%	RMB'000	%
Property engineering services	141,905	44.98%	337,968	55.63%
On-site services	67,874	21.51%	123,423	20.31%
Other services ⁽¹⁾	105,706	33.51%	146,156	24.06%
Total	315,485	100.00%	607,547	100.00%

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

MANAGEMENT DISCUSSION AND ANALYSIS

Community value-added services

The Group provides two types of community value-added services, namely (i) home-living services which primarily include community retail and commercial procurement services and home repairs, maintenance and housekeeping services; and (ii) property space management services which primarily include turnkey furnishing services and property brokerage services. The community value-added services provided by the Group is designed 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		2021	
	RMB'000	%	RMB'000	%
Home-living services	95,352	63.88%	69,494	41.77%
Property space management services	53,924	36.12%	96,878	58.23%
Total	149,276	100.00%	166,372	100.00%

Operating cost

The Group's operating cost 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 operating cost decreased by approximately 11.6% from approximately RMB840.8 million for the six months ended June 30, 2021 to approximately RMB743.4 million for the six months ended June 30, 2022. The decrease in the operating cost was mainly due to the corresponding decrease in costs arising from the decrease in revenue.

Gross profit and gross profit margin

	Six months ended June 30,			
	2022		2021	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Property management services	200,577	33.5	181,634	35.1
Value-added services to non-property owners	100,447	31.8	179,120	29.5
Community value-added services	19,131	12.8	89,222	53.6
Total	320,155	30.1	449,976	34.9

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit represents revenue less operating cost. As a result of the foregoing, the Group's gross profit decreased by approximately 28.8% from approximately RMB449.9 million for the six months ended June 30, 2021 to approximately RMB320.1 million for the six months ended June 30, 2022.

The gross profit margin of the Group decreased from approximately 34.9% for the six months ended June 30, 2021 to approximately 30.1% for the six months ended June 30, 2022, which was mainly attributable to the decrease in the proportion and gross profit margin of value-added services to non-property owners and community value-added services, which were higher margin businesses.

Selling expenses

The Group's selling expenses mainly consist of employee benefit expenses and office expenses for its sale and marketing staff. The Group's expenses decreased by approximately 63.8% from approximately RMB8.4 million for the six months ended June 30, 2021 to approximately RMB3.0 million for the six months ended June 30, 2022, primarily due to the decline of the Group's business, which resulted in the decrease in revenue, and thus the employee benefit expenses and the travelling and entertainment expenses.

Administrative expenses

The Group's administrative expenses mainly consist of (i) employee benefit expenses; (ii) travelling and entertainment expenses; (iii) professional service fees, primarily including legal fees and information technology usage and maintenance fees for its mobile application; (iv) office expenses; (v) bank charges; (vi) listing expenses; (vii) depreciation and amortization charges for the Group's office equipment; (viii) auditors' remuneration; (ix) cost of consumables; and (x) others. The Group's administrative expenses decreased by approximately 26.1% from approximately RMB103.6 million for the six months ended June 30, 2021 to approximately RMB76.5 million for the six months ended June 30, 2022, mainly due to the streamlining of functional staff costs and 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 21.3% from approximately RMB81.5 million for the six months ended June 30, 2021 to approximately RMB64.1 million for the six months ended June 30, 2022. 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 remained relatively stable at approximately 24.8% and approximately 26.2% for the six months ended June 30, 2021 and 2022, respectively.

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 26.8% from approximately RMB247.2 million for the six months ended June 30, 2021 to approximately RMB181.0 million for the six months ended June 30, 2022. After excluding the listing expenses and share-based payments (net of tax), the Group's adjusted profit for the Period decreased by approximately 29.8% from approximately RMB263.0 million for the six months ended June 30, 2021 to approximately RMB184.5 million for the six months ended June 30, 2022.

Non-generally accepted accounting principles 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 periods and adjusted profit for the periods:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Profit for the period	181,025	247,249
Adjusted for:		
Listing expenses (net of tax)	0	4,489
Share-based payments (net of tax)	3,515	11,321
Adjusted profit for the period	184,540	263,059

Profit attributable to owners of the Company

Profit attributable to owners of the Company amounted to approximately RMB180.9 million for the six months ended June 30, 2022, representing a decrease of approximately 26.8% from approximately RMB247.2 million for the corresponding period in 2021.

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 decreased from approximately RMB30.9 million as at December 31, 2021 to RMB30.6 million as at June 30, 2022, representing a decrease of approximately 0.8%.

INVESTMENT PROPERTIES

The Group's investment properties represent car parks and retail units held to earn rentals and for capital appreciation. Its investment properties decreased from approximately RMB61.3 million as of December 31, 2021 to approximately RMB59.2 million as of June 30, 2022, representing a decrease of approximately 3.4%.

INTANGIBLE ASSETS

The Group's intangible assets mainly include computer software. The Group's intangible assets decreased from approximately RMB7.8 million as of December 31, 2021 to approximately RMB7.1 million as of June 30, 2022, representing a decrease of approximately 8.7%.

MANAGEMENT DISCUSSION AND ANALYSIS

TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group's trade and other receivables comprise trade receivables, note receivables, finance lease receivables, other receivables and prepayments to suppliers. As at June 30, 2022, the Group's trade and other receivables and prepayments amounted to approximately RMB2,424.4 million, representing an increase of approximately 29.7% from approximately RMB1,868.7 million as at December 31, 2021.

The Group's trade receivables mainly arise from the services provided under the Group's property management services, value-added services to non-property owners and community value-added services. As at June 30, 2022, the Group's trade receivables amounted to approximately RMB1,582.0 million, representing an increase of approximately 13.5% from approximately RMB1,394.4 million as at December 31, 2021, primarily due to 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, 2022, the Group recorded no finance lease receivables.

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 RMB251.4 million as of December 31, 2021 to approximately RMB637.6 million as of June 30, 2022, primarily due to the cooperation intention deposits paid by the Group for the Relevant Period.

As at June 30, 2022, the Group's prepayments amounted to approximately RMB95.1 million, representing a decrease of approximately 3.8% from approximately RMB98.8 million as at December 31, 2021, primarily due to a decrease in prepayments of materials procurement and cost resulting from the contraction of 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, 2022, the Group's trade and other payables amounted to approximately RMB1,188.9 million, representing a decrease of approximately 8.0% from approximately RMB1,292.6 million as at December 31, 2021.

The Group's trade payables primarily represent its obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, including purchase of materials. As at June 30, 2022, the Group's trade payables amounted to RMB636.0 million, representing an increase of approximately 5.2% from approximately RMB671.1 million as at December 31, 2021.

The Group's other payables mainly represent deposits from property owners or residents and suppliers, maintenance funds for the properties under the Group's management, cash collected on behalf of property developers and owners, utility fees paid on behalf of property owners and residents and accrued listing expenses. As at June 30, 2022, the Group's other payables amounted to RMB398.5 million, representing a decrease of approximately 13.9% from approximately RMB463.1 million as at December 31, 2021.

As at June 30, 2022, accrued payroll amounted to approximately RMB65.0 million, representing a decrease of approximately 14.5% from approximately RMB76.1 million as at December 31, 2021, mainly due to the distribution of year-end bonuses during the Period which were accrued at the end of the previous period.

WORKING CAPITAL

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

NET CURRENT ASSETS

As at June 30, 2022, the Group's net current assets amounted to approximately RMB1,915.5 million (December 31, 2021: approximately RMB1,735.3 million). The Group's total current assets increased by approximately 1.9% from approximately RMB3,466.9 million as at December 31, 2021 to approximately RMB3,532.5 million as at June 30, 2022. The Group's total current liabilities increased by approximately 6.6% from approximately RMB1,731.5 million as at December 31, 2021 to approximately RMB1,616.9 million as at June 30, 2022. 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, 2022, the Group's cash and cash equivalents amounted to approximately RMB986.7 million (December 31, 2021: approximately RMB926.6 million), including approximately RMB502.2 million (December 31, 2021: RMB457.6 million) denominated in RMB and approximately RMB489.4 million (December 31, 2021: RMB469.0 million) denominated in HK\$, calculated based on the exchange rate as at June 30, 2022.

INDEBTEDNESS

As at June 30, 2022, the Group did not have any bank loan or convertible loan (December 31, 2021: nil).

PLEDGE OF ASSETS

As at June 30, 2022, the Group did not have any pledged assets (December 31, 2021: nil).

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

In view of the current investment environment in the market, in order to reasonably and effectively improve the efficiency of capital utilization, the Group had redeemed all shares in the Beijing Tongxing Changxing No. 6 Fixed Income Private Securities Investment Fund by the end of June 2022.

The Group did not have any other significant investment or significant acquisition of subsidiaries, associates and joint ventures during the Relevant Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group intends to utilise the net proceeds raised from the Listing according to the plans set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. Save as disclosed in this report and the Prospectus, the Group has no plans for any material investments or capital assets as at June 30, 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

PROCEEDS FROM THE LISTING

The H Shares were listed on the main board of the Stock Exchange on January 15, 2021, with 94,000,000 new H Shares allotted and issued. The net proceeds from the Listing amounted to approximately HK\$1,168 million. Such proceeds will be applied in the same manner as set out in the Prospectus. Details of the net proceeds as at June 30, 2022 is set forth below:

	Planned use of net proceeds as stated in the Prospectus		Unutilised net proceeds as at January 1, 2022	Actual use of net proceeds during the six months ended June 30, 2022	Unutilised net proceeds as at June 30, 2022	Expected timeline of the intended use of proceeds
	HK\$'million approximately	% approximately	HK\$'million approximately	HK\$'million approximately	HK\$'million approximately	
(a) Business expansion:	700.80	60.0%	580.6	0.0	580.6	2023
(i) Strategic acquisitions and investments in property management companies	525.60	45.0%	525.6	0.0	525.6	2023
(ii) Strategic acquisitions and investments in downstream companies	175.20	15.0%	55.0	0.0	55.0	2023
(b) Enrich community value-added service offerings:	175.20	15.0%	173.9	1.0	172.9	2023
(i) Increase the coverage of the Group's offline convenience stores, expand product offerings and enhance intelligent operations at the Group's offline convenience stores	46.72	4.0%	46.7	0.0	46.7	2023
(ii) Further develop and expand the Group's property brokerage services to cover intermediary services relating to the sales and leasing of properties managed by the Group	46.72	4.0%	46.7	0.0	46.7	2023
(iii) Further diversify the Group's community value-added service offerings to cover housekeeping services, community elderly care and healthcare services	81.76	7.0%	80.5	1.0	79.4	2023
(c) Upgrade information technology infrastructure:	175.20	15.0%	174.1	0.8	173.3	2023
(i) Upgrade the Group's one-stop omnichannel service platform to enrich service scenarios and improve user experience	58.40	5.0%	58.2	0.8	57.3	2023
(ii) Build and upgrade information technology systems	43.80	3.75%	43.0	0.0	43.0	2023
(iii) Increase the coverage of information technology systems and roll out smart community management tools in the communities under the Group's management	43.80	3.75%	43.8	0.0	43.8	2023
(iv) Upgrade the Group's information management systems	29.20	2.5%	29.2	0.0	29.2	2023
(d) Working capital and other general corporate purposes	116.80	10.0%	19.0	4.9	14.1	2023
Total	1,168.00	100.0%	947.5	6.7	940.8	2023

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

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, 2022, major non-RMB assets were cash and cash equivalents and financial assets at fair value through profit or loss amounted to RMB32.9 million which were denominated in US\$. Fluctuation of the exchange rates of RMB against US\$ could affect the Group's results of operations.

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

Credit risk

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

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

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

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

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

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

Liquidity risk

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

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES AND LITIGATIONS

As at June 30, 2022, the Group did not have any material contingent liabilities and litigations (December 31, 2021: nil).

COMMITMENTS

As at June 30, 2022, the lease commitment of the Group as a lessee amounted to approximately RMB0.7 million (December 31, 2021: approximately RMB0.8 million).

KEY FINANCIAL RATIOS

As at June 30, 2022, the current ratio was approximately 2.1 (December 31, 2021: approximately 2.0) and its liabilities to assets ratio was approximately 43% (December 31, 2021: approximately 47%).

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%.

EMPLOYEES AND REMUNERATION POLICY

Human resources have always been the most valuable resource of the Group. As of June 30, 2022, the Group had a total of 7,391 full-time employees. For the six months ended June 30, 2022, the staff cost recognised as expenses of the Group amounted to approximately RMB314.3 million (June 30, 2021: RMB339.1 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, 2022, the Group organized approximately 400 training sessions, and nearly 10,000 employees participated in these sessions.

EVENTS AFTER THE RELEVANT REPORTING PERIOD

There were no material events affecting the Company which occurred subsequent to June 30, 2022 and up to the date of this report.

CORPORATE GOVERNANCE PRACTICES

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

Since the Listing, the Company has adopted and applied the Corporate Governance Code as its own corporate governance code. To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the Corporate Governance Code for the six months ended June 30, 2022.

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

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

The Company has adopted the Model Code as the code of conduct regarding securities transactions by its Directors, 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 throughout the above-mentioned period.

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at June 30, 2022, the interests and/or short positions of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(1) Interests in the Company

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

Notes:

(1) The letter "L" denotes the person's long position in the Shares. As at June 30, 2022, the Company had 376,000,000 issued Shares, including 94,000,000 H Shares and 282,000,000 domestic Shares.

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

(2) Interests in associated corporations of the Company

Name	Name of associated corporation	Nature of interest	Interest in shares ⁽¹⁾	Shareholding percentage (approx.)
Mr. Geng Jianfu	RiseSun Real Estate Development	Beneficial owner	9,540,432 (L)	0.22%
	RiseSun Holdings	Beneficial owner	32,200,000 (L)	5.00%
	RiseSun Construction Engineering	Beneficial owner	9,180,000 (L)	2.78%
Mr. Jin Wenhui	RiseSun Holdings	Beneficial owner	2,860,000 (L)	0.44%

Note:

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

Save as disclosed above, as at June 30, 2022, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations, which were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Insofar as it is known to the Company, as at June 30, 2022, persons (other than the Directors or Supervisors or chief executive of the Company) who had interests and/or short positions in the Shares or underlying Shares which fell to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were recorded in the register kept by the Company under section 336 of the SFO were as follows:

Name of Shareholder	Nature of interest	Class of shares	Shares held as at June 30, 2022 ⁽¹⁾		Percentage of shares held in the total share capital of the Company as at June 30, 2022 ⁽¹⁾ (approx.)
			Number	Approximate percentage	
Mr. Geng ⁽²⁾	Interest in controlled corporations	Domestic Shares	235,527,000 (L)	83.52%	62.64%
RiseSun Holdings ⁽²⁾	Interest in controlled corporations	Domestic Shares	235,527,000 (L)	83.52%	62.64%
RiseSun Construction Engineering ⁽²⁾	Interest in controlled corporations	Domestic Shares	235,527,000 (L)	83.52%	62.64%
RiseSun Real Estate Development ⁽²⁾	Beneficial owner	Domestic Shares	235,527,000 (L)	83.52%	62.64%
Zhonghong Kaisheng	Beneficial owner	Domestic Shares	22,740,000 (L)	8.06%	6.05%
Ms. Geng Fanchao ⁽³⁾	Interest in controlled corporations	Domestic Shares	22,740,000 (L)	8.06%	6.05%
Shengyide Commercial	Beneficial owner	Domestic Shares	23,733,000 (L)	8.42%	6.31%
Ms. Liu Hongxia ⁽⁴⁾	Interest in controlled corporations	Domestic Shares	23,733,000 (L)	8.42%	6.31%
CITHARA GLOBAL MULTISTRATEGY SPC – BOSIDENG INDUSTRY INVESTMENT FUND SP	Beneficial owner	H Shares	17,999,500 (L)	19.15%	4.79%
Cithara Investment International Limited	Investment manager	H Shares	17,999,500 (L)	19.15%	4.79%
Huatai Securities Co., Ltd. ⁽⁵⁾	Interest in controlled corporations	H Shares	7,456,500 (L)	7.93%	1.98%
			6,516,000 (S)	6.93%	1.73%
Brimstone Asset Management Company Limited	Investment manager	H Shares	1,282,500 (L)	1.36%	0.34%
			1,282,500 (L)	1.36%	0.34%
Brimstone SPC	Beneficial owner	H Shares	94,500 (L)	0.10% (L)	0.03% (L)
			94,500 (S)	0.10% (S)	0.03% (S)
JP Morgan Chase & Co. ⁽⁶⁾	Interest in controlled corporations	H Shares	94,500 (L)	0.10% (L)	0.03% (L)
			94,500 (S)	0.10% (S)	0.03% (S)

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares. The letter “S” denotes the person’s short position in the Shares. As at June 30, 2022, the Company had 376,000,000 issued Shares, including 94,000,000 H Shares and 282,000,000 domestic Shares.
- (2) The long position in 235,527,000 domestic Shares was held by RiseSun Real Estate Development, which was controlled by Mr. Geng through RiseSun Holdings and RiseSun Construction Engineering. Based on publicly available record, RiseSun Real Estate Development was owned as to 12.88% by Mr. Geng, 35.65% by RiseSun Holdings and 11.43% by RiseSun Construction Engineering. Mr. Geng owned 60.09% of the equity interest of RiseSun Holdings and 18.18% of the equity interest of RiseSun Construction Engineering, and RiseSun Holdings in turn owned 71.29% of the equity interest of RiseSun Construction Engineering. By virtue of the SFO, Mr. Geng, RiseSun Construction Engineering and RiseSun Holdings are deemed to be interested in Shares held by RiseSun Real Estate Development.
- (3) Zhonghong Kaisheng is owned as to 48.33% by Ms. Geng Fanchao. By virtue of the SFO, Ms. Geng Fanchao is deemed to be interested in the Shares held by Zhonghong Kaisheng.
- (4) Ms. Liu Hongxia is a general partner of and has full control over Shengyide Commercial. By virtue of the SFO, Ms. Liu Hongxia is deemed to be interested in Shares held by Shengyide Commercial.
- (5) The long position in 6,516,000 H Shares and short position in 6,516,000 H Shares were held by Huatai Capital Investment Limited, which is wholly-owned by Huatai Financial Holdings (Hong Kong) Limited. The long position in 940,500 H Shares was held by Huatai Financial Holdings (Hong Kong) Limited, which is wholly-owned by Huatai International Financial Holdings Company Limited. Huatai Financial Holdings (Hong Kong) Limited is wholly-owned by Huatai International Financial Holdings Company Limited, which is in turn wholly-owned by Huatai Securities Co., Ltd. By virtue of the SFO, Huatai Securities Co., Ltd., is deemed to have the interests in the Shares held by Huatai Capital Investment Limited and Huatai Financial Holdings (Hong Kong) Limited.
- (6) The long position in 94,500 H Shares and short position in 94,500 H Shares were held by J.P. MORGAN SECURITIES PLC, which is wholly controlled by J.P. MORGAN CAPITAL HOLDINGS LIMITED. J.P. MORGAN CAPITAL HOLDINGS LIMITED is wholly controlled by J.P. Morgan International Finance Limited, which is in turn wholly controlled by JPMorgan Chase Bank, National Association, and JPMorgan Chase Bank, National Association is wholly controlled by JPMorgan Chase & Co.. By virtue of the SFO, JPMorgan Chase & Co. is deemed to have the interests in the H Shares held by J.P. MORGAN SECURITIES PLC.

Save as disclosed above, as at June 30, 2022, the Directors are not aware of any person (other than the Director, Supervisor or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO.

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, 2022.

AUDIT COMMITTEE

The Audit Committee consists of one non-executive Director and two independent non-executive Directors, namely Mr. Zhang Wenge, Mr. Jin Wenhui and Mr. Xu Shaohong (chairman). Mr. Jin Wenhui has the appropriate professional qualifications as required under Rule 3.10(2) and 3.21 of the Listing Rules.

The main duties of the Audit Committee include examining independently the financial positions of the Company, overseeing the Company's financial reporting system, risk management and internal control system, the audit process and proposals of internal management, communicating independently with, monitoring and verifying the work of internal audit and external auditors.

The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters. The Audit Committee has reviewed and agreed with the interim results and interim report of the Company for the six months ended June 30, 2022.

INTERIM DIVIDEND

On August 31, 2022, the Board recommended the payment of an interim dividend of RMB0.25 (before tax) per share in the form of cash for the six months ended June 30, 2022, totaling approximately RMB94 million to the Shareholders of the Company. The proposed interim dividend was approved by the Company's shareholders at the extraordinary general meeting held on September 23, 2022. The interim dividend will be paid to the Shareholders by October 14, 2022.

FOR DETERMINING THE ENTITLEMENT TO THE INTERIM DIVIDEND

For determining the entitlement to the proposed Interim Dividend, the register of members of the Company will be closed from Thursday, September 29, 2022 to Monday, October 3, 2022, both days inclusive, during which period no transfer of H shares of the Company will be registered. In order to qualify for the proposed Interim Dividend, unregistered holders of H shares of the Company shall lodge all the H share transfer documents accompanied by the relevant share certificates with the H share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for the registration of transfer of H shares not later than 4:30 p.m. on Wednesday, September 28, 2022.

CHANGES IN DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INFORMATION

There are no changes in the Directors' or Supervisors' information required to be disclosed pursuant to 13.51(2) paragraphs (a) to (e) and paragraph (g) of the Listing Rules from the date of last annual report to the date of this interim report.

INTERIM CONSOLIDATED BALANCE SHEET

Unit: RMB

Item	Notes	Unaudited June 30, 2022	Audited December 31, 2021
Current assets:			
Cash at bank and on hand	5	991,670,910.58	926,633,390.26
Settlement reserve			
Placements with banks and non-bank financial institutions			
Financial assets held-for-trading	6	32,997,979.28	537,573,993.31
Derivative financial assets			
Notes receivable	7	109,660,572.25	123,938,656.81
Accounts receivable	8	1,582,041,308.19	1,394,462,161.75
Receivables financing			
Prepayments	9	95,126,759.65	98,890,302.83
Insurance premium receivable			
Reinsurance premium receivable			
Reserves for reinsurance contracts receivable			
Other receivables	10	637,606,657.63	251,482,997.88
Including: Interest receivable			
Dividends receivable			
Financial assets purchased under agreements to resell			
Inventories	11	40,576,993.51	39,979,912.62
Contract assets	12	29,848,435.69	68,188,304.46
Assets held for sale			
Non-current assets due within one year	13	1,912,139.76	3,825,645.76
Other current assets	14	11,065,499.21	22,002,342.94
Total current assets		3,532,507,255.75	3,466,977,708.62

INTERIM CONSOLIDATED BALANCE SHEET

Item	Notes	Unaudited June 30, 2022	Audited December 31, 2021
Non-current assets:			
Loans and advances granted			
Debt investments			
Other debt investments			
Long-term receivables	15	7,532,098.07	8,104,930.99
Long-term equity investments	16	103,482,149.73	103,482,149.73
Investment in other equity instruments			
Other non-current financial assets			
Investment properties	17	59,220,600.00	61,334,300.00
Fixed assets	18	19,134,373.09	19,286,920.33
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-of-use assets	19	502,638.11	663,244.66
Intangible assets	20	7,158,093.01	7,843,466.17
Development expenses			
Goodwill			
Long-term prepaid expenses	21	11,045,041.51	10,987,078.72
Deferred income tax assets	22	47,545,857.65	42,495,591.22
Other non-current assets			
Total non-current assets		255,620,851.17	254,197,681.82
Total assets		3,788,128,106.92	3,721,175,390.44

INTERIM CONSOLIDATED BALANCE SHEET

Item	Notes	Unaudited June 30, 2022	Audited December 31, 2021
Current liabilities:			
Short-term borrowings			
Loans from central bank			
Placements from banks and other financial institutions			
Financial liabilities held-for-trading			
Derivative financial liabilities			
Notes payable			
Accounts payable	23	636,068,959.50	671,105,986.85
Receipt in advance	24	3,169,527.05	4,306,305.02
Contract liabilities	25	398,710,315.29	412,355,414.96
Amount from sales of repurchased financial assets			
Deposits from customers and other banks			
Brokerage for securities trading			
Brokerage for underwriting securities			
Staff remuneration payable	26	65,072,441.74	76,157,284.88
Taxes payable	27	89,255,075.76	82,244,925.52
Other payables	28	398,551,577.91	463,115,219.06
Including: Interest payable			
Dividends payable			
Fee and commission payable			
Reinsured accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	29	2,853,191.52	3,825,645.76
Other current liabilities	30	23,312,739.53	18,488,044.58
Total current liabilities		1,616,993,828.30	1,731,598,826.63

INTERIM CONSOLIDATED BALANCE SHEET

Item	Notes	Unaudited June 30, 2022	Audited December 31, 2021
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings			
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities	31	7,283,329.37	9,090,377.26
Long-term payables			
Long-term staff remuneration payable			
Estimated liabilities			
Deferred income			
Deferred income tax liabilities	22	2,690,820.13	3,926,248.64
Other non-current liabilities			
Total non-current liabilities		9,974,149.50	13,016,625.90
Total liabilities		1,626,967,977.80	1,744,615,452.53
Shareholders' equity:			
Share capital	32	376,000,000.00	376,000,000.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	33	1,074,174,218.66	1,070,659,130.78
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve	34	83,377,706.14	68,458,186.26
Provision for general risks			
Undistributed profit	35	625,311,642.76	459,319,132.27
Total equity attributable to shareholders of the parent company		2,158,863,567.56	1,974,436,449.31
Minority interests		2,296,561.56	2,123,488.60
Total shareholders' equity		2,161,160,129.12	1,976,559,937.91
Total liabilities and shareholders' equity		3,788,128,106.92	3,721,175,390.44

INTERIM CONSOLIDATED INCOME STATEMENT

Unit: RMB

Item	Notes	Unaudited January to June 2022	Audited January to June 2021
I. Total operating income		1,063,574,349.30	1,290,819,169.25
Including: Operating income	36	1,063,574,349.30	1,290,819,169.25
Interest income			
Premium earned			
Fee and commission income			
II. Total operating cost		808,484,819.62	950,615,239.97
Including: Operating cost	36	743,419,941.83	840,842,562.72
Interest expenses			
Fee and commission expenses			
Refunded premiums			
Net amount of compensation payout			
Net provisions for insurance contracts reserve			
Policy dividend payment			
Reinsurance expenses			
Taxes and surcharges		5,775,947.74	
Selling expenses	37	3,039,064.28	8,413,549.10
Administrative expenses	38	76,491,405.11	103,613,994.80
Research and development expenses			
Financial costs	39	-20,241,539.34	-2,254,866.65
Including: Interest expenses			
Interest income		729,659.84	4,102,238.71
Add: Other income	40	7,020,137.34	3,970,668.85
Investment income (loss expressed with "-")	41	19,648,761.97	532,847.13
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 "-")	42	-4,576,014.03	-620,100.00
Loss on impairment of credit (loss expressed with "-")	43	-33,307,510.99	-13,355,908.75
Loss on impairment of assets (loss expressed with "-")	44	2,194,952.63	
Gains from disposal of asset (loss expressed with "-")	45	-10,100.13	
III. Operating profit (loss expressed with "-")		246,059,756.47	330,731,436.51
Add: Non-operating income	46	491,731.15	422,619.60
Less: Non-operating expenses	47	1,413,672.11	2,450,924.18
IV. Total profit (total loss expressed with "-")		245,137,815.51	328,703,131.93
Less: Income tax expenses	48	64,112,712.18	81,453,724.43

INTERIM CONSOLIDATED INCOME STATEMENT

Item	Notes	Unaudited January to June 2022	Audited January to June 2021
V. Net profit (net loss expressed with "-")		181,025,103.33	247,249,407.50
(I) By continuity of operations		181,025,103.33	247,249,407.50
1. Net profit from continuing operations (net loss expressed with "-")		181,025,103.33	247,249,407.50
2. Net profit from discontinued operations (net loss expressed with "-")			
(II) By ownership		181,025,103.33	247,249,407.50
1. Net profit attributable to owners of the parent company (net loss expressed with "-")		180,912,030.37	247,245,995.50
2. Profit or loss attributable to minority interests (net loss expressed with "-")		113,072.96	3,412.00
VI. Net other comprehensive income after tax		-	-
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 the fair value of the company'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 portion of cash flow hedge gains and losses)			
6. Exchange differences arising from translation of foreign currency financial statements			
7. Others			
Net other comprehensive income after tax attributable to minority interests			
VII. Total comprehensive income		181,025,103.33	247,249,407.50
Total comprehensive income attributable to shareholders of the parent company		180,912,030.37	247,245,995.50
Total comprehensive income attributable to minority interests		113,072.96	3,412.00
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		0.48	0.67
(II) Diluted earnings per share (RMB/share)		0.48	0.67

INTERIM CONSOLIDATED CASH FLOW STATEMENT

Unit: RMB

Item	Notes	Unaudited January to June 2022	Audited January to June 2021
I. Cash flow arising from operating activities:			
Cash received from sales of goods or rendering services		942,685,615.44	1,116,957,180.84
Net increase in customer deposits and interbank deposits			
Net increase in loans from central bank			
Net increase in borrowing from other financial institutions			
Cash received for original insurance contract premiums			
Net cash received from reinsurance business			
Net increase in funds and investments for policyholders			
Cash received from interest, fees and commissions			
Net increase in borrowing funds			
Net increase in funds from repurchase business			
Net cash received from agency trading of securities			
Tax refunds received		461,562.81	
Other cash received related to operating activities		66,524,507.77	48,697,809.67
Subtotal of cash inflows from operating activities		1,009,671,686.02	1,165,654,990.51
Cash paid for purchase of goods and services		537,966,643.65	472,964,579.72
Net increase in customer loans and advances			
Net increase in central bank and interbank deposits			
Cash payment of original insurance contract benefits			
Net increase in funds disbursed			
Cash paid for interest, fees and commissions			
Cash paid for policy dividends			
Cash paid to and for employees		337,532,193.62	348,981,175.01
Taxes paid		108,320,481.98	131,538,778.58
Other cash paid related to operating activities		594,305,866.96	84,624,073.18
Subtotal of cash outflows from operating activities		1,578,125,186.21	1,038,108,606.49
Net cash flow from operating activities		-568,453,500.19	127,546,384.02

INTERIM CONSOLIDATED CASH FLOW STATEMENT

Item	Notes	Unaudited January to June 2022	Audited January to June 2021
II. Cash flow from investing activities:			
Cash received from disinvestment		600,000,000.00	7,000,000.00
Cash received from return on investment		20,827,687.69	32,000.00
Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets			1,577,792.05
Net cash received from disposal of subsidiaries and other business units			
Other cash received related to investing activities			
Subtotal of cash inflows from investing activities		620,827,687.69	8,609,792.05
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		3,347,252.38	5,343,000.00
Cash paid for acquisition of investments			689,340,194.43
Net increase in pledged loans			
Net cash paid for acquisition of subsidiaries and other business units			
Other cash paid related to investing activities			
Subtotal of cash outflows from investing activities		3,347,252.38	694,683,194.43
Net cash flow from investing activities		617,480,435.31	-686,073,402.38
III. Cash flow from financing activities:			
Cash received from investors		60,000.00	1,054,949,064.00
Including: Cash received from minority's investment to subsidiaries		60,000.00	245,000.00
Cash received from borrowings			
Other cash received related to financing activities			
Subtotal of cash inflows from financing activities		60,000.00	1,054,949,064.00
Cash repayments of borrowings			
Cash paid for dividends, profits distribution, or interest payments			599,000.00
Including: Dividends and profits paid to minority interests by subsidiaries			
Other cash paid related to financing activities			47,980,688.69
Subtotal of cash outflows from financing activities		-	48,579,688.69
Net cash flow from financing activities		60,000.00	1,006,369,375.31
IV. Impact of exchange rate fluctuations on cash and cash equivalents			
		21,530,575.79	-1,248,380.45
V. Net increase in cash and cash equivalents			
Add: Balance of cash and cash equivalents at the beginning of the period		916,094,548.97	603,185,712.47
VI. Balance of cash and cash equivalents at the end of the period			
		986,712,059.88	1,049,779,688.97

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Unit: RMB

Item	Unaudited January to June 2022											Total shareholders' equity			
	Share capital	Preference share	Perpetual bond	Other equity instruments	Capital reserve	Less: treasury share	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		Others	Sub-total	Minority interests
I. Closing balance of last year	376,000,000.00	-	-	-	1,070,659,130.78	-	-	-	68,458,186.26	-	459,319,132.27	-	1,974,436,446.31	2,123,486.60	1,976,559,937.91
Add: Impact from changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impact from corrections of errors in prior period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combinations under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of current year	376,000,000.00	-	-	-	1,070,659,130.78	-	-	-	68,458,186.26	-	459,319,132.27	-	1,974,436,446.31	2,123,486.60	1,976,559,937.91
III. Movement for current year	-	-	-	-	3,515,087.88	-	-	-	14,919,519.88	-	165,992,510.49	-	184,427,116.25	173,072.96	184,600,191.21
(I) Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(II) Shareholder's contributions and withdrawals of capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Common stock contributed by shareholders	-	-	-	-	3,515,087.88	-	-	-	-	-	-	-	3,515,087.88	60,000.00	3,575,087.88
2. Capital contributed by other equity instruments holders	-	-	-	-	-	-	-	-	-	-	-	-	-	60,000.00	60,000.00
3. Share-based payment recorded in shareholder's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	3,515,087.88	-	-	-	-	-	-	-	3,515,087.88	-	3,515,087.88

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Item	Unaudited January to June 2022														
	Equity attributable to shareholders of the parent company										Total shareholders' equity				
	Share capital	Preference share	Perpetual bond	Others	Capital reserve	Less: treasury share	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve		Undistributed profit	Others	Sub-total	Minority interests
(III) Profits distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation of surplus reserve	-	-	-	-	-	-	-	-	14,919,519.88	-	-14,919,519.88	-	-	-	-
2. Extraction of general risk reserve	-	-	-	-	-	-	-	-	14,919,519.88	-	-14,919,519.88	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Internal transfer within shareholder's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Conversion of capital reserve into share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Conversion of surplus reserve into share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Recover of loss by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Movement in defined benefit plans carried forward to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Amount established during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Amount utilized during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of current year	376,000,000.00	-	-	-	1,074,174,216.66	-	-	-	83,377,706.14	-	625,311,642.76	-	2,158,863,567.56	2,296,561.56	2,161,160,129.12

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Unit: RMB

Item	Audited January to June 2021											Total shareholders' equity			
	Share capital	Preference share	Other equity instruments Perpetual bond	Others	Capital reserve	Less: treasury share	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		Others	Sub-total	Minority interests
I. Closing balance of last year	282,000,000.00	-	-	-	169,569,019.25	-	-	-	31,533,913.71	-	151,700,337.49	-	634,803,270.45	-	634,803,270.45
Add: Impact from changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impact from corrections of errors in prior period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combinations under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of current year	282,000,000.00	-	-	-	169,569,019.25	-	-	-	31,533,913.71	-	151,700,337.49	-	634,803,270.45	-	634,803,270.45
III. Movement for current year ("-" for decrease)	94,000,000.00	-	-	-	895,310,336.29	-	-	-	-	190,845,995.50	247,245,995.50	-	1,180,166,331.79	249,413.00	1,180,404,744.79
(I) Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(II) Shareholder's contributions and withdrawals of capital	94,000,000.00	-	-	-	895,310,336.29	-	-	-	-	-	247,245,995.50	-	998,310,336.29	245,001.00	999,555,337.29
1. Common stock contributed by shareholders	94,000,000.00	-	-	-	895,310,336.29	-	-	-	-	-	-	-	977,988,985.46	245,001.00	978,233,986.46
2. Capital contributed by other equity instruments holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payment recorded in shareholder's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	11,321,350.83	-	11,321,350.83

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Item	Audited											Total shareholders' equity			
	January to June 2021														
	Equity attributable to shareholders of the parent company														
	Other equity instruments			Less:				General			Sub-total	Minority interests	Total shareholders' equity		
	Share capital	Preference share	Perpetual bond	Others	Capital reserve	treasury share	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve				Un-distributed profit	Others
(III) Profits distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Extraction of general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Internal transfer within shareholder's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Conversion of capital reserve into share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Conversion of surplus reserve into share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Recover of loss by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Movement in defined benefit plans carried forward to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Other comprehensive income carried forward to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Amount established during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Amount utilized during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(6) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of current year	376,000,000.00	-	-	-	1,064,679,355.54	-	-	-	31,533,913.71	-	342,546,322.99	-	1,814,959,602.24	248,413.00	1,815,208,015.24

The interim consolidated financial statement information on pages 30 to 68 were approved by the Board of Directors on August 31, 2022 and were signed on its behalf.

Mr. Geng Jianfu

Director

Ms. Liu Hongxia

Director

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

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

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

This interim consolidated financial statement information are presented in Renminbi (“**RMB**”), unless otherwise stated. This interim consolidated financial statement information has been approved for issue by the Board of Directors (the “**Board**”) of the Company on August 31, 2022.

This interim consolidated financial statement information has not been audited.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES OF FINANCIAL STATEMENTS

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 issued by the Ministry of Finance and relevant regulations, as well as related disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules, and the accounting policies and accounting estimates used in the Group’s consolidated financial statements for the year ended December 31, 2021.

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim consolidated financial statement information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2021.

4. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

During the six months ended June 30, 2021 and 2022, the Group is principally engaged in the provision of property management services, community value-added services and value-added services to non-property owners in the PRC. Management views the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entity of the Group is domiciled in the PRC. Accordingly, the Group's revenue were derived in the PRC.

As at June 30, 2022, cash and cash equivalents of HK\$247,000 (equivalent to RMB212,000) were temporarily deposited in the Group's bank accounts in Hong Kong. Except for this, all of the Group's assets are situated in the Mainland of the PRC.

5. CASH AT BANK AND ON HAND

Item	Unaudited Balance as of June 30, 2022	Audited Balance as of December 31, 2021
Cash on hand	21,331.00	0.00
Bank deposits	987,573,954.90	925,122,579.60
Other cash at bank and on hand	4,075,624.68	1,510,810.66
Total	991,670,910.58	926,633,390.26
Including: Total amount deposited abroad	211,948.71	278,559.17

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

6. FINANCIAL ASSETS HELD-FOR-TRADING

Item	Unaudited Balance as of June 30, 2022	Audited Balance as of December 31, 2021
Financial assets at fair value through profit or loss	32,997,979.28	537,573,993.31
Including: Financial products	32,997,979.28	537,573,993.31

7. NOTES RECEIVABLE

(1) Presentation of notes receivable by category

Item	Unaudited Balance as of June 30, 2022	Audited Balance as of December 31, 2021
Commercial acceptances	109,660,572.25	123,938,656.81

(2) Presentation by bad debt provision method

Category	Unaudited				
	Balance as of June 30, 2022				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Accrual ratio (%)	
Provision for bad debts is made on an individual basis	0.00	0.00	0.00	0.00	0.00
Provision for bad debts by portfolio	117,653,668.50	100.00	7,993,096.25	6.79	109,660,572.25
Including: Aging portfolio	117,653,668.50	100.00	7,993,096.25	6.79	109,660,572.25

Category	Audited				
	Balance as of December 31, 2021				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Accrual ratio (%)	
Provision for bad debts is made on an individual basis	0.00	0.00	0.00	0.00	0.00
Provision for bad debts by portfolio	132,248,637.14	100.00	8,309,980.33	6.28	123,938,656.81
Including: Aging portfolio	132,248,637.14	100.00	8,309,980.33	6.28	123,938,656.81

8. ACCOUNTS RECEIVABLE

(1) Accounts receivable are classified according to the bad debt provision method

Category	Unaudited				
	Balance as of June 30, 2022				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Accrual ratio (%)	
Provision for bad debts by portfolio	1,713,017,040.40	100.00	130,975,732.21	7.65	1,582,041,308.19
Including: Aging portfolio	1,713,017,040.40	100.00	130,975,732.21	7.65	1,582,041,308.19

Category	Audited				
	Balance as of December 31, 2021				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Accrual ratio (%)	
Provision for bad debts by portfolio	1,490,507,612.11	100.00	96,045,450.36	6.44	1,394,462,161.75
Including: Aging portfolio	1,490,507,612.11	100.00	96,045,450.36	6.44	1,394,462,161.75

(2) The aging analysis of the accounts receivable based on the transaction dates is as follows:

Aging	Unaudited Balance as of June 30, 2022
Within 1 year (including 1 year)	1,357,964,122.09
1-2 years	298,307,579.07
2-3 years	53,328,343.46
3-4 years	1,532,197.08
4-5 years	777,018.59
More than 5 years	1,107,780.11
Total	1,713,017,040.40

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

9. PREPAYMENTS

(1) Aging of prepayments

Item	Unaudited Balance as of June 30, 2022		Audited Balance as of December 31, 2021	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	63,037,859.76	66.27	74,504,444.73	75.34
1 – 2 years	29,870,890.22	31.40	23,140,673.73	23.40
2 – 3 years	2,218,009.67	2.33	1,245,184.37	1.26
Total	95,126,759.65	100.00	98,890,302.83	100.00

10. OTHER RECEIVABLES

Item	Unaudited Balance as of June 30, 2022	Audited Balance as of December 31, 2021
Interest receivable	0.00	0.00
Dividends receivable	0.00	0.00
Other receivables	637,606,657.63	251,482,997.88
Total	637,606,657.63	251,482,997.88

Other receivables

(1) Classification of other receivables by nature of payment

Nature of payment	Unaudited Balance as of June 30, 2022	Audited Balance as of December 31, 2021
Collection on behalf of third-party platforms	27,301,249.16	28,564,187.39
Deposits and guarantee deposits	517,809,767.16	127,765,020.80
Payment for social security and provident fund	2,525,589.65	3,113,305.83
Maintenance fund	2,126,401.69	2,082,868.67
Provisional payments and agency collection	22,585,898.64	20,804,112.26
Advances for utilities, etc.	101,217,088.20	109,086,997.88
Reserves	3,154,000.67	458,815.22
Others	10,254,934.49	11,013,790.60
Total	686,974,929.66	302,889,098.65

10. OTHER RECEIVABLES (CONTINUED)

Other receivables (Continued)

(2) Provision for bad debts of other receivables

	Phase I	Unaudited		Total
		Phase II	Phase III	
Bad debt provision	Expected credit losses for the next 12 months	Lifetime expected credit losses (not credit-impaired)	Lifetime expected credit losses (credit-impaired)	
Balance as of January 1, 2022	51,406,100.77	0.00	0.00	51,406,100.77
The book balance of other receivables as of January 1, 2022 in the current period	–	–	–	–
– Transferred to Phase II	0.00	0.00	0.00	0.00
– Transferred to Phase III	0.00	0.00	0.00	0.00
– Reversed to Phase II	0.00	0.00	0.00	0.00
– Reversed to Phase I	0.00	0.00	0.00	0.00
Accrual for the period	-2,037,828.74	0.00	0.00	-2,037,828.74
Reversal for the period	0.00	0.00	0.00	0.00
Transfer for the period	0.00	0.00	0.00	0.00
Write-off for the period	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00
Balance as of June 30, 2022	49,368,272.03	0.00	0.00	49,368,272.03

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

11. INVENTORIES

Item	Unaudited Balance as of June 30, 2022		
	Book balance	Provision for decline in value of inventories	Book value
Raw materials	6,239,206.52	0.00	6,239,206.52
Stock items	24,476,804.52	0.00	24,476,804.52
Revolving material	9,860,982.47	0.00	9,860,982.47
Total	40,576,993.51	0.00	40,576,993.51

Item	Balance as of December 31, 2021		
	Book balance	Provision for decline in value of inventories	Book value
Raw materials	6,147,222.85	0.00	6,147,222.85
Stock items	24,443,066.88	0.00	24,443,066.88
Revolving material	9,389,622.89	0.00	9,389,622.89
Total	39,979,912.62	0.00	39,979,912.62

12. CONTRACT ASSETS

(1) Detail of contract assets

Item	Unaudited Balance as of June 30, 2022			Audited Balance as of December 31, 2021		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Engineering construction	31,828,146.42	1,979,710.73	29,848,435.69	72,362,967.82	4,174,663.36	68,188,304.46

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

12. CONTRACT ASSETS (CONTINUED)

(2) Provision for impairment of contract assets

Bad debt provision	Unaudited			Total
	Phase I Expected credit losses for the next 12 months	Phase II Lifetime expected credit losses (not credit- impaired)	Phase III Lifetime expected credit losses (credit- impaired)	
Balance as of January 1, 2022	4,174,663.36	0.00	0.00	4,174,663.36
The book balance of contract assets as of January 1, 2022 in the current period	–	–	–	–
– Transferred to Phase II	0.00	0.00	0.00	0.00
– Transferred to Phase III	0.00	0.00	0.00	0.00
– Reversed to Phase II	0.00	0.00	0.00	0.00
– Reversed to Phase I	0.00	0.00	0.00	0.00
Accrual for the period	-2,194,952.63	0.00	0.00	-2,194,952.63
Reversal for the period	0.00	0.00	0.00	0.00
Transfer for the period	0.00	0.00	0.00	0.00
Write-off for the period	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00
Balance as of June 30, 2022	1,979,710.73	0.00	0.00	1,979,710.73

13. NON-CURRENT ASSETS DUE WITHIN ONE YEAR

Item	Unaudited Balance as of June 30, 2022	Audited Balance as of December 31, 2021
Long-term receivables	1,912,139.76	3,825,645.76

14. OTHER CURRENT ASSETS

Item	Unaudited Balance as of June 30, 2022	Audited Balance as of December 31, 2021
Prepaid corporate income tax	11,065,499.21	19,510,458.45
Input tax to be deducted	0.00	2,487,458.53
Others	0.00	4,425.96
Total	11,065,499.21	22,002,342.94

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

15. LONG-TERM RECEIVABLES

Item	Unaudited Balance as of June 30, 2022			Audited Balance as of December 31, 2021			
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	Discoun rate interval
Receivables from assignment of operating rights of commercial parking spaces	7,532,098.07	0.00	7,532,098.07	8,104,930.99	0.00	8,104,930.99	-

16. LONG-TERM EQUITY INVESTMENTS

Investees	Audited		Change for the period							Unaudited	
	Balance as of December 31, 2021	Additional investment	Reduced investment	Gains or losses of investments recognized under the equity method	Adjustments to other comprehensive income	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment	Others	Balance as of June 30, 2022	Closing balance of provision for impairment
I. Associates											
Beijing Yinsilang Information Technology Company Limited* 北京銀思朗信息技術有限公司	103,482,149.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	103,482,149.73	0.00

17. INVESTMENT PROPERTIES

Investment properties using the fair value measurement model

Item	Unaudited		
	House and building	Car parking	Total
I. Balance as of December 31, 2021	7,749,700.00	53,584,600.00	61,334,300.00
II. Change for the period	0.00	-2,113,700.00	-2,113,700.00
Add: Acquisition	0.00	0.00	0.00
Less: Disposal	0.00	2,113,700.00	2,113,700.00
Add: Fair value changes	0.00	0.00	0.00
III. Balance as of June 30, 2022	7,749,700.00	51,470,900.00	59,220,600.00

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

18. FIXED ASSETS

Item	Unaudited Balance as of June 30, 2022	Audited Balance as of December 31, 2021
Fixed assets	19,134,373.09	19,286,920.33
Fixed asset liquidation	0.00	0.00
Total	19,134,373.09	19,286,920.33

Details of fixed assets

Item	General equipment	Transportation equipment	Specialized equipment	Other equipment	Total
I. Original book value	-	-	-	-	-
1. Balance as of December 31, 2021	23,436,528.82	4,471,474.86	5,978,038.64	1,197,429.81	35,083,472.13
2. Increase for the period	2,145,209.01	30,440.31	709,649.00	9,000.00	2,894,298.32
(1) Acquisition	2,145,209.01	30,440.31	709,649.00	9,000.00	2,894,298.32
3. Decrease for the period	169,505.81	688,024.60	14,200.00	2,715.52	874,445.93
(1) Disposal or scrap	169,505.81	688,024.60	14,200.00	2,715.52	874,445.93
4. Balance as of June 30, 2022	25,412,232.02	3,813,890.57	6,673,487.64	1,203,714.29	37,103,324.52
II. Accumulated depreciation	-	-	-	-	-
1. Balance as of December 31, 2021	9,099,706.73	3,458,281.21	2,506,930.31	731,633.55	15,796,551.80
2. Increase for the period	1,963,546.57	121,307.73	481,394.00	85,289.48	2,651,537.78
(1) Accrual	1,963,546.57	121,307.73	481,394.00	85,289.48	2,651,537.78
3. Decrease for the period	91,215.99	372,583.16	13,490.00	1,849.00	479,138.15
(1) Disposal or scrap	91,215.99	372,583.16	13,490.00	1,849.00	479,138.15
4. Balance as of June 30, 2022	10,972,037.31	3,207,005.78	2,974,834.31	815,074.03	17,968,951.43
III. Provision for impairment	-	-	-	-	-
1. Balance as of December 31, 2021	0.00	0.00	0.00	0.00	0.00
2. Increase for the period	0.00	0.00	0.00	0.00	0.00
3. Decrease for the period	0.00	0.00	0.00	0.00	0.00
4. Balance as of June 30, 2022	0.00	0.00	0.00	0.00	0.00
IV. Book value	-	-	-	-	-
1. Closing book value	14,440,194.71	606,884.79	3,698,653.33	388,640.26	19,134,373.09
2. Opening book value	14,336,822.09	1,013,193.65	3,471,108.33	465,796.26	19,286,920.33

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

19. RIGHT-OF-USE ASSETS

Item	Audited Balance as of December 31, 2021	Increase for the period	Decrease for the period	Unaudited Balance as of June 30, 2022
Total original book value	1,308,784.15	0.00	0.00	1,308,784.15
Including: Houses and buildings	1,308,784.15	0.00	0.00	1,308,784.15
Total accumulated depreciation	645,539.49	160,606.55	0.00	806,146.04
Including: Houses and buildings	645,539.49	160,606.55	0.00	806,146.04
Total net book value	663,244.66	–	–	502,638.11
Including: Houses and buildings	663,244.66	–	–	502,638.11
Total provision for impairment	0.00	0.00	0.00	0.00
Including: Houses and buildings	0.00	0.00	0.00	0.00
Total book value	663,244.66	–	–	502,638.11
Including: Houses and buildings	663,244.66	–	–	502,638.11

20. INTANGIBLE ASSETS

Item	Unaudited Software usage rights
I. Original book value	–
1. Balance as of December 31, 2021	10,797,725.22
2. Increase for the period	17,591.15
Including: Acquisition	17,591.15
3. Decrease for the period	42,255.83
Including: Disposal	42,255.83
4. Balance as of June 30, 2022	10,773,060.54
II. Accumulated depreciation	–
1. Balance as of December 31, 2021	2,954,259.05
2. Increase for the period	662,215.20
Including: Accrual	662,215.20
3. Decrease for the period	1,506.72
Including: Disposal	1,506.72
4. Balance as of June 30, 2022	3,614,967.53
III. Provision for impairment	–
1. Balance as of December 31, 2021	0.00
2. Increase for the period	0.00
Including: Accrual	0.00
3. Decrease for the period	0.00
Including: Disposal	0.00
4. Balance as of June 30, 2022	0.00
IV. Book value	–
1. Closing book value	7,158,093.01
2. Opening book value	7,843,466.17

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

21. LONG-TERM DEFERRED EXPENSES

Item	Audited Balance as of December 31, 2021	Increase for the period	Amortization for the period	Other decrease for the period	Unaudited Balance as of June 30, 2022
Renovation costs	9,204,365.60	491,119.15	792,566.59	0.00	8,902,918.16
Others	1,782,713.12	446,747.00	87,336.77	0.0	2,142,123.35
Total	10,987,078.72	937,866.15	879,903.36	0.00	11,045,041.51

22. DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES

(1) Deferred income tax assets without offsetting

Item	Unaudited Balance as of June 30, 2022		Audited Balance as of December 31, 2021	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Bad debt provision	190,316,811.22	41,676,074.26	159,936,194.82	35,249,560.51
Deductible losses	39,849,540.97	5,192,649.83	37,975,957.68	6,465,663.23
Contract liabilities (shopping vouchers)	780,558.73	132,647.50	1,251,221.96	235,881.42
Advertising and business promotion	5,435,183.26	544,486.06	5,435,183.26	544,486.06
Total	236,382,094.18	47,545,857.65	204,598,557.72	42,495,591.22

(2) Deferred income tax liabilities without offsetting

Item	Unaudited Balance as of June 30, 2022		Audited Balance as of December 31, 2021	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Changes in fair value of investment properties	10,105,495.68	2,526,373.92	10,471,195.68	2,617,798.92
Trading fair value changes	657,784.85	164,446.21	5,233,798.88	1,308,449.72
Total	10,763,280.53	2,690,820.13	15,704,994.56	3,926,248.64

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

23. ACCOUNTS PAYABLE

(1) Presentation of accounts payable

Item	Unaudited Balance as of June 30, 2022	Audited Balance as of December 31, 2021
Construction fees	440,539,540.26	496,338,608.99
Service fees	130,013,566.31	104,345,452.55
Payments for goods purchased	65,515,852.93	70,421,925.31
Total	636,068,959.50	671,105,986.85

(2) The aging analysis of accounts payable, including accounts payable to related parties, based on the dates of transactions is as follows:

Aging	Unaudited Balance as of June 30, 2022	Audited Balance as of December 31, 2021
Within 1 year	459,097,851.31	594,168,845.37
1-2 years	134,718,697.46	59,991,698.63
2-3 years	35,349,633.18	13,556,354.28
More than 3 years	6,902,777.55	3,389,088.57
Total	636,068,959.50	671,105,986.85

24. RECEIPT IN ADVANCE

Item	Unaudited Balance as of June 30, 2022	Audited Balance as of December 31, 2021
Rent	3,169,527.05	4,306,305.02

25. CONTRACT LIABILITIES

Item	Unaudited Balance as of June 30, 2022	Audited Balance as of December 31, 2021
Property fees	294,929,795.25	238,868,434.47
Engineering construction	12,960,897.62	73,178,979.04
Other community value-added services	59,152,131.71	42,063,240.36
Pre-intervention services	7,774,519.88	29,660,853.02
Garbage disposal fees and self-heating	11,854,630.98	10,517,093.13
Others	5,656,701.71	5,605,904.02
Start-up costs	1,845,700.48	4,834,429.60
Sales payment	1,362,984.08	4,062,667.77
Elevator usage fees	3,172,953.58	3,563,813.55
Total	398,710,315.29	412,355,414.96

26. EMPLOYEE BENEFITS PAYABLE

(1) Classification of employee benefits payable

Item	Audited Balance as of December 31, 2021	Increase for the period	Decrease for the period	Unaudited Balance as of June 30, 2022
Short-term compensation	70,530,494.08	291,181,592.63	303,507,223.44	58,204,863.27
Post-employment benefits-Defined contribution plan	5,626,790.80	34,256,745.34	33,015,957.67	6,867,578.47
Termination benefits	0.00	782,465.51	782,465.51	0.00
Total	76,157,284.88	326,220,803.48	337,305,646.62	65,072,441.74

(2) Short-term compensation

Item	Audited Balance as of December 31, 2021	Increase for the period	Decrease for the period	Unaudited Balance as of June 30, 2022
Salaries, bonuses, allowances and subsidies	56,699,216.96	249,078,599.34	261,860,521.56	43,917,294.74
Employee benefit costs	608,436.85	4,502,026.17	5,021,499.03	88,963.99
Social security fee	4,234,429.06	20,241,573.32	20,235,133.94	4,240,868.44
Including: Medical insurance premiums	3,796,807.26	18,150,181.76	18,355,626.72	3,591,362.30
Industrial injury insurance premiums	325,302.23	1,655,953.89	1,661,765.21	319,490.91
Maternity insurance premiums	112,319.57	435,437.67	217,742.01	330,015.23
Housing provident fund	541,222.84	13,066,415.97	12,916,426.97	691,211.84
Labour union expenses and employee education expenses	8,447,188.37	4,292,977.83	3,473,641.94	9,266,524.26
Total	70,530,494.08	291,181,592.63	303,507,223.44	58,204,863.27

(3) Defined contribution plan

Item	Audited Balance as of December 31, 2021	Increase for the period	Decrease for the period	Unaudited Balance as of June 30, 2022
Basic endowment insurance premiums	5,332,979.15	33,013,147.03	31,800,044.20	6,546,081.98
Unemployment insurance premiums	293,811.65	1,243,598.31	1,215,913.47	321,496.49
Total	5,626,790.80	34,256,745.34	33,015,957.67	6,867,578.47

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

27. TAXES PAYABLE

Item	Unaudited Balance as of June 30, 2022	Audited Balance as of December 31, 2021
Urban construction tax	614,625.99	646,809.43
Income tax	72,829,126.76	63,710,968.07
Property tax	91,644.27	128,617.47
Value added tax	14,593,702.56	16,374,218.76
Stamp duty	21,642.20	47,689.26
Land use tax	20,424.21	20,947.74
Individual income tax	643,581.21	870,128.21
Education fee surcharge	263,963.71	262,800.84
Local education fee surcharge	175,985.68	175,384.34
Water conservancy fund	379.17	7,361.40
Total	89,255,075.76	82,244,925.52

28. OTHER PAYABLES

Item	Unaudited Balance as of June 30, 2022	Audited Balance as of December 31, 2021
Interest payable	0.00	0.00
Dividends payable	0.00	0.00
Other payables	398,551,577.91	463,115,219.06
Total	398,551,577.91	463,115,219.06

Other payables

Nature of payment	Unaudited Balance as of June 30, 2022	Audited Balance as of December 31, 2021
Deposits and guarantee deposits	122,044,113.34	117,316,383.82
Payment of individual contribution to social security and housing provident fund withheld for employees	165,590.12	299,661.56
Amounts collected on behalf	182,025,907.17	233,072,680.46
Maintenance fund	66,001,216.26	70,099,497.92
Current accounts	3,711,423.52	16,217,539.06
Indemnity, fines	823,322.21	304,728.40
Accrued expenses	2,968,885.57	2,213,978.10
Listing fees	0.00	363,639.38
Operating debits	1,708,280.62	2,554,598.07
Maintenance fees	786,582.70	1,576,075.02
Start-up costs	2,668,745.69	1,375,354.17
Others	15,647,510.71	17,721,083.10
Total	398,551,577.91	463,115,219.06

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

29. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

Item	Unaudited Balance as of June 30, 2022	Audited Balance as of December 31, 2021
Lease liabilities due within one year	2,853,191.52	3,825,645.76

30. OTHER CURRENT LIABILITIES

Item	Unaudited Balance as of June 30, 2022	Audited Balance as of December 31, 2021
Output tax to be transferred	23,312,739.53	18,488,044.58

31. LEASE LIABILITIES

Item	Unaudited Balance as of June 30, 2022	Audited Balance as of December 31, 2021
Lease liabilities	7,283,329.37	9,090,377.26

32. SHARE CAPITAL

Item	Audited		Change for the period (+, -)				Unaudited
	Balance as of December 31, 2021	Issuance of new shares	Share grant	Surplus reserve converted to shares	Others	Subtotal	Balance as of June 30, 2022
Total number of shares	376,000,000.00	0.00	0.00	0.00	0.00	0.00	376,000,000.00

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

33. CAPITAL RESERVE

Item	Audited Balance as of December 31, 2021	Increase for the period	Decrease for the period	Unaudited Balance as of June 30, 2022
Equity premium	1,001,153,004.84	0.00	0.00	1,001,153,004.84
Other capital reserves	69,506,125.94	3,515,087.88	0.00	73,021,213.82
Total	1,070,659,130.78	3,515,087.88	0.00	1,074,174,218.66

Note 1. Movements in other capital reserve: Increase for the current period of RMB3,515,087.88 was accrued for share-based payments charged to capital reserve.

34. SURPLUS RESERVE

Item	Audited Balance as of December 31, 2021	Increase for the period	Decrease for the period	Unaudited Balance as of June 30, 2022
Statutory surplus reserve	68,458,186.26	14,919,519.88	0.00	83,377,706.14

35. RETAINED EARNINGS

Item	Unaudited January to June in 2022	Audited January to June in 2021
Closing balance of the previous period	459,319,132.27	151,700,337.49
Add: Adjustment to retained earnings at the beginning of the current period	0.00	0.00
Opening balance of the current period	459,319,132.27	151,700,337.49
Add: Net profit attributable to owners of the parent company for the current period	180,912,030.37	247,245,995.50
Less: Withdrawal of statutory surplus reserve	14,919,519.88	0.00
Dividends payable on ordinary shares	0.00	56,400,000.00
Dividends on ordinary shares transferred to share capital	0.00	0.00
Closing balance of the current period	625,311,642.76	342,546,332.99

36. OPERATING INCOME & OPERATING COST

(1) Details of operating income & operating cost

Item	Unaudited January to June in 2022		Audited January to June in 2021	
	Revenue	Cost	Revenue	Cost
Principle operations	1,063,369,356.90	743,419,941.83	1,290,819,169.25	840,842,562.72
Other operations	204,992.40	0.00	0.00	0.00
Total	1,063,574,349.30	743,419,941.83	1,290,819,169.25	840,842,562.72

(2) Income from contracts

Classification of contract	Unaudited January to June in 2022	Audited January to June in 2021
Goods	–	–
Including: Property management services	598,812,979.43	516,900,169.25
Value-added services to non-property owners	315,485,080.05	607,547,000.00
Community value-added services	149,276,289.82	166,372,000.00
Other services	0.00	0.00
Total	1,063,574,349.30	1,290,819,169.25

Classified by region	January to June in 2022	January to June in 2021
Including: Mainland of China	1,063,574,349.30	1,290,819,169.25
Classified by contract term	–	–
Including: Revenue recognised at a point of time	94,737,536.71	135,778,000.00
Revenue recognised over time	968,836,812.59	1,149,871,169.25
Other income sources	0.00	5,170,000.00
Total	1,063,574,349.30	1,290,819,169.25

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

37. SELLING EXPENSES

Item	Unaudited January to June in 2022	Audited January to June in 2021
Employee benefits	2,572,529.48	4,255,230.11
Entertainment expenses	153,286.03	1,774,578.50
Travel expenses	364,889.64	1,026,257.75
Agency consultancy fees	0.00	482,367.53
Promotion fees	-368,246.72	745,721.52
Others	316,605.85	129,393.69
Total	3,039,064.28	8,413,549.10

38. ADMINISTRATIVE EXPENSE

Item	Unaudited January to June in 2022	Audited January to June in 2021
Employee benefits	58,360,518.44	75,547,683.61
Share-based payments	3,515,087.88	0.00
Agency service fee	1,883,470.78	766,782.72
Entertainment expenses	1,604,530.56	3,777,098.58
Agency consultancy fees	2,479,411.99	7,033,786.54
Office expenses	4,557,361.37	1,079,535.05
Travel expenses	697,876.49	1,101,935.59
Amortisation of intangible assets	599,080.52	787,412.40
Transport costs	422,918.75	494,992.22
Depreciation of fixed assets	576,822.69	676,183.08
Others	1,794,325.64	12,348,585.01
Total	76,491,405.11	103,613,994.80

39. FINANCIAL COST

Item	Unaudited January to June in 2022	Audited January to June in 2021
Interest expenses	0.00	0.00
Less: Interest income	729,659.84	4,102,238.71
Add: Loss on exchange	-21,530,575.79	1,248,380.45
Other expenditures	2,018,696.29	598,991.61
Total	-20,241,539.34	-2,254,866.65

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

40. OTHER INCOME

	Unaudited January to June in 2022	Audited January to June in 2021
Sources of other income		
Government grants	7,020,137.34	3,970,668.85
Total	7,020,137.34	3,970,668.85

41. INVESTMENT INCOME

	Unaudited January to June in 2022	Audited January to June in 2021
Item		
Investment income on financial assets held-for-trading during the holding period	0.00	532,847.13
Investment income on disposal of financial assets held-for-trading	19,648,761.97	0.00
Total	19,648,761.97	532,847.13

42. GAIN ON CHANGE IN FAIR VALUE

	Unaudited January to June in 2022	Audited January to June in 2021
Source of gain on change in fair value		
Financial assets held-for-trading	-4,576,014.03	-4,522.84
Investment properties measured at fair value	0.00	-615,577.16
Total	-4,576,014.03	-620,100.00

43. LOSS ON IMPAIRMENT OF CREDIT

	Unaudited January to June in 2022	Audited January to June in 2021
Item		
Bad debt loss on notes receivable	316,884.08	0.00
Bad debt loss on accounts receivable	-35,662,223.81	-11,101,186.75
Bad debt loss on other receivables	2,037,828.74	-2,254,722.00
Total	-33,307,510.99	-13,355,908.75

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

44. LOSS ON IMPAIRMENT OF ASSETS

Item	Unaudited January to June in 2022	Audited January to June in 2021
Loss on impairment of contract assets	2,194,952.63	0.00

45. GAINS FROM DISPOSAL OF ASSET

Item	Unaudited January to June in 2022	Audited January to June in 2021	Amount recorded in non-recurring gains and losses during the current period
Gain from disposal of fixed assets	-10,100.13	0.00	-10,100.13

46. NON-OPERATING INCOME

Item	Unaudited January to June in 2022	Audited January to June in 2021	Amount recorded in non-recurring gains and losses during the current period
Forfeiture income	145,465.00	499.63	145,465.00
Gain on retirement of non-current assets	3,023.29	0.00	3,023.29
Others	286,787.34	317,429.41	286,787.34
Default payments	34,530.43	98,849.31	34,530.43
Long-term income	2,140.09	5,841.25	2,140.09
Government grants	19,785.00	0.00	19,785.00
Total	491,731.15	422,619.60	491,731.15

47. NON-OPERATING EXPENSES

Item	Unaudited	Audited	Amount recorded in non-recurring gains and losses during the current period
	January to June in 2022	January to June in 2021	
Forfeiture expenses	257.22	13,680.00	257.22
Losses on retirement of non-current assets	4,752.32	2,404.80	4,752.32
Donations	11,013.38	0.00	11,013.38
Others	1,387,918.11	2,430,462.25	1,387,918.11
Tax penalties and delayed payments	9,731.08	1,877.13	9,731.08
Extraordinary losses	0.00	2,500.00	0.00
Total	1,413,672.11	2,450,924.18	1,413,672.11

48. INCOME TAX EXPENSES

(1) Income tax expenses

Item	Unaudited January to June in 2022	Audited January to June in 2021
Current income tax calculated in accordance with tax law and related regulations	70,390,287.81	84,258,616.70
– Corporate income tax in the Mainland of China	70,390,287.81	84,258,616.70
Deferred income tax expense	-6,277,575.63	-2,804,892.27
Total	64,112,712.18	81,453,724.43

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

49. ITEMS OF THE STATEMENT OF CASH FLOW

(1) Other cash received/paid related to operating/investing/financing activities

1) Other cash received related to operating activities

Item	Unaudited January to June in 2022	Audited January to June in 2021
Current payments	55,385,126.78	42,832,564.92
Government grants	2,204,558.16	1,294,073.39
Interest income	729,659.84	4,102,238.71
Cash received from non-operating income	488,707.86	422,619.60
Refund from income tax charges	117,502.46	46,313.05
Release of frozen cash at bank	7,598,952.67	0.00
Total	66,524,507.77	48,697,809.67

2) Other cash paid related to operating activities

Item	Unaudited January to June in 2022	Audited January to June in 2021
Current payments	570,994,739.74	50,888,050.33
Selling expenses, fees for cash payment in administrative expenses	17,864,549.06	30,429,398.82
Bank charges	2,018,696.29	598,991.61
Cash paid in non-operating expenses	1,408,919.79	2,107,632.42
Frozen cash at bank	2,018,962.08	600,000.00
Total	594,305,866.96	84,624,073.18

3) Other cash paid related to investing activities

Item	Unaudited January to June in 2022	Audited January to June in 2021
Related party loans paid	0.00	0.00

49. ITEMS OF THE STATEMENT OF CASH FLOW (CONTINUED)

(1) Other cash received/paid related to operating/investing/financing activities

(Continued)

4) Other cash received related to financing activities

Item	Unaudited January to June in 2022	Audited January to June in 2021
Borrowing	0.00	0.00
Release of borrowing deposit	0.00	0.00
Total	0.00	0.00

5) Other cash paid related to financing activities

Item	Unaudited January to June in 2022	Audited January to June in 2021
Share issue costs	0.00	47,980,688.69

(2) Cash and cash equivalents

Item	Unaudited Balance as of June 30, 2022	Audited Balance as of December 31, 2021
Cash	986,712,059.88	916,094,548.97
Including: Cash on hand	21,331.00	0.00
Bank deposits available for payment at any time	982,615,104.20	914,583,738.31
Other cash at bank and on hand available for payment at any time	4,075,624.68	1,510,810.66
Closing balance of cash and cash equivalents	986,712,059.88	916,094,548.97

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

50. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to owners of the parent company by the weighted average number of ordinary shares for the six months ended June 30, 2021 and 2022. The diluted earnings per share are equal to the basic earnings per share as calculated above since the Company did not have any potential shares outstanding for the period.

	Six months ended June 30,	
	2022 Unaudited	2021 Audited
Net profit attributable to owners of the parent company	180,912,030.37	247,245,995.50
Weighted average number of shares in issue for the period	376,000,000.00	368,253,000.00
Basic earnings per share	0.48	0.67
Diluted earnings per share	0.48	0.67

51. RELATED PARTY TRANSACTIONS

1. Related transactions for the purchase and sale of goods, provision and acceptance of labor services

(1) Purchase of goods – Acceptance of labor services

Related parties	Content of related transactions	January to June in 2022 (Unaudited)	January to June in 2021 (Unaudited)
RiseSun Group	Engineering materials and labor services	7,477,258.21	6,337,000.00

(2) Sales of goods – Provision of labor services

Related parties	Content of related transactions	January to June in 2022 (Unaudited)	January to June in 2021 (Unaudited)
RiseSun Group	Services	278,548,657.80	527,803,000.00
A company controlled by the ultimate holding company	Services	0.00	738,000.00
An associate of RiseSun Group	Services	0.00	6,477,000.00
Ultimate holding company	Services	0.00	111,000.00
Ultimate Controlling Shareholder and his/her close relatives	Services	0.00	212,000.00

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

51. RELATED PARTY TRANSACTIONS (CONTINUED)

(II) Balances of current accounts from related parties

1. Items receivable

Name of item	Related parties	Balance as of June 30, 2022 (Unaudited)	Balance as of December 31, 2021 (Audited)
Notes receivable	RiseSun Group	117,653,668.50	132,248,637.14
Prepayments	RiseSun Group	137,642.10	246,306.58
Other receivables	RiseSun Group	129,241,854.30	143,741,034.93
Other receivables	A company controlled by the ultimate controlling company	91,457.96	5,000,000.00
Accounts receivable	RiseSun Group	961,105,372.10	919,957,942.44
Accounts receivable	An associate of RiseSun Group	3,609,879.71	4,578,202.70
Accounts receivable	A company controlled by the ultimate controlling company	23,802,128.64	16,683,086.34
Contract assets	RiseSun Group	31,828,146.42	43,626,869.42
Contract assets	An associate of RiseSun Group	0.00	1,287,404.17
Contract assets	A company controlled by the ultimate controlling company	0.00	701,704.78

2. Items payable

Name of item	Related parties	Balance as of June 30, 2022 (Unaudited)	Balance as of December 31, 2021 (Audited)
Accounts payable	RiseSun Group	34,700,978.89	41,357,027.57
Accounts payable	A company controlled by the ultimate controlling company	3,200.00	0.00
Accounts payable	An associate of RiseSun Group	25,115,832.00	0.00
Other payables	RiseSun Group	31,535,887.90	31,686,475.39
Other payables	An associate of RiseSun Group	0.00	25,124,500.00
Other payables	A company controlled by the ultimate controlling company	81,820.82	71,820.82
Deposit received	RiseSun Group	0.00	3,798.18
Contract liabilities	RiseSun Group	17,445,598.46	72,957,452.32
Contract liabilities	A company controlled by the ultimate controlling company	0.00	117,056.15
Contract liabilities	The ultimate holding company	0.00	25,379.25

GLOSSARY AND DEFINITIONS

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

“Listing Date”	January 15, 2021, on which dealings in the H Shares first commenced on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
“Mr. Geng”	Mr. Geng Jianming (耿建明), one of the Controlling Shareholders and the brother of Mr. Geng Jianfu, the chairman of our Board and an executive Director
“Nomination Committee”	the nomination committee of the Company
“Non-GAAP”	non-generally accepted accounting principles
“Prospectus”	the prospectus of the Company dated December 31, 2020
“Period” or “Relevant Period”	the six months ended June 30, 2022
“Remuneration Committee”	the remuneration committee of the Company
“RiseSun Construction Engineering”	RiseSun Construction Engineering Co., Ltd.* (榮盛建設工程有限公司), a limited liability company established in the PRC on November 12, 1998 and one of the Controlling Shareholders
“RiseSun Group”	RiseSun Real Estate Development and its subsidiaries, which exclude the Group
“RiseSun Holdings”	RiseSun Holdings Co., Ltd.* (榮盛控股股份有限公司), a joint stock company with limited liability established in the PRC on July 31, 2002 and one of the Controlling Shareholders
“RiseSun Real Estate Development”	RiseSun Real Estate Development Co., Ltd.* (榮盛房地產發展股份有限公司) (formerly known as RiseSun Property Development Co., Ltd.* (廊坊開發區榮盛房地產開發有限公司)), a limited liability company established in the PRC on December 30, 1996, listed on the Shenzhen Stock Exchange (stock code: 002146) and one of the Controlling Shareholders
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each

GLOSSARY AND DEFINITIONS

“Shareholder(s)”	holder(s) of the Shares
“Shengyide Commercial”	Xianghe Shengyide Commercial Consulting Center (Limited Partner)* (香河盛繹德商務信息諮詢中心(有限合夥)), a limited partnership established in the PRC on May 13, 2020 and one of our Shareholders
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“US\$”	United States dollars
“Yinsilang”	Beijing Yinsilang Information Technology Company Limited* (北京銀思朗信息技術有限公司)
“Zhonghong Kaisheng”	Hebei Zhonghong Kaisheng Investment Co., Ltd.* (河北中鴻凱盛投資股份有限公司), a joint stock company with limited liability established in the PRC on December 12, 2015 and one of our Shareholders
“%”	per cent