融信服务 RONSHINE SERVICE

Stock Code 2207.HK

2023 INTERIM REPORT

RONSHINE SERVICE

融信服务集团股份有限公司

Ronshine Service Holding Co.,Ltd

(incorporated in the Cayman Islands with limited liability)

LET SERVICES CREATE VALUE

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ou Zonghong *(Chairman)*
(resigned on 12 September 2023)
Mr. Ou Guofei *(Chairman)*
(appointed on 12 September 2023)
Mr. Ma Xianghong
Ms. Lin Yi

Non-executive Director

Ms. Lin Liqiong (resigned on 12 September 2023)

Independent Non-executive Directors

Mr. Ye Azhong
Mr. Chen Zhangwang
Mr. Kwok Kin Kwong Gary

AUDIT COMMITTEE

Mr. Kwok Kin Kwong Gary *(Chairman)*
Mr. Chen Zhangwang
Mr. Ye Azhong

REMUNERATION COMMITTEE

Mr. Chen Zhangwang *(Chairman)*
Mr. Ou Zonghong (resigned on 12 September 2023)
Mr. Ou Guofei (appointed on 12 September 2023)
Mr. Ye Azhong

NOMINATION COMMITTEE

Mr. Ou Zonghong *(Chairman)*
(resigned on 12 September 2023)
Mr. Ou Guofei *(Chairman)*
(appointed on 12 September 2023)
Mr. Ye Azhong
Mr. Chen Zhangwang

AUDITOR

Elite Partners CPA Limited
Certified Public Accountants and
Registered Public Interest Entity Auditor
10/F., 8 Observatory Road
Tsim Sha Tsui
Kowloon, Hong Kong

LEGAL ADVISERS

As to Hong Kong law:
Sidley Austin

As to Cayman Islands law:
Conyers Dill & Pearman

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681, Grand Cayman, KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681, Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

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Lane 226 Panyang Road
Minhang District
Shanghai
The People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor
Dah Sing Financial Centre
248 Queen's Road East
Wanchai
Hong Kong

JOINT COMPANY SECRETARIES

Ms. Lin Yi
Ms. Lee Angel Pui Shan

AUTHORIZED REPRESENTATIVES

Ms. Lin Yi
Ms. Lee Angel Pui Shan

PRINCIPAL BANKER

China Construction Bank

WEBSITE

www.rxswy.com

STOCK CODE

Main Board of The Stock Exchange of Hong Kong
Limited: 2207

Definitions

In this report, unless the context otherwise requires, the following words and expressions have the following meanings.

"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors
"BVI"	the British Virgin Islands
"China" or "PRC"	the People's Republic of China, but for the purpose of this interim report and for geographical reference only and except where the context requires, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Company" or "Ronshine Service"	Ronshine Service Holding Co., Ltd (融信服務集團股份有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on 14 April 2020 and whose Shares are listed on the Main Board of the Stock Exchange (stock code: 2207)
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules, and unless the context requires otherwise, refers to Mr. Ou, Rongxin Yipin and Fumei International
"Corporate Governance Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Director(s)"	the director(s) of the Company
"EIT"	the PRC enterprise income tax
"Family Trust"	the discretionary and irrevocable trust established on 18 August 2020 by Mr. Ou as the settlor and protector, with HSBC International Trustee Limited as the trustee
"Fumei International"	Fumei International Co., Ltd (福美國際有限公司), a company incorporated in the BVI with limited liability on 6 April 2020, which is wholly owned by Rongan Juxiang and is one of the Controlling Shareholders
"GFA"	gross floor area

"Greater Bay Area"	the Guangdong-Hong Kong-Macao Greater Bay Area, a geographical region in China including Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen, Zhaoqing, Hong Kong and Macau Special Administrative Region of the PRC for purposes of this report
"Group", "our Group", "we", "our" or "us"	the Company and its subsidiaries
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Mr. Ou"	Mr. Ou Zonghong (歐宗洪), chairman of the Board, an executive Director and one of the Controlling Shareholders
"Other Regions"	the economic regions in China other than the Western Straits Region and Yangtze River Delta Region, which primarily include but not limited to the following municipalities and cities for the purpose of this report: Tianjin, Chengdu, Chongqing, Pu'er, Taiyuan, Qingdao, Jiujiang, Nanchang, Changsha, Zhengzhou, Cangzhou, Baise, Hechi, Hezhou, Wuzhou, Jiangmen, Guangzhou, Fuyang, Qinzhou, Dezhou and Lanzhou
"Reporting Period"	the six months ended 30 June 2023
"RMB"	Renminbi, the lawful currency of the PRC
"Rongan Juxiang"	Rongan Juxiang Co., Ltd, a special purpose holding vehicle incorporated in the BVI with limited liability on 28 April 2020, which is wholly owned by HSBC International Trustee Limited, the trustee of the Family Trust

"Rongxin Yipin"	Rongxin Yipin Co., Ltd (融心一品有限公司), a company incorporated in the BVI with limited liability on 6 April 2020, which is wholly owned by Rongan Juxiang and is one of the Controlling Shareholders
"Ronshine China"	Ronshine China Holdings Limited (融信中國控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 11 September 2014, whose shares are listed on the Main Board of the Stock Exchange (stock code: 3301)
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) with nominal value of HK$0.01 each in the share capital of the Company, which are traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange
"Shareholder(s)"	holder(s) of the Share(s)
"sq.m."	square meter(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Western Straits Region"	an economic zone in China primarily including Fujian province, parts of Zhejiang province, Jiangxi province and Guangdong province, including but not limited to the following cities for the purpose of this report: Fuzhou, Xiamen, Sanming, Putian, Nanping, Quanzhou, Zhangzhou and Longyan
"Yangtze River Delta Region"	an economic region in China primarily encompassing Shanghai, parts of Zhejiang province and parts of Jiangsu province, including but not limited to the following municipalities and cities for the purpose of this report: Shanghai, Hangzhou, Huzhou, Shaoxing, Jiaxing, Zhoushan, Jinhua, Ningbo, Tongxiang, Wenzhou, Wuxi, Xuzhou, Changzhou, Suzhou, Zhenjiang, Nantong and Nanjing
"%"	per cent

Financial Highlights

The Board is pleased to announce the unaudited interim condensed consolidated results of the Group for the Reporting Period.

Interim Condensed Consolidated Income Statement

	For the six months ended 30 June		Change in
	2023	2022	percentage
	(RMB'000)		(%)
	Unaudited	Unaudited	
Revenue	**438,044**	434,240	0.9%
Cost of sales	**(353,793)**	(342,401)	3.3%
Gross profit	**84,251**	91,839	(8.3%)
Other income and other gains	**2,202**	2,454	(10.3%)
Profit before income tax	**18,518**	47,666	(61.2%)
Profit for the period	**12,585**	35,335	(64.4%)
— attributable to owners of the Company	**12,585**	32,465	(61.2%)
— attributable to non-controlling interests	**0**	2,870	(100.0%)

	As at 30 June 2023	As at 31 December 2022	Change in percentage
	(RMB'000)		(%)
	Unaudited	Audited	
Total assets	**1,213,158**	1,198,023	1.3%
Total liabilities	**499,034**	496,284	0.6%
Total equity	**714,324**	701,739	1.8%

Chairman's Statement

Dear Shareholders,

Thank you for your valuable support and trust in Ronshine Service. On behalf of the Board of Directors, I am pleased to present you with the interim results of the Group for the six months ended 30 June 2023.

For the six months ended 30 June 2023, the revenue of the Group amounted to RMB438.0 million, representing an increase of approximately 0.9% as compared with the corresponding period of last year. During the Reporting Period, the Group's revenue from property management services recorded a year-on-year increase of approximately 25.8% to RMB347.7 million, accounting for approximately 79.4% of the total revenue; the Group's revenue from value-added services to non-property owners decreased by approximately 50.8% as compared with the corresponding period of last year to RMB65.5 million, accounting for approximately 15.0% of the total revenue; the revenue from community value-added services recorded a year-on-year increase of approximately 0.3% to RMB24.7 million, accounting for approximately 5.6% of the total revenue. A healthier revenue structure has been seen in the property management services, the value-added services to non-property owners and the community value-added services.

The year of 2023 marks the start of the three-year strategic plan of the Group with "deep cultivation and growth" as its strategic theme. "Deep cultivation" means that facing the uncertainties in the current macroeconomic situation and the industrial downturn, the Group will "strengthen lower-tier markets and cultivate internal strength", by "consolidating the fundamentals" at the business level, "enhancing quality" at the standard level and "strengthening external expansion" at the independence level. "Growth" means that in the context that the property management industry still has huge development potentials and broad prospects, the Group will "break through upwards and make horizontal expansion", by "spreading brand" to enhance influence, upholding a business philosophy of "steady development" and "empowering with value-added services" at the organizational building level.

In line with the strategic theme of "deep cultivation and growth", the Group will insist on cultivating core areas in the future. The Group will vigorously acquire project resources in areas where the Group has good market position to improve project density, thereby creating more spaces in revenue growth and cost reduction. Meanwhile, we will proceed to push forward the development strategy of "1+N", endeavoring to explore diversified value-added services on the basis of consolidating service qualities and strengthening basic property services. Besides, we will also adhere to technological innovation to enhance the Group's software and hardware strengths, and take good advantage of the technology-driven management efficiency improvement to offset the impact of the increasing labour cost on the Group's profitability.

For a long time, the Group has been exploring the management model during the industrial downturn, upholding the corporate mission of "letting service create value (讓服務創造價值)", and insisting on the service philosophy of "working hard to bring satisfaction and affection to our customers (用心讓您滿意，努力讓您感動)". As of July 2023, the Company has launched special programmes such as the "Spring Thunder Action（春雷行動）" and the "Revenue Growth and Efficiency Improvement（增收提效）", aiming to further enhance management efficiency and bring operation efficiency to a higher level.

Last but not least, on behalf of the Board, I would like to extend my sincere gratitude to all Shareholders, investors, partners and customers of the Company for their long-term trust and support in Ronshine Service, and to all colleagues for their hard work and contributions to the Group's development over the past year. We will continue to uphold the corporate mission of "letting service create value" to stimulate development potential with high quality, and create sustainable value for the Shareholders, investors and customers.

Ronshine Service Holding Co., Ltd
Ou Zonghong
Executive Director and Chairman

30 August 2023

Business Review and Outlook

OVERVIEW AND OUTLOOK

Business Overview

The Group is principally engaged in the provision of property management services and related value-added services, including pre-delivery services, household assistance service, sales services and other services, in the PRC.

The Group is a large-scale and professional property management service enterprise with national first-class qualification, a council member of China Property Management Institute (中國物業管理協會) and the vice president of Fujian Property Management Association (福建省物業管理協會). The Group's business covers a wide range of properties, including residential properties and non-residential properties (such as commercial office buildings, city complexes, government office buildings, industrial parks, hospitals and banks), as well as other specialized and high-quality customized services.

The Group is dedicated to creating "quality, cozy and loving" (有品質、有溫度、有愛) communities together with its numerous customers by adhering to the service philosophy of "working hard to bring satisfaction and affection to its customers" (用心讓您滿意，努力讓您感動) and building a "better + (美好+)" community life service system; and is committed building a high-end service brand by implementing the "ROYEEDS (融御)" high-end service system for high-end residential properties to provide property owners with elegant, healthy, respectful and comfortable customized services.

Our Business Model

The Group has three major business lines: (i) property management services, (ii) value-added services to non-property owners, and (iii) community value-added services.

Property Management Services

During the Reporting Period, property management services accounted for approximately 79.4% of total revenue and approximately 88.3% of gross profit.

Revenue from the provision of property management services amounted to approximately RMB347.7 million for the six months ended 30 June 2023, representing a period-on-period increase of approximately 25.8% compared to approximately RMB276.3 million for the six months ended 30 June 2022, which was mainly attributable to the increase in property management projects.

Gross profit of the property management services business amounted to approximately RMB74.4 million, representing an increase of approximately 16.6% compared to approximately RMB63.8 million for the same period in 2022, and gross profit margin for the Reporting Period was approximately 21.4%, representing a decrease of approximately 7.4% compared to approximately 23.1% as of 30 June 2022.

During the Reporting Period, both GFA under management and contracted GFA recorded high growth, laying a solid foundation for our income growth. As of 30 June 2023, the GFA under management reached approximately 37.4 million sq.m., representing an increase of approximately 11.0%, or a net increase of approximately 3.7 million sq.m., compared to approximately 33.7 million sq.m. as of 31 December 2022. The contracted GFA reached approximately 48.5 million sq.m., representing an increase of approximately 5.9%, or a net increase of approximately 2.7 million sq.m., compared to approximately 45.8 million sq.m. as at 31 December 2022.

During the Reporting Period, the number of projects under management reached 236, located in the Western Straits Region, Yangtze River Delta Region and Other Regions in China, covering 68 cities.

Value-added Services to Non-property Owners

During the Reporting Period, value-added services to non-property owners accounted for approximately 15.0% of total revenue and approximately 5.6% of gross profit.

Revenue from value-added services to non-property owners amounted to approximately RMB65.5 million during the Reporting Period, representing a period-on-period decrease of approximately 50.8%, as compared to approximately RMB133.2 million for the corresponding period in 2022.

The Group's value-added services to non-property owners primarily consist of (i) sales assistance services; (ii) preliminary planning, design consultancy and pre-delivery services; and (iii) driving and vehicle dispatching and managing services. During the Reporting Period, sales assistance services income reached approximately RMB16.7 million, representing a period-on-period decrease of approximately 75.6%; preliminary planning, design consultancy and pre-delivery services income reached approximately RMB18.7 million, representing a period-on-period decrease of approximately 44.6%. The decrease in income from both services is due to the continued downturn in the real estate market, which resulted in the decreased demand for services by property developers; and driving and vehicle dispatching and managing services income reached approximately RMB30.1 million, representing a period-on-period decrease of approximately 2.9%.

Community Value-added Services

During the Reporting Period, community value-added services accounted for approximately 5.6% of total revenue and approximately 6.1% of the Group's gross profit.

Revenue from the provision of community value-added services reached approximately RMB24.8 million as of 30 June 2023, representing an increase of approximately 0.3% as compared to approximately RMB24.7 million as of 30 June 2022. The revenue from this operation increased by 0.3%, remaining relatively stable.

The Group's community value-added services consist of (i) community shopping services (Joyful Life Service) (和美生活); (ii) decoration and furnishing services and home maintenance services (Joyful Living Service) (和美易居); (iii) property agency services (Joyful Leasing and Sale Service) (和美租售); and (iv) ancillary services for common areas, which primarily include advertising in and rental of common areas of residential properties under the Group's management.

During the Reporting Period, revenue from Joyful Life Service reached approximately RMB8.2 million, representing a period-on-period increase of approximately 10.1% as compared to approximately RMB7.5 million as of 30 June 2022; income from Joyful Living Service reached approximately RMB3.3 million, representing a period-on-period increase of approximately 18.5% as compared to approximately RMB2.8 million of the corresponding period in 2022; income from Joyful Leasing and Sale Service reached approximately RMB8.3 million, representing a period-on-period decrease of approximately 27.2% as compared to approximately RMB11.3 million as of 30 June 2022, which was mainly attributable to the continued downturn in the real estate market and income. Income from ancillary services for common areas reached approximately RMB5.0 million, representing a period-on-period increase of approximately 59.9%.

Outlook

2023 marks the third year of the Company's listing on the Main Board of the Stock Exchange (the "**Listing**"). Since the Listing, with a clearer strategic positioning and development direction, the Company has been able to further expand its scale of development by taking advantage of the listing platform, enhance the Group's operational management capabilities and achieve its high quality development goal. The Group's major development directions for the second half of 2023 are set out below.

1. **Cultivating Core Areas.** We seek to enhance the project density of the Company's existing core areas through strategic investments and acquisitions, so as to consolidate and strengthen the Company's competitiveness and influence in the core areas. Due to the fragmented property management industry in the PRC and given that competition varies from region to region, we believe that further acquisition of project resources in the Western Straits Region and the Yangtze River Delta Region where the Company has presence, will effectively increase the Company's management density in the core areas, thus further increasing revenue and reducing cost. Meanwhile, the brand competitiveness in the region can be simultaneously strengthened, thereby improving the Company's competitiveness and influence in the property management industry from all aspects.

2. **Diversifying our Revenue Streams.** We will continue to implement our "1+N" strategy, expand our value-added services and offer tailored services to further diversify our revenue streams, where the "1" represents the traditional property management service, and the "N" represents both value-added services to non-property owners and community value-added services. We always believe that our "1+N" strategy will help us enhance our traditional property management services, particularly with respect to non-residential properties, and further diversify value-added services to both residential properties and a wide range of non-residential properties to expand our cooperation with independent third parties to increase our market share overall in a balanced manner.

3. **Improving our Service Quality and Operational Efficiency.** We will focus on technology innovation and further upgrade of our intelligent information technology systems to maximize operational efficiency and enhance customer experience. We believe that such upgrade and development will facilitate a smoother running of our daily operations, reduce labor costs, achieve maximized operational efficiency, and eventually improve our profitability.

4. **Building our ROYEEDS (融御) Brand for High-end Properties Management.** We will leverage our experience in managing mid- to high-end properties to further build our ROYEEDS (融御) brand into a leading property management brand for high-end properties. We plan to launch more projects under the brand in first-tier cities in the PRC and also plan to launch pilot project(s) in second-tier cities as well as other cities in the PRC with relatively high consumer spending power. The brand marketing for the ROYEEDS (融御) project will also be implemented to upgrade facilities and equipment for projects under the brand. We plan to increase the brand recognition of ROYEEDS (融御) by recruiting and training talents for premium service offering.

5. **Focusing on Sustainable Talent Development.** We attach great importance to the attraction, training and retention of professional talents. For talent attraction, we plan to place greater emphasis on lateral recruitment in the market. For talent retention, we plan to offer more diversed promotion opportunities, such as internal election campaigns. Meanwhile, we will keep outstanding personnel from acquired companies.

Management Discussion and Analysis

SUMMARY OF OPERATING RESULTS

The profit margins of the Group vary across its three main business lines, namely, (i) property management services, (ii) value-added services to non-property owners and (iii) community value-added services. Any change in the structure of revenue contribution from the above three main business lines or change in gross profit margin of any business line may have a corresponding impact on its overall gross profit margin.

PROPERTY MANAGEMENT SERVICES

For the six months ended 30 June 2023, the Group achieved speedy growth in contracted GFA and GFA under management through its strong presence in the Western Straits Region and Yangtze River Delta Region. The Group has also rapidly expanded to the economic regions in China other than the Western Straits Region and Yangtze River Delta Region, which primarily include but are not limited to the following municipalities and cities, namely Tianjin, Chengdu, Chongqing, Pu'er, Taiyuan, Qingdao, Jiujiang, Nanchang, Changsha, Zhengzhou, Cangzhou, Baise, Hechi, Hezhou, Wuzhou, Jiangmen, Guangzhou, Fuyang, Qinzhou, Dezhou and Lanzhou in the PRC market.

As at 30 June 2023, the Group's contracted GFA amounted to approximately 48.5 million sq.m., and the number of contracted projects was 302 in total, representing an increase of approximately 5.9% and approximately 7.9%, respectively, compared with those as of 31 December 2022. For the six months ended 30 June 2023, revenue generating GFA under management by the Group reached approximately 37.4 million sq.m., and the number of projects under management were 236, representing an increase of approximately 11.0% and approximately 10.3%, respectively, compared with those as of 31 December 2022.

The average property management fee of the Group for the Reporting Period amounted to RMB3.1 per sq.m., staying at the same level as that of the corresponding period in 2022.

The table below sets forth the movement in the Group's contracted GFA and GFA under management for the six months ended 30 June 2023 and 2022 respectively:

	For the six months ended 30 June 2023		For the six months ended 30 June 2022	
	Contracted GFA ('000 sq.m.)	**GFA under management ('000 sq.m.)**	Contracted GFA ('000 sq.m.)	GFA under management ('000 sq.m.)
As of the beginning of the period	**45,848**	**33,707**	44,573	28,879
New engagements	**2,633**	**3,735**	365	2,484
As of the end of the period	**48,481**	**37,442**	44,938	31,363

GEOGRAPHIC PRESENCE OF THE GROUP

As at 30 June 2023, the Group had expanded its geographic presence to 68 cities in China.

The table below sets forth a breakdown of the Group's total GFA under management and total revenue generated from property management services by geographic location for the six months ended 30 June 2023 and 2022 respectively:

	For the six months ended 30 June 2023			For the six months ended 30 June 2022		
	GFA ('000 sq.m.)	**Revenue (RMB'000)**	**%**	GFA ('000 sq.m.)	Revenue (RMB'000)	%
The Western Straits Region	**18,916**	**202,458**	**58.2%**	16,998	159,212	57.6%
The Yangtze River Delta Region	**9,725**	**113,642**	**32.7%**	7,314	81,191	29.4%
Other Regions	**8,801**	**31,599**	**9.1%**	7,051	35,904	13.0%
Total	**37,442**	**347,699**	**100%**	31,363	276,307	100%

VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

The Group provides a series of value-added services to non-property owners, which primarily includes property developers. The Group's value-added services to non-property owners primarily consist of (i) sales assistance services; (ii) preliminary planning, design consultancy and pre-delivery services; and (iii) driving and vehicle dispatching and managing services, under which it provides drivers and related car management services to its customers on an on-demand basis according to the terms of relevant agreements.

The table below sets forth a breakdown of the Group's revenue generated from its value-added services to non-property owners for the six months ended 30 June 2023 and 2022 respectively:

	For the six months ended			
	30 June 2023		30 June 2022	
	RMB'000	**%**	RMB'000	%
Sales assistance services	**16,685**	**25.5%**	68,361	51.3%
Preliminary planning, design consultancy and pre-delivery services	**18,739**	**28.6%**	33,820	25.4%
Driving and vehicle dispatching and managing services	**30,106**	**45.9%**	31,020	23.3%
Total	**65,530**	**100%**	238,160	100%

COMMUNITY VALUE-ADDED SERVICES

The Group provides a wide range of community value-added services to property owners and residents. The Group's community value-added services primarily consist of (i) community shopping services ("**Joyful Life Service**") (和美生活); (ii) decoration and furnishing services and home maintenance services ("**Joyful Living Service**") (和美易居); (iii) property agency services ("**Joyful Leasing and Sale Service**") (和美租售); and (iv) ancillary services for common areas, which primarily include advertising in and rental of common areas of residential properties under the Group's management.

In the first half of 2023, the revenue from community value-added services increased by approximately 0.3% to approximately RMB24.8 million compared to approximately RMB24.7 million in the same period of 2022, mainly due to the increase in revenue from ancillary services for common areas. During the six months ended 30 June 2023, revenue from community value-added services accounted for approximately 5.6% of total revenue.

The following table sets forth the revenue breakdown of community value-added services of the Group for the six months ended 30 June 2023 and 2022 respectively:

	For the six months ended			
	30 June 2023		30 June 2022	
	RMB'000	**%**	RMB'000	%
Joyful Life Service (和美生活)(1)	**8,222**	**33.1%**	7,467	30.2%
Joyful Living Service (和美易居)(2)	**3,266**	**13.2%**	2,756	11.1%
Joyful Leasing and Sale Service (和美租售)(3)	**8,264**	**33.3%**	11,344	45.9%
Ancillary services for common areas(4)	**5,063**	**20.4%**	3,165	12.8%
Total	**24,815**	**100%**	24,732	100%

Notes:

(1) Under Joyful Life Service (和美生活), the Group mainly provides community shopping services to property owners and residents of the properties under the Group's management. The majority portion of the Group's community shopping services is the offline community shopping services, under which the Group mainly sells popular products for selected holidays to property owners and/or residents at designated locations at residential properties under its management. The products generally include gift baskets, mooncakes and other popular gifts that suit the property owners and/or residents' holiday shopping needs.

(2) Under Joyful Living Service (和美易居), the Group mainly provides decoration work such as building balcony enclosures to property owners of the residential properties under its management. The Group generally provides such services through sub-contractors and charge a fixed amount fee for the work as agreed between the property owners and the Group. In addition, the Group also provides a referral service to introduce property owners and/or residents to qualified contractors for other decoration work and charge a fixed fee for each successful introduction that result in an agreement between contractors and the property owner or resident regarding the agreed work. For the furnishing services, the Group may purchase interior decorations, home appliances and accessories according to the property owners' or residents' preferences and budgets.

(3) The Joyful Leasing and Sale Service (和美租售) includes property agency services under which the Group assists property owners in search for buyers or tenants, marketing and liaising with potential buyers and tenants. Typically, once the potential buyer or tenant reaches an agreement with respect to the sale or lease of the property with the property owner, the Group would help guide the property owner to complete the transaction.

(4) The Group provides ancillary services for common areas, which mainly include advertising in and rental of common areas of the properties under the Group's management.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2023, the Group derived its revenue from (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 from such sources for the six months ended 30 June 2023 and 2022 respectively:

	For the six months ended 30 June		Change in percentage
	2023	2022	
	RMB'000	RMB'000	
Revenue			
Property management services	**347,699**	276,307	25.8%
Value-added services to non-property owners	**65,530**	133,201	(50.8)%
Community value-added services	**24,815**	24,732	0.3%
Total	**438,044**	434,240	

The revenue of the Group increased by approximately 0.9% from approximately RMB434.2 million for the six months ended 30 June 2022 to approximately RMB438.0 million for the six months ended 30 June 2023, remaining relatively stable.

Cost of sales

The Group's cost of sales primarily included employee benefit expenses, greening and cleaning expenses, maintenance costs, security personnel expenses, office expenses, taxes and other levies, lease payments on short-term leases, depreciation and amortization charges and others.

During the Reporting Period, the cost of sales of the Group increased by approximately 3.3% from approximately RMB342.4 million for the six months ended 30 June 2022 to approximately RMB353.8 million for the six months ended 30 June 2023.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit decreased by approximately 8.3% from approximately RMB91.8 million for the six months ended 30 June 2022 to approximately RMB84.3 million for the six months ended 30 June 2023.

The Group's gross profit margin decreased from approximately 21.1% for the six months ended 30 June 2022 to approximately 19.2% for the six months ended 30 June 2023.

The gross profit margin of the Group by business line is as follows:

	For the six months ended 30 June	
	2023	2022
	%	%
Property management services	**21.4**	23.1
Value-added services to non-property owners	**7.2**	14.6
Community value-added services	**20.6**	34.5
Overall gross profit margin	**19.2**	21.1

Other income

During the Reporting Period, the Group's other income primarily included (i) additional deduction of value-added input tax, and (ii) government grants, which mainly comprised of government subsidies for creating jobs to support local economies. The Group's other income decreased by approximately 19.9% from approximately RMB2.4 million for the six months ended 30 June 2022 to approximately RMB1.9 million for the six months ended 30 June 2023.

Other gains or losses – net

The Group's other gains primarily consisted of (i) gains from forfeited deposits from tenants of non-residential properties, and (ii) others.

The Group's other gains increased by approximately 480.9% from approximately RMB0.05 million for the six months ended 30 June 2022 to approximately RMB0.3 million for the six months ended 30 June 2023, mainly due to the fluctuation in exchange gains or losses.

Selling and marketing expenses

The Group's selling and marketing costs mainly included (i) advertising expenses, which were primarily costs for advertising and marketing activities to promote the brands of the Group, (ii) marketing and sales employee benefit expenses relating to sales and marketing activities, and (iii) others, which mainly included traveling and entertainment expenses.

The Group's selling and marketing costs decreased by approximately 64.7% from approximately RMB2.7 million for the six months ended 30 June 2022 to approximately RMB1.0 million for the six months ended 30 June 2023, primarily due to a slowdown in marketing activities conducted by the Group as traffic in shopping malls recovered and returned to normal without the need for further promotional activities.

Administrative expenses

The Group's administrative expenses primarily consisted of (i) employee benefit expenses for the Group's administrative staff, (ii) listing expenses, (iii) office expenses, (iv) travelling and entertainment expenses, (v) depreciation and amortization charges, (vi) consultancy fee for research on the Group's market positioning, (vii) lease payments on short term leases and (viii) others, which mainly included amortization of low-value consumables, expenses for insurance and training.

The Group's administrative expenses decreased by approximately 8.7% from approximately RMB38.0 million for the six months ended 30 June 2022 to approximately RMB34.7 million for the six months ended 30 June 2023, primarily due to the sound management and control on expenses by the Company.

Finance (cost)/income, net

The Group's net finance (cost)/income mainly included interest income from bank deposits and interest expense from lease liabilities.

Finance costs increased by approximately 19.2% from approximately RMB0.12 million for the six months ended 30 June 2022 to approximately RMB0.14 million for the six months ended 30 June 2023.

Finance income decreased by approximately 52.6% from approximately RMB1.7 million for the six months ended 30 June 2022 to approximately RMB0.8 million for the six months ended 30 June 2023, due to the decrease in interest income.

Profit before income tax

As a result of the aforementioned changes in the Group's financials, the Group's profit before income tax decreased by approximately 61.2% from approximately RMB47.7 million for the six months ended 30 June 2022 to approximately RMB18.5 million for the six months ended 30 June 2023.

Income tax expenses

The Group's income tax expenses consist of current and deferred tax expenses in the PRC by the Company and its subsidiaries. Income tax expenses comprise provisions made for EIT (including deferred income tax).

The Group's income tax expenses decreased by approximately 51.9% from approximately RMB12.3 million for the six months ended 30 June 2022 to approximately RMB5.9 million for the six months ended 30 June 2023.

The effective income tax rate of the Group for the six months ended 30 June 2023 was 32.0%, compared to 26.0% for the six months ended 30 June 2022. Effective income tax was calculated based on EIT divided by profit before income tax.

Profit for the period attributable to owners of the Company

As a result of the aforementioned changes in the Group's financials, the Group's profit for the period attributable to owners of the Company decreased by approximately 61.2% from approximately RMB32.5 million for the six months ended 30 June 2022 to approximately RMB12.6 million for the six months ended 30 June 2023.

Profit for the period attributable to non-controlling interests

Profit for the period attributable to non-controlling interests decreased by approximately 100% from approximately RMB2.9 million for the six months ended 30 June 2022 to nil for the six months ended 30 June 2023.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

As at 30 June 2023, the Group's trade receivables amounted to approximately RMB329.8 million, representing an increase of approximately RMB12.4 million or approximately 3.9% compared with approximately RMB317.4 million as of 31 December 2022. The increase was mainly due to the fact that the receivables due from related parties and third parties increased as a result of the weak performance of the real estate industry in general, leading to a longer settlement cycle.

Trade payables

Trade payables primarily represent the Group's obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers, including purchases of materials and utilities and purchases from subcontractors. The Group typically pays its suppliers on a monthly payment term.

As at 30 June 2023, the Group's trade payables amounted to approximately RMB146.7 million, representing an increase of approximately 0.2% from approximately RMB146.3 million as of 31 December 2022, remaining relatively stable.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, the Group's net current assets amounted to approximately RMB669.7 million (31 December 2022: approximately RMB670.6 million). Specifically, the Group's total current assets increased by approximately 0.2% from approximately RMB1,163.8 million as at 31 December 2022 to approximately RMB1,165.6 million as at 30 June 2023. The Group's total current liabilities increased by approximately 0.5% from approximately RMB493.2 million as at 31 December 2022 to approximately RMB495.9 million as at 30 June 2023, remaining relatively stable.

As at 30 June 2023, the Group had cash and bank balances of approximately RMB667.3 million (31 December 2022: approximately RMB724.1 million), with no borrowings (31 December 2022: Nil).

CONTINGENT LIABILITIES

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

KEY FINANCIAL RATIOS

Current ratio

As at 30 June 2023, the current ratio of the Group was 2.4 times (31 December 2022: 2.4 times). The Group's current ratio remained relatively stable. The current ratio is calculated as current assets divided by current liabilities as of the same date.

Gearing ratio

As at 30 June 2023, the gearing ratio of the Group was 0.9% (31 December 2022: 0.8%), mainly due to the increase of total equity. The gearing ratio is calculated as total interest-bearing borrowings, including lease liabilities, divided by total equity as of the end of the relevant year/period and multiplied by 100%.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to focus on its business strategies as set out in the prospectus of the Company dated 30 June 2021 (the "**Prospectus**"). As at the date of this report, save as disclosed in the Prospectus and the section headed "Change in use of proceeds" in this report, the Group has no plan for any material investments or capital assets.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

CHANGE IN DIRECTORS' INFORMATION

During the Reporting Period, there was no change in information on the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

FOREIGN CURRENCY RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. Any depreciation of Renminbi would adversely affect the value of any dividends that the Group pays to the Shareholders outside of the PRC. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

SIGNIFICANT INVESTMENTS HELD

During the Reporting Period, the Group did not hold any significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

PLEDGE OF ASSETS

As at 30 June 2023, none of the assets of the Group were pledged.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2023, the Group employed a total of 5,848 full-time employees (31 December 2022: 4,620 full-time employees). For the six months ended 30 June 2023, the staff cost recognised as expenses of the Group amounted to approximately RMB206.4 million.

The remuneration policy of the Group is to provide remuneration packages including salary, bonus and various allowances, so as to attract and retain top quality staff. In general, the Group determines employee salaries based on each employee's qualification, position and seniority. The Group has designed a periodical review system to assess the performance of its employees, which forms the basis of the determination on salary raise, bonus and promotion. As required by PRC regulations, the Group makes contributions to mandatory social security funds for the benefit of the Group's PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds.

Furthermore, the Group has implemented systematic, specialty-focused vocational training programs for its employees at different levels on a regular basis to meet different requirements and emphasise individual initiatives and responsibilities. The Group believes that these initiatives have contributed to increased employee productivity.

The Group's employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the Reporting Period, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the operations of the Group.

During the Reporting Period, the Company did not have any share schemes.

NET PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The shares of the Company were listed on the Stock Exchange on 16 July 2021. The net proceeds received by the Company from the Global Offering (as defined in the Prospectus), including the partial exercise of the over-allotment option, were approximately HK$628.5 million (the "**Net Proceeds**").

As set out in the Prospectus, the Company intended to use the Net Proceeds for the purposes as follows:

(i) approximately 60.0%, will be used to pursue selective strategic investment and acquisition opportunities and further develop strategic partnerships to expand the Group's business scale and geographic coverage;

(ii) approximately 11.0% will be used to further diversify the Group's project portfolio and value-added services;

(iii) approximately 15.0% will be used to develop and upgrade hardware and software used in the Group's operations;

(iv) approximately 4.0% will be used to further develop the Group's property management services provided to high-end properties under the ROYEEDS (融御) brand; and

(v) approximately 10.0% will be used for general business operations and working capital.

As of 30 June 2023, approximately HK$113.0 million of the Net Proceeds had been utilised by the Group in accordance with the intended purposes stated in the Prospectus, and the unutilised Net Proceeds was held by way of bank deposits.

The following table sets forth the breakdown of the utilization and proposed utilization of the Net Proceeds as of 30 June 2023:

Purpose	Percentage of the Net Proceeds as stated in the Prospectus and allocation of the Net Proceeds after taking into account the partial exercise of the over-allotment option on 9 August 2021		Unutilised Net Proceeds as at 1 January 2023	Actual use of the Net Proceeds during the Reporting Period	Unutilised Net Proceeds as at 30 June 2023
	% of total amount	HK$ Million	HK$ Million	HK$ Million	HK$ Million
Pursuing selective strategic investment and acquisition opportunities	60.0%	377.1	377.1	0	377.1
Diversifying the Group's project portfolio and value-added services	11.0%	69.1	40.4	12.4	28.0
Developing and upgrading hardware and software used in the Group's operations	15.0%	94.3	78.0	3.5	74.5
Further developing the Group's property management services provided to high-end properties under ROYEEDS	4.0%	25.1	15.4	2.1	13.3
General business operations and working capital	10.0%	62.9	25.9	3.3	22.6
Total	100%	628.5	536.8	21.3	515.5

Change in Use of Proceeds

As at the date of this report, the unutilised Net Proceeds amounted to approximately HK$515.5 million (the "**Unutilised Net Proceeds**").

As set out in the announcement of the Company dated 30 August 2023, the Board resolved to re-allocate the amount of the Unutilised Net Proceeds for the reasons set forth under the below section headed "Reasons for Change in Use of Net Proceeds" as follows:

	Original				Revised			
Purpose	Intended use of Net Proceeds as stated in the Prospectus	Approximate percentage of Net Proceeds prior to re-allocation	Net Proceeds utilised as of 30 August 2023	Net Proceeds unutilised as of 30 August 2023	Intended use of Net Proceeds subsequent to re-allocation	Approximate percentage of Net Proceeds subsequent to re-allocation	Net Proceeds unutilised subsequent to re-allocation	Expected timeframe for full utilisation of the Net Proceeds
	HK$ million	% of the total amount	HK$ million	HK$ million	HK$ million	% of the total amount	HK$ million	
(i) Pursue selective strategic investment and acquisition opportunities	377.1	60.0%	0.0	377.1	158.0	25.1%	158.0	On or before 31 December 2026
(ii) Diversifying the Group's project portfolio and value-added services	69.1	11.0%	41.1	28.0	206.1	32.8%	165.0	On or before 31 December 2026
(iii) Developing and upgrading hardware and software used in the Group's operations	94.3	15.0%	19.8	74.5	130.9	20.8%	111.1	On or before 31 December 2026
(iv) Further developing the Group's property management services provided to high-end properties under ROYEEDS	25.1	4.0%	11.8	13.3	58.0	9.3%	46.2	On or before 31 December 2026
(v) General business operations and working capital	62.9	10.0%	40.3	22.6	75.5	12.0%	35.2	–
Total	628.5	100%	113.0	515.5	628.5	100%	515.5	

The initial expected timeframe for full utilisation of the Net Proceeds was on or before 31 December 2023. As a result of the overall market sentiment in the real estate sector in the PRC and the outbreak of the COVID-19 pandemic (the "**Pandemic**") over the past three years, the progress of use of the Net Proceeds has been delayed. For these reasons and as further elaborated below, the expected timeframe for full utilisation of the Unutilised Net Proceeds as set out above are extended to on or before 31 December 2026.

Reasons for Change in Use of Net Proceeds

The Group is principally engaged in the provision of property management services and related value-added services, including pre-delivery services, household assistance service, sales services and other services, in the PRC. Due to the combined effect of the overall underperformance of the real estate sector, the downturn in the PRC market and the resurgence of the Pandemic, which had a significant impact on the operational environment of the entire property management service industry, the Board is of the view that the use of the Unutilised Net Proceeds should be appropriately adjusted to better cope with the current economic conditions and future challenges brought by the Pandemic.

(i) Changes in allocation of the Unutilised Net Proceeds for pursuing selective strategic investment and acquisition opportunities

Since the Company's listing on the Main Board of the Stock Exchange on 16 July 2021, the Group has been actively seeking targets for strategic merger and acquisition that meet the requirements of the Company, namely small to medium-sized third-party property management companies based in the Yangtze River Delta Region, Other Regions (particularly the Greater Bay Area and mid-western region) and Western Straits Region in the PRC. Nevertheless, under the impacts from the outbreak of the Pandemic and the dynamic changes in the domestic real estate market in the PRC, the profitability of the targeted companies for merger and acquisition has been affected to a large extent, which has indirectly led to a significant decrease in the number of strategic acquisition targets that meet the Company's requirements and in turn the idling of the Unutilised Net Proceeds allocated for such use. The Board has been closely monitoring the market development for possible merger and acquisition targets which meet the Company's requirements and has been adopting a more prudent approach to assess acquisitions in view of the current market conditions. However, it is still uncertain to the Board when the real estate market would recover and more high quality merger and acquisition targets would become available. Therefore, the Board considered that instead of placing the Unutilised Net Proceeds allocated for pursuing selective strategic investment and acquisition opportunities in other third-party property management companies into licensed banks for minimal interest income pending a rebound of the real estate market, it would be more sensible to re-allocate a portion of such Unutilised Net Proceeds towards other purposes, in particular, diversifying the Group's project portfolio and value-added services, developing and upgrading hardware and software used in the Group's operations, further developing the Group's property management services provided to high-end properties under ROYEEDS, and as general working capital of the Group to support its business operations.

(ii) Changes in allocation of the Unutilised Net Proceeds for diversifying the Group's project portfolio and value-added services

As stated in the annual report of the Company for the year ended 31 December 2022, in order to meet the diversified and personalized needs of its customers, the Group also provides diversified value-added services such as residential beautification services, life services and home services. The Board considers to expand its business through further exploring the community value-added services and enhancing the bidding of non-residential projects to broaden the income stream. This can hedge the slowdown of additional residential projects resulting in the slowdown of income from provision of property management services and the influence from the slowdown in demand from real estate enterprises for the value-added services to non-property owners. The Board is of the view that the re-allocation of a portion of the Unutilised Net Proceeds to this segment will help the Group to further expand its service offerings and allow the Group to continue to provide training to its staff and hire relevant personnel to support its service expansion, which is in line with the Group's strategy to further diversify its project portfolio and value-added services to non-property owners to cater for various needs of the Group's customers.

The Board is of the view that the diversifying types of value-added and community value-added services that can be provided to property owners and the Group's capability to provide non-residential property management services on top of the residential property management service will increase its competitiveness to obtain contracts from independent third parties and will contribute significantly to the Group's growth in light of the current market conditions.

(iii) Changes in allocation of the Unutilised Net Proceeds for developing and upgrading hardware and software used in the Group's operations

The continuous increase in labor costs, and the difficulty for the Group to adjust the property management fees upwards on existing projects under management, pose a certain challenge to the Company to maintain the current profit level. The Board is of the view that re-allocating a portion of the Unutilised Net Proceeds to this segment will help the Group purchase and upgrade more and better quality intelligent systems and software, such as face ID recognition system, intelligent car park system, automated surveillance system and intelligent facility management system and their respective hardware, including surveillance video cameras, face ID recognition equipment, car park sensors, license plate recognition equipment and easy building automation equipment, among other things. By raising the budget in upgrading and increasing the coverage of such intelligent systems and software, the Group aims to gradually replace manual entry control with unmanned entry control and conduct automated security control, which will achieve greater efficiency in operations and reduce overall labor costs so as to maintain a more stable profitability.

(iv) Changes in allocation of the Unutilised Net Proceeds for further developing the Group's property management services provided to high-end properties under ROYEEDS

With the increase of per capita gross domestic product, it is envisaged that the demand for higher-end and better properties will emerge over time. The Group aims to leverage its experience in managing mid-to-high-end properties to further build the ROYEEDS (融御) brand into a leading property management brand for high-end properties. The Board is of the view that the re-allocation of a portion of the Unutilised Net Proceeds to this segment will help enhance the brand and strengthen the Group's competitiveness as the Group plans to launch more projects under the brand in first-tier cities in the PRC and also to launch pilot project(s) in second-tier cities as well as other cities in the PRC with relatively high consumer spending power. The additional Unutilised Net Proceeds re-allocated to this segment will also be used for brand marketing, upgrade facilities and equipment for projects under the brand, thereby increasing the brand recognition of ROYEEDS (融御), and recruiting and training talents for provision of premium service.

(v) Changes in allocation of the Unutilised Net Proceeds for general business operations and working capital

The Company originally planned to use approximately 10% of the Net Proceeds of approximately HK$62.9 million for general business operations and working capital. As at 30 August 2023, such original allocation has already been partially utilized as to approximately HK$40.3 million. As mentioned under paragraph (i) above, the Board considered that instead of placing the Unutilised Net Proceeds allocated for pursuing selective strategic investment and acquisition opportunities in other third-party property management companies into licensed banks for minimal interest income pending a rebound of the real estate market, it would be more sensible to re-allocate a portion of such Unutilised Net Proceeds towards other purposes to better utilize the idle funds for business development of the Group. Therefore, the Board is of the view that re-allocating a small portion of the Unutilised Net Proceeds to this segment as working capital will allow the Group to provide more flexibility in its financial management to support is business operations.

The Board considers that the development direction of the Company is still in line with the disclosures in the Prospectus in spite of the change in use of the Unutilised Net Proceeds as stated above. As at 30 August 2023, the Directors confirmed that there was no material change in the nature of business of the Group as set out in the Prospectus. The Directors consider that the above changes are in the best interest of the Company and its shareholders as a whole and will not have any material adverse effect on the existing business and operations of the Group.

The Board will continuously assess the plans for the use of the Unutilised Net Proceeds and may revise or amend such plans where necessary to cope with the changing market conditions and strive for better business performance for the Group.

Corporate Governance and Other Information

CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability.

The Company has adopted the Corporate Governance Code contained in Part 2 of Appendix 14 to the Listing Rules as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions under the Corporate Governance Code during the Reporting Period.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct regarding the Directors' securities transactions. All Directors have confirmed, following specific enquiry made by the Company, their compliance with the required standards contained in the Model Code during the Reporting Period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2023, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests in Shares

Name of Director	Nature of Interest/Capacity	Number of Shares or Underlying Shares (Note 1)	Approximate percentage of shareholding (Note 2)
Mr. Ou Zonghong (Note 3)	Founder of a trust	375,000,000 (L)	73.80%

Notes:

(1) The letter (L) denotes the person's long position in the relevant Shares.

(2) The calculation is based on the total number of 508,104,000 Shares in issue as at 30 June 2023.

(3) Mr. Ou was the settlor and protector of the Family Trust with HSBC International Trustee Limited as trustee. Rongan Juxiang controlled 375,000,000 Shares through its wholly owned subsidiaries, namely Rongxin Yipin as to 300,000,000 Shares and Fumei International as to 75,000,000 Shares. Each of Mr. Ou, HSBC International Trustee Limited and Rongan Juxiang was deemed to be interested in the Shares held by Rongxin Yipin and Fumei International under the SFO.

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations, which (a) were recorded in the register required to be kept by the Company under section 352 of the SFO, or (b) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

So far as is known to the Company, as at 30 June 2023, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Name of Shareholders	Nature of Interest/Capacity	Number of Shares or Underlying Shares (Note 1)	Approximate percentage of shareholding (Note 2)
HSBC International Trustee Limited (Note 3)	Trustee of a trust	375,000,000 (L)	73.80%
Rongan Juxiang (Note 3)	Interest in controlled corporations	375,000,000 (L)	73.80%
Rongxin Yipin (Note 3)	Beneficial owner	300,000,000 (L)	59.04%
Fumei International (Note 3)	Beneficial owner	75,000,000 (L)	14.76%

Notes:

(1) The letter (L) denotes the person's long position in the relevant Shares.

(2) The calculation is based on the total number of 508,104,000 Shares in issue as at 30 June 2023.

(3) Mr. Ou was the settlor and protector of the Family Trust with HSBC International Trustee Limited as trustee. Rongan Juxiang controlled 375,000,000 Shares through its wholly owned subsidiaries, namely Rongxin Yipin as to 300,000,000 Shares and Fumei International as to 75,000,000 Shares. Each of Mr. Ou, HSBC International Trustee Limited and Rongan Juxiang was deemed to be interested in the Shares held by Rongxin Yipin and Fumei International under the SFO.

Save as disclosed above, as at 30 June 2023, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

INTERIM DIVIDEND

The Board resolved not to declare the payment of any interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

AUDIT COMMITTEE AND REVIEW OF THE INTERIM RESULTS

The Board has established the Audit Committee with written terms of reference in compliance with the Listing Rules. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rxswy.com).

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control systems of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board. The Audit Committee currently consists of three members, namely Mr. Kwok Kin Kwong Gary, Mr. Chen Zhangwang and Mr. Ye Azhong, each of whom is an independent non-executive Director. The chairman of the Audit Committee is Mr. Kwok Kin Kwong Gary, who possesses appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules. The Audit Committee has reviewed and approved the interim results of the Group for the six months ended 30 June 2023.

The Audit Committee has discussed, reviewed and agreed with the management of the Company regarding the accounting principles and practices adopted by the Group, together with the risk management, internal control and financial reporting matters. The Audit Committee considered that such results have been prepared in accordance with applicable accounting standards and requirements with sufficient disclosure.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

The Group did not have any important events subsequent to 30 June 2023 and up to the date of this report.

By order of the Board
Ronshine Service Holding Co., Ltd
Ou Zonghong
Chairman

Hong Kong, 30 August 2023

Condensed Consolidated Statement of Comprehensive Income

	Notes	Six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	6	**438,044**	434,240
Cost of sales	9	**(353,793)**	(342,401)
Gross profit		**84,251**	91,839
Selling and marketing expenses	9	**(954)**	(2,703)
Administrative expenses	9	**(34,701)**	(38,018)
Net impairment losses on financial assets		**(32,964)**	(7,529)
Other income	7	**1,929**	2,407
Other gains or losses		**273**	47
Operating profit		**17,834**	46,043
Finance income		**827**	1,743
Finance cost		**(143)**	(120)
Finance income — net	8	**684**	1,623
Profit before income tax		**18,518**	47,666
Income tax expenses	11	**(5,933)**	(12,331)
Profit and total comprehensive income for the period		**12,585**	35,335
Profit and total comprehensive income for the period attributable to:			
— Owners of the Company		**12,585**	32,465
— Non-controlling interests		**—**	2,870
		12,585	35,335
Earnings per share (expressed in RMB)			
— Basic and diluted	12	**0.02**	0.06

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

Condensed Consolidated Balance Sheet

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	13	**14,941**	13,805
Intangible assets	14	**4,980**	4,379
Deferred income tax assets		**24,370**	16,000
		44,291	34,184
Current assets			
Inventories		**862**	1,726
Trade and other receivables and prepayments	15	**499,949**	437,518
Restricted cash	16	**915**	485
Cash and cash equivalents	17	**667,341**	724,110
		1,169,067	1,163,839
Total assets		**1,213,358**	1,198,023
Equity			
Equity attributable to owners of the Company			
Share capital	18(a)	**4,234**	4,234
Share premium	18(b)	**663,027**	663,027
Other reserves	19	**(179,798)**	(179,798)
Retained earnings		**226,861**	214,276
Total equity		**714,324**	701,739

Condensed Consolidated Balance Sheet

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Liabilities			
Non-current liabilities			
Lease liabilities	21	**3,114**	3,053
Current liabilities			
Contract liabilities		**94,215**	95,690
Trade and other payables	20	**344,020**	346,977
Lease liabilities	21	**2,964**	2,451
Current income tax liabilities		**54,721**	48,113
		495,920	493,231
Total liabilities		**499,034**	496,284
Total equity and liabilities		**1,213,358**	1,198,023

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

The condensed consolidated financial statements on pages 32 to 56 were approved by the board of directors on 30 August 2023 and are signed on its behalf by:

Ma Xianghong
Director

Lin Yi
Director

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company						
	Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 18(a))	(Note 18(b))	(Note 19)				
Balance at 1 January 2023	**4,234**	**663,027**	**(179,798)**	**214,276**	**701,739**	**—**	**701,739**
Comprehensive income							
Profit for the period	**—**	**—**	**—**	**12,585**	**12,585**	**—**	**12,585**
Balance at 30 June 2023 (unaudited)	**4,234**	**663,027**	**(179,798)**	**226,861**	**714,324**	**—**	**714,324**
Balance at 1 January 2022	4,234	663,027	(179,798)	201,086	688,549	6,792	695,341
Comprehensive income							
Profit for the period	—	—	—	32,465	32,465	2,870	35,335
Balance at 30 June 2022 (unaudited)	4,234	663,027	(179,798)	233,551	721,014	9,662	730,676

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

Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended 30 June 2023 RMB'000 (Unaudited)	Six months ended 30 June 2022 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash used in from operations		**(44,281)**	(117,470)
Interest received	8	**827**	1,743
Income tax paid		**(7,695)**	(17,737)
Net cash used in operating activities		**(51,149)**	(133,464)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(2,776)**	(1,691)
Purchase of intangible assets	14	**(953)**	(2,330)
Proceeds from disposal of property, plant and equipment		**20**	12
Net cash used in investing activities		**(3,709)**	(4,009)
Cash flows from financing activity			
Principal elements and interest elements of lease payments		**(2,003)**	(1,958)
Net cash used in financing activity		**(2,003)**	(1,958)
Net decrease in cash and cash equivalents		**(56,861)**	(139,431)
Cash and cash equivalents at beginning of period		**724,110**	761,885
Exchange gains on cash and cash equivalents		**92**	37
Cash and cash equivalents at end of period		**667,341**	622,491

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

Notes to the Condensed Consolidated Financial Statements

1 General information

Ronshine Service Holding Co., Ltd (the "**Company**") was incorporated in the Cayman Islands on 14 April 2020 as an exempted company with limited liability under the Companies Act, Cap. 22 of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "**Group**") are primarily engaged in the provision of property management services and related value-added services in the People's Republic of China (the "**PRC**").

The Company's shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 July 2021.

The ultimate holding company was Rongyue Century Co., Ltd. ("**Rongyue Century**"), a company incorporated under the laws of British Virgin Islands (the "**BVI**"). The ultimate controlling shareholder of the Group was Mr.Ou Zonghong ("**Mr. Ou**", or the "**Controlling Shareholder**").

These condensed consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

2 Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3 Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and the methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4 Critical accounting estimates and judgements

The preparation of the Group's condensed consolidated financial statements 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 the condensed consolidated financial statements, 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 31 December 2022.

5 Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker (the "**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 30 June 2023 and 2022, the Group is principally engaged in the provision of property management services and related value-added services, including pre-delivery services, household assistance service, sales services and other services, in the PRC.

During the six months ended 30 June 2023 and 2022, all the segments are domiciled in the PRC and all the revenue are derived in the PRC, and the segments are principally engaged in the provision of similar services to similar customers. All operating segments of the Group were aggregated into a single reportable segment.

As of 30 June 2023 and 31 December 2022, all of the non-current assets were located in the PRC.

6 Revenue

Revenue mainly comprises of proceeds from property management services, value-added services to non-property owners and community value-added services. An analysis of the Group's revenue by category for the six months ended 30 June 2023 and 2022 is as follows:

		Six months ended 30 June	
	Revenue from	**2023**	2022
	customer and	**RMB'000**	RMB'000
Types of services	**recognised**	**(Unaudited)**	(Unaudited)
Property management services	over time	**347,699**	276,307
Value-added services to non-property owners	over time	**65,530**	133,201
Community value-added services		**24,815**	24,732
— Sales of goods	at a point in time	**8,222**	7,466
— Other value-added services	over time	**16,593**	17,266
		438,044	434,240

During the six months ended 30 June 2023 and 2022, revenue derived from customers who accounted for more than 10% of total revenue were set out below.

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Ronshine China Holdings Limited and its subsidiaries (the "**Ronshine China Group**")	**6%**	20%
Customer Group A*	**19%**	16%

* Customer Group A represents a combination of companies under one group.

7 Other income

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Additional deduction of value-added input tax	**983**	1,357
Government grants (Note (a))	**909**	1,050
Other	**37**	–
	1,929	2,407

(a) Government grants mainly consist of financial subsidies granted by the local governments.

8 Finance income — net

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance income		
Interest income from bank deposits	**827**	1,743
Finance cost		
Interest expenses of lease liabilities	**(143)**	(120)
Finance income — net	**684**	1,623

9 Expenses by nature

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefit expenses (Note 10)	**206,387**	234,876
Greening and cleaning expenses	**71,394**	68,401
Maintenance costs	**14,248**	10,291
Office expenses	**2,877**	3,032
Community activities expenses	**2,130**	2,979
Travelling and entertainment expenses	**1,524**	1,895
Consultancy fee	**3,979**	3,069
Advertising expenses	**2,451**	724
Security charges	**64,043**	38,140
Taxes and other levies	**2,199**	2,158
Depreciation and amortisation charges	**4,406**	4,628
Bank charges	**806**	761
Auditors' remuneration		
— Audit services	**665**	1,636
— Non-audit services	**36**	—
Expenses relating to short-term leases	**1,168**	290
Cost of goods sold	**9,265**	7,695
Others	**1,871**	2,547
	389,449	383,122

10 Employee benefit expenses

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Wages, salaries and bonuses	**175,303**	195,745
Social insurance expenses and housing benefits (Note (a))	**26,288**	33,141
Other employee benefits (Note (b))	**4,796**	5,990
	206,387	234,876

(a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the employee salary to the scheme to fund the retirement benefits of the employees.

(b) Other employee benefits mainly include team building expenses, meal allowances and traveling allowances.

11 Income tax expenses

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and accordingly, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the BVI was incorporated under the International Business Companies Act of the BVI and, accordingly, is exempted from British Virgin Islands income tax.

Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was provided as the Group did not have assessable profit in Hong Kong for the six months ended 30 June 2023 and 2022.

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The general corporate income tax rate in PRC is 25%, certain subsidiaries of the Group were qualified as "Small Low-Profit Enterprise" and will be taxed at the reduced tax rate of 20% in 2023 and 2022. "Small Low-Profit Enterprise" was entitled to a preferential income tax rate that was calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first RMB1 million of the taxable income of qualified entities are taxed at 5%, and the taxable income above RMB1 million and less than RMB3 million are taxed at 10%.

Pursuant to the Detailed Implementation Regulations for Implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding income tax rate may be applied when the immediate holding companies of the subsidiaries in Mainland China are incorporated in Hong Kong and fulfill the requirements to the tax treaty arrangements between Mainland China and Hong Kong. The Group has not accrued any withholding income tax for these undistributed earnings of its subsidiaries in Mainland China as the Group does not have a plan to distribute these earnings from its subsidiaries in Mainland China.

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax	**14,303**	14,306
Deferred income tax	**(8,370)**	(1,975)
	5,933	12,331

12 Earnings per share

The calculation of basic and diluted earnings per share attributable to owners of the Company are based on the following data:

	Six months ended 30 June	
	2023	2022
Profit for the period attributable to owners of the Company, used in the basic and diluted earnings per share calculations (RMB'000)	**12,585**	32,465
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**508,104,000**	508,104,000

No diluted earnings per share was presented as there was no potential ordinary shares in issue during both periods.

13 Property, plant and equipment

	Vehicles RMB'000	Office equipments RMB'000	Machinery RMB'000	Leasehold improvements RMB'000	Right-of-use assets RMB'000	Total RMB'000
As at 31 December 2022 (audited)						
Cost	917	4,708	2,284	14,867	19,824	42,600
Accumulated depreciation	(740)	(3,628)	(1,751)	(8,016)	(14,660)	(28,795)
Net book amount	177	1,080	533	6,851	5,164	13,805
Six months ended 30 June 2023 (unaudited)						
Opening net book amount	177	1,080	533	6,851	5,164	13,805
Additions	21	358	10	2,387	2,434	5,210
Disposals	—	(15)	(5)	—	—	(20)
Depreciation charge	(42)	(271)	(124)	(1,751)	(1,866)	(4,054)
Closing net book amount	156	1,152	414	7,487	5,732	14,941
As at 30 June 2023 (unaudited)						
Cost	938	5,051	2,289	17,254	22,258	47,790
Accumulated depreciation	(782)	(3,899)	(1,875)	(9,767)	(16,526)	(32,849)
Net book amount	156	1,152	414	7,487	5,732	14,941
As at 31 December 2021 (audited)						
Cost	928	4,532	2,109	12,374	18,334	38,277
Accumulated depreciation	(651)	(3,142)	(1,522)	(4,931)	(10,389)	(20,635)
Net book amount	277	1,390	587	7,443	7,945	17,642
Six months ended 30 June 2022 (unaudited)						
Opening net book amount	277	1,390	587	7,443	7,945	17,642
Additions	—	32	76	475	1,108	1,691
Disposals	(1)	(4)	(7)	—	—	(12)
Depreciation charge	(46)	(245)	(108)	(1,247)	(2,707)	(4,353)
Closing net book amount	230	1,173	548	6,671	6,346	14,968
As at 30 June 2022 (unaudited)						
Cost	924	4,492	2,088	12,849	19,442	39,795
Accumulated depreciation	(694)	(3,319)	(1,540)	(6,178)	(13,096)	(24,827)
Net book amount	230	1,173	548	6,671	6,346	14,968

(a) No property, plant and equipment is restricted or pledged as security for liabilities as at 30 June 2023 (31 December 2022: nil).

14 Intangible assets

	Software RMB'000
As at 31 December 2022 (audited)	
Cost	**5,855**
Accumulated amortisation	**(1,476)**
Net book amount	**4,379**
Six months ended 30 June 2023 (unaudited)	
Opening net book amount	**4,379**
Additions	**953**
Amortisation	**(352)**
Closing net book amount	**4,980**
As at 30 June 2023 (unaudited)	
Cost	**6,808**
Accumulated amortisation	**(1,828)**
Net book amount	**4,980**
As at 31 December 2021 (audited)	
Cost	2,503
Accumulated amortisation	(922)
Net book amount	1,581
Six months ended 30 June 2022 (unaudited)	
Opening net book amount	1,581
Additions	2,330
Amortisation	(275)
Closing net book amount	3,636
As at 30 June 2022 (unaudited)	
Cost	4,834
Accumulated amortisation	(1,198)
Net book amount	3,636

(a) No intangible asset is restricted or pledged as security for liabilities as at 30 June 2023 (31 December 2022: nil).

15 Trade and other receivables and prepayments

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables		
— Related parties (Note 25(d))	**180,791**	196,259
— Third parties	**229,304**	176,573
	410,095	372,832
Less: allowance for impairment of trade receivables	**(80,290)**	(55,450)
	329,805	317,382
Other receivables		
— Related parties (Note 25(d))	**38,279**	38,514
— Third parties	**134,636**	84,787
	172,915	123,301
Less: allowance for impairment of other receivables	**(16,861)**	(8,737)
	156,054	114,564
Prepayments to suppliers		
— Related parties	**174**	11
— Third parties	**13,916**	5,561
	499,949	437,518

15 Trade and other receivables and prepayments (Continued)

Trade receivables mainly arise from property management services and value-added services to non-property owners.

Property management services income are received in accordance with the terms of the relevant services agreements. Service income from property management services is due for payment by the resident upon the issuance of demand note.

Value-added services to non-property owners are usually due for payment upon the issuance of document of settlement.

As at 30 June 2023 and 31 December 2022, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Up to 1 year	**218,840**	211,243
1 to 2 years	**134,411**	144,452
2 to 3 years	**23,749**	13,767
Over 3 years	**33,095**	3,370
	410,095	372,832

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2023, a provision of RMB80,290,000 was made against the gross amounts of trade receivables (31 December 2022: RMB55,450,000).

16 Restricted cash

As at 31 December 2022, restricted cash represents subsidiaries' cash deposits in the bank as performance security for value-added services to non-property owners according to the requirement of certain clients.

As at 30 June 2023, restricted cash represents deposits placed to an independent third party's bank account for electronic toll collection systems.

17 Cash and cash equivalents

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Cash at bank and on hand (Note (a))		
— Denominated in RMB	**664,783**	721,434
— Denominated in US$	**2,528**	2,647
— Denominated in HK$	**30**	29
	667,341	724,110

(a) The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

18 Share capital and share premium

(a) Share capital

	Number of ordinary shares	Share capital	Equivalent share capital
		HK$'000	RMB'000
Authorised			
As of 30 June 2022, 31 December 2022, 1 January 2023 and 30 June 2023	**3,000,000,000**	**30,000**	**24,528**
Issued			
As of 1 January 2023 and 30 June 2023	**508,104,000**	**5,081**	**4,234**

(b) Share premium

	Share premium
	RMB'000
Balance at 1 January 2023 and 30 June 2023 (unaudited)	663,027
Balance at 1 January 2022 and 30 June 2022 (unaudited)	663,027

19 Other reserves

	Capital reserves
	RMB'000
Balance at 1 January 2023 and 30 June 2023 (unaudited)	(179,798)
Balance at 1 January 2022 and 30 June 2022 (unaudited)	(179,798)

20 Trade and other payables

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade payables		
— Related parties (Note 25(d))	**58**	398
— Third parties	**146,606**	145,921
	146,664	146,319
Other payables		
— Related parties (Note 25(d))	**6,021**	5,721
— Third parties	**124,820**	113,588
	130,841	119,309
Accrued payroll	**40,425**	61,507
Other taxes payables	**26,090**	19,842
	344,020	346,977

20 Trade and other payables (Continued)

(a) As at 30 June 2023 and 31 December 2022, the carrying amounts of trade and other payables approximated its fair values.

(b) As at 30 June 2023 and 31 December 2022, the ageing analysis of the trade payables based on invoice date were as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Up to 1 year	**140,920**	139,465
1 to 2 years	**4,328**	5,536
2 to 3 years	**893**	786
Over 3 years	**523**	532
	146,664	146,319

21 Leases

Amounts recognised in the consolidated balance sheet

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Right-of-use assets		
Properties (Note 13)	**5,732**	5,164
Lease liabilities		
Current	**2,964**	2,451
Non-current	**3,114**	3,053
	6,078	5,504

22 Dividends

The board of directors of the Company does not recommend the payment of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

23 Financial guarantees

As at 30 June 2023 and 31 December 2022, no asset was pledged for any parties and no financial guarantee was provided by any parties.

24 Commitments

(a) The Group did not have any material operating leases commitments or capital commitments as at 30 June 2023.

(b) Contingencies

The Group did not have any material contingent liabilities as at 30 June 2023.

25 Related party transactions

(a) Name and relationship with related parties

Name	Relationship with the Group
Ronshine China Group 融信中國集團	A group controlled by Mr. Ou
Chengdu Jinfenghua Real Estate Co., LTD* 成都金灃華置業有限公司	Ronshine China Group's associates
Fuzhou Rongxing Blue real estate development Co., LTD* 福州融興藍房地產開發有限公司	Ronshine China Group's joint venture
Fuzhou Yuxiang real estate Co., LTD* 福州市禹翔房地產有限公司	Ronshine China Group's associates
Hangzhou Lin 'an Longxing real Estate development Co., LTD* 杭州臨安龍興房地產開發有限公司	Ronshine China Group's joint venture

25 Related party transactions (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship with the Group
Hangzhou Ronghao Real Estate Co., LTD* 杭州融浩置業有限公司	Ronshine China Group's joint venture
Jiangmen Rongchang real Estate development Co., LTD* 江門市融昌房地產開發有限公司	Ronshine China Group's joint venture
Mianyang Wanwei Golden color real estate development Co., LTD* 綿陽萬為金彩房地產開發有限公司	Ronshine China Group's joint venture
Nanjing Kai Jing Sheng real Estate Development Co., LTD* 南京愷璟晟房地產開發有限公司	Ronshine China Group's joint venture
Nantong River Property Co., LTD* 南通江河置業有限公司	Ronshine China Group's associates
Shanghai Biyang Property Co., LTD* 上海碧楊置業有限公司	Ronshine China Group's joint venture
Suzhou Kaixingyu Real Estate Development Co., LTD* 蘇州愷星鈺房地產開發有限公司	Ronshine China Group's associates
Tianjin Jinrui Real Estate Co., LTD* 天津金鋭置業有限公司	Ronshine China Group's joint venture

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

25 Related party transactions (Continued)

(b) Transactions with related parties

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Provision of services		
— Ronshine China Group	**25,023**	88,021
— Ronshine China Group's associates	**2,478**	4,215
— Ronshine China Group's joint ventures	**6,864**	15,680
	34,365	107,916

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Receipt of services		
— Companies controlled by Mr. Ou	**—**	—

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

(c) Key management compensation

Compensations for key management other than those for directors were as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries and other short-term employee benefits	**848**	1,249

25 Related party transactions (Continued)

(d) Balances with related parties

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables		
— Ronshine China Group	**163,878**	177,381
— Ronshine China Group's associates	**1,827**	1,997
— Ronshine China Group's joint ventures	**15,086**	16,879
Companies controlled by Mr. Ou	**—**	2
	180,791	196,259
Other receivables and deposits (i)		
— Ronshine China Group	**38,279**	38,514
Prepayments to suppliers		
— Ronshine China Group	**174**	11
Trade payables		
— Ronshine China Group	**57**	397
— Companies controlled by Mr. Ou	**1**	1
	58	398
Other payables		
— Ronshine China Group	**6,019**	5,721
— Companies controlled by Mr. Ou	**2**	—
	6,021	5,721

(i) Other receivables mainly represented deposits of service provided to Ronshine China Group and other related parties, which will collect upon the termination of service contracts, the remaining balance are repayable on demand.

(ii) Above trade receivables and trade payables due from/to related parties are trade in nature, while the other receivables and other payables due from/to related parties, except performance guarantee deposits, are non-trade in nature.

26 Events after the reporting period

The Group did not have any important events subsequent to 30 June 2023 and up to the date of this report.