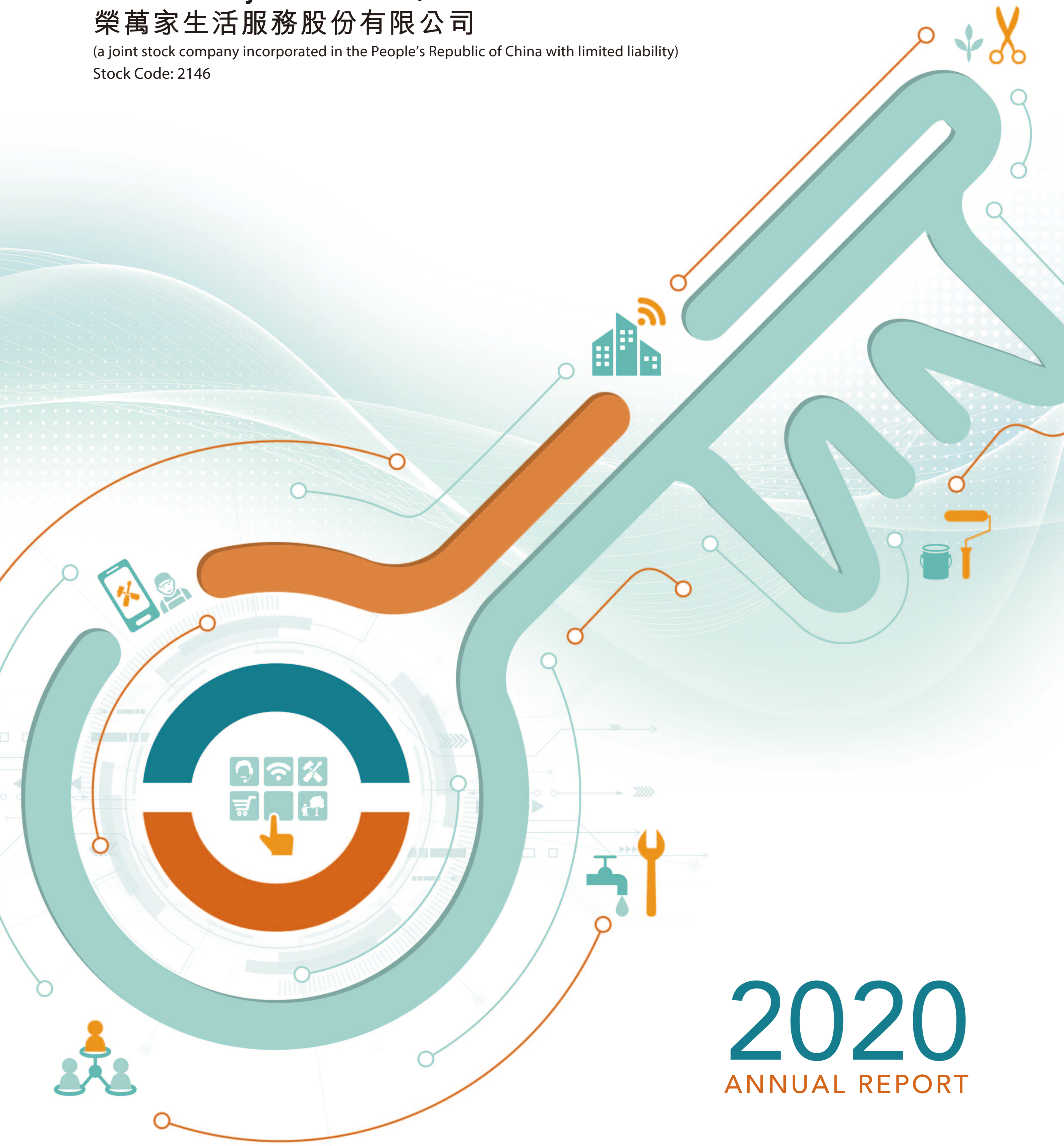
ROISERV 荣万家

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

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

Stock Code: 2146



2020
ANNUAL REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Geng Jianfu *(Chairman)*
Mr. Xiao Tianchi
Mr. Liu Yonggang

Non-executive Director

Mr. Zhang Wenge

Independent non-executive Directors

Mr. Jin Wenhui
Mr. Siu Chi Hung
Mr. Tang Yishu (appointed on August 18, 2020)
Mr. Shi Weigang (resigned on June 12, 2020)

SUPERVISORY COMMITTEE

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

AUDIT COMMITTEE

Mr. Siu Chi Hung *(Chairman)*
Mr. Zhang Wenge
Mr. Jin Wenhui

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Mr. Geng Jianfu *(Chairman)*
Mr. Siu Chi Hung
Mr. Tang Yishu

JOINT COMPANY SECRETARIES

Mr. Xiao Tianchi
Mr. Wong Yu Kit

AUTHORISED REPRESENTATIVES

Mr. Xiao Tianchi
Mr. Wong Yu Kit

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and Registered Public Interest Entity Auditor
22/F Prince's Building
Central
Hong Kong

COMPLIANCE ADVISOR

Maxa Capital

LEGAL ADVISOR

Sidley Austin (as to Hong Kong laws)

REGISTERED OFFICE IN THE PRC

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

HEADQUARTERS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

H SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

PRINCIPAL BANKS

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

INVESTOR RELATIONS

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

WEBSITE

www.roiserv.com

STOCK CODE

2146

Financial Highlights

	For the year ended December 31,		
	2020	2019	Change percentage
Results Summary			
Revenue (RMB'000)	**1,807,157**	1,282,039	41.0%
Gross profit (RMB'000)	**507,524**	233,776	117.1%
Net profit for the year (RMB'000)	**263,756**	113,158	133.1%
Adjusted profit for the year (RMB'000)	**302,772**	114,188	165.2%
Gross profit margin (%)	**28.1**	18.2	+9.9 percentage points
Basic earnings per Share (basic) (RMB)	**0.97**	0.44	120.5%

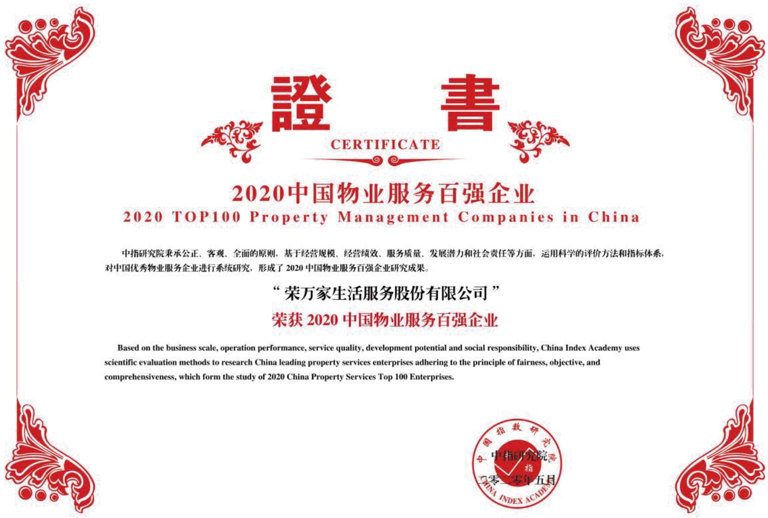
	As at December 31,		
	2020	2019	Change percentage
Balance Sheet Summary			
Total assets (RMB'000)	**1,860,380**	1,819,193	2.3%
Cash and cash equivalents (RMB'000)	**603,186**	228,867	163.6%
Total liabilities (RMB'000)	**1,225,576**	1,440,223	-14.9%
Total equity (RMB'000)	**634,804**	378,970	67.5%
Equity attributable to owners of the Company (RMB'000)	**634,804**	378,970	67.5%
Current ratio (times)	**1.46**	1.21	
Liabilities to assets ratio (%)	**65.9**	79.2	

MAJOR EVENTS IN 2020

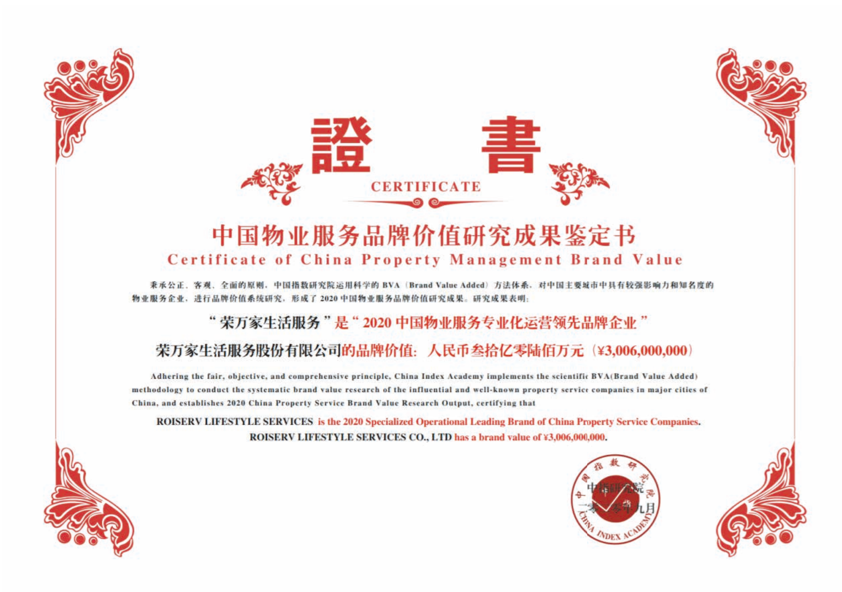
Time	Description
May 6, 2020	The board of directors of RiseSun Real Estate Development Co., Ltd. considered and approved the Proposal on the Implementation of Share Option Incentive Scheme by the Company's Controlling Subsidiary Roiserv Lifestyle Services Co., Ltd. and the Capital Increase of Roiserv Lifestyle Services Co., Ltd.
May 22, 2020	The 2019 Annual General Meeting of RiseSun Real Estate Development Co., Ltd. considered and approved the matters relating to the initial public offering of overseas-listed foreign shares (H shares) and the listing thereof on the Main Board of the Stock Exchange by the Company's holding subsidiary Roiserv Lifestyle Services Co., Ltd. (hereinafter referred to as "**Roiserv**")
June 5, 2020	The application materials for the initial public offering of shares overseas were accepted by the CSRC (acceptance no.: 201250)
June 24, 2020	Submitted the application for the overseas initial public offering and listing of shares to the Stock Exchange
July 2, 2020	Officially announced that "RiseSun Property (榮盛物業)" was officially renamed as "Roiserv Lifestyle Services (榮萬家生活服務)"
August 18, 2020	Received the Approval on the Issuance of Overseas-Listed Foreign Shares by Roiserv Lifestyle Services Co., Ltd. from the CSRC
October 1, 2020	Roiserv's second themed brand event "Yohoo Family Festival (呦吼家庭節)" came to an end, with 84 event venues set up across the country and more than 510,000 participants online and offline
November 2020	Roiserv's official website was launched online
November 2, 2020	Roiserv Lifestyle Services Co., Ltd. entered into strategic cooperation with Guizhou MouTai Winery (Group) Xijiu Co., Ltd. (貴州茅台酒廠(集團)習酒有限責任公司)
December 16, 2020	Roiserv passed the listing hearing of the Hong Kong Stock Exchange

MAJOR HONORS AND AWARDS IN 2020

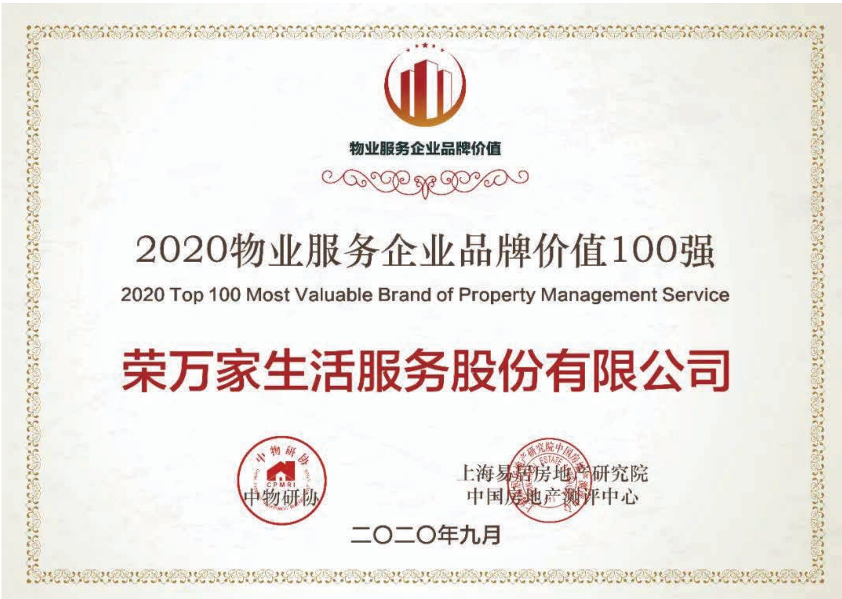
1. On May 13, 2020, at the Conference on the Study of the 2020 TOP 100 Property Management Companies in China hosted by China Index Academy and China Real Estate TOP10 Research Group, Roiserv Lifestyle Services ranked TOP19 of 2020 TOP 100 Property Management Companies in China.



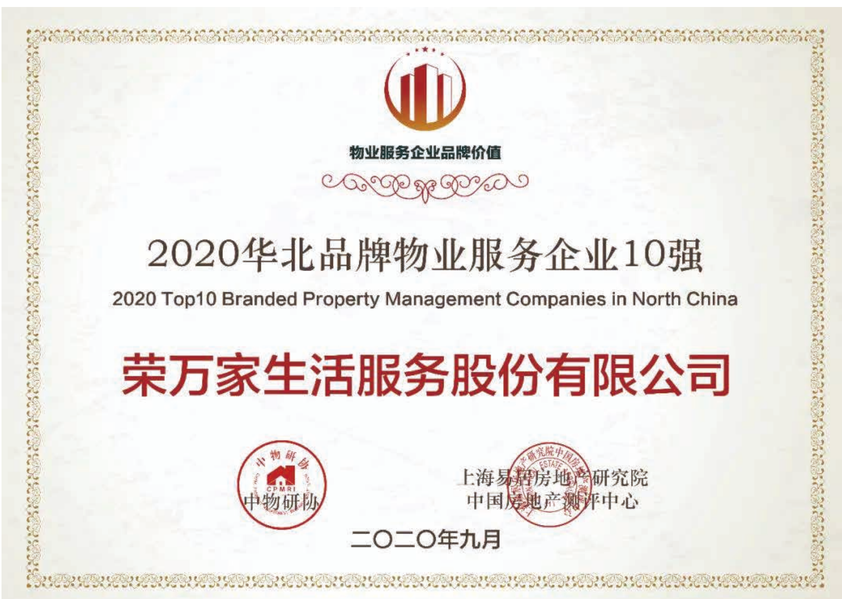
2. On September 10, 2020, at the Conference on the Study of the 2020 China Real Estate Brand Value and the 17th China Real Estate Brand Development Summit Forum hosted by China Index Academy and China Real Estate TOP 10 Research Group, Roiserv Lifestyle Services won the award of 2020 Specialized Operational Leading Brand of China Property Services Companies with a brand value of RMB3,006,000,000, ranking the Top20.



3. On September 29, 2020, at the Conference on the 2020 Study of Comprehensive Strengths of Property Service Companies jointly hosted by China Property Management Research Institution and China Real Estate Appraisal of Shanghai E-House China R&D Institute, Roiserv Lifestyle Services ranked TOP15 of 2020 Top 100 Most Valuable Brand of Property Management Service.



4. On September 29, 2020, at the Conference on the 2020 Study of Comprehensive Strengths of Property Service Companies jointly hosted by China Property Management Research Institution and China Real Estate Appraisal of Shanghai E-House China R&D Institute, Roiserv Lifestyle Services was awarded the 2020 Top10 Branded Property Management Companies in North China.



Annual Review/Honors and Awards

5. On December 12, 2020, at the 2020 Summit on the Innovation of Beautiful Lifestyle Services jointly hosted by China Property Management Research Institution and China Real Estate Appraisal of Shanghai E-House China R&D Institute, Roiserv Lifestyle Services ranked TOP 6 of 2020 Quality Leading Companies in Property Service.

2020 TOP 10 Outstanding Property Service Enterprises in Chengdu (2020年成都市物業服務優秀企業 TOP10)

2020 Enterprises with Highest Regional Satisfaction — Nanjing, Chongqing, Shenyang, Jinan, Liaocheng, Qingdao, Xuzhou and Linyi (2020年區域滿意度領先企業 — 南京、重慶、瀋陽、濟南、聊城、青島、徐州、臨沂)

2020 Provincial Demonstration Property Management Projects in Jiangsu Province — Phase I of Huayucheng (花語城) and Phase I of Lushanrongjun (2020年江蘇省省級示範物業管理項目 — 花語城一期、麓山榮郡一期)

2020 Outstanding Projects in COVID-19 Prevention and Control in Liaoning Province — Shengjinglvzhou and Jinxiuxuefu (2020年遼寧省疫情防控優秀項目 — 盛京綠洲、錦繡學府)

2020 Demonstration Project in Property Service Industry for Cultural Creation in Shandong Province — RiseSun • Dongchengshoufu (2020年山東省物業服務行業文明創建示範項目 — 榮盛 • 東昌首府)

2020 Demonstration Property Management Project in Nanjing City — Ronghuafu (2020年南京市物業管理示範項目 — 榮華府)

2020 Demonstration Project in Property Service Industry for Cultural Creation in Rongcheng City — Yangguangyishu and Shuianhuayu (2020年聊城市物業服務行業文明創建示範項目 — 陽光逸墅、水岸花語)

Before introducing the achievements of the Group over the past year, please allow me, on behalf of the Group, to express my sincere gratitude to the property management staff of Roiserv who had been fighting against the novel coronavirus (COVID-19) on the front line in 2020. On the eve of 2020 Spring Festival, the unprecedented COVID-19 outbroke, and in order to respond to the national policies for COVID-19 prevention and control, to curb the further spread of COVID-19, and to ensure the normal daily life of every property owner, the property staff of Roiserv worked together on the front line of the fight against COVID-19. Hospitals were the frontline for medical treatment, while properties were the frontline for the prevention and control work. All staff of Roiserv Group, from primary employees to the management personnel at the Group's headquarters, gave up the opportunity to reunite with their families and held firmly to their posts during the Spring Festival to fight against COVID-19. They stayed at the entrances of communities round the clock in the cold wind, actively coordinated the allocation of living supplies, carried out thorough disinfection in the communities and assisted in organizing nucleic acid testing for all employees. Our housekeepers, cleaners, security guards, maintenance staff, and property managers had, by virtue of their noble qualities of selflessness, fearlessness, courage to take responsibility and willingness to contribute, built the "Great Wall of Guardians" for the life and safety of the property owners! 2020 was an unforgettable year, and also a year during which Roiserv's staff and the property owners understood and trust each other better and more. In 2021, as the first year of the Group's entry into the capital market, we will continue to work together with the property owners to make strides forward steadily!

In 2020, we upheld the customer-oriented service philosophy, improved the quality of services, put into practice the values of "sincerity, warmth and thoughtfulness", strived for the goal of becoming a caring, warm-hearted, trustworthy and well-received quality life service provider with a far-sighted service philosophy and a coverage on the whole life cycle and the entire community service chain, and achieved great results. For the year ended December 31, 2020, the Group accomplished revenue of approximately RMB1,807.2 million, representing an increase of approximately 41.0% as compared to that of 2019; gross profit of approximately RMB507.5 million, representing a year-on-year increase of approximately 117.1%; and gross profit margin of approximately 28.1%, representing an increase of 9.9 percentage points as compared to that of 2019. Net profit for the year amounted to approximately RMB263.8 million, representing an increase of approximately 133.1% as compared to that of 2019. Adjusted net profit (excluding the Listing expenses and share-based payments) of the Group was approximately RMB302.8 million, representing a year-on-year increase of approximately 165.2%. Profit attributable to the owners of the Company increased from approximately RMB113.2 million for the same period of 2019 to approximately RMB263.8 million, representing an increase of approximately 132.9%. Basic earnings per share amounted to RMB0.97, representing an increase of approximately 120.5%. The Board recommends the payment of a final dividend of RMB0.15 per share (before tax) for 2020.

INDUSTRY STATUS

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

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

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

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

CORPORATE STRATEGIES

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

Continue to enhance brand value

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

Further expand our business scale and market share

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

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

We also plan to expand our collaboration with independent third party property developers. Leveraging our strategic presence in the Bohai Economic Rim, the Yangtze River Delta region, the Greater Bay Area and Central and Western China, we expect to further penetrate into target markets across China. For properties with a GFA of over 1 million sq.m. or municipal service properties, we may form joint ventures with independent third-party property developers to manage those properties developed by such developers. The independent third party property developer and the Company will enter into agreements to form the joint venture, which will be the entity to procure property management service mandates and provide property management services. We believe the relationship with the property developer, the knowledge of the specific service needs of such property developer coupled with our property management experience, would increase the chances for the joint venture to secure property management services contracts for the property projects developed by such property developer. According to CIA, it is a common strategy for sizable property management companies, including many listed property management companies, to expand their market share and business scale rapidly through setting up joint ventures and developing business alliances with independent third party property developers which do not have established property management businesses of their own. We believe these strategic collaborations will enable us to: (i) strengthen our business relationship with these business partners and increase our chances of securing property management service contracts for properties developed by them; (ii) share the risk and costs with them arising from venturing into new markets; and (iii) leverage the geographic coverage and customer base of our business partners to enlarge our market shares and diversify the sources and types of property projects under our management. The key factors we will consider in selecting targets for joint ventures include the credit worthiness of business partner, geographical location, legal compliance, target customer group, local population, project scale, construction standards and investment returns. As of December 31, 2020, we had established one such joint venture with an independent third party property developer but property management service contracts had yet to be awarded to such joint venture as the relevant projects were still under development. In addition, as of December 31, 2020, we had entered into framework agreements with five independent third party property developers to set up joint ventures, in which we will hold the majority of the equity interests, to jointly manage properties to be developed by these developers. The properties under these agreements had an aggregate estimated contracted GFA of approximately 27.9 million sq.m., including residential properties and parks.

We plan to provide property management services to an increasing number of commercial properties, public properties, industry parks, film and television bases and municipal roads, so as to increase our market share in the management of non-residential properties. As of December 31, 2020, we were managing three municipal road projects located in Hebei province that were developed by RiseSun Group and had entered into certain framework agreements and strategic cooperation agreements with independent third party property developers for the proposed management of film and television bases. Through leveraging our established market position, existing service network and extensive property management experience, which we believe are compatible between residential as well as non-residential properties, we can cater to our customers' needs for these non-residential properties in a timely and satisfactory fashion and gradually build up and diversify our property management portfolio.

For industry park management, we plan to enrich our service offerings to cater to the needs of enterprises in the industry parks. We expect to offer more value-added services such as dining services, hotel operation, and facilities and equipment management services. Leveraging our sophisticated management model and extensive experience which we believe are applicable to the management of industry parks, we plan to expand our cooperation with independent third party property developers to manage industry parks developed by them. In particular, leveraging our experience in managing logistics centers, which are a type of industry parks, such as the Shaliang Logistics Park (沙良物流園) in Inner Mongolia, we plan to seek cooperation with independent third party property developers in cities where we have existing operations so as to expand our property management portfolio of logistics centers and other types of industry parks. Meanwhile, we plan to engage in selective acquisitions to expand our business. Our selection criteria for potential target companies include but not limited to: (i) GFA under management of over 1.0 million sq.m.; (ii) operating revenue in the latest financial year of over RMB20.0 million; (iii) compliance of business operations with laws and regulations; and (iv) diversity in the portfolio of managed properties. We will prioritize in assessing potential acquisition or investment targets with a portfolio of managed properties covering tier-one or new tier-one cities, such as Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin and Chengdu, or those with a diversified portfolio of managed properties, such as commercial properties, industry parks, schools and hospitals. Through the investment in or acquisition of these companies, we expect to expand our geographic coverage, reinforce our competitive edge in economically developed regions, diversify our portfolio of managed properties and enhance our brand awareness. As of December 31, 2020, we had not identified any acquisition or investment targets, and had not entered into any definitive agreement for the acquisition of any company.

Continue to enrich our community value-added services

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

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

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

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

Further invest in technologies, develop and promote smart community management

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

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

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

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

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

BUSINESS REVIEW

Overview

The Group is a comprehensive property management service provider deeply rooted in the Bohai Economic Rim with a service network across China strategically covering core geographical areas such as the Yangtze River Delta region and the Greater Bay Area. As of December 31, 2020, the Group had a total of 305 property management projects under management with an aggregate GFA under management of 59.7 million sq.m., covering 33 cities across 16 provinces, municipalities and autonomous regions in China. As of December 31, 2020, the Group was contracted to manage 434 property management projects with an aggregate contracted GFA of 90.2 million sq.m., covering 62 cities across 19 provinces, municipalities and autonomous regions in China.

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

BUSINESS MODEL

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

Property management services: The Group provides property developers, property owners and residents with a wide range of property management services, primarily including security, cleaning, greening and gardening, and repair and maintenance services. Its portfolio of managed properties comprises (i) residential properties and (ii) non-residential properties, including (a) commercial properties, such as shopping malls, office buildings and serviced apartments, and (b) public and other properties, such as industry parks, schools, factories and parks. During the year ended December 31, 2020, all of the Group's property management fees were charged on a lump sum basis.

Value-added services to non-property owners: The Group offers a comprehensive range of value-added services to non-property owners, primarily property developers. These services primarily comprise (i) property engineering services; (ii) sales assistance services and (iii) other services which primarily include preliminary planning and design consultancy services, property delivery services and aftersales services.

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

PROPERTY MANAGEMENT SERVICES

Continuous high-quality growth in GFA size

The Group adheres to the strategic objective of rapidly expanding the GFA under management, and has been rapidly expanding its property management service portfolio by obtaining new property management service contracts. As of December 31, 2020, its contracted GFA was approximately 90.2 million sq.m. under 434 projects, representing an increase of approximately 16.5% and 20.2% as compared with December 31, 2019, respectively. As of December 31, 2020, the GFA under management was approximately 59.7 million sq.m. under 305 property management projects, representing an increase of approximately 18.7% and 16.9% as compared with December 31, 2019, respectively.

In addition, as of December 31, 2020, the Group had entered into 46 framework agreements and strategic cooperation agreements with independent third party property developers, which typically set forth their intention to engage the Group as the property management services provider, the relevant project proposed to be managed by the Group and its GFA, and the proposed scope of the Group's services and property management fees. As at December 31, 2020, the properties proposed to be managed by the Group under these framework agreements and strategic cooperation agreements had an aggregate GFA of approximately 50.2 million sq.m..

The table below indicates the respective movements of the Group's contracted GFA and GFA under management for the years ended December 31, 2020 and 2019:

	Year ended December 31,			
	2020		2019	
	Contracted GFA ('000 sq.m.)	**GFA under management ('000 sq.m.)**	Contracted GFA ('000 sq.m.)	GFA under management ('000 sq.m.)
As of the beginning of the year	**77,440**	**50,305**	63,435	41,576
New engagements (1)	**14,474**	**9,941**	14,005	8,729
Termination (2)	**1,706**	**550**	—	—
As of the end of the year	**90,208**	**59,696**	77,440	50,305

Notes:

(1) In relation to residential communities and non-residential communities the Group managed, new engagements primarily include preliminary property management service contracts for new properties developed by property developers and property management service contracts for residential communities replacing their previous property management service providers.

(2) These terminations include certain property management service contracts that the Group did not renew on a voluntary basis, which are because it allocated its resources to more profitable contracts to optimise its property management portfolio.

GEOGRAPHIC PRESENCE

Since the establishment of the Group, its business footprint has extended across the country. As of December 31, 2020, the Group established business presence in 62 cities in 19 provinces, municipalities and autonomous regions in the PRC.

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

	Year ended December 31,			
	2020		2019	
	'000 sq.m.	**%**	'000 sq.m.	%
Bohai Economic Rim [1]	**35,427**	**59.3**	28,663	57.0
Yangtze River Delta region [2]	**14,730**	**24.7**	13,298	26.4
Greater Bay Area and surrounding regions [3]	**1,801**	**3.0**	1,964	3.9
Central and Western China [4]	**7,738**	**13.0**	6,380	12.7
Total	**59,696**	**100.0**	50,305	100.0

Notes:

(1) In this region, the Group provided property management services to projects located in Hebei, Liaoning, Inner Mongolia and Shandong.

(2) In this region, the Group provided property management services to projects located in Shanghai, Jiangsu and Zhejiang.

(3) In these regions, the Group provided property management services to projects located in Huizhou in the Greater Bay Area and other cities in Guangdong.

(4) In this region, the Group provided property management services to projects located in Guizhou, Henan, Hunan, Sichuan, Anhui and Chongqing.

Continuous growth in average property management fees

In tandem with the rapid growth, the Group also maintains high-quality development requirements. By continuously optimising the service projects under management, increasing the charging standards for new projects under management, and increasing the prices of some projects under management, the Group has achieved a stable growth in its average property management fees. For the years ended December 31, 2020 and 2019, the unit price of the Group's consolidated average property fees was RMB1.7/sq.m./month and RMB1.6/sq.m./month, respectively.

Diversified portfolio of property management services

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

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

	Year ended December 31,			
	2020		2019	
	GFA under management	**Number of projects under management**	GFA under management	Number of projects under management
Residential properties	**54,958**	**257**	46,188	222
Non-residential properties				
— Commercial properties	**1,703**	**38**	2,169	33
— Public and other properties	**3,035**	**10**	1,948	6
Subtotal	**4,738**	**48**	4,117	39
Total	**59,696**	**305**	50,305	261

In addition, under the strong support of RiseSun Group, and leveraging the Group's extensive industry experience and brand recognition, the Group has been expanding business cooperation with independent third party property developers. As of December 31, 2020, the Group had an aggregate GFA under management of approximately 917,100 sq.m. and an aggregate contracted GFA of approximately 4.4 million sq.m. with respect to properties developed by independent third party property developers.

The following table sets out the breakdown of the total GFA under management by the type of property developers for the years ended December 31, 2020 and 2019 as of the dates indicated:

	Year ended December 31,			
	2020		2019	
	'000 sq.m.	**%**	'000 sq.m.	%
RiseSun Group [(1)]	**58,779**	**98.5**	50,051	99.5
Properties developed by independent third party property developers	**917**	**1.5**	254	0.5
Total	**59,696**	**100.0**	50,305	100.0

Notes:

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

Value-added services to non-property owners

The Group provides a wide spectrum of value-added services to non-property owners, primarily property developers, through different phases of the property development and sales process, primarily including property engineering services, sales assistance services and other services. In 2020, the revenue from value-added services to non-property owners increased by 65.4% from RMB431.8 million in 2019 to approximately RMB714.3 million.

The Group improved its independent operation capabilities by optimizing business structure of property engineering services, adjusting business models, and establishing professional engineering management teams; relieved geographical restrictions, coordinated and deployed engineering resources, implemented a headquarters-branch linkage model, and further standardized the engineering business management of property companies, thus achieving cost reduction and efficiency enhancement, and accomplishing the annual performance indicators better than expected.

Through intelligent operation and standardized process, the Group provides customers with standardized and high-quality services while improving operational efficiency. The Group provides smart community designing services to property developers who expect to use its property management expertise to refine their property project designs, including but not limited to the design of smart access control systems, security patrolling systems, public facilities monitoring systems and car park management systems, so as to achieve staff reduction and efficiency enhancement. At the same time, a series of business instruction manuals such as the operation manual of the film-like service system have been formulated to clarify service standards and enhance the value of property services.

COMMUNITY VALUE-ADDED SERVICES

In order to improve the community living experience of owners and residents in the properties under the Group's management and create more values for its services, the Group provides a wide variety of community value-added services to property owners and residents, primarily including home-living services and property space management services. The revenue from community value-added services in 2020 was RMB195.2 million, representing an increase of 32.7% from RMB147.1 million in 2019.

Home-living services

The Group offers home-living services to property owners and residents with a focus on their daily needs. The primary home-living services provided by the Group include: community retail and commercial procurement services and home repairs, maintenance and housekeeping services. The revenue from home-living services in 2020 increased significantly by 16.9% from approximately RMB105.3 million in 2019 to approximately RMB123.1 million.

For community retail and commercial procurement services, the Group launched a comprehensive retail model integrating its online shopping, offline convenience stores and home delivery services. Its online shopping mall focuses on high-end consumer goods and its offline convenience stores focus on groceries. The targeted retail model lowers its operating costs and ensures product quality. Its headquarters directly manage the offline convenience stores. With such a streamlined management structure, the Group is able to respond to requests and resolve issues in a timely manner. Its comprehensive retail model, coupled with its home delivery services where it helps customers shop and delivers groceries to the customer's door, provide convenient shopping experience to the customers. As of December 31, 2020, the Group had a total of 36 offline convenience stores which were located in the communities under its management, with over 59,507 stock keeping units or SKUs and approximately 770,000 registered users on Rice Mall (米飯公社). The monthly average activity of the Rice Mall APP increased by 60.1% as compared to that of the same period of 2019.

Property space management services

The Group provides property space management services to property owners and residents, and provides turnkey furnishing services that can improve property value and convenient property brokerage services by leveraging the active engagement and close relationships with the residents that it has nurtured through its property management operations. The revenue from property space management services in 2020 significantly increased by 72.6% from approximately RMB41.8 million in 2019 to approximately RMB72.1 million.

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

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

OUTLOOK

In 2021, the Group will closely follow contemporary trends and continue developing its three core business lines of property management services, value-added services to non-property owners, and community value-added services, with particular emphasis on brand leadership and customers. Taking advantage of the rapid growth and transformation of the property management industry in China, the Group believes that it is well-positioned to achieve high-quality growth focusing on both profitability and scale with access to capital and technology.

Looking forward to 2021, the Group will (i) keep customer-oriented, focus on the quality of basic services as the foundation for development, and provide meticulous on-site services, while improving the initial involvement system to start involvement right from project planning and design and give play to the role of initial involvement from the perspective of customers and property services at the later stage, so as to help enhance product strength, and accomplish the change of customers' feeling to the property services from "satisfactory" to "emotionally moved"; (ii) formulate clear strategic objectives, build teams of reasonable compositions, set a clear strategic layout, and make use of precise strategic tools to strengthen investment and expansion capabilities, enrich service forms, and promote a national strategic layout; (iii) establish maintenance and greening sharing center to break the inherent boundaries of the projects, integrate the Company's internal resources, achieve professional management and control, and reduce cost and enhance efficiency; (iv) enrich the types of community value-added service, and develop the community economy around the "full life cycle" of property owners, add value for customers, bring growth for development, and increase the proportion of value-added services; (v) strengthen information construction, optimize and conduct platform-based transformation of the core software systems for the basic business under the two core objectives of improving operating efficiency and supporting business growth, and build a big data technology model to reduce operating costs and achieve technology empowerment, thereby improving the efficiency and quality of the Company's decision-making process; and (vi) create an excellent corporate culture, implement semi-military management, establish precise positioning in line with the Company's development strategy, exert equal efforts on external introduction and internal training, optimize the talent structure, and expand talent reserve.

FINANCIAL REVIEW

Revenue

During the Relevant Year, the Group derived its revenue from three business lines, namely (i) property management services; (ii) value-added services to non-property owners; and (iii) community value-added services.

The following table sets forth the details of the Group's revenue recognised by business line for the years indicated:

	Year ended December 31,		
	2020	2019	Change in percentage
	RMB'000	RMB'000	%
Property management services	**897,662**	703,218	27.7
Value-added services to non-property owners	**714,324**	431,769	65.4
Community value-added services	**195,171**	147,052	32.7
Total	**1,807,157**	1,282,039	41.0

The Group's revenue increased by approximately 41.0% from RMB1,282.0 million for the year ended December 31, 2019 to RMB1,807.2 million for the year ended December 31, 2020. The increase in revenue was mainly attributable to:

(i) the increase in revenue from property management services by approximately 27.7% from RMB703.2 million for the year ended December 31, 2019 to RMB897.7 million for the year ended December 31, 2020, which was primarily driven by the Group's business expansion, of which the GFA under management increased by approximately 18.7% from 50.3 million sq.m. as of December 31, 2019 to 59.7 million sq.m. as of December 31, 2020;

(ii) the increase in revenue from value-added services to non-property owners by approximately 65.4% from RMB431.8 million for the year ended December 31, 2019 to RMB714.3 million for the year ended December 31, 2020, which was primarily driven by the increase in number of projects for which the Group provided services and the optimization of the charging standards for the value-added services to non-property owners; and

(iii) the increase in revenue from community value-added services by approximately 32.7% from RMB147.1 million for the year ended December 31, 2019 to RMB195.2 million for the year ended December 31, 2020, which was primarily attributable to the rapid growth of the Group's merchandise sales business and property brokerage business.

Property management services

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

	Year ended December 31,			
	2020		2019	
	RMB'000	**%**	RMB'000	%
Properties developed by RiseSun Group [1]	**889,224**	**99.1**	701,678	99.8
Properties developed by independent third party property developers	**8,438**	**0.9**	1,540	0.2
Total	**897,662**	**100.0**	703,218	100.0

Notes:

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

To facilitate the management of the property management network, the Group divides its geographic coverage into four major regions in the PRC, namely Bohai Economic Rim, Yangtze River Delta region, Greater Bay Area and surrounding regions, and Central and Western China.

The following table sets out the total revenue for the years indicated from the provision of property management services by geographical coverage on the dates indicated:

	Year ended December 31,			
	2020		2019	
	RMB'000	**%**	RMB'000	%
Bohai Economic Rim [1]	**530,494**	**59.0**	426,169	60.6
Yangtze River Delta region [2]	**241,937**	**27.0**	187,815	26.7
Greater Bay Area and surrounding regions [3]	**44,638**	**5.0**	36,747	5.2
Central and Western China [4]	**80,593**	**9.0**	52,487	7.5
Total	**897,662**	**100.0**	703,218	100.0

Value-added services to non-property owners

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

	Year ended December 31,			
	2020		2019	
	RMB'000	**%**	RMB'000	%
Property engineering services	**293,941**	**41.1**	211,587	49.0
On-site services	**209,181**	**29.3**	158,091	36.6
Other services (1)	**211,202**	**29.6**	62,091	14.4
Total	**714,324**	**100.0**	431,769	100.0

Note:

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

Community value-added services

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

	Year ended December 31,			
	2020		2019	
	RMB'000	**%**	RMB'000	%
Home-living services	**123,107**	**63.1**	105,300	71.6
Property space management services	**72,064**	**36.9**	41,752	28.4
Total	**195,171**	**100.0**	147,052	100.0

Cost of sales

The Group's cost of sales mainly consists of (i) employee benefit expenses; (ii) maintenance costs; (iii) engineering costs; (iv) greening and cleaning expenses; (v) costs of goods sold; (vi) utilities; (vii) taxes and other levies; (viii) cost of consumables; (ix) office expenses; (x) travelling and entertainment expenses; (xi) depreciation and amortization charges; and (xii) others. The Group's cost of sales increased by approximately 24.0% from RMB1,048.3 million for the year ended December 31, 2019 to RMB1,299.6 million for the year ended December 31, 2020. The increase in the cost of sales was lower than the increase in revenue, mainly due to the impact of related policies and the effective control over employee benefits and maintenance costs.

Gross profit and gross profit margin

	Year ended December 31,			
	2020		2019	
	Gross profit RMB'000	**Gross profit margin %**	Gross profit RMB'000	Gross profit margin %
Property management services	**238,696**	**26.6**	131,501	18.7
Value-added services to non-property owners	**202,997**	**28.4**	54,505	12.6
Community value-added services	**65,831**	**33.7**	47,770	32.5
Total	**507,524**	**28.1**	233,776	18.2

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit increased by approximately 117.1% from RMB233.8 million for the year ended December 31, 2019 to RMB507.5 million for the year ended December 31, 2020.

The gross profit margin of the Group increased from 18.2% for the year ended December 31, 2019 to 28.1% for the year ended December 31, 2020, which was mainly attributable to the increase in the proportion and gross profit margin of value-added services to non-property owners.

Selling and marketing expenses

The Group's selling and marketing expenses mainly consist of employee benefit expenses and office expenses for its sale and marketing staff. The Group's expenses increased by approximately 334.7% from RMB2.2 million for the year ended December 31, 2019 to RMB9.4 million for the year ended December 31, 2020, primarily due to the expansion of the Group's goods sales business and extensive marketing efforts.

Administrative expenses

The Group's administrative expenses mainly consist of (i) employee benefit expenses; (ii) travelling and entertainment expenses; (iii) professional service fees, primarily including legal fees and information technology usage and maintenance fees for its mobile application; (iv) office expenses; (v) bank charges; (vi) listing expenses; (vii) depreciation and amortization charges for the Group's office equipment; (viii) auditors' remuneration; (ix) cost of consumables; and (x) others. The Group's administrative expenses increased by approximately 33.3% from RMB116.6 million for the year ended December 31, 2019 to RMB155.4 million for the year ended December 31, 2020, primarily due to the increase in employee benefit expenses resulting from the implementation of share incentive scheme.

Other income

The Group's other income mainly includes (i) interest income from loans due from related parties, representing interest income derived from the Group's non-ABS loans due from related parties; (ii) interest income on financial lease from sub-leasing certain car parks and retail units; and (iii) government grants. The Group's other income decreased by approximately 28.0% from RMB39.5 million for the year ended December 31, 2019 to RMB28.5 million for the year ended December 31, 2020, primarily due to the decrease in the interest income from loans due from related parties and the decrease in the interest income on finance lease.

Other (losses)/gains — net

The Group's net other (losses)/gains mainly consist of (i) net gains from fair value change of financial assets at FVPL, including fund products and wealth management products; (ii) fair value gains on investment properties, including retail units and car parks held for rental income and capital appreciation; (iii) net losses from early termination of lease agreements and derecognition of right-of-use assets related to certain retail units and car parks the Group leased from certain property owners and residents in the properties managed by it; and (iv) others. For the year ended December 31, 2020, the Group recorded net other losses of RMB5.7 million, mainly attributable to the losses from early termination of lease agreements and derecognition of right-of-use assets.

Income tax expenses

The Group's income tax expenses mainly comprise PRC corporate income tax. The Group's income tax expenses increased by approximately 143.8% from RMB39.4 million for the year ended December 31, 2019 to RMB96.1 million for the year ended December 31, 2020. Such increase was primarily due to the increase in the Group's profit before tax as a result of its business expansion. The effective income tax rate of the Group remained relatively stable at 25.8% and 26.7% for the years ended December 31, 2019 and 2020, respectively. Such rate was higher than the PRC statutory corporate income tax rate of 25%, primarily because certain expenses were not deductible for tax purposes (such as share-based payments).

Profit and adjusted profit for the year

As a result of the aforementioned changes in the Group's financial conditions, the Group's profit for the year increased by approximately 133.1% from RMB113.2 million for the year ended December 31, 2019 to RMB263.8 million for the year ended December 31, 2020. After excluding the Listing expenses and share-based payments (net of tax), the Group's adjusted profit for the year increased by approximately 165.2% from RMB114.2 million for the year ended December 31, 2019 to RMB302.8 million for the year ended December 31, 2020.

Non-GAAP financial measure

In order to supplement the consolidated financial statements prepared in accordance with HKFRS, the Company also proposed "Adjusted profit for the year" as a non-GAAP measure used by the management of the Group to provide additional information on its operating performance. The "Adjusted profit for the year" takes out the impact of listing expenses and share-based payments, which are not indicative for evaluating the actual performance of the Group's business. Under HKFRS, "Adjusted profit for the year" is not a standard measure. The management of the Group believes that such a non-GAAP measure provides additional information to investors and others in understanding and evaluating the consolidated results of operations in the same manner as the management of the Group. The following table sets forth a reconciliation between "Profit for the year" and "Adjusted profit for the year":

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Profit for the year	**263,756**	113,158
Adjusted for:		
Listing expenses	**2,981**	1,373
Share-based payments	**36,780**	—
Tax impact on the aforementioned reconciling items	**(745)**	(343)
Adjusted profit for the year	**302,772**	114,188

The definition of "Adjusted profit for the year" should not be considered in isolation or be construed as an alternative to profit for the year or any other standard measure under HKFRSs or as an indicator of operating performance. "Adjusted profit for the year" of the Group may not be comparable to similarly titled measures used by other companies.

Property, plant and equipment

The Group's property, plant and equipment comprise office equipment, machinery, vehicles, leasehold improvements and right-of-use assets. As at December 31, 2019 and 2020, the Group's property, plant and equipment amounted to RMB13.4 million and RMB19.5 million, respectively. The increase in the Group's property, plant and equipment during the year ended December 31, 2020 was primarily attributable to the procurement of office equipment and machinery to support the Group's business expansion.

Investment properties

The Group's investment properties represent car parks and retail units held to earn rentals and for capital appreciation. Its investment properties decreased from RMB75.5 million as of December 31, 2019 to RMB70.8 million as of December 31, 2020, primarily because the increase of disposal of investment properties outpaced that of purchase.

Intangible assets

The Group's intangible assets mainly include computer software. The Group's intangible assets increased from RMB1.1 million as of December 31, 2019 to RMB8.3 million as of December 31, 2020, primarily because the Group accelerated the upgrade of its information technology system.

Trade and other receivables and prepayments

The Group's trade and other receivables comprise trade receivables, note receivables, finance lease receivables, other receivables and prepayments to suppliers. As at December 31, 2020, the Group's trade and other receivables and prepayments amounted to RMB1,048.4 million, representing an increase of approximately 39.4% from RMB752.3 million as at December 31, 2019.

The Group's trade receivables mainly arise from the services provided under the Group's property management services, value-added services to non-property owners and community value-added services. As at December 31, 2020, the Group's trade receivables amounted to RMB864.8 million, representing an increase of approximately 101.4% from RMB429.3 million as at December 31, 2019, mainly due to the increase in revenue of the Group after its business expansion and the fact that the settlement speed of the customers did not accelerate.

As of December 31, 2020, the Group recorded finance lease receivables in the amount of RMB18.6 million, primarily resulting from the finance lease agreements it entered into for sub-leasing certain car parks and retail units.

The Group's other receivables primarily consist of other receivables from related parties, payments made on behalf of property owners and residents related to utility fees, tender deposits and advances to employees. Its other receivables decreased from RMB266.2 million as of December 31, 2019 to RMB88.4 million as of December 31, 2020, primarily due to a decrease in other receivables from related parties as a result of its efforts to gradually reduce its non-trade related party balance.

As at December 31, 2020, the Group's prepayments amounted to RMB57.4 million, representing an increase of approximately 77.8% from RMB32.3 million as at December 31, 2019, primarily due to an increase in energy fees prepaid to the power supply bureau as a result of an increase in the number of properties under management.

Trade and other payables

The Group's trade and other payables comprise trade payables, other payables, accrued payroll, other taxes payables and interests payable. As at December 31, 2020, the Group's trade and other payables amounted to RMB831.9 million, representing a decrease of approximately 17.1% from RMB1,003.7 million as at December 31, 2019.

The Group's trade payables primarily represent its obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, including purchase of materials. As at December 31, 2020, the Group's trade payables amounted to RMB301.5 million, representing an increase of approximately 45.4% from RMB207.4 million as at December 31, 2019, mainly due to the increase in procurement costs driven by the business expansion.

The Group's other payables mainly represent deposits from property owners or residents and suppliers, maintenance funds for the properties under the Group's management, cash collected on behalf of property developers and owners, utility fees paid on behalf of property owners and residents and accrued listing expenses. As at December 31, 2020, the Group's other payables amounted to RMB385.7 million, representing a decrease of approximately 43.3% from RMB680.3 million as at December 31, 2019, mainly due to a decrease in other payables to related parties as a result of its efforts to gradually reduce its non-trade related party balance.

As at December 31, 2020, accrued payroll amounted to RMB104.4 million, representing an increase of approximately 22.4% from RMB85.3 million as at December 31, 2019, mainly due to the increase in number of employees and salary increment in line with business expansion.

Working capital

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

Net current assets

As at December 31, 2020, the Group's net current assets amounted to RMB548.0 million (December 31, 2019: RMB288.2 million). The Group's total current assets increased by approximately 5.6% from RMB1,644.8 million as at December 31, 2019 to RMB1,736.9 million as at December 31, 2020. The Group's total current liabilities decreased by approximately 12.4% from RMB1,356.6 million as at December 31, 2019 to RMB1,188.9 million as at December 31, 2020. The increase in the Group's total current assets was primarily attributable to the increase in trade receivables resulting from business expansion and the increase in the cash and cash equivalents resulting from the accelerated settlement and recovery of non-trade receivables due from related parties.

Cash and cash equivalents

As at December 31, 2020, the Group's cash and cash equivalents amounted to RMB603.2 million, representing an increase of approximately 163.5% from RMB228.9 million as at December 31, 2019, mainly due to the acceleration of the collection of non-trade receivables from related parties.

Indebtedness

As at December 31, 2020, the Group did not have any bank loan or convertible loan (December 31, 2019: RMB90 million).

Pledge of assets

As at December 31, 2020, the Group did not have any pledged assets (December 31, 2019: nil).

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

The Group did not have any significant investment or significant acquisition of subsidiaries, associates and joint ventures during the year ended December 31, 2020.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group intends to utilise the net proceeds raised from the Listing according to the plans set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Financial risks

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

Market risks

(i) Foreign exchange risk

The Group's businesses are principally conducted in RMB. As at December 31, 2020, major non-RMB liabilities were other receivables which were denominated in HK$ or US$. Fluctuation of the exchange rates of RMB against HK$ or US$ could affect the Group's results of operations.

As at December 31, 2020, if RMB had strengthened/weakened by 5%, against US$ and HK$ with all other variables held constant, post-tax profit for the Relevant Year would have been RMB301,000 (2019: RMB222,000) higher/lower, respectively.

(ii) Cash flow and fair value interest rate risk

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

As at December 31, 2020, the Group was not exposed to any material cash flow and fair value interest rate risk since all borrowings had been repaid.

Credit risk

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

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

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

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

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

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

Liquidity risk

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

CONTINGENT LIABILITIES AND LITIGATIONS

As at December 31, 2020, the Group did not have any material contingent liabilities and litigations (December 31, 2019: nil).

COMMITMENTS

As at December 31, 2020, the Group had no capital commitment (December 31, 2019: nil), and the lease commitment of the Group as a lessee amounted to RMB0.7 million (December 31, 2019: RMB0.04 million).

KEY FINANCIAL RATIOS

As at December 31, 2020, the current ratio was 1.46 (December 31, 2019: 1.21) and its liabilities to assets ratio was 65.9% (December 31, 2019: 79.2%).

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

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

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at December 31, 2020, the Group had no material off-balance sheet commitments and arrangements.

PROCEEDS FROM LISTING

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

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

EMPLOYEES AND REMUNERATION POLICY

Human resource has always been the most valuable resource of the Group. As at December 31, 2020, the Group had a total of 8,813 full-time employees. For the year ended December 31, 2020, the staff cost recognised as expenses of the Group amounted to RMB592.9 million (2019: RMB583.0 million).

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

In determining the remuneration of the Directors and the senior management, the Board will make reference to the proposal of the remuneration committee of the Board, taking into account, among others, their respective duties and responsibilities, individual performance and the prevailing market conditions.

The Group focuses on cultivating talents and providing systematic trainings catering to individual needs. For example, the Group provides trainings on market analysis and operating strategy to senior management, trainings on team management and resource integration to mid-level management staff, and trainings on business professionalism and standardized operation to the project managers, and continuously establishes and optimizes a hierarchical talent cultivation system to clear the development path for talents. For the year ended December 31, 2020, the Group organized approximately 200 training sessions, and nearly 10,000 employees participated in these sessions.

As at the date of this report, the biographical details of Directors, Supervisors and senior management of the Company are as follows:

BIOGRAPHICAL DETAILS OF DIRECTORS

Mr. Geng Jianfu (耿建富), aged 56, was appointed as the chairman of the Board and an executive Director on April 6, 2020 and is responsible for decision-making, strategic planning and overall management of the Group. Mr. Geng Jianfu joined the Group in February 2016 and served as honorary chairman until April 2020, a position in which he was responsible for the Group's strategic decisions.

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

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

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

Mr. Xiao Tianchi (肖天馳), aged 31, was appointed as an executive Director and the Board secretary on April 6, 2020 and a joint company secretary on June 8, 2020. He is responsible for assisting the chairman of the Board in strategic planning and capital operation management.

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

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

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

Mr. Liu Yonggang (劉勇罡), aged 42, was appointed as an executive Director on April 6, 2020. Mr. Liu joined the Group in February 2017 as the Group's general manager and is responsible for overall operations and management of the Group.

Prior to joining the Group, from July 2000 to July 2001, Mr. Liu served as an assistant to the president at Jilin Urban and Rural Construction and Development Corporation (吉林省城鄉建設開發總公司), a company mainly engaged in real estate development, where he was responsible for assisting the president with daily work arrangements and participating in company management and operations. From July 2001 to November 2004, he successively served as the information supervisor and marketing supervisor at Changchun Vanke Real Estate Development Co., Ltd. (長春萬科房地產開發有限公司), a wholly-owned subsidiary of China Vanke Co., Ltd. (萬科企業股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 000002)), where he was responsible for information disclosure, media relationship management and management of sales assistance services. From November 2004 to September 2007, he served as a project manager at Changchun Vanke Property Management Services Co., Ltd. (長春萬科物業服務有限公司), where he was responsible for property management services. From September 2007 to February 2011, he served as the general manager at Changchun China Overseas Property Management Co., Ltd. (長春中海物業管理有限公司), where he was responsible for overall operations and management. From April 2011 to January 2014, he served as the deputy general manager at Jilin Yatai Real Estate Development Co., Ltd. (吉林亞泰房地產開發有限公司), where he was mainly responsible for property management and marketing promotion. From January 2014 to February 2017, he served as the general manager at Jilin Zhongsheng Real Estate Development Co., Ltd. (吉林市中聖房地產開發有限公司), where he was mainly responsible for the general management and operation of real estate development and property management. Mr. Liu used to serve as a supervisor at Weilan Family Services (Shanghai) Co., Ltd. (維瀾家庭服務(上海)有限公司), a company mainly engaged in property management and housekeeping services, where he is responsible for supervision of directors and senior management officers.

Mr. Liu graduated from The Open University of China (國家開放大學) (formerly known as China Central Radio and TV University (中央廣播電視大學)) in the PRC in July 2003, where he obtained a bachelor's degree in accounting. Mr. Liu was certified as a Registered Property Manager by the Real Estate Market Supervision Division (房地產市場監管司) in MOHURD in May 2013.

Mr. Zhang Wenge (**張文革**), aged 53, was appointed as a non-executive Director on April 6, 2020 and is responsible for providing guidance for the overall development of the Group.

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

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

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

Mr. Jin Wenhui (**金文輝**), aged 51, was appointed as an independent non-executive Director on April 6, 2020 and is responsible for providing independent advice to the Board.

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

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

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

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

Mr. Siu Chi Hung (蕭志雄), aged 50, was appointed as an independent non-executive Director on April 6, 2020 and is responsible for providing independent advice to the Board.

Mr. Siu joined KPMG (Hong Kong) in August 1994 as an accountant and became a partner in July 2008. He was the Head of Real Estate of KPMG (China) and the Head of Capital Markets Development, Southern China of KPMG (China) before his retirement in June 2018. He was appointed as an executive director of LVGEM (China) Real Estate Investment Company Limited (綠景(中國)地產投資有限公司), a company listed on the Stock Exchange (stock code: 0095), in September 2019. Mr. Siu currently also serves as an independent non-executive director at Dongjiang Environmental Company Limited (東江環保股份有限公司) (stock code: 0895) and China Gas Industry Investment Holdings Co. Ltd. (stock code: 1940), both companies listed on the Stock Exchange.

Mr. Siu graduated from the Chinese University of Hong Kong in December 1994, where he obtained a bachelor's degree in business administration. Mr. Siu is currently a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants (HKICPA), a member of the American Institute of Certified Public Accountants (AICPA) and a member of the Hong Kong Independent Non-Executive Director Association (HKiNEDA).

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

Mr. Tang Yishu (唐義書), aged 50, was appointed as an independent non-executive Director on August 18, 2020 and is responsible for providing independent advice to the Board.

From July 1993 to September 1998, Mr. Tang worked as a teacher at Beijing Wuzi University (北京物資學院). From September 1998 to June 2004, he successively served as a project manager, a department manager, the deputy general manager and a partner at Zhongshi Accounting Firm Co., Ltd. (中實會計師事務所有限責任公司), where he was mainly responsible for business development and overall management of the audit department. From July 2004 to September 2009, he worked as a partner and a deputy chief accountant at Beijing Lixin Changjiang Certified Public Accountants Co., Ltd. (北京立信長江會計師事務所有限公司), where he was mainly responsible for business development and overall management of the audit, consulting and quality control departments. From September 2009 to November 2017, he was a partner at Reanda Certified Public Accountants LLP (利安達會計師事務所(特殊普通合夥)). He is currently a partner at Zhongxinghua Certified Public Accountants LLP (中興華會計師事務所(特殊普通合夥)), a director of Rongbang Holdings Limited (榮邦控股有限公司), a director of Nexia Asia Pacific, the secretary-general of Nexia China Umbrella Organization and an external director of Stated-owned Assets Supervision and Administration Commission of Beijing (北京市人民政府國有資產監督管理委員會).

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

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

BIOGRAPHICAL DETAILS OF SUPERVISORS

Mr. Jing Zhonghua (**景中華**), aged 43, was appointed as a Supervisor on April 6, 2020.

Prior to joining the Group, from July 2000 to December 2003, Mr. Jing served as an accounting manager at Shenzhen Nanyou (Holdings) Corp. Ltd. (深圳市南油(集團)有限公司), a company mainly engaged in real estate development, where he was responsible for managing and overseeing the daily operations of the accounting department, monitoring and analyzing accounting data and producing financial reports or statements. From April 2004 to March 2010, he successively served as an accounting manager and financial manager at the Xi'an branch office of Gemdale Corporation (金地(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600383), where he was responsible for overseeing the overall preparation, management and monitoring of corporate budgets and performing financial analysis, reporting and management activities. From March 2010 to June 2015, he successively served as the deputy general manager of the finance department of the Xi'an branch office and the director of the finance center at Longfor Group Holdings Limited (龍湖集團控股有限公司), a company listed on the Stock Exchange (stock code: 0960), where he was mainly responsible for financial management, tax management and audit and financial supervision. He first joined RiseSun Real Estate Development in July 2015 as the general manager of the financial center until February 2020. He was subsequently promoted to become and currently serves as, the vice president, and is responsible for the operations and management of the financial center, financial management and accounting management.

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

Ms. Dong Hui (**董慧**), aged 41, was appointed as a Supervisor on April 6, 2020. Ms. Dong has been serving as the director of human resources and administrative affairs of the Company when since joined the Group in March 2020, and is responsible for management of human resources and administrative affairs. Prior to joining the Group, from July 2003 to April 2008, Ms. Dong served as a human resources specialist at China Light Industry Construction Co., Ltd. (中國輕工建設工程總公司), a company mainly engaged in project management, technical services, technical consulting and construction supervision, where she was primarily responsible for human resources related work. In April 2008, she joined RiseSun Real Estate Development and successively served as the director of human resources of the Langfang branch office, the service oversight director and the director of human resources of RiseSun Real Estate Development, where she was mainly responsible for human resources management until March 2020.

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

Mr. Liu Jifeng (劉紀鋒), aged 40, was appointed as a Supervisor on April 6, 2020. Mr. Liu joined the Group in May 2019 as the legal manager of the Company, where he is responsible for management of legal affairs and the legal team of the Group.

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

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

Mr. Wang Jiandong (王建東), aged 55, was appointed as a Supervisor on May 22, 2020.

From August 1995 to May 1997, Mr. Wang served as a deputy manager at Langfang Jinqiao Real Estate Development Co., Ltd. (廊坊市金橋房地產開發有限公司), a company mainly engaged in real estate development, where he was responsible for formulating regional project investment and development strategies and executing company development plans. He subsequently served as the manager at the Property Management Company of Langfang Economic and Technological Development Zone (廊坊經濟技術開發區物業管理公司). From April 1998 to August 2005, he served as the manager at Langfang Development Zone Yongcheng Property Services Co., Ltd. (廊坊開發區永成物業服務有限公司), a company mainly engaged in property management, where he was responsible for overall operations and management of the company. He currently serves as the chairman of the board at Langfang International Exhibition Group Co., Ltd. (廊坊國際展覽集團有限公司), a company mainly engaged in exhibition display services and logistics management, and at Hebei Jinxiang Property Group Co., Ltd. (河北金項物業集團有限公司), a company mainly engaged in property management, where he is responsible for decision making, strategic planning and overall management.

Mr. Wang currently serves as the vice president at Hebei Convention and Exhibition Industry Association (河北省會展業協會) and the vice chairman at Langfang Federation of Industry and Commerce (廊坊市工商聯合會). Mr. Wang completed the curriculum in economic management of Correspondence College of the Party School of the Communist Party of China Hebei Provincial Committee (中共河北省委黨校函授學院) in the PRC through distance learning in December 2001. He completed the curriculum in business administration of Foreign Economic and Trade University (對外經濟貿易大學) in the PRC in November 2002. Mr. Wang obtained the Qualification Certificate of Assistant Engineer from the Title Reform Leading Group Office of Langfang City (廊坊市職稱改革領導小組辦公室) in September 2009.

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

Mr. Zhang Yuanpeng (張元鵬), aged 28, was appointed as a Supervisor on May 22, 2020.

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

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

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

BIOGRAPHIES OF SENIOR MANAGEMENT

Mr. Xu Bin (許斌), aged 46, was appointed as the chief financial officer when he joined the Group in June 2019 and is responsible for the financial management of the Group.

Prior to joining the Group, from August 1997 to November 2001, Mr. Xu served as a project manager at Zhongyou Accounting Firm Co., Ltd. (中友會計師事務所有限公司), where he was responsible for organizing and executing business projects. From November 2001 to March 2011, he served as the finance director at Huaqing Jiye Investment Management Co., Ltd. (華清基業投資管理有限公司), a company mainly engaged in real estate development and project investment, where he was mainly responsible for overall financial management. From March 2011 to September 2017, he served as the finance director and secretary of the board of directors at Beijing Dianfeng Zhiye Tourism Culture Creative Co., Ltd. (北京巔峰智業旅遊文化創意股份有限公司), a company mainly engaged in tourism planning and design, where he was responsible for overall financial management and secretarial work of the board. From September 2017 to June 2019, he served as the finance director at Beijing Shoulv Scenic Investment and Management Co., Ltd. (北京首旅景區投資管理有限公司), a company mainly engaged in investment and operations of tourist attractions, where he was responsible for overall financial management. From January 2019 to May 2019, he served as a director of the board at Fujian Nanjing Tulou Tourism Development Co., Ltd. (福建省南靖土樓旅遊開發有限公司), a company mainly engaged in the development and operation of tourism projects, where he was responsible for formulating business decisions. Mr. Xu currently serves as an independent director at Tungkong Inc. (東港股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002117), where he is responsible for providing independent advice to the board.

Mr. Xu graduated from Central University of Finance and Economics (中央財經大學) in the PRC in July 1997, where he obtained a bachelor's degree in accounting. Mr. Xu was certified as a Certified Public Accountant by the Beijing Institute of Certified Public Accountants (北京註冊會計師協會) in the PRC in April 2001. He obtained the qualification of the Secretary of the Board certified by the Shenzhen Stock Exchange and the qualification of the Independent Director certified by the Shanghai Stock Exchange in the PRC in April 2013 and April 2015, respectively.

Mr. Lai Hongfei (賴鴻飛), aged 40, was appointed as the deputy general manager when he joined the Group in November 2018 and is responsible for quality control, operations management, market development and mergers and acquisitions.

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

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

Mr. Meng Qingbin (孟慶斌), aged 37, was appointed as the deputy general manager when he joined the Group in July 2019 and is responsible for the management of value-added services, the brand center and internet related business.

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

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

CORPORATE GOVERNANCE PRACTICE

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

Since the Listing, the Company has adopted and applied the Corporate Governance Code contained in Appendix 14 to the Listing Rules as its own corporate governance code. To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the Corporate Governance Code throughout the period from the Listing Date to the date of this report.

BOARD OF DIRECTORS

Composition of the Board

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

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

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

DUTIES OF DIRECTORS

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

The liability insurance of the Directors, Supervisors and senior management of the Company is maintained by the Company during the year ended December 31, 2020 to prevent and cover certain legal liabilities that may arise in the course of performing their duties.

BOARD AUTHORISATION

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

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

Confirmation of independence

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

BOARD DIVERSITY POLICY

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

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

The Company has also taken and will continue to take measures to enhance diversity at all levels of the Company, including but not limited to the Board and management level. Although the Company recognises that the existing composition of the Board can increase the diversity of the Board, it will continue to refer to the Board Diversity Policy and apply the rules of appointment based on the actual condition.

Regarding gender diversity in the Board, the Board Diversity Policy further stipulates that the Board should take the opportunity to increase the proportion of female members in selection and recommendation of suitable candidates. The Group will also ensure gender balance in the recruitment of senior and middle positions, so that there will be female senior management and potential successors to the Board in the future. The Company's goal is to maintain an appropriate balance between gender diversity by reference to stakeholder expectations and best practices recommended internationally and locally.

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

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

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

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

DIRECTOR TRAINING AND PROFESSIONAL DEVELOPMENT

Each newly appointed Director receives comprehensive, formal and customised training at the time of appointment. Subsequently, the Directors will obtain the latest developments regarding the Listing Rules, legal and other regulatory requirements, as well as the Group's business development, and they will be encouraged to participate in continuous professional development to expand their knowledge and skills. For the year ended December 31, 2020, all the Directors participated in the continuous professional development plan.

BOARD MEETING

The Board meets regularly to discuss and formulate the overall strategy, operations and financial performance of the Group. Directors can participate in person or through electronic communication. In accordance to A.2.1 of the Corporate Governance Code, the Board will hold at least four regular meetings per year at a frequency of approximately once a quarter, and will arrange ad hoc meetings if necessary. The date of each regular meeting is set in advance so that the Directors can attend the meeting in person. In accordance to A.2.7 of the Corporate Governance Code, the Company will also hold at least one meeting with the independent non-executive Directors without the presence of other Directors per year. As the Company was listed on January 15, 2021, the Chairman has not arranged such meeting with the independent non-executive Directors during the year ended December 31, 2020.

During the year ended December 31, 2020, the Directors made positive contributions to the affairs of the Group and had held five Board meetings.

Attendance records of Directors

During the year ended December 31, 2020, the attendance records of the Directors at Board meetings, meetings of special committees under the Board and general meetings are as follows:

	Number of meetings attended/number of meetings held for the year ended December 31, 2020				
Name	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination committee**	**General Meeting**
Executive Directors					
Mr. Geng Jianfu *(Chairman)*	5/5	N/A	N/A	N/A	3/3
Mr. Xiao Tianchi	5/5	N/A	N/A	N/A	3/3
Mr. Liu Yonggang	5/5	N/A	N/A	N/A	3/3
Non-executive Director					
Mr. Zhang Wenge	5/5	N/A	N/A	N/A	3/3
Independent Non-executive Directors					
Mr. Jin Wenhui	5/5	N/A	N/A	N/A	3/3
Mr. Siu Chi Hung	5/5	N/A	N/A	N/A	3/3
Mr. Shi Weigang (resigned on June 12, 2020)	3/3	N/A	N/A	N/A	2/2
Mr. Tang Yishu (appointed on August 18, 2020)	1/1	N/A	N/A	N/A	N/A

Note: Mr. Tang Yishu was appointed as a Director on August 18, 2020, and the Board held one meeting from the date of his appointment as a Director to December 31, 2020.

NOMINATION POLICY

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

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

— the highest personal and professional ethics and integrity;

— proven achievements and abilities of the nominee and exercise of reasonable business judgment;

— complementary skills with existing Board;

— ability to assist and support management and make a significant contribution to the Company's success;

— understand the fiduciary duties required by Board members and the time and effort required to perform their duties diligently;

— independence: independent non-executive Director candidates should meet the "independence" standards required by the Listing Rules, and the composition of the Board should meet the requirements of the Listing Rules.

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

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

Since the Listing, the Company has adopted the Model Code as the guidelines for Directors' dealings in the securities of the Company. Upon specific enquiries with all Directors, each of them has confirmed that from the Listing Date to the date of this report, he has complied with the Model Code and all applicable code provisions under the code of securities transactions.

According to the Company's requirements, the relevant management personnel and employees are also bound by the Model Code, which prohibits them from trading in the Company's securities at any time when they have inside information related to the securities. The Company was not aware of any incidents of violations of the Model Code by relevant personnel and employees.

REMUNERATION OF SENIOR MANAGEMENT

According to code provision B.1.5 of the Corporate Governance Code, the annual remuneration of senior management (other than Directors) by band for the year ended December 31, 2020 is as follows:

	Number of senior management
RMB3,000,000 to RMB3,500,000	3

DIVIDEND POLICY

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

CORPORATE GOVERNANCE FUNCTIONS

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

— develop and review the Company's policies and practices regarding corporate governance;

— review and monitor the training and continuous professional development of Directors and senior management;

— review and monitor the Company's compliance with policies and practices required by laws and regulations;

— develop, review and monitor codes of conduct and compliance manuals applicable to employees and Directors; and

— review the Company's compliance with Appendix 14 to the Listing Rules (Corporate Governance Code and Corporate Governance Report).

For the year ended December 31, 2020, the Board has performed the above duties.

CHAIRMAN AND GENERAL MANAGER

For the year ended December 31, 2020, the chairman and the general manager were held by different individuals. The chairman is Mr. Geng Jianfu, and the general manager is Mr. Liu Yonggang. The separation of responsibilities between the chairman and general manager ensures that the responsibilities of the chairman in managing and leading the Board are clearly different from those of general manager in managing the Company's business.

BOARD COMMITTEES

The Board has established three committees with respective written terms of reference to oversee related affairs of the Group.

AUDIT COMMITTEE

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

As at the date of this report, the Audit Committee consists of three members, including two independent non-executive Directors, Mr. Siu Chi Hung and Mr. Jin Wenhui, and one non-executive Director, Mr. Zhang Wenge. The chairman of the Audit Committee is Mr. Siu Chi Hung, who is an independent non-executive Director with appropriate accounting and related financial management expertise, which meets the requirements of Rule 3.21 of the Listing Rules. Pursuant to the terms of reference of the Audit Committee, Audit Committee meeting shall be held at least twice every year or more frequently if circumstances require. As the Company was listed on January 15, 2021, no Audit Committee meeting was held during the year ended 31 December 2020.

In March 29, 2021, the Audit Committee held one meeting with the Company's senior management and independent auditors to, among others, (1) consider the annual results announcement for the year ended December 31, 2020; and (2) review and discuss the Group's risk management and internal control systems, the effectiveness of the Company's internal audit and risk control functions; (3) re-appoint the auditor; and (4) review the Group's audited financial statements for the year ended December 31, 2020, and the opinions and reports of independent auditors, and submit the report to the Board for approval.

REMUNERATION COMMITTEE

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

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

As the Company was listed on January 15, 2021, no Remuneration Committee meeting was held during the year ended 31 December 2020.

On March 29, 2021, the Remuneration Committee held one meeting to consider recommending the shareholders to authorise the Board to fix the remunerations of the Directors and make recommendations on the remuneration packages for executive Directors and senior management for 2020, and submit the proposal to the Board for approval.

NOMINATION COMMITTEE

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

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

As the Company was listed on January 15, 2021, no Nomination Committee meeting was held during the year ended 31 December 2020.

On March 29, 2021, the Nomination Committee held one meeting to review the structure, size and composition of the Board of the Company, review the Board Diversity Policy, the measurable goals therefor and the progress towards such goals; evaluate the independence of independent non-executive Directors and submit the proposal to the Board for approval.

FINANCIAL REPORTING SYSTEM, RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Financial Reporting System

The Board, with the support of the financial department, is responsible for preparing the financial statements of the Company and the Group. In preparing the financial statements, HKFRS was adopted and appropriate accounting policies were consistently used and applied. The purpose of the Board is to make a clear and balanced assessment of the Group's performance in its annual and interim reports to Shareholders, and to make appropriate disclosures and announcements in a timely manner. Under code provision C.1.1 of the Corporate Governance Code, the management will provide explanations and information to the Board to enable it to make an informed assessment of financial and other information submitted to the Board for approval.

The scope of work and reporting responsibilities of PricewaterhouseCoopers, the Company's external auditor, are set out in the "Independent Auditor's Report" on pages 65 to 68 of this report.

Risk Management and Internal Control Systems

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

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

Regarding the Group's risk management and internal control measures, the Group has formulated a comprehensive set of policies and guidelines, which detail all aspects of internal control standards, process used to identify, evaluate and manage significant risks, division of responsibilities, approval procedures, and personnel accountability. The Group also conducts regular internal assessments and training to ensure that its employees have sufficient knowledge of these policies and guidelines. For the year ended December 31, 2020, the Group has implemented procedures and internal controls to process and disclose inside information. In particular, the Group:

— has handled in strict accordance with the disclosure requirements of the Listing Rules and the Inside Information Disclosure Guidelines issued by the Securities and Futures Commission of Hong Kong in June 2012;

— has established its own disclosure obligation procedures that set out procedures and controls for assessing potential internal information and for processing and disseminating internal information. The program has been communicated to the Company's senior management and employees and the Company monitors its implementation; and

— made extensive, non-exclusive information disclosure to the public in financial reports, announcements and through channels such as websites.

The risk management and internal control systems are continuously reviewed and evaluated by the Audit Committee and executive Directors, and will be further reviewed and evaluated by the Board at least annually, covering all material controls, including financial, operational and compliance controls. During the year ended December 31, 2020, the Board, through the Audit Committee, has reviewed the Company's internal control and risk management systems and considered the systems to be effective and adequate.

AUDITOR'S REMUNERATION

For the year ended December 31, 2020, the remuneration for the audit services of PricewaterhouseCoopers was RMB1.9 million.

JOINT COMPANY SECRETARIES

As at the date of this report, Mr. Xiao Tianchi and Mr. Wong Yu Kit of SWCS Corporate Services Group (Hong Kong) Limited, an external service provider, act as joint company secretaries. Ms. Wong's primary contact person of the Company is Mr. Xian Tianchi. For the year ended December 31, 2020, Mr. Wong undertook at least 15 hours of relevant professional training to update his skills and knowledge. Mr. Xiao was appointed as joint company secretary on June 8, 2020 and he will comply with Rule 3.29 of the Listing Rules to take no less than 15 hours of relevant professional training in the year 2021.

SHAREHOLDERS' RIGHT

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

Convening an Extraordinary General Meeting

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

(I) Shareholders individually or jointly holding 10% or more of the voting Shares may request the Board to convene an extraordinary general meeting or a class meeting by signing and submitting one or more written requests with the same format and contents in which the matters for consideration at the meeting shall be set out clearly. The Board shall proceed to convene the extraordinary general meeting or the class meeting as soon as possible after receiving the aforesaid written request. For the purpose of the preceding requirement relating to the number of voting Shares held, such number shall be calculated on the basis of the number of relevant voting Shares held on the date of submission of such written request.

(II) If the Board fails to issue a notice of such meeting within 30 days from the date of the receipt of the written request, the Supervisory Committee may convene such a meeting by itself within 4 months from the date of receipt of the request by the Board. If the Supervisory Committee fails to convene and preside over an extraordinary general meeting or a class meeting, Shareholders holding over 10% of the Shares individually or jointly may convene and preside over such a meeting by themselves, following the procedure for convening such meeting by the Board as much as possible.

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

Procedures to Put Forward Motions at General Meeting by Shareholders

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

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

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

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

Making Inquiry to the Board

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

CONSTITUTIONAL DOCUMENTS

The Company has amended the Articles of Association in accordance with the requirements of the Listing Rules. The amended Articles of Association have been effective since the Listing Date. The Articles of Association are available on the Company's website and the Stock Exchange's website.

NON-COMPETITION UNDERTAKING

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

The Company will make appropriate disclosure regarding the compliance of the Undertakings in its subsequent annual report.

Report of The Board of Directors

The Board is pleased to present the annual report and audited consolidated financial statements of the Group for the year ended December 31, 2020.

PRINCIPAL BUSINESS

The Company and its subsidiaries are principally engaged in property management services, value-added services to non-property owners and community value-added services. An analysis on the Group's revenue and operating results for the year ended December 31, 2020 is set out in Note 6 to the consolidated financial statements of the Group on page 102 of this report.

GEOGRAPHICAL ANALYSIS OF OPERATION

An analysis of the Group's revenue from operations by geographical locations of customers for the year ended December 31, 2020 is set out in Note 5 to the consolidated financial statements.

RESULTS AND OVERALL PERFORMANCE

The Group's results for the year ended December 31, 2020 are set out in the Consolidated Statement of Comprehensive Income on page 69 of this report.

BUSINESS REVIEW

The Group's business review, including the discussion on the major risks and uncertainties exposed to the Group and the potential business development course of the Group in the future, is set out in the sections headed "Report of the Board of Directors" and "Management Discussion and Analysis", which is on pages 50 to 62 and pages 14 to 30 of this report, respectively.

Details of the significant events which affected the Group and took place since the close of the financial year ended December 31, 2020 are set out in note 35 to the consolidated financial statements on page 148 of this report. "Management Discussion and Analysis" on pages 14 to 30 of this report contains part of the analysis on the Group's annual performance using key financial performance indicators. For explanations on the major relations between the Company and its employees, customers and suppliers, please refer to the section headed "Employees and Remuneration Policy" under "Management Discussion and Analysis" and the section headed "Major Customers and Suppliers" under "Report of the Board of Directors" of this report.

These discussions form part of this Report of the Board of Directors.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long term sustainability of the environment and communities in which it operates. The Group operates its business in compliance with applicable environmental protection laws and regulations and has implemented relevant environmental protection measures in compliance with the required standards under applicable PRC laws and regulations. Further details of the Group's environmental policies and performance will be disclosed in the environmental, social and governance report of the Company for the year ended December 31, 2020 to be published in due course in accordance with the Listing Rules.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended December 31, 2020, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

FINAL DIVIDEND

The Board recommends the payment of 2020 Proposed Final Dividend of RMB0.15 per Share (before tax) in the form of cash for the year ended December 31, 2020. The 2020 Proposed Final Dividend is subject to the approval of the Shareholders at the 2020 AGM to be held on Wednesday, June 30, 2021. The 2020 Proposed Final Dividend to the holders of domestic Shares will be declared and payable in Renminbi, and that to the holders of H Shares will be declared in Renminbi and payable in Hong Kong dollars, the exchange rate of which would be calculated based on the average exchange rate published by the People's Bank of China five business days prior to the 2020 AGM. Subject to the approval of the Shareholders at the 2020 AGM, the 2020 Proposed Final Dividend is expected to be paid on or before Tuesday, August 31, 2021.

As at the date of this report, there was no arrangement under which a Shareholder has waived or agreed to waive any dividends.

CLOSURE OF REGISTER OF MEMBERS

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

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

For determining the entitlement to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Friday, June 25, 2021 to Wednesday, June 30, 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2020 AGM, unregistered holders of shares of the Company shall lodge all the share transfer documents accompanied by the relevant share certificates with the H share registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for the registration of transfer of shares not later than 4:30 p.m. on Thursday, June 24, 2021.

For determining the entitlement to the 2020 Proposed Final Dividend

The Register of Members will be closed from Wednesday, July 7, 2021 to Friday, July 9, 2021, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the 2020 Proposed Final Dividend, the holders of H Shares whose transfer documents have not been registered are required to deposit all properly completed share transfer forms together with the relevant share certificates to the Company's H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, no later than 4:30 p.m. on Tuesday, July 6, 2021.

WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISE SHAREHOLDERS

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

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

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

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

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

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group for the year ended December 31, 2020 are set out in Note 15 to the consolidated financial statements.

BORROWINGS

For the year ended December 31, 2020, the Group had no bank and other borrowings.

SHARE CAPITAL

(1) The Company was converted to a joint stock company on April 23, 2020. 258,267,000 ordinary shares with par value of RMB1 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on July 31, 2019. RMB130,084,000 of retained earnings and RMB67,873,000 of reserves were capitalised as share capital.

(2) On May 22, 2020, the Company issued 23,733,000 shares of the Company to Shengyide Commercial at a price of RMB4.414 per share as a share incentive scheme and received capital contribution amounting to RMB104,757,700 in cash from Shengyide Commercial. RMB23,733,000 and RMB81,024,700 were recorded as share capital and share premium respectively.

Details of the movements in the share capital of the Company for the year ended December 31, 2020 are set out in Note 22 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Company for the year ended December 31, 2020 are set out on in Note 24 to the consolidated financial statements. For the purpose of the Company, the reserves available for distribution as at December 31, 2020 amounted to RMB216.2 million.

FINANCIAL STATEMENTS

The results of the Group for the year ended December 31, 2020 and its financial position as at December 31, 2020 are set out in the consolidated financial statements on page 69 to 148 of this report.

Report of The Board of Directors

DIRECTORS AND SUPERVISORS

During the year ended December 31, 2020 and up to the date of this report, the Directors and Supervisors are as follows:

Name of Director	Position
Mr. Geng Jianfu *(Chairman)*	Executive Director
Mr. Xiao Tianchi	Executive Director
Mr. Liu Yonggang	Executive Director
Mr. Zhang Wenge	Non-executive Director
Mr. Jin Wenhui	Independent Non-executive Director
Mr. Siu Chi Hung	Independent Non-executive Director
Mr. Tang Yishu	Independent Non-executive Director

Name of Supervisor	Position
Mr. Jing Zhonghua	President of the Supervisory Committee and Shareholder Representative Supervisor
Ms. Dong Hui	Employee Representative Supervisor
Mr. Liu Jifeng	Employee Representative Supervisor
Mr. Wang Jiandong	External Supervisor
Mr. Zhang Yuanpeng	External Supervisor

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year ended December 31, 2020, none of the Directors or their respective associates (as defined under the Listing Rules) had any interests in any business which competes or may compete with the business of the Group.

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

The Company was listed on the Main Board of the Stock Exchange on January 15, 2021. Therefore, section 352 of the SFO and the Model Code were not applicable to the Company as at 31 December 2020.

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

(i) Interests in the Company

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

Notes:

(1) The letter "L" denotes the person's long position in the Shares. As at the date of this report, the Company has issued 376,000,000 Shares, including 94,000,000 H Shares and 282,000,000 domestic Shares.

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

(ii) Interest in associated corporations of the Company

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

Note:

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

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

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

The Company was listed on the Main Board of the Stock Exchange on January 15, 2021. Therefore, section 336 of the SFO and the Model Code were not applicable to the Company as at 31 December 2020.

Insofar as it is known to the Company, as at the date of this report, persons (other than the Directors or Supervisors or chief executive of the Company) who had interests in the Shares or underlying Shares which were recorded in the register kept by the Company under section 336 of the SFO were as follows:

			Shares held in the relevant class of Shares(1)		
Name of Shareholder	**Nature of interest**	**Class of shares (1)**	**Number**	**Approximate percentage**	**Percentage of the total share capital of the Company(1) (approx.)**
Mr. Geng (2)	Interest in controlled corporations	Domestic Shares	235,527,000 (L)	83.52%	62.64%
RiseSun Holdings (2)	Interest in controlled corporations	Domestic Shares	235,527,000 (L)	83.52%	62.64%
RiseSun Construction Engineering	Interest in controlled corporations	Domestic Shares	235,527,000 (L)	83.52%	62.64%
RiseSun Real Estate Development (2)	Beneficial owner	Domestic Shares	235,527,000 (L)	83.52%	62.64%
Zhonghong Kaisheng	Beneficial owner	Domestic Shares	22,740,000 (L)	8.06%	6.05%
Ms. Geng Fanchao (3)	Interest in controlled corporations	Domestic Shares	22,740,000 (L)	8.06%	6.05%
Shengyide Commercial	Beneficial owner	Domestic Shares	23,733,000 (L)	8.42%	6.31%
Ms. Liu Hongxia (4)	Interest in controlled corporations	Domestic Shares	23,733,000 (L)	8.42%	6.31%
Brimstone Asset Management Company Limited	Investment manager	H Shares	22,918,500 (L)	24.38%	6.10%
Brimstone SPC	Beneficial owner	H Shares	22,918,500 (L)	24.38%	6.10%
Huatai Securities Co., Ltd. (5)	Interest of controlled corporation	H Shares	8,585,500 (L) 6,516,000 (S)	9.13% 6.93%	2.28% 1.73%

Notes:

(1) The letter "L" denotes the person's long position in the Shares. The letter "S" denotes the person's short position in the Shares. As at the date of this report, the Company has issued 376,000,000 Shares, including 94,000,000 H Shares and 282,000,000 domestic Shares.

(2) The Company is owned as to 83.52% by RiseSun Real Estate Development, which is controlled by Mr. Geng through RiseSun Holdings and RiseSun Construction Engineering. RiseSun Real Estate Development is owned as to 12.88% by Mr. Geng, 35.65% by RiseSun Holdings and 11.43% by RiseSun Construction Engineering. Mr. Geng owns 60.09% of the equity interest of RiseSun Holdings and 18.18% of the equity interest of RiseSun Construction Engineering, and RiseSun Holdings in turn owned 71.29% of the equity interest of RiseSun Construction Engineering. By virtue of the SFO, Mr. Geng, RiseSun Construction Engineering and RiseSun Holdings are deemed to be interested in Shares held by RiseSun Real Estate Development.

(3) Zhonghong Kaisheng is owned as to 48.33% by Ms. Geng Fanchao. By virtue of the SFO, Ms. Geng Fanchao is deemed to be interested in the Shares held by Zhonghong Kaisheng.

(4) Ms. Liu Hongxia is a general partner of and has full control over Shengyide Commercial. By virtue of the SFO, Ms. Liu Hongxia is deemed to be interested in Shares held by Shengyide Commercial.

(5) The long position in 6,516,000 H Shares and short position in 6,516,000 H Shares were held by Huatai Capital Investment Limited, which is wholly-owned by Huatai Financial Holdings (Hong Kong) Limited. The long position in 2,069,500 H Shares were held by Huatai Financial Holdings (Hong Kong) Limited, which is wholly-owned by Huatai International Financial Holdings Company Limited.

Huatai Financial Holdings (Hong Kong) Limited is wholly-owned by Huatai International Financial Holdings Company Limited, which is in turn wholly-owned by Huatai Securities Co., Ltd. By virtue of the SFO, Huatai Securities Co., Ltd., is deemed to have the interests in the Shares held by Huatai Capital Investment Limited and Huatai Financial Holdings (Hong Kong) Limited.

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

SHARE INCENTIVE SCHEME

In order to retain talents for achieving our strategic and operational goals, the then Shareholders passed resolutions on May 22, 2020, to approve the adoption of a share incentive scheme by way of establishing and making capital contribution into Shengyide Commercial, under which 45 individuals, including the Directors, senior management and certain employees of the Group, became the general partner and/or the limited partners of Shengyide Commercial which held approximately 6.31% of the Company's issued share capital.

From May 22, 2020 onwards, a partner intending to sell its shares can only formulate a sales proposal for the number of incentive shares corresponding to the completed assessment year, which means the number of incentive shares that can be sold by the partner ≤ [incentive shares × (completed assessment year ÷ 4) — the number of incentive shares sold]. In the event of share allotment, capitalisation of undistributed profits and reduction of shares by a company, adjustments shall be made accordingly.

Details of the share incentive scheme were set out in the Prospectus. No incentive share had been disposed of or acquired by a partner from the adoption date of the share incentive scheme above to December 31, 2020.

ARRANGEMENT TO PURCHASE EQUITY OR DEBT SECURITIES

Save as disclosed in the section headed "Share Incentive Scheme" in this report, during the year ended December 31, 2020, none of the Company, its holding company, or any of its subsidiaries was a party to any arrangement enabling the Directors to acquire benefits by means of the acquisition of equity or debt securities, including the debentures of the Company or any other body corporate.

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

During the year ended December 31, 2020 and as at December 31, 2020, save as disclosed in this report, there was no transaction, arrangement or contract of significance, to which the Company, its holding company or subsidiary was a party, and in which the Directors and the Supervisors or their respective connected entities were materially interested, either directly or indirectly.

SIGNIFICANT CONTRACTS

During the year ended December 31, 2020 and as at December 31, 2020, save as disclosed in the section headed "Related Party Transactions" below, there was no significant contract relating to the business of the Group between the Company (or any of its subsidiaries) and the Controlling Shareholder(s) (or any of its/their subsidiaries), nor was there any significant contract for the provision of services by the Controlling Shareholder(s) (or any of its/their subsidiaries) to the Company (or any of its subsidiaries).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2020, the revenue attributable to the Group's largest customer, and five largest customers in aggregate, represented approximately 42.6% and 43.3% of the Group's total annual revenue, respectively.

For the year ended December 31, 2020, the purchase attributable to the Group's largest supplier, and five largest suppliers in aggregate, represented approximately 2.5% and 9.5% of the Group's total purchase, respectively.

Except that the Controlling Shareholders are the Group's largest customers and are interested in the Group, for the year ended December 31, 2020, none of the other Directors, Supervisors, their respective associates or other Shareholders (to the knowledge of the Directors, who are interested in more than 5% of the issued shares of the Company) had any interests in the five largest suppliers or customers of the Group.

CONTINUING CONNECTED TRANSACTIONS

The following transactions constituted exempted continuing connected transactions of the Group since the Listing Date, which are subject to the reporting and annual review requirements under Chapter 14A of the Listing Rules:

1. Master Sales Agreement

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

The maximum annual purchase amount pursuant to the Master Sales Agreement for the two years ending December 31, 2022 will not exceed RMB26.0 million and RMB33.5 million, respectively.

2. Master Property Management Services Agreement

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

The maximum annual fee payable by RiseSun Group and its associates in relation to the Property Management Services to be provided by the Group under the Master Property Management Services Agreement for the two years ending December 31, 2022 will not exceed RMB446.6 million and RMB499.6 million, respectively.

3. **Master Small–Scale Engineering and Related Consultancy Services Agreement**

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

   The maximum annual fee payable by RiseSun Group and its associates under the Master Small-Scale Engineering and Related Consultancy Services Agreement for the two years ending December 31, 2022 will not exceed RMB359.7 million and RMB417.0 million, respectively.

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

As the Company was listed on January 15, 2021, and the continuing connected transactions under the Master Sales Agreement, the Master Property Management Services Agreement and the Master Small-Scale Engineering and Related Consultancy Services Agreement as mentioned above only commenced from the Listing Date, the Company will comply with the reporting and annual review requirements in accordance with the Listing Rules in its subsequent annual report.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended December 31, 2020 are disclosed in Note 32 to the consolidated financial statements.

As the Company was listed on January 15, 2021, none of the related party transactions set out in Note 32 to consolidated financial statements for the year ended December 31, 2020 constitutes connected transaction or continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

PRE-EMPTIVE RIGHTS AND TAX RELIEF OR EXEMPTION

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

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

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

SUFFICIENCY OF PUBLIC FLOAT

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

CORPORATE GOVERNANCE

The Company has adopted, applied and complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules since the Listing Date and up to the date of this report. The corporate governance practices of the Company are set out in the section headed "Corporate Governance Report" of this report.

FINANCIAL SUMMARY

Summary of the Group's results and assets and liabilities for the latest four financial years is set out in the section headed "Four-Year Financial Summary" on pages 149 to 150 of this report.

PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Company as at December 31, 2020 are set out in Note 12 to the consolidated financial statements.

PERMITTED INDEMNITY

The Group has purchased and maintained liability insurance for the Directors for the year ended December 31, 2020, which provides appropriate cover for the Directors.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save for the Company's initial public offering as described in the Prospectus and the additional 94,000,000 H Shares allotted and issued through full exercise of the over-allotment option on January 15, 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date and to the date of this report.

EQUITY LINKED AGREEMENT

No equity linked agreement was entered into during the year ended December 31, 2020.

CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

There are no changes in the biographical details of the Directors and the Supervisors that are required to be disclosed pursuant to Rule 13.51B of the Listing Rules since the Listing and up to the date of this report.

MANAGEMENT CONTRACT

No contract concerning management of the whole or substantial part of any business of the Company was entered into during the year ended December 31, 2020.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 15, 2021, 94,000,000 shares were issued upon the Listing at a price of HK$13.46 per share, net proceeds of the offering were approximately HK$1,168 million.

Save as disclosed above, there were no material events undertaken by the Group subsequent to December 31, 2020 to the Listing Date and up to the date of this report.

REMUNERATION OF DIRECTORS, SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' and the Supervisors' remuneration and five highest paid individuals for the Relevant Year are set out in Note 11 to the consolidated financial statements.

RETIREMENT BENEFIT SCHEME

The Group operates defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. There are no provisions under the retirement benefit scheme of the Group whereby forfeited contributions may be used to reduce future contributions. Details of retirement benefit scheme of the Group are set out in notes 2.21(a) and 11 to the consolidated financial statements.

AUDITOR

The Company's shares were only listed on the Stock Exchange on January 15, 2021, and there has been no change in auditor since the Listing Date. The consolidated financial statements for the year ended December 31, 2020 have been audited by PricewaterhouseCoopers, Certified Public Accountants, who are proposed for reappointment at 2020 AGM of the Company.

By Order of the Board
Geng Jianfu
Chairman and executive Director

Hong Kong, March 29, 2021

COMPOSITION OF THE SUPERVISORY COMMITTEE

In accordance with the requirements of the Articles of Association, the Supervisory Committee consists of five members, of which there are two employee representative Supervisors, one Shareholder representative Supervisor and two external Supervisors.

The term of office of Supervisors shall be three years, and is renewable upon re-election after the expiry of their term.

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

Name	Position
Mr. Jing Zhonghua	Chairman of the Supervisory Committee and Shareholder Representative Supervisor
Ms. Dong Hui	Employee Representative Supervisor
Mr. Liu Jifeng	Employee Representative Supervisor
Mr. Wang Jiandong	External Supervisor
Mr. Zhang Yuanpeng	External Supervisor

CHANGES IN SUPERVISORS

On April 6, 2020, Mr. Jing Zhonghua, Ms. Dong Hui and Mr. Liu Jifeng were appointed as a Supervisor upon review and approval at the general meeting on the same date.

On May 22, 2020, Mr. Wang Jiandong and Mr. Zhang Yuanpeng were appointed as a Supervisor upon review and approval at the general meeting on the same date.

MAJOR WORK PERFORMED BY THE SUPERVISORY COMMITTEE IN 2020

During the year ended December 31, 2020, the Supervisory Committee performed its duties diligently to supervise the operation and management of the Company in a legal, proper and effective manner under the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Articles of Association and the Listing Rules, which effectively safeguarded the interests of the Shareholders and the Company.

In 2020, the Supervisory Committee held a total of 3 meetings of the Supervisory Committee. The Supervisors carefully reviewed the meeting materials and fully studied and discussed the proposals before attending the meetings of the Supervisory Committee to earnestly perform their supervisory duties. The details of Supervisors attendance at the meetings of the Supervisory Committee held during the 2020 are as follows:

Name	Attendance in person	Attendance by proxy	Absence
Mr. Jing Zhonghua	3/3	N/A	N/A
Ms. Dong Hui	3/3	N/A	N/A
Mr. Liu Jihui	3/3	N/A	N/A
Mr. Wang Jiandong	2/2	N/A	N/A
Mr. Zhang Yuanpeng	2/2	N/A	N/A

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

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

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

The Supervisory Committee is satisfied with the operation management work conducted and the outstanding business performance achieved by the Board and management of the Company in 2020, and is fully confident in the development prospect of the Company in the future.

By Order of the Supervisory Committee
Jing Zhonghua
Chairman of the Supervisory Committee

Hong Kong, March 29, 2021

pwc

羅兵咸永道

To the Shareholders of Roiserv Lifestyle Services Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

OPINION

What we have audited

The consolidated financial statements of Roiserv Lifestyle Services Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 69 to 148, which comprise:

- the consolidated statement of financial position as at December 31, 2020;
- the consolidated statement of comprehensive income for the year ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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KEY AUDIT MATTERS

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

Key audit matter identified in our audit is related to impairment of trade receivables.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of Trade Receivables	
Refer to Note 4(a) "Critical accounting estimates and judgement", Note 20 "Trade and other receivables and prepayments" and Note 3.1.2 "Credit risk" to the consolidated financial statements. As of December 31, 2020, the gross amount of trade receivables of the Group amounted to RMB881,858,000. Management has assessed the expected credit losses of trade receivables with loss allowance of RMB17,082,000 made against trade receivables as of December 31, 2020. Impairment provision of trade receivables was made based on an assessment of the expected credit losses, including an assessment of the risk of default and the expected loss rate. Significant judgements were involved in assessing the expected credit losses and were subject to high degree of estimation uncertainty. In performing the assessment, management considered the credit quality of the debtors by considering their credit history, ageing profile and other factors, and taking into account the current market conditions and forward looking information, which is subjective, at the end of each reporting period. We focused on this area due to the significance of the balance to the consolidated financial statements, combined with the significant degree of estimations made by management in evaluating the expected credit losses of trade receivables.	We performed the following procedures in assessing impairment of trade receivables: 1) We understood, evaluated and validated the key controls relating to management's assessment on the expected credit losses of the trade receivables, including ageing analysis review and review of collectability of the receivable balances. We assessed the inherent risk of material misstatement on trade receivables by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity and susceptibility to management bias or fraud; 2) We challenged the assumptions used in the expected credit losses model for trade receivables, assessed its reasonableness by considering the credit history of the debtors and ageing profile, evaluated adjustment made to the historical loss rates based on current economic conditions and forward-looking information with reference to our industry knowledge, market information including macroeconomic factors; 3) We tested, on a sample basis, the accuracy of ageing analysis of trade receivables prepared by management to supporting documents; 4) We checked the mathematical accuracy of the calculation of the provision for loss allowance; and 5) We tested, on a sample basis, the subsequent settlement of trade receivables to cash receipts and the related supporting documents. Based on the work performed, the key assumptions and judgements adopted by management in relation to the impairment assessment of trade receivables were supportable by available evidences.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in this independent auditor's report is Yeung Chor Ho.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, March 29, 2021

Consolidated Statement of Comprehensive Income

Year ended December 31,

	Note	**2020** **RMB'000**	2019 RMB'000
Revenue	6	**1,807,157**	1,282,039
Cost of sales	10	**(1,299,633)**	(1,048,263)
Gross profit		**507,524**	233,776
Selling and marketing expenses	10	**(9,403)**	(2,163)
Administrative expenses	10	**(155,389)**	(116,605)
(Impairment losses)/reversal of impairment losses on financial assets	3.1.2	**(9,670)**	9,967
Other income	7	**28,453**	39,501
Other (losses)/gains — net	8	**(5,673)**	1,238
Operating profit		**355,842**	165,714
Finance income		**7,728**	21,365
Finance costs		**(3,737)**	(34,512)
Finance income/(costs) — net	9	**3,991**	(13,147)
Profit before income tax		**359,833**	152,567
Income tax expenses	13	**(96,077)**	(39,409)
Profit and total comprehensive income for the year		**263,756**	113,158
Profit and total comprehensive income attributable to:			
— Owners of the Company		**263,756**	113,232
— Non-controlling interests		**—**	(74)
		263,756	113,158
Earnings per share (expressed in RMB per share)			
— Basic and diluted	14	**0.97**	0.44

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

Consolidated Statement of Financial Position

As at December 31,

	Note	2020 RMB'000	2019 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	15	**19,467**	13,352
Investment properties	16	**70,829**	75,516
Intangible assets	17	**8,261**	1,084
Other receivables	20	**16,828**	71,824
Deferred income tax assets	27	**8,085**	12,629
		123,470	174,405
Current assets			
Inventories	19	**28,801**	16,403
Contract assets	6(a)	**41,064**	50,804
Prepaid taxes		**13,806**	14,381
Trade and other receivables and prepayments	20	**1,048,353**	752,257
Loans and interest receivables due from related parties	32(e)	**—**	482,076
Restricted cash	21	**1,700**	100,000
Cash and cash equivalents	21	**603,186**	228,867
		1,736,910	1,644,788
Total assets		**1,860,380**	1,819,193
Equity			
Equity attributable to owners of the Company			
Share capital/Paid-in capital	22	**282,000**	60,310
Reserves	24	**216,217**	129,768
Retained earnings		**136,587**	188,892
Total equity		**634,804**	378,970

Consolidated Statement of Financial Position

As at December 31,

	Note	**2020 RMB'000**	2019 RMB'000
Liabilities			
Non-current liabilities			
Contract liabilities	6(a)	**19,873**	20,723
Lease liabilities	26	**12,462**	57,748
Deferred income tax liabilities	27	**4,322**	5,202
		36,657	83,673
Current liabilities			
Contract liabilities	6(a)	**311,541**	237,880
Trade and other payables	25	**831,941**	1,003,671
Borrowings		**—**	90,000
Lease liabilities	26	**2,759**	8,908
Current income tax liabilities		**42,678**	16,091
		1,188,919	1,356,550
Total liabilities		**1,225,576**	1,440,223
Total equity and liabilities		**1,860,380**	1,819,193

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 69 to 148 were approved by the Board of Directors on March 29, 2021 and were signed on its behalf.

Mr. Geng Jianfu
Director

Mr. Liu Yonggang
Director

Consolidated Statement of Changes in Equity

	Note	Share capital/ paid-in capital RMB'000 (Note 22)	Reserves RMB'000 (Note 24)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to owners of the Company					
Balance at January 1, 2019		55,000	28,741	91,355	175,096	310	175,406
Comprehensive income							
Profit/(loss) for the year		–	–	113,232	113,232	(74)	113,158
Transactions with owners in their capacity as owners:							
Capital contribution from shareholder of the Company	1.1	5,310	93,650	–	98,960	–	98,960
Dividends distribution to RiseSun Group		–	–	(6,433)	(6,433)	–	(6,433)
Deemed distribution pursuant to the business combination under common control	1.2(a)	–	(1,885)	–	(1,885)	–	(1,885)
Appropriation of statutory reserve	24	–	9,262	(9,262)	–	–	–
Disposal of subsidiaries		–	–	–	–	(236)	(236)
Balance at December 31, 2019		60,310	129,768	188,892	378,970	–	378,970
Balance at January 1, 2020		**60,310**	**129,768**	**188,892**	**378,970**	**–**	**378,970**
Comprehensive income							
Profit for the year		**–**	**–**	**263,756**	**263,756**	**–**	**263,756**
Transactions with owners in their capacity as owners:							
Effect of the Company's conversion from a limited liability company into a joint stock company	22	**197,957**	**(67,873)**	**(130,084)**	**–**	**–**	**–**
Capital injection from Shengyide Commercial	22	**23,733**	**81,025**	**–**	**104,758**	**–**	**104,758**
Share-based payment	23	**–**	**36,780**	**–**	**36,780**	**–**	**36,780**
Dividend paid to the shareholders	28	**–**	**–**	**(149,460)**	**(149,460)**	**–**	**(149,460)**
Appropriation of statutory reserve	24	**–**	**36,517**	**(36,517)**	**–**	**–**	**–**
Balance at December 31, 2020		**282,000**	**216,217**	**136,587**	**634,804**	**–**	**634,804**

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

Consolidated Statement of Cash Flows

Year ended December 31,

	Note	2020 RMB'000	2019 RMB'000
Cash flows from operating activities			
Cash generated from operations	29	**80,389**	112,952
Income tax paid		**(65,250)**	(79,710)
Net cash generated from operating activities		**15,139**	33,242
Cash flows from investing activities			
Purchase of property, plant and equipment	15	**(11,305)**	(9,195)
Purchase of investment properties		**(10,843)**	(5,904)
Purchase of intangible assets	17	**(8,010)**	(1,181)
Proceeds from disposal of property, plant and equipment		**1,196**	267
Proceeds from disposal of investment properties		**22,453**	19,097
Loans granted to related parties	32(f)	**(50,000)**	(429,300)
Repayment of loans by related parties	32(f)	**532,076**	695,500
Cash advances made to related parties		**(279,139)**	(426,864)
Repayments from related parties		**385,394**	568,822
Interest received from related parties	32(f)	**22,558**	39,443
Proceeds from disposal of financial assets at fair value through other comprehensive income	32(f)	**—**	6,467
Purchase of financial assets at fair value through profit or loss	3.3	**(151,470)**	(703,393)
Proceeds from redemption of financial assets at fair value through profit or loss	3.3	**151,470**	733,833
Disposal of subsidiaries, net of cash		**—**	(2,911)
Interests from financial assets at fair value through profit or loss	3.3	**593**	2,445
Net cash generated from investing activities		**604,973**	487,126
Cash flows from financing activities			
Capital contribution from shareholders of the Company	22	**104,758**	98,960
Deemed distribution pursuant to the business combination under common control		**—**	(1,885)
Proceeds from borrowings	29(a)	**—**	90,000
Repayments of borrowings	29(a)	**(90,000)**	(665,000)
Cash advances from related parties	29(a)	**296,545**	304,766
Repayments of cash advances from related parties	29(a)	**(460,146)**	(423,465)
Listing expenses paid		**(26,879)**	(3,672)
Principal elements of lease payments	29(a)	**(10,990)**	(1,359)
Interest paid		**(3,857)**	(37,960)
Dividends paid to shareholders		**(155,224)**	(668)
Increase in restricted cash		**—**	(100,000)
Decrease in restricted cash		**100,000**	—
Net cash used in financing activities		**(245,793)**	(740,283)
Net increase/(decrease) in cash and cash equivalents		**374,319**	(219,915)
Cash and cash equivalents at beginning of year		**228,867**	448,782
Cash and cash equivalents at end of year		**603,186**	228,867

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

1 GENERAL INFORMATION AND REORGANISATION

1.1 General information

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

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

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

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

On January 15, 2021, The Company's shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the "Listing").

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

These financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors (the "Board") of the Company on March 29, 2021.

1.2 Reorganisation

In preparation for the Listing of the Company's H shares on the Main Board of The Stock Exchange of Hong Kong Limited, the Group underwent the following reorganisation steps:

(a) The Company acquired the entire equity interests in Yongqing Jingtai Property Service Co., Ltd. ("Yongqing Jingtai") and Zhangjiakou RiseSun Jingxuan Property Service Co., Ltd. ("Zhangjiakou RiseSun Jingxuan") on September 28, 2019 and November 1, 2019, respectively, at aggregate considerations of approximately RMB1,885,000, from RiseSun Group.

(b) On September 29, 2019, the Group disposed of its entire equity interests in Langfang Shengkun Gardening Engineering Co., Ltd. ("Shengkun Gardening") to Langfang Shengkun Commercial Management Co., Ltd ("Langfang Shengkun"), a subsidiary under the RiseSun Group for nil consideration pursuant to a share transfer agreement.

1 GENERAL INFORMATION AND REORGANISATION *(Continued)*

1.2 Reorganisation *(Continued)*

(c) The Company acquired the entire equity interests in Tangshan Fengnan District Pujie Property Services Co., Ltd. ("Tangshan Pujie") and Jiangsu Pujie Property Co., Ltd. ("Jiangsu Pujie") on April 9, 2020 and April 13, 2020, respectively, at nil considerations, from RiseSun Group.

(d) On April 23, 2020, upon conversion to a joint stock company with limited liability, the Company issued 258,267,000 shares at par value of RMB1 each to the shareholders in accordance with their respective equity interest.

(e) On May 22, 2020, the Group adopted a share incentive scheme as part of the Reorganisation, under which Xianghe Shengyide Commercial Consulting Center (Limited Partner) ("Shengyide Commercial"), a limited partnership established by certain management and employees of the Group and RiseSun Group, injected capital amounting to RMB104,757,700 to the Company. Upon the completion of such capital injection, the Company was owned as to 83.52% by RiseSun Group, 8.06% by Hebei Zhonghong Kaisheng and 8.42% by Shengyide Commercial, respectively.

Upon the completion of the Reorganisation, the Company became the holding company of the companies now comprising the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") and disclosure requirements of the Hong Kong Companies Ordinance ("HKCO") Cap. 622.

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through profit or loss ("FVPL").

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(c) *New standards and amendments to standards not yet adopted*

The following new standards and amendments to existing standards have been published that are not mandatory for the year ended December 31, 2020 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 4 and HKFRS 16	Interest rate benchmark reform — phase 2	January 1, 2021
Amendments to HKFRS 3	Business combinations — reference to the conceptual framework	January 1, 2022
Amendments to HKAS 16	Property, plant and equipment: proceeds before intended use	January 1, 2022
Amendments to HKAS 37	Onerous contracts — cost to fulfilling a contract	January 1, 2022
Revised accounting guideline 5	Merger accounting for common control combinations	January 1, 2022
Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	Annual improvements to HKFRS standards 2018–2020	January 1, 2022
Amendments to HKAS 1	Classification of liabilities as current or non-current	January 1, 2023
HKFRS 17	Insurance contracts (new standard)	January 1, 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause	January 1, 2023
Amendments to HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has commenced an assessment of the impact of these new standards and amendments to standards. According to the preliminary assessment made by the directors, no significant impact on the Group's financial performance and position is expected when they become effective.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Principles of consolidation

(a) *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and financial position respectively.

(b) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3 Business combinations

(a) *Business combinations under common control*

The consolidated financial statements incorporate the financial statement items of the entities of businesses in which the common control combination occurs as if they had been consolidated from the date when the entities of businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

A uniform set of accounting policies is adopted by those entities. All intra-group transitions, balances and unrealised gains on transactions between combining entities or business are eliminated on consolidation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Business combinations *(Continued)*

(b) *Business combinations not under common control*

The acquisition method of accounting is used to account for all business combinations not under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors who makes strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised within "other (losses)/gains — net" in the consolidated statements of comprehensive income.

2.7 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over the shorter of their estimated useful lives or, in case of leasehold improvements, and right-of-use assets, the lease term, as follows:

— Vehicles	5 years
— Office equipment	5 years
— Machinery	5 years
— Right-of-use assets	Shorter of useful life and lease terms
— Leasehold improvements	Shorter of estimated useful lives or lease terms

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Construction in progress represents the direct costs of construction incurred of property, plant and equipment less any impairment losses. No provision for depreciation is made on construction in progress until such time the relevant assets are completed and put into use. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other (losses)/gains — net" in the consolidated statements of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Investment properties

Investment properties represent car parks and retail units held for capital appreciation.

Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are presented in profit or loss as part of "other (losses)/gains — net".

2.9 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interests in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Computer software

Acquired computer software stated at historical cost less amortisation. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software, and are amortised over their estimated useful lives of 1 to 20 years.

2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Investments and other financial assets

(a) *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other (losses)/gains — net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Investments and other financial assets *(Continued)*

(c) Measurement *(Continued)*

Debt instruments (Continued)

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other losses, net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other (losses)/gains—net.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net in profit or loss within other losses, net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other (losses)/gains — net in the consolidated statements of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position where the Group currently has is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and financial assets at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables from third parties and related parties are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. The costs of inventories are determined by the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2.14 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, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised 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. See Note 20 for further information about the Group’s accounting for trade receivables and Note 3.1.2 for a description of the Group’s impairment policies.

2.15 Cash and cash equivalents, restricted cash

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions. Bank deposits which are restricted to use are included in “restricted cash” of the consolidated statements of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.19 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Employee benefits

(a) *Pension obligations*

The Group only operates defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(b) *Housing funds, medical insurances and other social insurances*

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.22 Share-based payments

Share-based compensation benefits are provided to employees via the employee share incentive scheme. Information relating to the schemes is set out in Note 23.

Share incentive scheme

Equity-settled share-based payment transactions are share-based payment arrangement in which the Group received goods or services as consideration for its own equity instrument. The Group might receive goods or services but have no obligation to settle the transaction with the supplier, as the settlement will be made by a shareholder or another group entity, this transaction are also equity-settled share-based payment transaction.

For an equity-settled share-based payment transaction, the fair value of equity instrument granted is recognised as an employee benefits expense with a corresponding increase in equity.

The total amount to be expensed is determined by reference to the fair value of the equity instrument granted:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

Non-marketing performance and services conditions are included in the calculation of the number of the equity instrument expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2.23 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.24 Revenue recognition

Revenues are recognised when or as the control of the goods or services is transferred to the customer. Depending the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at point in time.

The Group provides property management services and related value-added services. Revenue from providing services is recognised in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group's performance when the Group performs.

(a) Property management services

For property management services, the Group bills a fixed amount for services provided on an annual, quarterly or monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is responsible for providing the property management services to the property owners, the Group entitles to revenue at the value of property management services fee received or receivable and recognises all related property management costs as its cost of service.

(b) Value-added services to non-property owners

Value-added services to non-property owners mainly includes engineering services, preliminary planning and design consultancy service, cleaning, security, greening and repair and maintenance service to property developers at pre-delivery stages and property brokerage services. The Group agrees the price for each service with the customers.

(c) Community value-added services

For community value-added services mainly relating to services to property owners, includes resident services, residential property brokerage and others, revenue is recognised when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer.

Revenue from sales of goods (included in community value-added service) is recognised when the Group has delivered the goods to the purchaser and the collectability of related consideration is reasonably assured.

For value-added services to non-property owners and property owner other than property brokerage services, the Group recognises revenue over the period of the contract by reference to the progress towards complete satisfaction of the performance obligations. The progress towards complete satisfaction of the performance obligation, in an amount that reflects the consideration expected to be entitled and, depending on the nature of the contract, is measured mainly by reference to (a) the proportion of contract costs incurred for work performed to date to estimated total contract costs for each contract; or (b) completion of physical proportion of the contract work.

For property brokerage service, the Group act as a sales agent charge a commission calculated based on the contract purchase price. Revenue from brokerage services is recognised at a point in time when the matching service is rendered.

If contracts involve the sale of multiple services, the transaction price allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.24 Revenue recognition *(Continued)*

(d) Presentation of assets and liabilities related to contracts with customers

When either party to a contract has performed, the Group presents the contract in the consolidated statements of financial positions as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Incremental costs incurred to obtain a contact, if recoverable, are capitalized and presented as assets and subsequently amortised when the related revenue is recognised. The Group applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense immediately if the amortisation period is less than 12 months.

2.25 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.26 Leases

(a) The Group is the lessee

The Group leases various properties, including car parks and retail unites. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security of borrowing purpose.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset (i) included in "Property, Plant and Equipment" (Note 15) is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis; (ii) included in "Investment Properties" (Note 16), which were recognised when the lease agreements were exercised, is subsequently measured in accordance with the fair value model in HKAS 40.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.26 Leases *(Continued)*

(a) *The Group is the lessee* (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.26 Leases *(Continued)*

(b) *The Group is the lessor*

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. For a finance lease, the lessor recognises a receivable at an amount equal to the net investment in the lease which is the present value of the aggregate of lease payments receivable by the lessor and any unguaranteed residual value. If a contract is classified as an operating lease, the lessor continues to present the underlying assets.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the terms of the relevant lease. Initial direct costs with more than a significant amount are capitalized when incurred and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred.

The lease receivable under lease arrangements are recognised as “other receivable” in the consolidated statements of financial position.

(c) *The Group as a sublease lessor*

Sub-lease is a transaction for which an underlying asset is re-leased by a lessee (“sublease lessor”) to a third party, and the lease (“head lease”) between the head lessor and lessee remains in effect. In classifying a sublease, a sublease lessor shall classify the sublease as a finance lease or an operating lease as follows:

If the head lease is a short-term lease that the entity, as a lessee, has accounted for the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis, the sublease shall be classified as an operating lease.

Otherwise, the sublease shall be classified by referenced to the right-of-use asset arising from the head lease as finance lease or operating lease.

2.27 Dividend distribution

Dividend distribution to the Company’s shareholders is recognised as a liability in the Group’s and the Company’s financial statements in the period in which the dividends are approved by the Company’s shareholders or directors, where appropriate.

2.28 Earnings per share

(a) *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.28 Earnings per share *(Continued)*

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.29 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

3.1.1 Market risk

(i) Foreign exchange risk

The Group's businesses are principally conducted in RMB. As at December 31, 2020, major non-RMB liabilities were other payables which were denominated in HK$ or US$. Fluctuation of the exchange rate of RMB against HK$ or US$ could affect the Group's results of operations.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.1 Market risk (Continued)

(i) Foreign exchange risk (Continued)

The Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk. The carrying amount of the Group's foreign currency denominated monetary liabilities at the respective balance sheet dates are as follows:

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
Financial liabilities		
— HK$	**3,310**	2,219
— US$	**4,717**	3,713
	8,027	5,932

As at December 31, 2020, if RMB had strengthened/weakened by 5%, against US$ and HK$ with all other variable held constant, post-tax profit for the year would have been RMB301,000 (2019: RMB222,000) higher/lower.

(ii) Cash flow and fair value interest rate risk

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

As at December 31, 2020, the Group did not expose to any material cash flow and fair value interest rate risk as all the borrowing has been repaid.

3.1.2 Credit risk

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

(i) Cash deposits at banks

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

(ii) Financial assets at FVPL

The Group expects that there is no significant credit risk associated with financial assets at FVPL since the Group furnishes investment mandates to commercial banks. These mandates require them to invest in wealth management products with high market credit rating, liquidity and stable return. Management does not expect that there will be any significant losses from non-performance by these counterparties.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

(iii) Trade and note receivables and contract assets

The Group assessed that the expected credit loss rate for trade and note receivables and contract assets from related parties were low considering the good financial position and credit history of the related parties. The directors believe that there is no material credit risk inherent in trade and note receivables and contract assets from related parties.

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

The Group applies the simplified approach to providing for expected credit losses ("ECL") prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables and contract assets due from third parties. To measure the ECL, trade receivables and contract assets due from third parties have been grouped based on shared credit risk characteristics and the days past due.

The management of the Group considered the credit quality of the debtors by considering their credit history, ageing profile and other factors, and taking into account the current market conditions and incorporating the forward looking information in ECL model.

(iv) Other receivables

Other receivables due from related parties

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

Other receivables due from third parties

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

(iv) Other receivables (Continued)

Other receivables due from third parties *(Continued)*

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of individual property owner or the borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data. The Group has reviewed the current impact of the Coronavirus Disease 2019 ("COVID-19") on the estimations of expected credit loss provisions and concluded that there was no material adverse effects.

Since the actual loss rates for trade receivables and other receivables and adjustments for forward-looking information did not have significant change, the directors of the Company consider that the change in the expected loss rate for the provision matrix is insignificant.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk *(Continued)*

(iv) Other receivables (Continued)

As at the respective balance sheet date, the loss allowance provision for the trade receivables due from third parties was determined as follows. The expected credit losses below also incorporated forward looking information.

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Over 5 years	Total
Trade receivables*						
At December 31, 2020						
Expected loss rate	5%	10%	30%	50%	100%	
Gross carrying amount (RMB'000)	221,441	28,612	893	799	2,481	254,226
Loss allowance provision (RMB'000)	11,072	2,861	268	400	2,481	17,082
At December 31, 2019						
Expected loss rate	5%	10%	30%	50%	100%	
Gross carrying amount (RMB'000)	126,824	11,410	1,122	240	793	140,389
Loss allowance provision (RMB'000)	6,341	1,141	337	120	793	8,732

* Excluding amounts due from related parties.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk *(Continued)*

(iv) Other receivables (Continued)

As at the respective balance sheet date, the loss allowance provision for trade receivables and other receivables due from third parties reconciles to the opening loss allowance for that provision as follows:

	Trade receivables* RMB'000	Other receivables* RMB'000	Total RMB'000
At January 1, 2020	**8,732**	**4,513**	**13,245**
Provision for loss allowance recognised in profit or loss	**13,380**	**1,674**	**15,054**
Write off bad debt provision	**(91)**	**—**	**(91)**
Unused amounts reversed	**(4,939)**	**(445)**	**(5,384)**
At December 31, 2020	**17,082**	**5,742**	**22,824**
At January 1, 2019	18,999	4,441	23,440
Provision for loss allowance recognised in profit or loss	7,536	1,880	9,416
Unused amounts reversed	(17,800)	(1,583)	(19,383)
Disposal of a subsidiary	(3)	(225)	(228)
At December 31, 2019	8,732	4,513	13,245

* Excluding amounts due from related parties.

As at December 31, 2020, the gross carrying amount of trade and other receivables (excluding prepayments) was RMB994,509,000 (2019: RMB794,459,000), and thus the maximum exposure to loss was and RMB971,685,000 (2019: RMB781,214,000).

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.3 Liquidity risk

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

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	**Between 1 and 2 years RMB'000**	**Between 2 and 5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**
As at December 31, 2020					
Trade and other payables (excluding accrued payroll, other taxes payables and advance rent receipt)	**687,283**	**–**	**–**	**–**	**687,283**
Lease liabilities	**3,940**	**2,655**	**7,065**	**7,062**	**20,722**
	691,223	**2,655**	**7,065**	**7,062**	**708,005**

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at December 31, 2019					
Borrowings	90,901	–	–	–	90,901
Trade and other payables (excluding accrued payroll, other taxes payables and advance rent receipt)	887,800	–	–	–	887,800
Lease liabilities	14,412	15,104	33,593	26,997	90,106
	993,113	15,104	33,593	26,997	1,068,807

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the asset-liability ratio. This ratio is calculated as total liabilities divided by total assets.

As at December 31, 2020 and 2019, asset-liability ratio of the Group is as follows:

	As at December 31,	
	2020	2019
Asset-liability ratio	**66%**	79%

The decrease in asset-liability ratio during the year ended December 31, 2020 was primarily resulted from the increase in share capital (Note 22).

3.3 Fair value estimation

(a) Financial assets and liabilities

The Group's financial instruments recognised in the consolidated statements of financial position are mainly trade and other receivables, financial liabilities carried at amortised cost. The carrying value less impairment provision of trade and other receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses estimated discounted cash flows to make assumptions.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at December 31, 2020 and 2019, the Group has no financial assets and liabilities at FVTPL.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

(b) Non-financial assets and liabilities

The Group's non-financial assets and liabilities measured at fair value are mainly investment properties (level 3).

The following table presents the changes in level 3 items.

	Investment Properties			
	Retail units held for rentals	Car parks and retail units held for capital appreciation	Car parks held for rentals	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2020	**—**	**75,516**	**—**	**75,516**
Addition	**—**	**10,843**	**—**	**10,843**
Disposal	**—**	**(18,115)**	**—**	**(18,115)**
Amounts recognised in other gains	**—**	**2,585**	**—**	**2,585**
As at December 31, 2020	**—**	**70,829**	**—**	**70,829**
As at January 1, 2019	65,219	79,381	74,009	218,609
Addition	—	8,876	—	8,876
Disposal	(65,219)	(18,050)	(74,009)	(157,278)
Amounts recognised in other gains	—	5,309	—	5,309
As at December 31, 2019	—	75,516	—	75,516

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Allowance on doubtful receivables

The Group makes allowances on receivables based on assumptions about risk of default and expected loss rates. The Group used judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and doubtful debt expenses in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 3.1.2 above.

(b) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(c) Share-based payment

As mentioned in Note 23, the Group has granted equity instruments to its employees. The directors have used option pricing model and discounted cash flow method to determine the total fair value of the equity instruments granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the projections of future performance, discount rate, risk-free interest rate, expected volatility and dividend yield, is required to be made by the directors in applying the option pricing model and discounted cash flow method.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by 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 years ended December 31, 2020 and 2019, the Group is principally engaged in the provision of property management services, community value-added services and value-added services to non-property owners in the PRC. Management views the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

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

As at December 31, 2020 and 2019, all of the non-current assets were located in the PRC.

6 REVENUE

Revenue mainly comprises proceeds from property management services and related value-added services. An analysis of the Group's revenue by category for the years ended December 31, 2020 and 2019 are as follows:

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Property management services	**897,662**	703,218
Community value-added services	**195,171**	147,052
— Sales of goods	**75,843**	48,570
— Other valued-added services	**119,328**	98,482
Value-added services to non-property owners	**714,324**	431,769
	1,807,157	1,282,039
Type of services		
Revenue from contract with customers:	**1,797,676**	1,279,184
— at a point in time	**144,372**	69,162
— over time	**1,653,304**	1,210,022
Revenue from other sources	**9,481**	2,855
	1,807,157	1,282,039

For the year ended December 31, 2020, revenue from RiseSun Group contributed 42% (2019: 38%) of the Group's revenue. Other than the RiseSun Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the years ended December 31, 2020 and 2019.

6 REVENUE *(Continued)*

(a) Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	As at December 31, 2020 RMB'000	2019 RMB'000
Contract assets		
— Related parties (Note 32(d))	**39,675**	44,262
— Third parties	**1,389**	6,542
Loss allowance	**—**	—
	41,064	50,804
Contract liabilities-current		
— Related parties (Note 32(d))	**85,821**	42,907
— Third parties	**225,720**	194,973
	311,541	237,880
Contract liabilities-non-current		
— Third parties	**19,873**	20,723

(i) Changes in contract assets and liabilities

Contract assets of the Group represent unbilled revenue of engineering services provided to customers (included in value-added services to non-property owners), which result from engineering when the cost-to-cost method of revenue recognised exceeds the amount billed to the customers.

Contract liabilities of the Group mainly arise from the advance payment made by customers while the underlying services are yet to be provided. The increase in contract liabilities was mainly due to the increase of the Group's revenue-bearing gross floor area as results of business expansion and the customer's payment behaviour.

6 REVENUE *(Continued)*

(a) Contract assets and liabilities *(Continued)*

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
— Property management services	**157,911**	107,380
— Value-added services	**79,969**	16,767
	237,880	124,147

(iii) Unsatisfied performance obligations

For property management services, the Group recognises revenue in the amount that equal to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts. The majority of the property management service contracts and other contracts do not have a fixed term.

For community value-added services and the value-added services to non-property owners, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

(iv) Assets recognised from incremental costs to obtain a contract

During the years ended December 31, 2020 and 2019, there was no significant incremental costs to obtain a contract.

7 OTHER INCOME

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Interest income from loans due from related parties (Note 32(b))	**22,558**	30,487
Interest income on finance lease	**3,539**	8,617
Government grants (Note a)	**2,356**	397
	28,453	39,501

(a) There are no unfulfilled conditions or other contingencies attaching to these grants.

8 OTHER (LOSSES)/GAINS — NET

	Year ended December 31, 2020 RMB'000	2019 RMB'000
Net fair value gain on financial assets at FVPL	**593**	2,062
Fair value gains on investment properties (Note 16)	**2,585**	5,309
Net losses from early termination of lease agreements and derecognition of right-of-use assets (Note 16)	**(11,140)**	(2,587)
Net gains on disposal of equipment	**32**	6
Gains on disposal of subsidiaries	**—**	58
Others	**2,257**	(3,610)
	(5,673)	1,238

9 FINANCE INCOME/(COSTS) — NET

	Year ended December 31, 2020 RMB'000	2019 RMB'000
Finance income		
Interest income from loans due from related parties (Note 32(b))	**—**	17,750
Interest income from bank deposits	**7,728**	3,615
	7,728	21,365
Finance costs		
Interest expenses on borrowings	**(902)**	(22,813)
Interest expenses on lease liabilities	**(2,835)**	(11,699)
	(3,737)	(34,512)
Finance income/(costs) — net	**3,991**	(13,147)

10 EXPENSES BY NATURE

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Employee benefit expenses (Note 11)	**592,949**	583,023
Maintenance costs (Note (a))	**259,907**	157,996
Engineering costs	**255,900**	181,578
Greening and cleaning expenses	**145,553**	84,046
Costs of goods sold (Note (b))	**79,065**	46,065
Utilities	**36,079**	22,023
Cost of consumables	**16,488**	18,730
Taxes and other levies	**16,226**	13,050
Travelling and entertainment expenses	**17,202**	16,958
Office expenses	**12,157**	12,554
Professional service fees	**4,663**	6,124
Depreciation and amortisation charges	**5,740**	2,927
Bank charges	**3,602**	2,229
Listing expenses	**2,981**	1,373
Auditors' remunerations		
— Audit services	**1,926**	39
Others	**13,987**	18,316
	1,464,425	1,167,031

(a) Maintenance costs mainly includes security costs, elevator operation costs and property maintenance costs, etc.

(b) The cost of goods sold represents the cost of the commodities from convenient shops under the Group's management and others.

11 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31, 2020 RMB'000	2019 RMB'000
Wages, salaries and bonuses	**462,605**	467,859
Social insurance expenses (Note (a))	**47,768**	70,300
Housing benefits	**18,444**	10,749
Share-based payment (Note 23)	**36,780**	—
Other employee benefits (Note (b))	**27,352**	34,115
	592,949	583,023

(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 average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

(b) Other employee benefits mainly include meal, travelling and transportation allowances.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 2 directors for the year ended December 31, 2020 (2019:1 director), whose emoluments are reflected in the analysis shown in Note 34. The emoluments payable to the remaining 3 individuals during the year ended December 31, 2020 (2019:4 individuals) are as follows:

	Year ended December 31, 2020 RMB'000	2019 RMB'000
Wages and salaries	**1,551**	3,277
Bonuses	**1,570**	1,491
Pension costs, housing funds, medical insurance and other social insurances	**199**	325
Share-based payment	**6,303**	—
	9,623	5,093

11 EMPLOYEE BENEFIT EXPENSES *(Continued)*

The emoluments fell within the following bands:

	Number of individuals Year ended December 31,	
	2020	2019
Emolument bands (in Hong Kong dollars)		
Nil–HK$1,000,000	**–**	1
HK$1,000,001–HK$2,000,000	**–**	2
HK$2,000,001–HK$3,000,000	**–**	1
Above HK$3,000,000	**3**	–
	3	4

12 SUBSIDIARIES

The following is a list of the principal subsidiaries as at December 31, 2020 and 2019:

Company name	Place and date of incorporation/ establishment/ kind of legal entity	Registered capital	Ownership interest held by the Group 2020	2019	Principal activities and place of operation
Directly owned:					
Nanjing Liuhe RiseSun Property Service Co., Ltd.* 南京六合榮盛物業服務有限公司	The PRC, May 22, 2006, Limited liability company	RMB3,000,000	**100%**	100%	Property management services in Nanjing
Liaocheng RiseSun Property Service Co., Ltd.* 聊城榮盛物業服務有限公司	The PRC, September 17, 2013, Limited liability company	RMB5,000,000	**100%**	100%	Property management services in Liaocheng
Shijiazhuang Shengjing Fitness Service Co., Ltd.* 石家莊盛景健身服務有限公司	The PRC, June 23, 2014, Limited liability company	RMB100,000	**100%**	100%	Fitness services in Shijiazhuang
Hohhot RiseSun Property Service Co., Ltd.* 呼和浩特市榮盛物業服務有限公司	The PRC, August 1, 2012, Limited liability company	RMB5,000,000	**100%**	100%	Property management services in Hohhot
Langfang Rongxin Real Estate Brokerage Co., Ltd.* 廊坊市榮信房地產經紀有限公司	The PRC, November 16, 2013, Limited liability company	RMB50,000,000	**100%**	100%	Real estate brokerage services in Langfang
Langfang Rongzhen Trading Co., Ltd.* 廊坊榮臻貿易有限公司	The PRC, November 14, 2018, Limited liability company	RMB13,000,000	**100%**	100%	Merchandise sales in Langfang
Sichuan RiseSun Shengxin Property Service Co., Ltd.* 四川榮盛盛欣物業管理有限公司	The PRC, January 11, 2019, Limited liability company	RMB3,000,000	**100%**	100%	Property management services in Chengdu
Shanxi Risesun Property Service Co., Ltd.* 山西榮盛物業服務有限公司	The PRC, April 11, 2019, Limited liability company	RMB5,000,000	**100%**	100%	Property management services in Taiyuan

12 SUBSIDIARIES *(Continued)*

Company name	Place and date of incorporation/ establishment/ kind of legal entity	Registered capital	Ownership interest held by the Group 2020	2019	Principal activities and place of operation
Directly owned: *(Continued)*					
Henan Rongding Property Service Co., Ltd.* 河南榮定物業服務有限公司	The PRC, April 18, 2019, Limited liability company	RMB2,000,000	**100%**	100%	Property management services in Xinyang
Guangdong Rongfa Property Service Co., Ltd.* 廣東榮發物業服務有限公司	The PRC, April 24, 2019, Limited liability company	RMB10,000,000	**100%**	100%	Property management services in Zhanjiang
Chuzhou RiseSun Property Service Co., Ltd.* 滁州榮盛物業服務有限公司	The PRC, June 10, 2019, Limited liability company	RMB5,000,000	**100%**	100%	Property management services in Chuzhou
Cangzhou Rongguang Construction Engineering Co., Ltd.* 滄州市榮光建築工程有限公司	The PRC, April 29, 2019, Limited liability company	RMB1,000,000	**100%**	100%	Engineering services in Cangzhou
Yongqing Jingtai Property Service Co., Ltd.* 永清京台物業服務有限公司 (Note 1.2(a))	The PRC, March 28, 2012, Limited liability company	RMB1,000,000	**100%**	100%	Property management services in Langfang
Zhangjiakou RiseSun Jingxuan Property Service Co., Ltd.* 張家口榮盛京宣物業服務有限公司 (Note 1.2(a))	The PRC, April 2, 2018, Limited liability company	RMB1,000,000	**100%**	100%	Property management services in Zhangjiakou
Shijiazhuang Rongci Real Estate Brokerage Co., Ltd.* 石家莊榮賜房地產經紀有限公司	The PRC, December 4, 2019, Limited liability company	RMB1,000,000	**100%**	100%	Real estate brokerage services in Shijiazhuang
Hubei Rongming Property Service Co., Ltd.* 湖北榮銘物業服務有限公司	The PRC, September 12, 2019, Limited liability company	RMB2,000,000	**N/A**	100%	Property management services in Wuhan
Tangshan Fengnan District Pujie Property Services Co., Ltd.* 唐山市豐南區普捷物業服務有限公司 (Note 1.2(c))	The PRC, July 3, 2012, Limited liability company	RMB500,000	**100%**	100%	Property management services in Tangshan
Roiserv (Beijing) Technology Services Limited* 榮萬家(北京)科技服務有限公司	The PRC, April 13, 2020, Limited liability company	RMB1,000,000	**100%**	N/A	Technology service
Changzhou Rongyijia Property Agent Co.,Ltd* 常州市榮宜嘉房地產代理服務有限公司	The PRC, May 29, 2020, Limited liability company	RMB2,000,000	**100%**	N/A	Real estate brokerage services in Changzhou

12 SUBSIDIARIES *(Continued)*

Company name	Place and date of incorporation/ establishment/ kind of legal entity	Registered capital	Ownership interest held by the Group 2020	2019	Principal activities and place of operation
Directly owned: *(Continued)*					
Tianjin Roiserv Lifestyle Service Co., Ltd* 天津榮萬家生活服務有限公司	The PRC, October 23, 2020, Limited liability company	RMB3,000,000	**100%**	N/A	Property management services in Tianjin
Hengshui Roiserv Lifestyle Service Co., Ltd* 衡水榮悦生活服務有限公司	The PRC, December 7, 2020, Limited liability company	RMB1,000,000	**100%**	N/A	Property management services in Hengshui
Roiserv (Beijing) Property Service Co., Ltd* 榮萬家 (北京) 物業服務有限公司	The PRC, December 28, 2020, Limited liability company	RMB1,000,000	**100%**	N/A	Property management services in Beijing
Tianjin Rongshang Technology Co., Ltd* 天津榮尚科技有限公司	The PRC, July 24, 2020, Limited liability company	RMB16,000,000	**100%**	N/A	Engineering services in Langfang
Qingdao Shengjing Fitness Service Co., Ltd* 青島盛景健身服務有限公司	The PRC, September 24, 2020, Limited liability company	RMB100,000	**100%**	N/A	Fitness service in Qingdao
Jinan Rongtong Real Estate Brokerage Co. Ltd* 濟南榮通房地產經紀有限公司	The PRC, October 29, 2020, Limited liability company	RMB1,000,000	**100%**	N/A	Real estate brokerage services in Ji'nan
Indirectly owned:					
Nanjing Handu Technology Industrial Co., Ltd. (Nanjing Handu)* 南京翰都科技實業有限公司	The PRC, February 28, 2017, Limited liability company	RMB5,000,000	**100%**	100%	Elevator maintenance services in Nanjing
Linqing Pujie Property Service Co., Ltd.* 臨清普捷物業服務有限公司	The PRC, September 9, 2014, Limited liability company	RMB500,000	**100%**	100%	Property management services in Linqing
Zhanjiang Rongjin Trading Co., Ltd.* 湛江市榮錦商貿有限公司	The PRC, May 19, 2017, Limited liability company	RMB500,000	**100%**	100%	Merchandise sales in Zhanjiang
Shenyang Rongkun Trading Co., Ltd.* 瀋陽榮坤商貿有限公司	The PRC, May 15, 2017, Limited liability company	RMB500,000	**100%**	100%	Merchandise sales in Shenyang
Chengdu Rongchao Trading Co., Ltd.* 成都市榮超商貿有限公司	The PRC, November 16, 2016, Limited liability company	RMB500,000	**100%**	100%	Merchandise sales in Chengdu
Nanjing Ronghui Trading Co., Ltd.* 南京榮惠商貿有限公司	The PRC, November 8, 2016, Limited liability company	RMB500,000	**100%**	100%	Merchandise sales in Nanjing
Xianghe Rongkun Trading Co., Ltd.* 香河榮坤商貿有限公司	The PRC, November 10, 2016, Limited liability company	RMB500,000	**100%**	100%	Merchandise sales in Langfang
Tangshan Rongjun Trading Co., Ltd.* 唐山市榮峻商貿有限公司	The PRC, November 21, 2016, Limited liability company	RMB500,000	**100%**	100%	Merchandise sales in Tangshan
Bengbu Rongchang Trading Co., Ltd.* 蚌埠榮昌商貿有限公司	The PRC, November 21, 2016, Limited liability company	RMB500,000	**100%**	100%	Merchandise sales in Bengbu

12 SUBSIDIARIES *(Continued)*

Company name	Place and date of incorporation/ establishment/ kind of legal entity	Registered capital	Ownership interest held by the Group 2020	2019	Principal activities and place of operation
Indirectly owned: *(Continued)*					
Cangzhou Rongkun Trading Co., Ltd.* 滄州市榮坤商貿有限公司	The PRC, January 9, 2017, Limited liability company	RMB500,000	**100%**	100%	Merchandise sales in Cangzhou
Hunan Rongkun Trading Co., Ltd.* 湖南榮坤商貿有限公司	The PRC, January 22, 2017, Limited liability company	RMB2,000,000	**100%**	100%	Merchandise sales in Hunan
Shijiazhuang Rongci Trading Co., Ltd.* 石家莊榮賜商貿有限公司	The PRC, January 11, 2017, Limited liability company	RMB500,000	**100%**	100%	Merchandise sales in Shijiazhuang
Handan Rongchao Trading Co., Ltd.* 邯鄲市榮超貿易有限公司	The PRC, February 9, 2017, Limited liability company	RMB2,000,000	**100%**	100%	Merchandise sales in Handan
Linyi Ronghui Trading Co., Ltd.* 臨沂市榮惠商貿有限公司	The PRC, January 18, 2017, Limited liability company	RMB500,000	**100%**	100%	Merchandise sales in Linyi
Liaocheng Dongchangfu Rongfa Trading Co., Ltd.* 聊城市東昌府區榮發商貿有限公司	The PRC, January 3, 2017, Limited liability company	RMB500,000	**100%**	100%	Merchandise sales in Liaocheng
Xuzhou Rongrun Trading Co., Ltd.* 徐州市榮潤商貿有限公司	The PRC, November 17, 2016, Limited liability company	RMB500,000	**100%**	100%	Merchandise sales in Xuzhou
Liaocheng Rongkun Construction Engineering Co., Ltd.* 聊城市榮坤建築工程有限公司	The PRC, February 03, 2018, Limited liability company	RMB10,000,000	**100%**	100%	Engineering services in Liaocheng
Langfang Rongba Trading Co., Ltd.* 廊坊榮霸貿易有限公司	The PRC, April 11, 2019, Limited liability company	RMB500,000	**100%**	100%	Merchandise sales in Langfang
Chongqing Rongzhiguan Trading Co., Ltd.* 重慶榮之冠商貿有限公司	The PRC, April 23, 2019, Limited liability company	RMB500,000	**100%**	100%	Merchandise sales in Chongqing
Changzhou Zhenmiao Grocery&Trading Co., Ltd.* 常州臻淼百貨貿易有限公司	The PRC, May 20, 2019, Limited liability company	RMB500,000	**100%**	100%	Merchandise sales in Changzhou
Tangshan Youmian Catering Services Co., Ltd.* 唐山優安米餐飲服務有限公司	The PRC, November 22, 2019, Limited liability company	RMB1,000,000	**100%**	100%	Catering services in Tangshan
Cangzhou Rongna Trading Co., Ltd.* 滄州市榮納商貿有限公司	The PRC, September 20, 2019, Limited liability company	RMB2,000,000	**100%**	100%	Merchandise sales in Cangzhou
Jinan Rongfa Convenience Supermarket Co., Ltd.* 濟南榮發便利生活超市有限公司	The PRC, December 3, 2019, Limited liability company	RMB500,000	**100%**	100%	Merchandise sales in Ji'nan
Langfang Duona Trading Co., Ltd.* 廊坊多納商貿有限公司	The PRC, July 25, 2019, Limited liability company	RMB300,000	**100%**	100%	Merchandise sales in Langfang
Zhengzhou Shenshuo Trading Co., Ltd.* 鄭州市申朔商貿有限公司	The PRC, November 8, 2019, Limited liability company	RMB1,000,000	**100%**	100%	Merchandise sales in Zhengzhou
Shenyang Rongyue Trading Co., Ltd.* 瀋陽榮悅商貿有限公司	The PRC, November 6, 2019, Limited liability company	RMB1,000,000	**100%**	100%	Merchandise sales in Shenyang
Shenyang Rongxin Trading Co., Ltd.* 瀋陽榮馨商貿有限公司	The PRC, November 6, 2019, Limited liability company	RMB500,000	**100%**	100%	Merchandise sales in Shenyang

12 SUBSIDIARIES *(Continued)*

Company name	Place and date of incorporation/ establishment/ kind of legal entity	Registered capital	Ownership interest held by the Group 2020	2019	Principal activities and place of operation
Indirectly owned: *(Continued)*					
Hohhot Rongmian Trading Co., Ltd.* 呼和浩特市榮冕商貿有限公司	The PRC, November 8, 2019, Limited liability company	RMB500,000	**100%**	100%	Merchandise sales in Hohhot
Cangzhou Rongqia Trading Co., Ltd.* 滄州市榮洽商貿有限公司	The PRC, October 31, 2019, Limited liability company	RMB2,000,000	**100%**	100%	Merchandise sales in Cangzhou
Huizhou Rongzhen Trading Co., Ltd.* 惠州市榮臻貿易有限公司	The PRC, July 11, 2019, Limited liability company	RMB500,000	**100%**	100%	Merchandise sales in Huizhou
Jiangsu Pujie Property Co., Ltd.* 江蘇普捷物業有限公司 (Note 1.2(c))	The PRC, November 5, 2004, Limited liability company	RMB5,000,000	**100%**	100%	Property management services in Nanjing
Zhangjiakou Rongyiheng Trading Co., Ltd.* 張家口榮億恒商貿有限公司	The PRC, February 11, 2020, Limited liability company	RMB300,000	**100%**	N/A	Merchandise sales in Zhangjiakou
Yangxi County Shanhuhai Property Owners' Home Catering Services Co., Ltd.* 陽西縣山湖海業主之家餐飲服務有限公司	The PRC, January 19, 2020, Limited liability company	RMB3,000,000	**100%**	N/A	Catering services in Yangjiang
Shijiazhuang Rongyu Trading Co., Ltd* 石家莊榮御商貿有限公司	The PRC, June 11, 2020, Limited liability company	RMB1,000,000	**100%**	N/A	Merchandise sales in Zhangjiakou

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

13 INCOME TAX EXPENSES

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Current income tax		
— PRC corporate income tax	**92,413**	35,267
Deferred income tax (Note 27)		
— PRC corporate income tax	**3,664**	4,142
	96,077	39,409

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group entities as follows:

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Profit before income tax	**359,833**	152,567
Tax charge at corporate income tax rate of 25%	**89,958**	38,142
Tax effects of:		
— Expenses not deductible for tax purposes	**10,526**	2,826
— Effect of different tax rates available to different subsidiaries and branches of the Group	**(4,303)**	(1,666)
— Tax losses and deductible temporary differences for which no deferred income tax asset was recognised	**–**	107
— Utilisation of previously unrecognised tax losses	**(104)**	–
	96,077	39,409

The effective income tax rate was 26.7% for the year ended December 31, 2020 (2019: 25.8%).

13 INCOME TAX EXPENSES *(Continued)*

PRC corporate income tax

Income tax provision of the Group in respect of operations in the PRC 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 the PRC is 25%. Certain subsidiaries and branches of the Group were qualified as “Small Low-Profit Enterprise” and will be taxed at the reduced tax rate of 20% from January 1, 2008. Starting from January 1, 2019 to December 31, 2021, “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%.

14 EARNINGS PER SHARE

On April 23, 2020, the Company was converted into a joint stock company. For the purpose of computing basic and diluted earnings per share, ordinary shares were assumed to have issued and allocated on January 1, 2019 as if the Company has been converted from a limited liability company into a joint stock company by then. On May 22, 2020, the Group adopted a share incentive scheme by issuing 23,733,000 shares to Shengyide Commercial. Under which, the Group did not have legal obligation to repurchase the incentive shares that fail to meet the vesting conditions. Details are set out in Note 22 and Note 23.

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares during the years ended December 31, 2020 and 2019.

The Company did not have any potential ordinary shares outstanding during the years ended December 31, 2020 and 2019. Diluted earnings per share is equal to basic earnings per share.

	Year ended December 31,	
	2020	2019
Profit for the year attributable to owners of the Company (RMB’000)	**263,756**	113,232
Weighted average number of ordinary shares deemed to be in issue (in thousands)	**272,767**	258,267
Basic and diluted earnings per share attributable to the owners of the Company during the year (expressed in RMB per share)	**0.97**	0.44

15 PROPERTY, PLANT AND EQUIPMENT

	Office equipment RMB'000	Machinery RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Subtotal RMB'000	Right-of-use assets RMB'000	Total RMB'000
As at January 1, 2019								
Cost	8,247	2,657	3,679	851	479	15,913	427	16,340
Accumulated depreciation	(3,609)	(755)	(2,881)	(672)	–	(7,917)	(85)	(8,002)
Net book amount	4,638	1,902	798	179	479	7,996	342	8,338
Year ended December 31, 2019								
Opening net book amount	4,638	1,902	798	179	479	7,996	342	8,338
Additions	6,184	1,490	126	1,395	–	9,195	–	9,195
Disposal of a subsidiary	(63)	(542)	(8)	–	(479)	(1,092)	–	(1,092)
Disposals	(214)	(25)	(22)	–	–	(261)	–	(261)
Depreciation charge	(1,664)	(514)	(269)	(348)	–	(2,795)	(33)	(2,828)
Closing net book amount	8,881	2,311	625	1,226	–	13,043	309	13,352
As at December 31, 2019								
Cost	13,555	3,292	3,575	2,245	–	22,667	427	23,094
Accumulated depreciation	(4,674)	(981)	(2,950)	(1,019)	–	(9,624)	(118)	(9,742)
Net book amount	8,881	2,311	625	1,226	–	13,043	309	13,352
Year ended December 31, 2020								
Opening net book amount	**8,881**	**2,311**	**625**	**1,226**	**–**	**13,043**	**309**	**13,352**
Additions	**4,565**	**1,990**	**878**	**3,872**	**–**	**11,305**	**881**	**12,186**
Disposals	**(368)**	**(789)**	**(7)**	**–**	**–**	**(1,164)**	**–**	**(1,164)**
Depreciation charge	**(2,458)**	**(723)**	**(316)**	**(1,203)**	**–**	**(4,700)**	**(207)**	**(4,907)**
Closing net book amount	**10,620**	**2,789**	**1,180**	**3,895**	**–**	**18,484**	**983**	**19,467**
As at December 31, 2020								
Cost	**17,517**	**4,451**	**4,446**	**6,117**	**–**	**32,531**	**1,308**	**33,839**
Accumulated depreciation	**(6,897)**	**(1,662)**	**(3,266)**	**(2,222)**	**–**	**(14,047)**	**(325)**	**(14,372)**
Net book amount	**10,620**	**2,789**	**1,180**	**3,895**	**–**	**18,484**	**983**	**19,467**

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Depreciation expenses were charged to the following categories in the consolidated statements of comprehensive income:

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Cost of sales	**3,635**	1,562
Administrative expenses	**1,166**	1,013
Selling and marketing expenses	**106**	253
	4,907	2,828

(a) No property, plant and equipment is restricted or pledged as security for borrowings as at December 31, 2020 (2019: nil).

16 INVESTMENT PROPERTIES

Investment properties represent car parks and retail units held for capital appreciation.

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Opening net book amount	**75,516**	218,609
Additions	**10,843**	8,876
Disposals	**(18,115)**	(157,278)
Revaluation gains recognised in other (losses)/gains — net	**2,585**	5,309
Closing net book amount	**70,829**	75,516

16 INVESTMENT PROPERTIES *(Continued)*

(a) Fair value hierarchy

As at December 31, 2020, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuation were arrived at by reference to certain significant unobservable inputs (2019: level 3). There was no transfer between levels 1, 2 and 3 during the year ended December 31, 2020.

(b) Valuation techniques

The fair values of the Group's investment properties have been arrived at on the basis of valuations carried out on those dates by an independent qualified professional valuer not connected with the Group which has appropriate qualification and relevant experiences in valuation of similar properties in the relevant locations. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Fair values of the retail units held for capital appreciation using the income capitalisation method, which was based on converting further rental income to a discounted amount.

Fair values of car parks held for capital appreciation were evaluated by using direct comparison approach, which was based on market observable transaction of similar properties and adjusted to reflect the condition of the subject property and differences in location.

Description	Fair value as at December 31,		Valuation techniques	Significant unobservable inputs	Range of unobservable inputs as at December 31,	
	2020	2019			**2020**	2019
	RMB'000	RMB'000				
Completed investment properties						
– Retail units held for capital appreciation	**7,787**	8,051	Income capitalisation	Discount rate	**6.50%**	6.50%
				Market rental rate (RMB/sqm/month)	**78–134**	68–117
– Car parks held for capital appreciation	**63,042**	67,465	Direct comparison	Market unit sales price (RMB/unit)	**43,800–122,900**	33,000–116,200
	70,829	75,516				

16 INVESTMENT PROPERTIES *(Continued)*

(b) Valuation techniques *(Continued)*

For retail units held for capital appreciation, increase in discount rates may result in decrease of fair value. Increase in market rent may result in increase of fair value.

For car parks held for capital appreciation, increase in market price may result in increase in fair value.

There are no changes to the valuation technique during the year ended December 31, 2020 (2019: None).

(c) Amounts recognised in profit or loss for investment properties

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Rental income	**710**	2,855
Net losses from early termination of lease agreements	**(11,140)**	(2,587)
Fair value gains on investment properties	**2,585**	5,309
	(7,845)	5,577

No investment property is restricted or pledged as security for liabilities as at December 31, 2020 (2019: nil).

17 INTANGIBLE ASSETS

	Computer software RMB'000
As at January 1, 2019	
Cost	111
Accumulated amortisation	(109)
Net book amount	2
Year ended December 31, 2019	
Opening net book amount	2
Additions	1,181
Amortisation	(99)
Closing net book amount	1,084
As at December 31, 2019	
Cost	1,292
Accumulated amortisation	(208)
Net book amount	1,084
Year ended December 31, 2020	
Opening net book amount	**1,084**
Additions	**8,010**
Amortisation	**(833)**
Closing net book amount	**8,261**
As at December 31, 2020	
Cost	**9,301**
Accumulated amortisation	**(1,040)**
Net book amount	**8,261**

Amortisation of intangible assets has been charged to administrative expenses in the consolidated statement of comprehensive income.

(a) No intangible asset is restricted or pledged as security for liabilities as at December 31, 2020 (2019: nil).

18 FINANCIAL INSTRUMENTS BY CATEGORY

	As at December 31, 2020 RMB'000	As at December 31, 2019 RMB'000
Financial assets at amortised cost		
Trade and other receivables (excluding prepayments) (Note 20)	**971,685**	781,214
Loans and interest receivables due from related parties	**–**	482,076
Restricted cash (Note 21)	**1,700**	100,000
Cash and cash equivalents (Note 21)	**603,186**	228,867
	1,576,571	1,592,157
Financial liabilities at amortised cost		
Borrowings	**–**	90,000
Trade and other payables (excluding accrued payroll, other taxes payables and advance rent receipt) (Note 25)	**687,283**	887,800
Lease liabilities (Note 26)	**15,221**	66,656
	702,504	1,044,456

19 INVENTORIES

	As at December 31, 2020 RMB'000	As at December 31, 2019 RMB'000
Consumables	**8,117**	6,250
Raw material	**5,792**	5,739
Finished goods	**14,892**	4,414
Less: allowance for impairment	**–**	–
	28,801	16,403

(a) No inventory is restricted or pledged as securities for liabilities as at December 31, 2020 (2019:nil).

(b) Amounts of inventories approximate to RMB191,868,000 were recognised as cost of sales during the year ended December 31, 2020 (2019: RMB147,833,000).

20 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
Trade receivables (Note (a))		
— Related parties (Note 32(d))	**442,985**	248,577
— Third parties	**254,226**	140,389
	697,211	388,966
Note receivables	**184,647**	49,017
	881,858	437,983
Less: allowance for impairment of trade receivables	**(17,082)**	(8,732)
	864,776	429,251
Other receivables		
— Related parties (Note 32(e))	**56,709**	243,758
— Third parties	**37,383**	26,979
	94,092	270,737
Less: allowance for impairment of other receivables	**(5,742)**	(4,513)
	88,350	266,224
Prepayments to suppliers		
— Related parties (Note 32(d))	**17,086**	7,698
— Third parties	**40,350**	24,608
	57,436	32,306
Prepaid listing expenses	**36,060**	10,561
Total trade and other receivables and prepayments	**1,046,622**	738,342
Finance lease receivables (Note (b))	**18,559**	85,739
Less: non-current portion of finance lease receivables (Note (b))	**(16,828)**	(71,824)
	1,731	13,915
Current portion of trade and other receivables and prepayments	**1,048,353**	752,257

20 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

(a) Trade receivables mainly represent the receivables of outstanding property management service fees and the receivables of related value-added service income.

Property management services income and value-added service income are received in accordance with the terms of the relevant services agreements, and due upon issuance of invoice.

As at December 31, 2020 and 2019, the aging analysis of the trade receivables based on invoice date were as follows:

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
up to 1 year	**635,987**	339,353
1 to 2 years	**54,536**	38,348
2 to 3 years	**2,527**	4,176
3 to 5 years	**1,680**	6,296
Over 5 years	**2,481**	793
	697,211	388,966

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at December 31, 2020, a provision of RMB17,082,000 (2019:RMB8,732,000) was made against the gross amounts of trade receivables (Note 3.1.2).

(b) A maturity analysis of finance lease receivables of the Group is shown in the table during the years ended December 31, 2020 and 2019:

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
Minimum lease receivable due:		
— Within one year	**3,286**	13,915
— More than one year but not exceeding two years	**4,558**	14,131
— More than two years but not exceeding five years	**8,622**	50,065
— Later than five years	**8,829**	37,918
	25,295	116,029
Less: Future finance income	**(6,736)**	(30,290)
Present value of finance lease receivables	**18,559**	85,739

21 CASH AND CASH EQUIVALENTS

	As at December 31, 2020 RMB'000	2019 RMB'000
Cash at bank and in hand	**598,468**	328,867
Others	**6,418**	—
	604,886	328,867
Less: Guarantee deposits for borrowing (Note (a))	**—**	(100,000)
Other restricted cash	**(1,700)**	—
	603,186	228,867

Cash and cash equivalents are denominated in RMB.

(a) Guarantee deposits for borrowing as of December 31, 2019 represents a subsidiary's cash deposited as guarantees for bank borrowings. The guarantee has been fully released in March 2020.

22 SHARE CAPITAL/PAID-IN CAPITAL

The movements of share capital/paid-in capital are as follows:

	Number of ordinary shares	Share capital/ Paid-in capital RMB'000
As at January 1, 2019	N/A	55,000
Capital injection from shareholder of the Company (Note 1.1)	N/A	5,310
As at December 31, 2019	N/A	60,310
Issue of shares upon the Company's conversion from a limited liability company into a joint stock company (Note (a))	258,267,000	197,957
Issue of shares to Shengyide Commercial (Note (b))	23,733,000	23,733
As at December 31, 2020	**282,000,000**	**282,000**

22 SHARE CAPITAL/PAID-IN CAPITAL *(Continued)*

(a) The Company was converted to a joint stock company on April 23, 2020, 258,267,000 ordinary shares with par value of RMB1 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on July 31, 2019. RMB130,084,000 of retained earnings and RMB67,873,000 of reserves were capitalised as share capital.

(b) On May 22, 2020, the Company issued 23,733,000 shares of the Company to Shengyide Commercial at a price of RMB4.414 per share as a share incentive plan and received capital contribution amounting to RMB104,757,700 in cash from Shengyide Commercial. RMB23,733,000 and RMB81,024,700 were recorded as share capital and share premium, respectively.

23 SHARE-BASED PAYMENTS

Pursuant to the resolution of the shareholders dated May 22, 2020, a share incentive plan (the "Share Incentive Plan") was approved, under which the Company would issue certain shares (the "Incentive Shares") to Shengyide Commercial at a subscription price of RMB4.414 per share (the "Subscription Price"). Shengyide Commercial was established on May 13, 2020, by 45 employees of the Group or RiseSun Group, including directors, supervisors, senior management and certain staff (the "Recipients"), approved in the Share Incentive Plan. The related consideration for subscription of the Incentive Shares was paid to the Company by the Recipients through Shengyide Commercial.

The Incentive Shares represented an aggregate of 23,733,000 shares, which accounted for 8.42% of the total issued and outstanding shares on May 22, 2020.

On May 22, 2020, the Company issued and granted 23,733,000 shares of the Company to the Recipients through Shengyide Commercial at a price of RMB4.414 per share and received capital contribution amounting to RMB104,757,700 in cash from Shengyide Commercial. RMB23,733,000 and RMB81,024,700 were recorded as share capital (Note 22) and share premium (Note 24) respectively.

With respect to 23,733,000 shares granted, 25% of the Incentive Shares were vested immediately on the grant date, the remaining 75% are with vesting period. Among the remaining 75%, each of 25% of the Incentive Shares acquired by the Recipients will be vested once the Group's performance conditions as set out in the Share Incentive Plan has been achieved, respectively.

Langfang RiseSun Jiaye Business Information Consulting Co., Ltd., a company controlled by the Ultimate Controlling Company, has the legal right to repurchase the Incentive Shares that fail to meet the vesting condition due to dissatisfaction of the performance conditions at the Subscription Price.

The directors have used the discounted cash flow method to determine the underlying equity fair value of the Company and hence the fair value of the underlying ordinary share. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the directors with best estimate.

23 SHARE-BASED PAYMENTS *(Continued)*

Based on fair value of the underlying ordinary share, the directors have used option pricing model and discounted cash flow method to determine the fair value of the Share Incentive Plan as at the grant date. Key assumptions are set out as below:

Discount rate	15.7%
Dividend yield	1.46%
Risk-free interest rate	1.35%–1.63%
Volatility	43.84%–45.99%

The directors estimated the risk-free interest rate based on the yield of China Government Bonds with a maturity life close to the life of the Share Incentive Plan. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the Share Incentive Plan. Dividend yield is based on management estimation at the grant date.

The excess of fair value of the Incentive Shares granted to the Recipients over the cost of the subscription by Recipients was recognised as expense over the vesting period in the consolidated statement of comprehensive income. During the year ended December 31, 2020, the Company has recognised employee benefit expenses of RMB36,780,000 (2019:nil) in the consolidated statement of comprehensive income in relation to the Share Incentive Plan.

24 RESERVES

	Share premium RMB'000	Capital reserve RMB'000	Share-based compensation reserve RMB'000	Statutory reserve RMB'000	Other reserves RMB'000	Total RMB'000
Balance at January 1, 2019	–	21	–	11,220	17,500	28,741
Capital injection from shareholder of the Company (Note 22)	–	93,650	–	–	–	93,650
Appropriation of statutory reserves (Note (a))	–	–	–	9,262	–	9,262
Deemed distribution to RiseSun Group (note 1.2(a))	–	–	–	–	(1,885)	(1,885)
Balance at December 31, 2019	–	93,671	–	20,482	15,615	129,768
Balance at January 1, 2020	**–**	**93,671**	**–**	**20,482**	**15,615**	**129,768**
Effect of the Company's conversion from a limited liability company into a joint stock company (Note 22)	**–**	**(57,522)**	**–**	**(10,351)**	**–**	**(67,873)**
Issue of shares (Note 22)	**81,025**	**–**	**–**	**–**	**–**	**81,025**
Share-based payment (Note 23)	**–**	**–**	**36,780**	**–**	**–**	**36,780**
Share-based payment to RiseSun Group's employees (Note 23)	**–**	**–**	**5,950**	**–**	**(5,950)**	**–**
Appropriation of statutory reserves (Note (a))	**–**	**–**	**–**	**36,517**	**–**	**36,517**
Balance at December 31, 2020	**81,025**	**36,149**	**42,730**	**46,648**	**9,665**	**216,217**

(a) Statutory reserves

In accordance with relevant rules and regulations in the PRC, the PRC group entities are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective group entities.

25 TRADE AND OTHER PAYABLES

	As at December 31, 2020 RMB'000	2019 RMB'000
Trade payables		
— Related parties (Note 32(d))	**10,969**	12,107
— Third parties	**290,567**	195,243
	301,536	207,350
Other payables		
— Related parties (Note 32(d), Note (c))	**4,975**	323,800
— Deposits received	**117,420**	124,224
— Maintenance funds	**77,253**	91,956
— Receipts and payments on behalf of property owners (Note (a))	**122,845**	96,173
— Accrued listing expenses	**9,496**	7,895
— Provisions	**1,663**	5,534
— Others	**52,095**	30,748
	385,747	680,330
Accrued payroll	**104,419**	85,322
Other taxes payables	**29,162**	22,387
Advance rent receipt	**11,077**	8,162
Interests payable	**—**	120
	831,941	1,003,671

As at December 31, 2020 and 2019, the carrying amounts of trade and other payables approximated its fair values.

25 TRADE AND OTHER PAYABLES *(Continued)*

(a) Amounts mainly represented the receipts and payments on behalf of property owners to settle the bills of utility charges.

(b) As at December 31, 2020 and 2019, the ageing analysis of the trade payables based on invoice date were as follows:

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
Up to 1 year	**273,150**	201,707
1 to 2 years	**24,317**	5,449
2 to 3 years	**3,909**	173
Over 3 years	**160**	21
	301,536	207,350

The balances of trade payables over 1 year mainly represent the amounts due to third party contractors for renovation and maintenance services that have not yet been settled.

(c) The amounts due to related parties are unsecured, interest-free and repayable on demand.

(d) Trade and other payables were denominated in the following currencies:

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
RMB	**823,914**	997,739
HK$	**3,310**	2,219
US$	**4,717**	3,713
	831,941	1,003,671

26 LEASE

(a) Amounts recognised in the consolidated statement of financial position.

	As at December 31, 2020 RMB'000	2019 RMB'000
Leased office (Note 15)	**983**	309
Investment properties (Note 16)	**70,829**	75,516
	71,812	75,825
Lease liabilities		
— Current	**2,759**	8,908
— Non-current	**12,462**	57,748
	15,221	66,656

(b) Amounts recognised in the consolidated statement of comprehensive income and the consolidated statement of cash flows.

	Year ended December 31, 2020 RMB'000	2019 RMB'000
Depreciation charge of right-of use asset (Note 15)	**207**	33
Interest expense (Note 9)	**2,835**	11,699
Expense relating to short-term leases	**1,301**	186
Cash flow for lease payments (including principal elements and relevant interest expenses)	**13,825**	13,058

26 LEASE *(Continued)*

(c) A maturity analysis of lease liabilities is shown in the table below during the years ended December 31, 2020 and 2019:

	As at December 31, 2020 RMB'000	2019 RMB'000
Minimum lease payment due:		
— Within one year	**3,940**	14,412
— More than one year but not exceeding two years	**2,655**	15,104
— More than two years but not exceeding five years	**7,065**	33,593
— Later than five years	**7,062**	26,997
Minimum lease payments	**20,722**	90,106
Less: Future finance charge	**(5,501)**	(23,450)
Total lease liabilities	**15,221**	66,656
The present value of lease liabilities is as follows:		
— Within one year	**2,759**	8,908
— More than one year but not exceeding two years	**1,613**	10,488
— More than two years but not exceeding five years	**4,801**	24,167
— Later than five years	**6,048**	23,093
	15,221	66,656

27 DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
Deferred tax assets		
— Deferred tax assets to be recovered after more than 12 months	**1,923**	915
— Deferred tax assets to be recovered within 12 months	**6,162**	11,714
	8,085	12,629
Deferred tax liabilities		
— Deferred tax liabilities to be recovered after more than 12 months	**(4,322)**	(5,202)
— Deferred tax liabilities to be recovered within 12 months	**—**	—
	(4,322)	(5,202)
	3,763	7,427

27 DEFERRED INCOME TAX *(Continued)*

The movement in deferred income tax assets and liabilities during the years ended December 31, 2020 and 2019, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred tax assets – allowance on doubtful debts RMB'000	Deferred tax assets – tax losses RMB'000	Deferred tax assets – investment properties RMB'000	Deferred tax assets – accrued expenses and others RMB'000	Deferred tax liabilities – financial assets at FVPL RMB'000	Deferred tax liabilities – net of right of-use assets and lease liabilities RMB'000	Deferred tax liabilities – investment properties RMB'000	Total RMB'000
As at January 1, 2019	5,233	11,295	350	1,791	(96)	(1,855)	(4,998)	11,720
(Charged)/credited to the consolidated statements of comprehensive income	(2,144)	(157)	(350)	430	96	(3,315)	1,298	(4,142)
Disposal of subsidiaries	(151)	–	–	–	–	–	–	(151)
At December 31, 2019	2,938	11,138	–	2,221	–	(5,170)	(3,700)	7,427
As at January 1, 2020	**2,938**	**11,138**	**–**	**2,221**	**–**	**(5,170)**	**(3,700)**	**7,427**
Credited/(charged) to the consolidated statements of comprehensive income	**2,364**	**(9,267)**	**–**	**381**	**–**	**2,250**	**608**	**(3,664)**
At December 31, 2020	**5,302**	**1,871**	**–**	**2,602**	**–**	**(2,920)**	**(3,092)**	**3,763**

27 DEFERRED INCOME TAX *(Continued)*

The Group has recognised deferred tax assets in respect of cumulative tax losses, as it is probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

As at December 31, 2020, in accordance with the accounting policy set out in Note 2.20, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB2,521,000, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity (2019: RMB2,962,000). The tax losses shall expire in five years from the year of occurrence under current tax legislation.

Unutilised tax losses and temporary difference for which no deferred tax asset was recognised as follows:

	As at December 31,	
Expire year	**2020**	2019
	RMB'000	RMB'000
2022	**187**	628
2023	**1,907**	1,907
2024	**427**	427
	2,521	2,962

28 DIVIDEND

Pursuant to a resolution of the shareholders dated August 18, 2020, the Company declared a dividend of RMB149,460,000 to its shareholders. The dividends have been settled by the Company on September 1, 2020.

On March 29, 2021, a dividend for the year 2020 of RMB0.15 per share amounting to a total of approximately RMB56,400,000 has been proposed by the Board and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

29 CASH GENERATED FROM OPERATIONS

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Profit before income tax	**359,833**	152,567
Adjustments for:		
— Depreciation of property, plant and equipment (Note 15)	**4,907**	2,828
— Amortisation of intangible assets (Note 17)	**833**	99
— Fair value adjustment to investment properties (Note 8)	**(2,585)**	(5,309)
— Net fair value gain on financial assets at FVPL (Note 8)	**(593)**	(2,062)
— Allowance for impairment of trade and other receivables	**9,670**	(9,967)
— Share-based payment (Note 23)	**36,780**	—
— Net gains on disposal of equipment (Note 8)	**(32)**	(6)
— Net loss from termination of lease agreements (Note 8)	**11,140**	2,587
— Gains on disposal of subsidiaries (Note 8)	**—**	(58)
— Finance cost (Note 9)	**3,737**	34,512
— Interest income from loans due from related parties (Note 32(f))	**(22,558)**	(48,237)
— Interest income on finance lease (Note 7)	**(3,539)**	(8,617)
	397,593	118,337
Changes in working capital:		
— Increase in inventories	**(12,398)**	(2,479)
— Increase in trade and other receivables and prepayments	**(381,811)**	(196,261)
— Decrease/(increase) in contract assets	**9,740**	(4,140)
— (Decrease)/increase in trade and other payables	**(3,846)**	103,884
— Increase in contract liabilities	**72,811**	93,611
— Increase in restricted cash	**(1,700)**	—
	80,389	112,952

29 CASH GENERATED FROM OPERATIONS *(Continued)*

(a) The reconciliation of liabilities arising from financial activities is as follow:

	Borrowings	Interests payable	Amounts due to related parties	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2019	**665,000**	**3,568**	**437,368**	**126,487**	**1,232,423**
Cash flows					
— Inflow from financing activities	**90,000**	**—**	**304,766**	**—**	**394,766**
— Outflow from financing activities	**(665,000)**	**(26,261)**	**(424,133)**	**(13,058)**	**(1,128,452)**
Non-cash changes					
— Dividend accrued	**—**	**—**	**6,433**	**—**	**6,433**
— Termination of leasing agreements	**—**	**—**	**—**	**(58,472)**	**(58,472)**
— Disposal of subsidiaries	**—**	**—**	**(634)**	**—**	**(634)**
— Finance expense recognised	**—**	**22,813**	**—**	**11,699**	**34,512**
As at December 31, 2019	**90,000**	**120**	**323,800**	**66,656**	**480,576**
As at January 1, 2020	90,000	120	323,800	66,656	480,576
Cash flows					
— Inflow from financing activities	—	—	296,545	—	296,545
— Outflow from financing activities	(90,000)	(1,022)	(615,370)	(13,825)	(720,217)
Non-cash changes					
— Additions of lease	—	—	—	882	882
— Termination of leasing agreements	—	—	—	(41,327)	(41,327)
— Finance expense recognised	—	902	—	2,835	3,737
As at December 31, 2020	—	—	4,975	15,221	20,196

30 COMMITMENTS

(a) Capital commitments

There was no capital commitment as of December 31, 2020 (2019: nil).

(b) Lease commitments — as lessee

The Group leases dormitories under non-cancellable lease agreements with lease term less than 12 months.

The future aggregate minimum lease payments under non-cancellable short-term leases are as follows:

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
Not later than 1 year	**734**	37

31 CONTINGENCIES

There was no significant contingent liabilities as of December 31, 2020 (2019: nil).

32 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship
Mr. Geng	Ultimate Controlling Shareholder
RiseSun Holding Co., Ltd. 榮盛控股股份有限公司	The Ultimate Holding Company
RiseSun Group	A group controlled by Mr. Geng
RiseSun Construction Engineering Co., Ltd.* 榮盛建設工程有限公司	A company controlled by Ultimate Holding Company
Langfang RiseSun Concrete Co., Ltd.* 廊坊榮盛混凝土有限公司	A company controlled by Ultimate Holding Company
Xinsheng Engineering Project Management Co., Ltd.* 新盛工程項目管理有限公司	A company controlled by Ultimate Holding Company
Langfang Ruisheng Concrete Co. Ltd.* 廊坊瑞盛混凝土有限公司	A company controlled by Ultimate Holding Company
Langfang Xinsheng Concrete Co. Ltd.* 廊坊新盛混凝土有限公司	A company controlled by Ultimate Holding Company
Cangzhou Baosheng Real Estate Development Co., Ltd.* 滄州保盛房地產開發有限公司	An associate of RiseSun Group
Xuzhou Rongrun Real Estate Development Co., Ltd.* 徐州榮潤房地產開發有限公司	An associate of RiseSun Group
Shijiazhuang Runpeng Real Estate Development Co., Ltd.* 石家莊潤鵬房地產開發有限公司	An associate of RiseSun Group
Zhengzhou Hongzhufu Real Estate Co., Ltd.* 鄭州紅祝福置業有限公司	An associate of RiseSun Group

* 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.

(b) Transactions with related parties

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Continuing transactions:		
Revenue arising from provision of services (Note ii)		
— RiseSun Group	**755,388**	488,772
— Associates of RiseSun Group	**6,518**	8,579
— Companies controlled by Ultimate Holding Company	**7,328**	880
— Ultimate Controlling Shareholder and his close relatives	**435**	447
	769,669	498,678

32 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Transactions with related parties *(Continued)*

	Year ended December 31, 2020 RMB'000	2019 RMB'000
Additions of right-of-use assets (car parks)		
— RiseSun Group	**10,843**	8,876
Purchasing of goods and services		
— RiseSun Group	**8,673**	11,716
Additions of right-of-use assets (office)		
Rental payment		
— RiseSun Group	**99**	61
Accrued expenses		
— RiseSun Group	**91**	57
Other income		
Interest income on finance lease		
— RiseSun Group	**2,593**	8,617
Non-continuing transactions:		
Other gains		
Net gain from fair value change of financial assets at FVPL		
— RiseSun Group	**–**	402
Net gains from derecognition of right-of-use assets		
— RiseSun Group	**–**	1,211
Finance income		
Interest income from loans due from related parties (Note iii)		
— RiseSun Group	**–**	17,750
Other income		
Interest income from loans due from related parties (Note iv)		
— RiseSun Group	**22,558**	30,487
	22,558	49,850

32 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Transactions with related parties *(Continued)*

(i) 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.

(ii) The provision of services mainly comprised revenue from property management services and value-added services.

(iii) The amount represented interest income derived from the loans provided to related parties as part of the ABS financing arrangement.

(iv) The amount represented interest income derived from the non-ABS loans from related parties.

(c) Key management compensation

Compensations for key management other than those for directors and supervisors as disclosed in Note 34 is set out below.

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Wages, salaries and bonuses	**3,122**	4,290
Pension costs, housing funds, medical insurance and other social insurances	**199**	217
Share-base payment	**6,303**	—
	9,624	4,507

32 RELATED PARTY TRANSACTIONS *(Continued)*

(d) Balances with related parties — trade

	As at December 31, 2020 RMB'000	2019 RMB'000
Trade receivables		
— RiseSun Group	**431,693**	241,862
— Associates of RiseSun Group	**2,552**	5,415
— Companies controlled by Ultimate Holding Company	**8,740**	1,300
	442,985	248,577
Note receivables		
— RiseSun Group	**184,383**	49,017
Contract assets		
— RiseSun Group	**39,575**	44,262
— Associates of RiseSun Group	**100**	—
	39,675	44,262
Finance lease receivables		
— RiseSun Group	**—**	85,739
Prepayments		
— RiseSun Group	**17,086**	7,698
Total receivables from related parties	**684,129**	435,293
Trade payables		
— RiseSun Group	**10,966**	12,104
— Companies controlled by Ultimate Holding Company	**3**	3
	10,969	12,107
Contract Liabilities		
— RiseSun Group	**85,821**	42,489
— Associates of RiSesun Group	**—**	417
— Companies controlled by Ultimate Holding Company	**—**	1
	85,821	42,907
Lease liabilities		
— RiseSun Group	**594**	448
Total payables to related parties	**97,384**	55,462

32 RELATED PARTY TRANSACTIONS *(Continued)*

(e) Balances with related parties — non-trade

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
Other receivables (i)(iii)		
— RiseSun Group	**56,699**	241,605
— Associates of RiseSun Group	**10**	720
— Companies Controlled by Ultimate Holding Company	**–**	1,433
	56,709	243,758
Loans and interest receivables (ii)		
— RiseSun Group	**–**	482,076
Total receivables from related parties	**56,709**	725,834
Other payables (iii)		
— RiseSun Group	**4,600**	297,836
— Associates of RiseSun Group	**375**	25,964
	4,975	323,800

(i) The balance mainly represented security deposits of car parks and biding deposits, which will be collected after the car parks are sold or the completion of the projects.

(ii) The balance was unsecured, interest bearing variable interest rates from 10% to 18% per annum and were fully settled during the year end December 31, 2020.

(iii) Other receivables/payables due from/to related parties were unsecured and interest-free and repayable on demand.

32 RELATED PARTY TRANSACTIONS *(Continued)*

(f) Loans and interest receivables due from related parties

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
As at beginning of the year	**482,076**	739,482
Loans advanced	**50,000**	429,300
Loans repayments received	**(532,076)**	(695,500)
Interest charged to related parties (Note 7, Note 9)	**22,558**	48,237
Interest received	**(22,558)**	(39,443)
As at end of the year	**–**	482,076

(g) Investment in related parties

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Equity interests in related parties		
As at beginning of the year	**–**	6,467
Purchase of equity interests	**–**	–
Disposal of equity interests	**–**	(6,467)
As at end of the year	**–**	–
Fund products from related parties		
As at beginning of the year	**–**	21,383
Purchase of fund products	**–**	–
Disposal of fund products	**–**	(21,000)
Fair value changes	**–**	402
Dividend received	**–**	(785)
As at end of the year	**–**	–

33 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	Note	As at December 31, 2020 RMB'000	2019 RMB'000
Assets			
Non-current assets			
Investment in subsidiaries		**34,710**	15,710
Property, plant and equipment		**13,757**	9,170
Investment properties		**70,829**	64,375
Intangible assets		**3,396**	1,020
Other receivables		**16,828**	71,824
Deferred income tax assets		**5,363**	9,757
		144,883	171,856
Current assets			
Inventories		**12,043**	9,261
Contract assets		**32,838**	49,514
Prepaid taxes		**12,969**	13,725
Trade and other receivables and prepayments		**1,078,901**	645,988
Loans and interest receivables due from related parties		**—**	399,979
Restricted cash		**1,700**	—
Cash and cash equivalents		**532,861**	170,795
		1,671,312	1,289,262
Total assets		**1,816,195**	1,461,118

33 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

	Note	As at December 31, 2020 RMB'000	2019 RMB'000
Equity			
Equity attributable to owners of the Company			
Share capital/Paid-in capital		**282,000**	60,310
Reserves	(a)	**187,176**	107,839
Retained earnings		**148,985**	152,158
Total equity		**618,161**	320,307
Liabilities			
Non-current liabilities			
Contract liabilities		**17,257**	12,083
Lease liabilities		**12,347**	57,748
Deferred income tax liabilities		**4,322**	5,028
		33,926	74,859
Current liabilities			
Contract liabilities		**283,204**	213,784
Trade and other payables		**848,767**	831,749
Lease liabilities		**2,690**	8,908
Current income tax liabilities		**29,447**	11,511
		1,164,108	1,065,952
Total liabilities		**1,198,034**	1,140,811
Total equity and liabilities		**1,816,195**	1,461,118

The balance sheet of the Company was approved by the Board of Directors on March 29, 2021 and was signed on its behalf.

Mr. Geng Jianfu
Director

Mr. Liu Yonggang
Director

33 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

(a) Reserve movement of the Company

	Share premium RMB'000	Capital reserve RMB'000	Share-based compensation reserve RMB'000	Statutory reserve RMB'000	Other reserves RMB'000	Total RMB'000
Balance at January 1, 2019	–	10	–	7,810	–	7,820
Capital injection from owners	–	93,650	–	–	–	93,650
Appropriation of statutory reserves	–	–	–	8,254	–	8,254
Deemed distribution to RiseSun Group	–	–	–	–	(1,885)	(1,885)
Balance at December 31, 2019	–	93,660	–	16,064	(1,885)	107,839
Balance at January 1, 2020	**–**	**93,660**	**–**	**16,064**	**(1,885)**	**107,839**
Effect of the Company's conversion from a limited liability company into a joint stock company	**–**	**(57,522)**	**–**	**(10,351)**	**–**	**(67,873)**
Issue of shares	**81,025**	**–**	**–**	**–**	**–**	**81,025**
Share-based payment	**–**	**–**	**35,476**	**–**	**–**	**35,476**
Share-based payment to RiseSun Group's employees	**–**	**–**	**5,950**	**–**	**(5,950)**	**–**
Appropriation of statutory reserves	**–**	**–**	**–**	**30,709**	**–**	**30,709**
Balance at December 31, 2020	**81,025**	**36,138**	**41,426**	**36,422**	**(7,835)**	**187,176**

34 DIRECTORS' AND SUPERVISORS' BENEFITS AND INTERESTS

The directors and supervisors received emoluments from the Group (in their role as senior management and employee before their appointment as directors and supervisors respectively) for the year ended December 31, 2020 as follows:

Name	Fees	Salaries	Discretionary bonuses	Housing allowances, contributions to a retirement benefit scheme and share-based payment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Director					
Mr. Zhou Xin (Note (i))	–	595	314	66	975
Mr. Geng Jianfu (Note (iii))	–	–	–	4,785	4,785
Mr. Xiao Tianchi (Note (iii))	–	241	138	2,721	3,100
Mr. Liu Yonggang (Note (iii))	–	1,065	1,154	3,108	5,327
Non-executive Director					
Mr. Zhang Wengge (Note (iii))	–	–	–	2,193	2,193
Independent non-executive directors					
Mr. Jin Wenhui (Note (iii))	–	–	–	–	–
Mr. Siu Chi Hung (Note (iii))	–	–	–	–	–
Mr. Tang Yishu (Note (iii))	–	–	–	–	–
Supervisor					
Ms. Yu Hongyan (Note (ii))	–	42	48	10	100
Mr. Jing Zhonghua (Note (iii))	–	–	–	–	–
Mr. Zhang Yuanpeng (Note (iii))	–	–	–	–	–
Mr. Wang Jiandong (Note (iii))	–	–	–	–	–
Mr. Liu Jifeng (Note (iii))	–	233	105	1,298	1,636
Ms. Donghui (Note (iii))	–	373	162	2,352	2,887
Total	–	2,549	1,921	16,533	21,003

34 DIRECTORS' AND SUPERVISORS' BENEFITS AND INTERESTS *(Continued)*

The directors and supervisors received emoluments from the Group (in their role as senior management and employee before their appointment as directors and supervisors respectively) for the year ended December 31, 2019 as follows:

Name	Fees	Salaries	Discretionary bonuses	Housing allowances and contributions to a retirement benefit scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Director					
Mr. Zhou Xin (Note (i))	–	722	155	76	953
Supervisor					
Ms. Yu Hongyan (Note (ii))	–	173	39	57	269
Total	–	895	194	133	1,222

(i) Mr. Zhou Xin was appointed as director from January 30, 2018 to April 5, 2020.

(ii) Ms. Yu Hongyan was appointed as supervisor from January 30, 2018 to April 5, 2020.

(iii) On April 6, 2020, Mr. Geng Jianfu, Mr. Xiao Tianchi and Mr. Liu Yonggang were appointed as executive directors, Mr. Zhang Wenge was appointed as non-executive director, Mr. Jin Wenhui, Mr. Siu Chi Hung were appointed as independent non-executive directors. On August 18, 2020, Mr. Tang Yishu were appointed as independent non-executive directors.

On April 6, 2020, Mr. Jing Zhonghua, Mr. Liu Jifeng and Ms. Donghui were appointed as supervisors. On May 22, 2020, Mr. Zhang Yuanpeng and Mr. Wang Jiandong were appointed as supervisors.

34 DIRECTORS' AND SUPERVISORS' BENEFITS AND INTERESTS *(Continued)*

(a) Retirement benefits of directors and supervisors

There were no retirement benefits was paid to or receivable by directors during the year ended December 31, 2020 by defined benefit pension plans operated by the Group (2019: nil).

(b) Termination benefits of directors and supervisors

There were no director's termination benefits subsisted during the year ended December 31, 2020 (2019: nil).

(c) Consideration provided to third parties for making available the services of directors and supervisors

There was no consideration provided to third parties for making available directors' services subsisted during the year ended December 31, 2020 (2019: nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors and supervisors, controlled bodies corporate by and connected entities with such directors and supervisors

During the year ended December 31, 2020, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of directors and supervisors (2019: nil).

(e) Material interests of directors and supervisors in transactions, arrangements or contracts

During the year ended December 31, 2020, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director or supervisor of the Company had interests, whether directly or indirectly, subsisted at the end of the year ended December 31, 2020 or at any time during the year ended December 31, 2020 (2019: nil).

35 EVENTS AFTER THE BALANCE SHEET DATE

On January 15, 2021, 94,000,000 shares were issued upon the Listing at a price of HK$13.46 per share, net proceeds of the offering were approximately HK$1,168 million.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Year ended December 31,			
	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**1,807,157**	1,282,039	901,890	731,972
Cost of sales	**(1,299,633)**	(1,048,263)	(751,509)	(614,720)
Gross profit	**507,524**	233,776	150,381	117,252
Selling and marketing expenses	**(9,403)**	(2,163)	(1,098)	(1,274)
Administrative expenses	**(155,389)**	(116,605)	(74,228)	(55,425)
Net impairment losses on financial assets	**(9,670)**	9,967	(3,871)	(4,514)
Other income	**28,453**	39,501	4,180	238
Other (losses)/gains, net	**(5,673)**	1,238	32,440	4,121
Operating profit	**355,842**	165,714	107,804	60,398
Finance income/(costs), net	**3,991**	(13,147)	(7,542)	(5,481)
Profit before income tax	**359,833**	152,567	100,262	54,917
Income tax expenses	**(96,077)**	(39,409)	(27,929)	(16,587)
Profit for the year	**263,756**	113,158	72,333	38,330
Attributable to:				
Owners of the Company	**263,756**	113,232	72,270	38,384
Non-controlling interests	**–**	(74)	63	(54)
	263,756	113,158	72,333	38,330
Earnings per share (expressed in RMB per share)				
Basic and diluted earnings per share	**0.97**	0.44	N/A	N/A

Four-Year Financial Summary

CONSOLIDATED BALANCE SHEET	As at December 31			
	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Non-current assets	**123,470**	174,405	681,642	775,618
Current assets	**1,736,910**	1,644,788	1,551,480	1,304,379
Total assets	**1,860,380**	1,819,193	2,233,122	2,079,997
Equity and liabilities				
Total equity	**634,804**	378,970	175,406	52,073
Non-current liabilities	**36,657**	83,673	623,116	778,043
Current liabilities	**1,188,919**	1,356,550	1,434,600	1,249,881
Total liabilities	**1,225,576**	1,440,223	2,057,716	2,027,924
Total equity and liabilities	**1,860,380**	1,819,193	2,233,122	2,079,997

"2020 AGM"	the annual general meeting of the Company for 2020 to be held on June 30, 2021
"2020 Proposed Final Dividend"	the final dividend of RMB0.15 per Share (before tax) proposed by the Board for 2020
"Articles of Association"	the articles of association of the Company
"Audit Committee"	the audit committee of the Company
"Board"	board of the Directors
"CAGR"	compound annual growth rate, which is the annual growth rate over a specified period of time longer than one year
"China" or "PRC"	the People's Republic of China
"Company" or "Roiserv"	Roiserv Lifestyle Services Co., Ltd. (榮萬家生活服務股份有限公司) (formerly known as Rongwanjia Life Services Co., Ltd.* (榮萬家生活服務有限公司) and Langfang RiseSun Property Services Company Limited* (廊坊榮盛物業服務有限公司)), a limited liability company established in the PRC on November 2, 2000, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2146HK)
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to RiseSun Real Estate Development, RiseSun Holdings, RiseSun Construction Engineering and Mr. Geng
"Corporate Governance Code"	the corporate governance code contained in Appendix 14 to the Listing Rules
"CPD"	continuing professional development
"Director(s)"	the director(s) of the Company
"GFA"	gross floor area
"gross profit margin"	annual gross profit divided by annual revenue and multiplied by 100%
"Group," "the Group," "we" or "us"	the Company and its subsidiaries
"HKFRS"	the Hong Kong Financial Reporting Standards
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"H Share(s)"	the overseas-listed foreign shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and are listed on the Stock Exchange
"Listing"	the listing of the Company on the Main Board of the Stock Exchange on January 15, 2021
"Listing Date"	January 15, 2021, on which dealings in the H Shares first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"M&A"	mergers and acquisitions
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules

"Mr. Geng"	Mr. Geng Jianming (耿建明), the Ultimate Controlling Shareholder and the brother of Mr. Geng Jianfu, the chairman of our Board and the executive Director
"Nomination Committee"	the nomination committee of the Company
"Non-GAAP"	non-generally accepted accounting principles
"Prospectus"	the prospectus of the Company dated 31 December 2020 issued in respect of the Listing
"Register of Members"	the register of members of the Company
"Relevant Year"	the year ended December 31, 2020
"Remuneration Committee"	the remuneration committee of the Company
"RiseSun Construction Engineering"	榮盛建設工程有限公司 (RiseSun Construction Engineering Co., Ltd.*), a limited liability company established in the PRC on November 12, 1998 and one of the Controlling Shareholders
"RiseSun Group"	RiseSun Real Estate Development and its subsidiaries, which exclude the Group
"RiseSun Holdings"	榮盛控股股份有限公司 (RiseSun Holdings Co., Ltd.*), a joint stock company with limited liability established in the PRC on July 31, 2002 and one of the Controlling Shareholders
"RiseSun Real Estate Development"	榮盛房地產發展股份有限公司 (RiseSun Real Estate Development Co., Ltd.*) (formerly known as 廊坊開發區榮盛房地產開發有限公司 (RiseSun Property Development Co., Ltd.*)), a joint stock company with limited liability established in the PRC on December 30, 1996, listed on the Shenzhen Stock Exchange (stock code: 002146) and one of the Controlling Shareholders
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shares"	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of the Shares
"Shengyide Commercial"	香河盛繹德商務信息諮詢中心(有限合夥) (Xianghe Shengyide Commercial Consulting Center (Limited Partner)*), a limited partnership established in the PRC on May 13, 2020 and one of the Company's Shareholders
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Zhonghong Kaisheng"	河北中鴻凱盛投資股份有限公司 (Hebei Zhonghong Kaisheng Investment Co., Ltd.*), a joint stock company with limited liability established in the PRC on December 12, 2015 and one of the Shareholders
"US$"	United States dollars
"%"	per cent

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