

融信服务集团股份有限公司
Ronshine Service Holding Co., Ltd
(incorporated in the Cayman Islands with limited liability)

Stock Code | 2207

LET SERVICES CREATE VALUE

2021

Annual Report



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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Ou Zonghong (*Chairman*)
Mr. Ma Xianghong
Ms. Lin Yi

NON-EXECUTIVE DIRECTOR

Ms. Lin Liqiong

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Mr. Chen Zhangwang (*Chairman*)
Mr. Ou Zonghong
Mr. Ye Azhong

NOMINATION COMMITTEE

Mr. Ou Zonghong (*Chairman*)
Mr. Ye Azhong
Mr. Chen Zhangwang

AUDITOR

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

LEGAL ADVISER

As to Hong Kong law:
Sidley Austin

As to PRC law:
Commerce & Finance Law Offices

As to Cayman Islands law:
Conyers Dill & Pearman

COMPLIANCE ADVISER

Haitong International Capital Limited

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

Room 401-3, Building No. 6
Lane 226 Panyang Road
Minhang District
Shanghai
The People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

JOINT COMPANY SECRETARIES

Ms. Lin Yi
Ms. Lee Angel Pui Shan (Appointed on 3 March 2022)
Ms. Ng Wing Shan (Resigned on 3 March 2022)

AUTHORIZED REPRESENTATIVES

Ms. Lin Yi
Ms. Lee Angel Pui Shan (Appointed on 3 March 2022)
Ms. Ng Wing Shan (Resigned on 3 March 2022)

PRINCIPAL BANKER

China Construction Bank

WEBSITE

www.rxswy.com

STOCK CODE

Stock Exchange: 2207

DEFINITIONS

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

“AGM”	the annual general meeting to be held by the Company on 29 June 2022
“Articles” or “Articles of Association”	the articles of association of the Company (as amended from time to time)
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of Directors
“BVI”	the British Virgin Islands
“Capitalization Issue”	the issue of Shares made upon capitalization of certain sum standing to the credit of the share premium account of the Company as referred to in “Appendix IV — Statutory and General Information — A. Further Information about Our Company — 4. Written Resolutions of Shareholders Passed on 10 June 2021” in the Prospectus
“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Company” or “Ronshine Service”	Ronshine Service Holding Co., Ltd (融信服務集團股份有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on 14 April 2020 and whose Shares are listed on the Main Board of the Stock Exchange (stock code: 2207)
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules, and unless the context requires otherwise, refers to Mr. Ou, Rongxin Yipin and Fumei International
“Corporate Governance Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“EIT”	the PRC enterprise income tax
“Family Trust”	the discretionary and irrevocable trust established on 18 August 2020 by Mr. Ou as the settlor and protector, with HSBC International Trustee Limited as the trustee
“Fumei International”	Fumei International Co., Ltd (福美國際有限公司), a company incorporated in the BVI with limited liability on 6 April 2020, which is wholly owned by Rongan Juxiang and is one of the Controlling Shareholders
“GFA”	gross floor area
“Global Offering”	the Hong Kong public offering and the international placing of Shares as described in the Prospectus



DEFINITIONS

“Greater Bay Area”	the Guangdong-Hong Kong-Macao Greater Bay Area, a geographical region in China including Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen, Zhaoqing, the Special Administrative Regions of Hong Kong and Macao for purposes of this annual report
“Group”, “our Group”, “we”, “our” or “us”	the Company and its subsidiaries
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“LAT”	the PRC land appreciation tax
“Listing Date”	16 July 2021, the date on which dealings in the Shares on the Main Board of the Stock Exchange first commenced
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Mr. Ou”	Mr. Ou Zonghong (歐宗洪), chairman of the Board, an executive Director and one of the Controlling Shareholders
“Nomination Committee”	the nomination committee of the Company
“Other Regions”	the economic regions in China other than the Western Straits Region and Yangtze River Delta Region, which primarily include but not limited to the following municipalities and cities for the purpose of this annual report: Tianjin, Chengdu, Chongqing, Pu’er, Taiyuan, Qingdao, Jiujiang, Nanchang, Changsha, Zhengzhou, Cangzhou, Baise, Hechi, Hezhou, Wuzhou, Jiangmen, Guangzhou, Fuyang, Qinzhou, Dezhou and Lanzhou
“Over-allotment Option”	the option granted by the Company to allot and issue up to 18,750,000 Shares in connection with the Global Offering as disclosed in the Prospectus
“Prospectus”	the prospectus of the Company dated 30 June 2021
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	for the year ended 31 December 2021



DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“Rongan Juxiang”	Rongan Juxiang Co., Ltd, a special purpose holding vehicle incorporated in the BVI with limited liability on 28 April 2020, which is wholly owned by HSBC International Trustee Limited, the trustee of the Family Trust
“Rongxin Yipin”	Rongxin Yipin Co., Ltd (融心一品有限公司), a company incorporated in the BVI with limited liability on 6 April 2020, which is wholly owned by Rongan Juxiang and is one of the Controlling Shareholders
“Ronshine China”	Ronshine China Holdings Limited (融信中國控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 11 September 2014, whose shares are listed on the Stock Exchange (stock code: 3301)
“Ronshine China Group”	Ronshine China and its subsidiaries
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company, which are traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Western Straits Region”	an economic zone in China primarily including Fujian province, parts of Zhejiang province, Jiangxi province and Guangdong province, including but not limited to the following cities for the purpose of this annual report: Fuzhou, Xiamen, Sanming, Putian, Nanping, Quanzhou, Zhangzhou and Longyan
“Yangtze River Delta Region”	an economic region in China primarily encompassing Shanghai, parts of Zhejiang province and parts of Jiangsu province, including but not limited to the following municipalities and cities for the purpose of this report: Shanghai, Hangzhou, Huzhou, Shaoxing, Jiaxing, Zhoushan, Jinhua, Ningbo, Tongxiang, Wenzhou, Wuxi, Xuzhou, Changzhou, Suzhou, Zhenjiang, Nantong and Nanjing
“%”	per cent

MAJOR AWARDS AND HONOURS



13th Forum of House China
“Property Management Company
with Brand Influence”



6th Golden Hong Kong Stocks
“Most Valuable Property Management Company”



16th Annual Review of
Employer Branding in China
“2021 Best Companies to Work For in China”



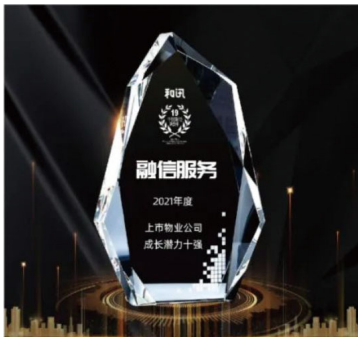
2021 Summit for Good Life Service Innovation
“Top 50 Service Power of Property
Management Companies in East China in 2021”



2021 Summit for Good Life Service Innovation
“Top 10 Service Power of Property
Management Companies in Fuzhou in 2021”



2021 Summit for Good Life Service Innovation
“2021 Excellent Projects of
Property Management – Chuang Shi Di”



19th China's Financial Annual Champion Awards
“Top 10 Listed Property Management Companies in
terms of Growth Potential”



19th China's Financial Annual Champion Awards
“Top 10 Listed Property Management Companies in
terms of Operational Innovation”



5th China Real Estate New Era Grand Ceremony
“2021 Pioneer among Property Management
Companies in China”



6th Global Investment Carnival
“Most Promising IPO in 2021”



2021 Research on Property Management
Companies with Comprehensive Strength
“2021 Top 30 of China Property Management
Companies (2021 物業服務企業綜合實力30強)”



2021 Research on Property Management
Companies with Comprehensive Strength
“2021 Leading Companies of China in
Residential Property Service”

FINANCIAL HIGHLIGHTS

The Board is pleased to announce the consolidated annual results of the Group for the Reporting Period.

CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December		Change in percentage (%)
	2021 (RMB'000)	2020	
Revenue	990,942	750,425	32.1%
Cost of sales	(712,498)	(534,114)	33.4%
Gross profit	278,444	216,311	28.7%
Other income and other gains	4,833	5,742	31.2%
Profit before income tax	168,411	121,899	38.2%
Profit for the period	119,511	85,071	40.5%
– attributable to owners of the Company	112,400	82,511	36.2%
– attributable to non-controlling interests	7,111	2,560	177.8%

	For the year ended 31 December		Change in percentage (%)
	2021 (RMB'000)	2020	
Total assets	1,154,545	422,593	173.2%
Total liabilities	459,204	367,226	25.0%
Total equity	695,341	55,367	1,155.9%



CHAIRMAN'S STATEMENT

Dear Shareholders,

Thank you for your valuable support and trust in our Group. On behalf of the Board of Directors, I am pleased to present you with the annual results of our Group for 2021.

In 2021, we achieved a revenue of approximately RMB990.9 million, with a gross profit and net profit of approximately RMB278.4 million and RMB119.5 million, representing a year-on-year increase of approximately 32.1%, 28.7% and 40.5% respectively, compared with 2020. Profit attributable to shareholders of the Company increased from approximately RMB82.5 million in 2020 to approximately RMB112.4 million this year, representing a year-on-year increase of approximately 36.2%.

The year 2021 marks the beginning of China's 14th Five-Year Plan. We ushered in the new era by witnessing our shares being successfully listed on the Main Board of the Hong Kong Stock Exchange on 16 July 2021, which planted another major milestone in the history of the Group following our relocation to Shanghai in 2017 and our establishment in 2004. With a rigid faith to our corporate vision translated as "becoming the most trusted partner of our customers", we used our best efforts to delight our customers with the most thoughtful services, which helped us in successfully bringing our business development to a new level. As at 31 December 2021, our total contracted GFA and GFA under management was approximately 44.6 million sq.m. and 28.9 million sq.m., respectively, representing a year-on-year increase of approximately 6.4 million sq.m. and 9 million sq.m., compared with the end of 2020, covering 52 cities across the country.

What enthused us even more was that our heartfelt services were truly appreciated by our customers, for which we were ranked among "2021 China Leading Property Management Companies in terms of Service Quality (中國物業服務百強服務質量領先企業)" and "2021 China High-end Property Service Leading Company" by China Index Academy, and were awarded a number of other industrial honors and recognitions. We always emboldened ourselves with our corporate mission of "create value with superior services (讓服務創造價值)" and our business philosophy of "working hard to bring satisfaction and affection to our customers (用心讓您滿意·努力讓您感動)", which navigated us through difficult times with faith and helped us live up to the trust of our customers.

In 2021, our industry went through ups and downs, but posed unprecedented opportunities too. We were once stunned by the cascading effects of the turmoil in the real estate industry on property companies, but were also motivated by the friendly environment for development brought by the favorable policies promulgated by the government. We have been constantly exploring, with unwavering adherence to our motto known as "Integrity, Collaboration, Enterprise, and Win-win (正念、同行、進取、共贏)" as well as our "regional market cultivation (區域深耕戰略)" and "1+N" strategies, striving aggressively to expand our presence in various service industries, and to provide our customers with more value-added services and products.

During the Reporting Period, we continued to implement our strategy of intensively cultivating the "regional market while expanding into the rest of the country", i.e. focusing on the Western Straits Region and the Yangtze River Delta Region, while actively penetrating other regions, especially the Greater Bay Area and Central and West China. During the year, our GFA under management in Western Straits Region and Yangtze River Delta Region was approximately 15.9 million sq.m. and 6.2 million sq.m. respectively, accounting for approximately 54.9% and 21.4% of the total GFA under management respectively.

During the year, we continued to focus on property services known as the "1" in our "1+N" strategy while constantly growing our customer base. As at 31 December 2021, we have successfully extended our services into residential properties, apartments, commercial & office buildings, urban complexes, colleges and universities, government office buildings, industrial parks, hospitals, banks, etc.

Through the incubation of various industries, e.g. asset management, information technology, gardening maintenance, community operation, elderly care, children's education etc., with the joint efforts of our subsidiaries, we strove to provide more intelligent and convenient community services resolutions for our customers and property owners. In 2021, Ronshine Service has a total of 91 projects contracted to manage but not yet delivered, adding up to 177 property projects under management.

CHAIRMAN'S STATEMENT

As the three major business segments on which we place the same importance, our property management services, value-added services to non-property owners and community value-added services all achieved rapid growth in 2021, among which, the revenue from our property management services was approximately RMB475.9 million, representing a year-on-year increase of approximately 29.6%; revenue from our value-added services to non-property owners was approximately RMB435.7 million, representing a year-on-year increase of approximately 18.3%; and the revenue from our community value-added services was approximately RMB79.3 million, representing a year-on-year increase of approximately 433.2%. Such an incredible achievement is inseparable from the continuous efforts of all the employees of the Group and the whole-hearted support and trust of our shareholders, which also demonstrated the correctness of our strategies while giving a strong boost to our confidence in future development.

In 2021, the Group's development of third-party markets recorded another significant breakthrough. As at 31 December 2021, our bid winners covered nearly 100 projects in such sectors as commerce, office, school, banking, etc. The number of projects under our management developed by third-party developers added up to 68, accounting for approximately 38.4% of the total number of our projects; the third-party GFA under our management was approximately 13.9 million sq.m., representing an increase of 6.4 million sq.m. compared with that as at the end of 2020, accounting for approximately 48.1% of the total GFA under our management, making it a powerful engine for the Group's development of the third-party markets. Specifically, our key projects such as China Merchants Bank, the seven city branches of China Mobile Fujian, Henan University of Traditional Chinese Medicine, and China Construction Fourth Engineering Division constitute an excellent embodiment of the Company's business development strength.

In 2021, knowing that science and technology is the bottleneck for the breakthrough in the development of the entire industry, we actively responded to the call of the country on building "smart cities", and made "building smart communities" our primary target. At the Economic Work Conference of CPC's Central Committee held in December 2021, accelerating digital transformation and promoting the upgrading of traditional industries were proposed again. For the property management industry, the construction of smart communities represents a crucial step in the digital transformation process, and is one of our important spots of focus as well.

Since 2017, the Group has set out on its exploration for "smart community" by launching Rongzhi 1.0, based on its existing "better + (美好+)" community service system and its high-end property service brand "ROYEEDS (融御)". In 2021, we handed in our first "answer sheet" with our first "smart community" powered by Ronshine Service launched, namely Jiang Wan Ming Di (江灣名邸) in Shanghai, Chuang Shi Di (創世邸) in Hangzhou and Lan Jun 瀾郡 in Fuzhou, demonstrating the perfect combination of traditional properties and intelligent management on the basis of enhanced customer experience. We hope to provide our customers with high-quality and convenient living experiences in seemingly small but thoughtful ways, while achieving efficiency and reducing stress operation and management for the Group.

Smart community represents a test of our capability to innovate, in light of which we have built a "1+N" full-scenario system powered by cutting-edge technologies such as mobile office, Internet of Everything, artificial intelligence, cloud computing and big data analysis, covering seven linked scenarios, i.e. smart human traffic, smart vehicle traffic, smart security, smart EBA, smart environment, smart illumination and smart operation, which is designed to make our community smarter and capable of providing our property owners a safe and convenient living experience, while helping to modernize the city management system as well as our management expertise.



Knowing that “innovation is never achieved without wits and talent” and that “talent is the No.1 productive force”, we have established an advanced talent development and training system, designed to attract talented people and welcome them with open arms. We firmly believe that “talent complements the strength of those with high morality, and only those with high morality can lead talent” and “truly outstanding talent must have great virtues, and only those with great virtues can be entrusted with great responsibility”. We also offer our employees a competitive salary as compared with industry levels, which makes a solid foundation for our sustainable development and a guarantee of our superior service quality.

In such a promising season with spring flowers in full blossom, we set off on a new journey to redefine the meaning of an enjoyable life, along which we will wholeheartedly implement President Xi Jinping's guiding thought translated as “attain to the broad and great while addressing the delicate and minute (致廣大而盡精微)”, with standardization, marketization, digitalization and diversification as our primary objectives for the coming years of 2022-2024, while acting with due prudence to avoid the distraction of unsubstantial ideas and superficial fame, and approaching our targets with every step taken on a firm footing, aiming to consolidate the foundation of our service reshaped under a newborn brand, and broaden the course for the development of our industry.

Last but not the least, on behalf of the Board, I would like to extend my sincere gratitude to all Shareholders, investors, partners and customers of the Company for their long-term trust and support in Ronshine Service, and to all colleagues for their dedications and contributions to the Group's development over the past year. We will continue to uphold the corporate mission “Let Service Create Value”, further develop the potential of achieving high-quality development and create greater value for Shareholders, investors and customers.

Ronshine Service Holding Co., Ltd

Ou Zonghong

Executive Director and Chairman

Hong Kong, 13 May 2022



BUSINESS REVIEW AND OUTLOOK

BUSINESS OVERVIEW

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

We are a comprehensive and fast-growing property management services provider in China and a large-scale and professional property management service enterprise with national first-class qualification. In 2021, we were ranked 19th on the List of the Top 100 Property Service Companies in China (中國物業服務百強企業) (China Index Academy) and were awarded the honours of “2021 Leading Companies of High-end Property Services in China (2021中國高端物業服務領先企業)” and “2021 Leading Company of Characteristic Property Services with High-end Property Service Brand in China – ROYEEDS (2021中國特色物業服務領先企業 高端物業服務品牌—融御)” (China Index Academy), which represents the recognition of the industry and forms the foundation for us to further enhance our comprehensive strength. As at 31 December 2021, the Group provided property management services and value-added services in over 52 cities across China, with contracted GFA and GFA under management of approximately 44.6 million sq.m. and 28.9 million sq.m., respectively.

The Group’s business covers a wide range of properties, including residential properties and non-residential properties (such as commercial office buildings, city complexes, government office buildings, industrial parks, hospitals and banks), as well as other specialized and high quality customized services.

In 2021, the Group maintained steady growth, with the revenue structure improving continuously and the profit growing steadily. As at 31 December 2021, the Group achieved revenue of approximately RMB990.9 million, representing an increase of 32.1% from RMB750.4 million in the same period of 2020. Net profit amounted to approximately RMB119.5 million, representing an increase of 40.5% from RMB85.1 million in the same period of 2020.

OUR BUSINESS MODEL

Our businesses comprise three major segments, namely property management services, value-added services to non-property owners and community value-added services. Since 2016, we have been providing property management services to projects developed by independent third-party property developers. With these three major business lines, the Group expects to engage in the whole value chain of property management.

PROPERTY MANAGEMENT SERVICES

We have been providing property management services since 2014, and our extensive industry experience and quality services differentiate us from many of our competitors. Since our establishment, we have been providing a wide range of property management services to property developers, owners and residents, which primarily consist of cleaning, security, greening, car park management and repair and maintenance services. During the period, our portfolio of managed properties comprises residential properties and non-residential properties, which primarily include government and public facilities, office buildings, commercial complexes, hospitals, banks, schools and industrial parks.

As at 31 December 2021, the Group had 268 contracted projects and a total contracted GFA of approximately 44.6 million sq.m., representing an increase of approximately 27.6% and 16.8% respectively as compared with those as at 31 December 2020. It had 177 projects under management and a total GFA under management of approximately 28.9 million sq.m., representing an increase of approximately 48.7% and 45.2% respectively as compared with those at the end of 2020.

As at 31 December 2021, the Group’s geographic presence has been expanded to 52 cities in China. With the strategy of “pursuing deep regional development and securing nationwide presence (區域深耕·佈局全國)”, we hold a strong market position in the Western Straits Region and the Yangtze River Delta Region. During the Reporting Period, our GFA under management for property management services amounted to approximately 15.9 million sq.m. in the Western Straits Region and approximately 6.2 million sq.m. in the Yangtze River Delta Region, accounting for approximately 54.9% and 21.4%, respectively, of our total GFA under management.

During the Reporting Period, the number of projects under management reached 177, located in the Western Straits Region, Yangtze River Delta Region and Other Regions in China, covering 52 cities.

VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

We provide a series of value-added services to non-property owners, which primarily include sales assistance services, preliminary planning, design consultancy and pre-delivery services to non-property owners, and driving, vehicle dispatching and managing services.

During the Reporting Period, the revenue from value-added services to non-property owners grew by 18.3% to approximately RMB435.7 million as compared with the same period of 2020, accounting for 44.0% of the total revenue. The growth was mainly attributable to the increasing number of projects developed by third-party property developers, the rising demands for sales assistance services, preliminary planning, design consultancy and pre-delivery services to non-property owners, and driving, vehicle dispatching and managing services, and the expansion of the Group's value-added services such as commercial operation services.

During the Reporting Period, the revenue from sales assistance services amounted to approximately RMB237.9 million, representing a year-on-year increase of approximately 19.0%; the revenue from preliminary planning, design consultancy and pre-delivery services amounted to approximately RMB130.9 million, representing a year-on-year increase of approximately 16.8%; the revenue from driving, vehicle dispatching and managing services amounted to approximately RMB66.9 million, representing a year-on-year increase of approximately 18.9%.

COMMUNITY VALUE-ADDED SERVICES

We provide a wide range of community value-added services to property owners and residents. Our community value-added services primarily consist of community shopping services (Joyful Life Service (和美生活)), decoration and furnishing services and home maintenance services (Joyful Living Service (和美易居)), property agency services (Joyful Leasing and Sale Service (和美租售)) and ancillary services for common areas, which primarily include advertising in and rental of common areas.

During the Reporting Period, the revenue from community value-added services amounted to approximately RMB79.3 million, representing an increase of approximately 433.2% as compared with approximately RMB14.9 million in the corresponding period of 2020, accounting for 8.0% of the total revenue. The increase was mainly attributable to the continuous expansion of GFA under management, the increase of service users and the diversified portfolio of community value-added services.

During the Reporting Period, the revenue from Joyful Life Service amounted to approximately RMB45.7 million, representing year-on-year increase of approximately 462.5% as compared with approximately RMB8.1 million in 2020; the revenue from Joyful Living Service amounted to approximately RMB8.7 million, representing a year-on-year increase of approximately 154.8% as compared with approximately RMB3.4 million in the same period of 2020; the revenue from Joyful Leasing and Sale Service amounted to approximately RMB18.6 million, representing a year-on-year increase of approximately 609.9% as compared with 2020; the revenue from ancillary services for common areas reached approximately RMB6.3 million in the Reporting Period, representing a year-on-year increase of approximately 804.7%.

BUSINESS REVIEW AND OUTLOOK

IMPACT OF THE COVID-19 PANDEMIC

The outbreak of the coronavirus disease (COVID-19) pandemic in 2021 has brought severe challenges to the property management industry. However, the increase of attention to property management industry, degree of dependence of the whole society and the growth of industry value have brought many opportunities to our Group.

In 2021, although the pandemic has brought a number of challenges to the Company's operation, including: cooperating with government to implement prevention and control policies, implementing higher standards for daily disinfection and sterilization, and restricting community shopping, our Group has taken measures such as intelligent replacement of basic utilities and online community shopping to cope with the situation.

Overall, COVID-19 had no significant adverse impact on the Group's operations, financial performance and financial status.

During the pandemic, the basic services and value-added services provided by property management companies were concerned and recognized by all sectors of society and various property owners. In the foreseeable future, the Group foresees an increasing demand for property management services.

The Group will pay close attention to the development of COVID-19 and assess its impact on the Group's financial position and operating performance, so as to make timely response and appropriate adjustment in the future.

OUTLOOK

As a comprehensive and fast-growing property management services provider in China, we will further promote the "1+N" strategy in the next three years while focusing on the development direction of standardisation, marketisation, digitalisation and diversification, so as to improve the traditional property management services, especially services to non-residential properties, and to further diversify value-added services to residential properties and a wide range of non-residential properties. We will continue to expand the cooperation with independent third parties, in order to increase our overall market share in a balanced manner.

With respect to the strategic investment and acquisition strategy, we believe that strategic investments and acquisitions will help us to achieve diversification of project portfolio and further expansion of business coverage. Upholding the strategy of "pursuing deep regional development (區域深耕)", we plan to further solidify our market positions in the Western Straits Region and the Yangtze River Delta Region and continue to expand into Other Regions, particularly the Greater Bay Area and midwestern region in China.

We will focus on technology innovation and further upgrade of our intelligent information technology systems to maximise operational efficiency and enhance customer experience. In the wave of "smart city" construction, we have made preliminary achievements in the exploration of "smart property" on the basis of the existing "better + (美好+)" community life service system and the high-end property service brand "ROYEEDS", to better adapt to the industry development.

Upholding the service philosophy of "working hard to bring satisfaction and affection to its customers (用心讓您滿意·努力讓您感動)", we have created seven scenarios: smart access, smart security, smart environment, smart lighting, smart EBA, smart "Xiao Rong (小融)" and smart operation, that are based on advanced technologies including mobile officing, artificial intelligence, cloud computing and Internet of Things. The first batch of "smart community" has been successfully implemented in three projects, namely Jiang Wan Ming Di in Shanghai, Chuang Shi Di in Hangzhou and Lan Jun in Fuzhou.

In the future, we will continue to upgrade and improve the "smart community" solutions and strive to create "quality, cozy and loving (有品質、有溫度、有愛)" communities for property owners by the intelligent update of traditional properties.



MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF OPERATING RESULTS

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

PROPERTY MANAGEMENT SERVICES

For the year ended 31 December 2021, the Group achieved speedy growth in contracted GFA and GFA under management through its strong presence in the Western Straits Region and Yangtze River Delta Region. The Group has also rapidly expanded to the economic regions in China other than the Western Straits Region and Yangtze River Delta Region, which primarily include but are not limited to the following municipalities and cities, namely Tianjin, Chengdu, Chongqing, Pu'er, Taiyuan, Qingdao, Jiujiang, Nanchang, Changsha, Zhengzhou, Cangzhou, Baise, Hechi, Hezhou, Wuzhou, Jiangmen, Guangzhou, Fuyang, Qinzhou, Dezhou and Lanzhou in the PRC market. As of 31 December 2021, the Group had 177 projects under its management and 91 projects of which the Group was contracted to manage but not yet delivered, covering 61 cities in the two major regions and Other Regions, with a total GFA under management of approximately 28.9 million sq.m. and a total contracted GFA of approximately 44.6 million sq.m.

As at 31 December 2021, the Group's contracted GFA amounted to approximately 44.6 million sq.m., and the number of contracted projects was 268 in total, representing an increase of approximately 16.8% and 27.6%, respectively, compared with those as of 31 December 2020. For the year ended 31 December 2021, revenue generating GFA under management by the Group reached approximately 28.9 million sq.m., and the number of projects under management was 177, representing an increase of approximately 45.2% and 48.7%, respectively, compared with those as of 31 December 2020.

The average property management fee of the Group for the Reporting Period amounted to RMB2.9 per sq.m., an increase of approximately 7.4%, compared to RMB2.7 per sq.m. for the corresponding period.

The table below indicates the movement in the Group's contracted GFA and GFA under management for the year ended 31 December 2021 and 2020 respectively:

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	Contracted GFA ('000 sq.m.)	GFA under management ('000 sq.m.)	Contracted GFA ('000 sq.m.)	GFA under management ('000 sq.m.)
As of the beginning of the period	38,199	19,930	27,560	15,879
New engagements	6,374	8,949	10,639	4,051
As of the end of the period	44,573	28,879	38,199	19,930

GEOGRAPHIC PRESENCE OF THE GROUP

As at 31 December 2021, the Group had expanded its geographic presence to 52 cities in China.

The table below sets forth a breakdown of the Group's total GFA under management as of the dates and total revenue generated from property management services by geographic location for the year ended 31 December 2021 and 2020 respectively:

	For year ended 31 December 2021			For the year ended 31 December 2020		
	GFA ('000 sq.m.)	Revenue (RMB'000)	%	GFA ('000 sq.m.)	Revenue (RMB'000)	%
The Western Straits Region	15,854	250,715	52.7%	12,655	254,805	69.4%
The Yangtze River Delta Region	6,188	124,750	26.2%	4,541	74,604	20.3%
Other regions	6,837	100,465	21.1%	2,734	37,897	10.3%
	28,879	475,930		19,930	367,306	

VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

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

The table below sets forth a breakdown of the Group's revenue generated from its value-added services to non-property owners for the period indicated:

	For the year ended			
	31 December 2021		31 December 2020	
	RMB'000	%	RMB'000	%
Sales assistance services	237,878	54.6%	199,870	54.3%
Preliminary planning, design consultancy and pre-delivery services	130,923	30.0%	112,131	30.4%
Driving, vehicle dispatching and managing services	66,887	15.4%	56,242	15.3%
Total	435,688	100.0%	368,243	100.0%

COMMUNITY VALUE-ADDED SERVICES

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

For the year ended 31 December 2021, the revenue from community value-added services increased by 433.2% to approximately RMB79.3 million compared to approximately RMB14.9 million in the same period of 2020, mainly due to the increase in revenue from Joyful Life Service (community shopping service). For the year ended 31 December 2021, the revenue from community value-added services accounted for 8.0% of total revenue.

The following table sets forth the revenue breakdown of community value-added services for the year ended 31 December 2021 and 2020:

	For year ended			
	31 December 2021		31 December 2020	
	RMB'000	%	RMB'000	%
Joyful Life Service (和美生活) ⁽¹⁾	45,696	57.6%	8,124	54.6%
Joyful Living Service (和美易居) ⁽²⁾	8,766	11.1%	3,440	23.1%
Joyful Leasing and Sale Service (和美租售) ⁽³⁾	18,592	23.4%	2,619	17.6%
Ancillary services for common areas ⁽⁴⁾	6,270	7.9%	693	4.7%
Total	79,324	100%	14,876	100%

Notes:

- (1) Under Joyful Life Service (和美生活), the Group mainly offers community shopping services to property owners and residents of the properties under the Group's management. The majority portion of the Group's community shopping services is the offline community shopping services, under which the Group mainly sells popular products for selected holidays to property owners and/or residents at designated locations at residential properties under its management. The products generally include gift baskets, mooncakes and other popular gifts that suit the property owners and/or residents' holiday shopping needs.
- (2) Under Joyful Living Service (和美易居), the Group mainly provides decoration work such as building balcony enclosures to property owners of the residential properties under its management. The Group generally provides such services through sub-contractors and charge a fixed amount fee for the work as agreed between the property owners and the Group. In addition, the Group also provides a referral service to introduce property owners and/or residents to qualified contractors for other decoration work and charge a fixed fee for each successful introduction that result in an agreement between contractors and the property owner or resident regarding the agreed work. For the furnishing services, the Group may purchase interior decorations, home appliances and accessories according to the property owners' or residents' preferences and budgets.
- (3) The Joyful Leasing and Sale Service (和美租售) includes property agency services under which the Group assists property owners in search for buyers or tenants, marketing and liaising with potential buyers and tenants. Typically, once the potential buyer or tenant reaches an agreement with respect to the sale or lease of the property with the property owner, the Group would help guide the property owner to complete the transaction.
- (4) The Group provides ancillary services for common areas, which mainly include advertising in and rental of common areas of the properties under the Group's management.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2021, the Group derived its revenue from (i) property management services, (ii) value-added services to non-property owners and (iii) community value-added services. The following table sets forth the details of the Group's revenue recognised from such sources for the period indicated:

	For the year ended 31 December		Change in percentage
	2021	2020	
	RMB'000	RMB'000	
Revenue			
Property management services	475,930	367,306	29.6%
Value-added services to non-property owners	435,688	368,243	18.3%
Community value-added services	79,324	14,876	433.2%
Total	990,942	750,425	

The revenue of the Group increased by approximately 32.1% from approximately RMB750.4 million for the year ended 31 December 2020 to approximately RMB990.9 million for the year ended 31 December 2021. This increase was mainly attributable to:

- (i) the increase in property management services for the year ended 31 December 2021;
- (ii) the increase in revenue from sales assistance services for the year ended 31 December 2021; and
- (iii) the increase in the amount of revenue from Joyful Life Service and Joyful Leasing and Sale Service for the year ended 31 December 2021.

Cost of sales

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

During the Reporting Period, the cost of sales of the Group increased by approximately 33.4% from approximately RMB534.1 million for the year ended 31 December 2020 to approximately RMB712.5 million for the year ended 31 December 2021. This increase was mainly attributable to the expansion of business operation during the year ended 31 December 2021.



Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit increased by approximately 28.7% from approximately RMB216.3 million for the year ended 31 December 2020 to approximately RMB278.4 million for the year ended 31 December 2021.

The Group's gross profit margin decreased from approximately 28.8% for the year ended 31 December 2020 to approximately 28.1% for the year ended 31 December 2021.

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

	For the year ended 31 December	
	2021	2020
	%	%
Property management services	23.3	23.2
Value-added services to non-property owners	32.1	34.2
Community value-added services	35.2	34.4
Overall gross profit margin	28.1	28.8

Other income

During the Reporting Period, the Group's other income primarily included (i) additional deduction of value-added input tax, and (ii) government grants, which were mainly comprised of government subsidies for creating jobs to support local economies. The Group's other income increased by approximately 34.6% from approximately RMB4.7 million for the year ended 31 December 2020 to approximately RMB6.3 million for the year ended 31 December 2021.

Other gains – net

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

The Group's other gains decreased by approximately 231.7% from approximately RMB1.1 million for the year ended 31 December 2020 to approximately RMB(1.4) million for the year ended 31 December 2021 mainly due to the increase in exchange losses.

Selling and marketing costs

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

The Group's selling and marketing costs decreased by approximately 35.1% from approximately RMB8.2 million for the year ended 31 December 2020 to approximately RMB5.3 million for the year ended 31 December 2021, primarily due to the reduction of the marketing activities.



MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses

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

The Group's administrative expenses increased by approximately 21.8% from approximately RMB92.3 million for the year ended 31 December 2020 to approximately RMB112.4 million for the year ended 31 December 2021, primarily due to the expansion of business operations and the listing expenses incurred for the Listing.

Finance (Cost)/Income, Net

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

Finance costs increased by approximately 120.8% from approximately RMB0.26 million for the year ended 31 December 2020 to RMB0.57 million for the year ended 31 December 2021.

Finance income – net decreased by approximately 320.4% from RMB0.3 million for the year ended 31 December 2020 to approximately RMB1.2 million for the year ended 31 December 2021.

Profit before income tax expenses

As a result of the aforementioned changes in the Group's financials, the Group's profit before income tax increased by approximately 38.2% from approximately RMB121.9 million for the year ended 31 December 2020 to approximately RMB168.4 million for the year ended 31 December 2021.

Income tax expenses

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

The Group's income tax expenses increased by approximately 32.8% from approximately RMB36.8 million for the year ended 31 December 2020 to approximately RMB48.9 million for the year ended 31 December 2021.

The effective income tax rate of the Group for the year ended 31 December 2021 was 29%, compared to 30% for the year ended 31 December 2020. Effective income tax was calculated based on EIT divided by profit before income tax (excluding the share of net profit of investments accounted for using the equity method and land appreciation tax).

Profit for the period attributable to owners of the Company

As a result of the aforementioned changes in the Group's financials, the Group's profit for the period attributable to owners of the Company increased by approximately 36.2% from approximately RMB82.5 million for the year ended 31 December 2020 to approximately RMB112.4 million for the year ended 31 December 2021.

Profit for the period attributable to non-controlling interests

Profit for the period attributable to non-controlling interests of the Group increased by approximately 177.8% from approximately RMB2.6 million for the year ended 31 December 2020 to approximately RMB7.1 million for the year ended 31 December 2021, which remained relatively stable.



Trade receivables

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

As at 31 December 2021, the Group's trade receivables amounted to approximately RMB279.5 million, representing an increase of approximately RMB177.9 million or 175.0% compared with approximately RMB101.6 million as of 31 December 2020. The increase was mainly due to market expansion and the receivables from related parties.

Trade payables

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

As at 31 December 2021, the Group's trade payables amounted to approximately RMB70.1 million, representing an increase of approximately 37.6% from approximately RMB50.9 million as of 31 December 2020. The increase was mainly due to the expansion of business operations.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, the Group's net current assets amounted to approximately RMB679.2 million (31 December 2020: approximately RMB41.8 million). Specifically, the Group's total current assets increased by approximately 181.0% from approximately RMB403.3 million as at 31 December 2020 to approximately RMB1,133.2 million as at 31 December 2021. The Group's total current liabilities increased by 25.6% from approximately RMB361.5 million as at 31 December 2020 to approximately RMB454.0 million as at 31 December 2021. The increase in the Group's total current assets was primarily attributable to the increase in cash and cash equivalents and trade receivables.

As at 31 December 2021, the Group had cash and bank balances of approximately RMB761.89 million (31 December 2020: approximately RMB249.2 million), with no borrowings (31 December 2020: Nil).

CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any material contingent liabilities (31 December 2020: Nil).

KEY FINANCIAL RATIOS

Current ratio

As at 31 December 2021, the current ratio of the Group was 2.5 times (31 December 2020: 1.1 times). The increase of the Group's current ratio was mainly attributable to the increase of amounts in cash and cash equivalents and trade receivables. The current ratio is calculated as current assets divided by current liabilities as of the same date.

Gearing ratio

As at 31 December 2021, the gearing ratio of the Group was 1.2% (31 December 2020: 15.3%), mainly due to the increase of total equity. The gearing ratio is calculated as total interest-bearing borrowings, including lease liabilities, divided by total equity as of the end of the relevant year/period and multiplied by 100%.



MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN CURRENCY RISK

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

PLEDGE OF ASSETS

As at 31 December 2021, none of the assets of the Group were pledged.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2021, the Group employed a total of 5,685 full-time employees (31 December 2020: 5,342 full-time employees). For the year ended 31 December 2021, the staff cost recognised as expenses of the Group amounted to approximately RMB527.6 million (2020: RMB460.9 million).

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

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

The Group's employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the year ended 31 December 2021, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the operations of the Group.

The Board will review and determine the remuneration and compensation packages of our Directors and senior management with the recommendation from the remuneration committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

During the Reporting Period, there was no long-term incentive schemes of the Group.

NET PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The Company's shares were listed on the Stock Exchange on 16 July 2021. 125,000,000 shares of the Company were issued as at the Listing Date at the issue price of HK\$4.88. The net proceeds from the Listing (including the partial exercise of the Over-Allotment Option), after deducting the underwriting commission and other estimated expenses in connection with the Listing which the Company received amounted to approximately HK\$628.5 million the ("**Net Proceeds**").



The following table sets for the a breakdown of the utilization and proposed utilization of the Net Proceeds from the Listing Date up to 31 December 2021:

Use	Percentage of the Net Proceeds as stated in the Prospectus and allocation of the Net Proceeds after taking into account the partial exercise of the Over-Allotment Option on 9 August 2021		Actual use of the Net Proceeds up to 31 December 2021	Unutilised Net Proceeds as at 31 December 2021	Expected timeframe of full utilisation of the Net Proceeds
	% of total amount	HK\$ Million	HK\$ Million	HK\$ Million	
Pursuing selective strategic investment and acquisition opportunities	60.0%	377.1	0	377.1	31 December 2023
Diversifying the Group's project portfolio and value-added services	11.0%	69.1	8.8	60.3	31 December 2023
Developing and upgrading hardware and software used in the Group's operations	15.0%	94.3	6.0	88.3	31 December 2023
Further developing the Group's property management services provided to high-end properties under ROYEEDS	4%	25.1	1.2	23.9	31 December 2023
General business operations and working capital	10%	62.9	3.3	59.5	–

Further details of the breakdown and implementation plans of the Net Proceeds are set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. As at the date of this report, the Directors were not aware of any material change to the planned use of proceeds. However, the actual use of net proceeds in relation to pursuing selective strategic investment and acquisition opportunities was lower than the relevant planned use of proceeds for the year ended 31 December 2021 because the Company was more cautious in strategic expansion in light of the downturn in the domestic real estate market. Going forward, the Group will continue to solicit for suitable investment opportunities that are beneficial to the Group's development and will make further announcement(s) as and when appropriate. It is currently expected that the unutilised Net Proceeds will be applied according to the purposes, allocations and timetable set out in the Prospectus.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Ou Zonghong (歐宗洪), aged 52, was appointed as our Director on 14 April 2020. He was re-designated as our executive Director and appointed as the chairman of our Board on 22 September 2020. Mr. Ou is primarily responsible for the overall strategic decisions, business planning and major business operation of our Group. Mr. Ou has approximately 25 years of experience in the PRC property development, construction and management industries.

Mr. Ou is the founder of Ronshine China Group. On 23 September 2003, Mr. Ou established Rongxin (Fujian) Investment Company Limited (融信(福建)投資集團有限公司) (formerly known as Fujian Rongxin Real Estate Development Company Limited (福建融信房地產開發有限公司)), a subsidiary of Ronshine China, where he has been responsible for formulating its overall development strategy and daily operation. Mr. Ou has been the chairman of the board of directors, an executive director and the chief executive officer of Ronshine China since December 2014 where he has been primarily responsible for its overall development strategy and daily operation. Mr. Ou also holds directorship in various subsidiaries of Ronshine China which are primarily engaged in property development and business management consulting.

Prior to founding Ronshine China Group, Mr. Ou also established various companies in Fujian Province which were engaged in property development and construction, including Putian Transport Engineering Company Limited (莆田市交通工程有限公司) in August 1995 and Putian Transport and Real Estate Development Company Limited (莆田市交通房地產開發有限公司) in April 2000.

Mr. Ou was awarded the 2018 Hope Project Contribution Award (2018年度希望工程貢獻獎) by China Youth Development Foundation (中國青少年發展基金會) in December 2018, the 2016 China Most Socially Responsible Entrepreneur (中國最具社會責任企業家) and 2017 China Most Socially Responsible Entrepreneur by the Organizing Committee of China Employer Brand Forum (中國僱主品牌論壇組委會) in December 2016 and January 2018, respectively, the fourteenth and fifteenth sessions of the Excellent Entrepreneur of Fujian province (福建省優秀企業家) by Federation of Fujian Enterprise and Entrepreneur (福建省企業與企業家聯合會) in December 2011 and June 2014, respectively, and the Silver Award of the fifth session of Ten Young Entrepreneurs of Fujian (第五屆福建省十大傑出青年企業家銀獎) in April 2008.

Mr. Ma Xianghong (馬祥宏), aged 48, was appointed as our executive Director on 22 September 2020. Mr. Ma joined our Group on 8 October 2016 and has been serving as our chief executive officer since then. Mr. Ma is primarily responsible for our overall business operations and management, and execution of the decisions of the Board. Mr. Ma has approximately 21 years of management experience in the PRC real estate and property management services industries. Prior to joining our Group, from July 1993 to August 1999, Mr. Ma taught at Dianzi high school in Shiyan, Hubei Province, where he served as a director and vice principal. From September 1999 to September 2016, Mr. Ma held various positions at Gemdale Corporation (金地(集團)股份有限公司), a property development and property management company listed on the Shanghai Stock Exchange (stock code: 600383), where he last served as the assistant general manager of the property group and the general manager of its building engineering company, and was primarily responsible for property management, intelligent engineering and other related business.

Mr. Ma obtained a bachelor's degree in Chinese language and literature from Hubei University (湖北大學) in the PRC in June 2001, and a master degree of business administration from The Hong Kong Polytechnic University (香港理工大學) in Hong Kong in October 2014.

Ms. Lin Yi (林怡), aged 49, was appointed as our executive Director on 22 September 2020. Ms. Lin joined our Group on 10 June 2014 and was promoted to chief financial officer and general manager of financial capital management center in December 2019. Ms. Lin is primarily responsible for the financial management and the internal control of our Group. She has over 25 years of experience in financial operation and management. Prior to joining our Group, from March 1990 to June 2014, Ms. Lin held various positions at Fujian Tongchun Pharmaceutical Co., Ltd (福建同春藥業股份有限公司), a company engaged in the manufacturing of medicine, medical supplies and health products, where she successively served as the deputy general manager of financial management and investment development department and a deputy general manager of its operation and management department, and was primarily responsible for the overall management of the department and accumulated extensive operation management experience.

Ms. Lin obtained an associate's degree in financial accounting from The Open University of Fujian (福建廣播電視大學) in the PRC in July 1995, and a bachelor's degree in human resources management from Fujian Agriculture and Forestry University (福建農林大學) in the PRC in June 2009. She was qualified as an Intermediate Accountant (中級會計師) by the Ministry of Finance (財政部) of the PRC in December 1996.

NON-EXECUTIVE DIRECTOR

Ms. Lin Liqiong (林麗瓊), aged 47, was appointed as our non-executive Director on 22 September 2020 and is primarily responsible for providing guidance for the overall operation of our Group. Ms. Lin has over 22 years of experience in financial management. Since February 2006, Ms. Lin has held various positions at Rongxin (Fujian) Investment Company Limited (formerly known as Fujian Rongxin Real Estate Development Company Limited), where she is currently serving as the general manager of its financial capital center and is primarily responsible for its financial management. From August 2015 to November 2018, Ms. Lin was the general manager of the financial capital center at Fuzhou Yiheng Investment Company Limited (福州羿恒投資有限公司), an investment company, where she was primarily responsible for its financial management. From August 2008 to February 2012, Ms. Lin was a financial manager at Fuzhou Shiou Property Development, a property development company, where she was primarily responsible for its financial management. From April 1998 to February 2006, she was an accountant in charge at Putian Transport Engineering Company Limited (莆田市交通工程有限公司) and was primarily responsible for accounting management.

Ms. Lin obtained a bachelor's degree in financial accounting from Fujian Agriculture and Forestry University (福建農林大學) in the PRC in July 1998. She was qualified as an Intermediate Accountant (中級會計師) by the Ministry of Finance of the PRC in May 2005.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ye Azhong (葉阿忠), aged 58, was appointed as an independent non-executive Director on 10 June 2021. He is primarily responsible for providing independent advice on the operations and management of our Group. Mr. Ye has over 30 years of experience in the research and teaching of economics. Since June 1988, Mr. Ye has been working at Fuzhou University (福州大學), and is currently serving as a professor at the university. He was a visiting scholar at Fudan University (復旦大學) from May 2002 to January 2003.

Mr. Ye obtained a bachelor's degree in mathematics in October 1984, and a master's degree in mathematical statistics in June 1988, both from Nankai University (南開大學) in the PRC. He obtained a doctor's degree in quantitative economics from Tsinghua University (清華大學) in the PRC in January 2002. Mr. Ye was qualified as a Professor of Economics (經濟學專業教授) in July 2003 by the Department of Personnel of Fujian Province (福建省人事廳).

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chen Zhangwang (陳章旺), aged 56, was appointed as an independent non-executive Director on 10 June 2021. He is primarily responsible for providing independent advice on the operations and management of our Group. Mr. Chen has over 34 years of experience in the research and teaching of economics. Since July 1986, Mr. Chen has been working at Fuzhou University (福州大學), and is currently serving as a professor at the university.

From December 2013 to December 2019, Mr. Chen served as an independent director at CEEPOWER Co., Ltd. (中能電氣股份有限公司), a power equipment and solution provider listed on the Shenzhen Stock Exchange GEM (stock code: 300062). Mr. Chen obtained a bachelor's degree in business enterprise management from Hangzhou College of Commerce (杭州商學院) (now known as Zhejiang Gongshang University (浙江工商大學)) in the PRC in July 1986, and a master's degree in business administration from The Open University of Hong Kong (香港公開大學) (currently known as the Hong Kong Metropolitan University (香港都會大學)) in Hong Kong in December 2000.

Mr. Kin Kwong Kwok Gary (郭建江), aged 45, is currently an independent non-executive Director and the chairman of the audit committee. Mr. Kwok joined the Group in June 2021. Mr. Kwok is a member of the Hong Kong Institute of Certified Public Accountants with a bachelor degree of professional accountancy from the Chinese University of Hong Kong. Mr. Kwok served as the Chief Financial Officer of a Hong Kong-based apparel company from December 2020 to November 2021. Mr. Kwok was CFO of Changyou Alliance Group Limited (Stock Exchange Stock Code: 1039) from January 2020 to November 2020, and was CFO of YinYi Holdings (Hong Kong) Limited, from September 2018 to January 2020. From May 2019 to January 2020, he was the joint company secretary of Dafa Properties Group Limited (Stock Exchange Stock Code: 6111). Since May 2017, Mr. Kwok has been an independent non-executive Director, the chairman of audit committee and a member of the risk control committee by Sichuan Energy Investment Development Co., Ltd (Stock Exchange Stock Code: 1713). Since May 2020, Mr. Kwok has been an independent non-executive director and chairman of the compensation committee of Global Dining Holdings Limited (formerly known as Singapore Food Holdings Limited) (Stock Exchange Stock Code: 8496).

JOINT COMPANY SECRETARIES

Ms. Lin Yi (林怡), an executive Director of the Company, was appointed as one of the joint company secretaries on 22 September 2020. For biographical details of Ms. Lin, please refer to “Executive Directors – Ms. Li Yi (林怡)” in this section.

Ms. Lee Angel Pui Shan, was appointed as one of the joint company secretaries on 3 March 2022. Ms. Lee is a Corporate Secretarial Executive of SWCS Corporate Services Group (Hong Kong) Limited (“**SWCS**”) and has extensive company secretarial professional experience. Ms. Lee holds a bachelor's degree in accounting. She is certified public accountant of The Hong Kong Institute of Certified Public Accountants, and an associate member of The Chartered Governance Institute in the United Kingdom and The Hong Kong Chartered Governance Institute. Before joining SWCS, she worked for Ernst & Young (Hong Kong and Beijing), participated in a number of Chinese overseas listings, and was also responsible for many internal control projects to meet the requirements of Hong Kong and overseas listings.

SENIOR MANAGEMENT

Mr. Ma Xianghong (馬祥宏), joined our Group on 8 October 2016 and has been serving as our chief executive officer since then. For biographical details of Mr. Ma, please refer to “Executive Directors – Mr. Ma Xianghong (馬祥宏)” in this section.

Ms. Lin Yi (林怡), was promoted to chief financial officer and general manager of financial capital management center in December 2019. For biographical details of Ms. Lin, please refer to “Executive Directors – Ms. Li Yi (林怡)” in this section.

Mr. Chen Liang (陳梁), aged 48, was appointed as the vice president of the Company. He is responsible for the strategic planning decisions, investment development and diversified operation management of our Group. Mr. Chen has extensive experience in management. From May 2006 to December 2014, Mr. Chen served as the general manager of Henan Zhengxin Property Management Co., Ltd. (河南正信物業管理有限公司), where he was responsible for related property management. From March 2014 to August 2016, Mr. Chen served as the manager of the development department of Greentown Property Management Co., Ltd. (綠城物業管理有限公司), where he was responsible for related property management.

Mr. Chen obtained a bachelor's degree in business administration from Henan University (河南大學) in June 1995.

In May 2006, Mr. Chen obtained the National Property Management Manager Certificate (全國物業管理企業經理證) jointly issued by the Personnel Education Department of the Ministry of Construction (建設部人事教育司) and the Housing and Real Estate Department of the Ministry of Construction (建設部住宅與房地產業司). In July 2011, he obtained the Property Manager Certificate (物業管理師證) jointly issued by the Ministry of Human Resources and Social Security of the People's Republic of China (中華人民共和國人力資源和社會保障部) and the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部). In March 2013, he obtained the Certified Property Manager Certificate (註冊物業管理師證) issued by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部).

Mr. Wu Jianyong (伍建勇), aged 37, was appointed as the assistant president of the Company. He is responsible for the strategic planning decisions of the Group as well as the overall management of the Fujian region and subordinate professional companies. Mr. Wu has extensive experience in management. From November 2013 to March 2016, Mr. Wu served as the regional head of Longfor Property Xiamen Branch (龍湖物業廈門分公司), where he was responsible for regional management. From March 2016 to October 2017, Mr. Wu served as the deputy general manager of Fuzhou Tahoe Property Management Co., Ltd. (福州泰禾物業管理有限公司), where he was responsible for daily operation and management.

Mr. Wu obtained a bachelor's degree in law from Minjiang University (閩江大學) in January 2010.

Mr. Wu obtained the Property Department Manager Certificate (物業部門經理證書) issued by the Fujian Housing and Construction Department (福建省住房和城鄉建設廳) in August 2010.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report for the annual report of the Company for the year ended 31 December 2021.

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the principles and code provisions of the Corporate Governance Code in force from time to time as the basis of the Company's corporate governance practices, and the Corporate Governance Code has been applicable to the Company with effect from the Listing Date. Unless otherwise stated, reference made in this corporate governance report in relation to the Corporate Governance Code is referred to the provisions contained in the Appendix 14 to the Listing Rules in force during the year ended 31 December 2021 and as at 31 December 2021.

From the Listing Date to 31 December 2021, so far as the Directors are aware, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code, except for the deviation from the code provision A.1.1 described below.

THE BOARD

Composition of the Board

The Board currently comprises seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors.

Members of the Board

Executive Directors

Mr. Ou Zonghong (*Chairman*)

Mr. Ma Xianghong

Ms. Lin Yi

Non-executive Director

Ms. Lin Liqiong

Independent non-executive Directors

Mr. Ye Azhong

Mr. Chen Zhangwang

Mr. Kwok Kin Kwong Gary

There is no material financial, business, family or other relationship between any members of the Board and between the chairman of the Board and the chief executive officer of the Company.

All Directors, including the non-executive Director and the independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. All Directors have carried out duties in good faith and in compliance with applicable laws and regulations and have acted in the interests of the Company and the Shareholders at all time.

The biographical details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" of this annual report.

Responsibilities

The Board is responsible for the overall leadership of the Group, the overseeing of the Group's strategic decisions and the monitoring of business and performance. The Directors have to make decisions objectively in the interests of the Company. The Board has established three Board committees (collectively, the **"Board Committees"**) including the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place. The Board delegates to the management authority and responsibility for the Company's daily operations and businesses management according to the Board's instructions. The Board also has delegated to the Board Committees responsibilities as set out in their respective terms and reference.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations and in the interests of the Company and its Shareholders at all times.

Chairman and Chief Executive Officer

Code provision A.2.1 of the Corporate Governance Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Ou Zonghong is the chairman of the Board and Mr. Ma Xianghong is the chief executive officer of the Company.

The division of responsibilities between the chairman of the Board and the chief executive officer of the Company are clearly divided to ensure a balance of power and authority and to reinforce their independence and accountability.

The chairman of the Board provides leadership for the Board. He is responsible for ensuring that all Directors are properly briefed on issues arising at Board meetings; Directors receive, in a timely manner, adequate information which is complete and reliable; and the Board works effectively and performs its responsibilities. He encourages Directors to make a full and active contribution to the Board's affairs and take the lead to ensure that the Board acts in the best interests of the Company. The chief executive officer of the Company is responsible for the daily operation of the Group and leading the management of the Group.

Independent Non-executive Directors

During the Reporting Period, the Company has three independent non-executive Directors in compliance with Rules 3.10(1) and 3.10(2) of the Listing Rules, with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive Directors representing at least one-third of the Board. The number of independent non-executive Directors exceeded one-third of the number of the Board members.

The Company has received a confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. Based on the confirmations of the independent non-executive Directors, the Company considers each of them to be independent during the Reporting Period.

Appointment and Re-election of Directors

The code provision A.4.1 of the Corporate Governance Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.



CORPORATE GOVERNANCE REPORT

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association.

Each of our executive Directors has entered into a service contract with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three calendar months' notice in writing served by either party on the other.

Directors' Training and Continuous Professional Development

Pursuant to code provision A.6.5 of the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Each newly appointed Director has been provided with necessary induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities under relevant statutes, laws, rules and regulations. Prior to the Listing, all Directors have attended a training session in relation to the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong.

All the Directors have been updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefing and professional development to Directors will be arranged whenever necessary.

Based on the information provided by the Directors, the Directors participated in the following trainings during the period from the Listing Date to 31 December 2021:

Directors	Type of training (Note 1)	Subject of training (Note 2)
Executive Directors		
Mr. Ou Zonghong	1, 2	A, B
Mr. Ma Xianghong	1, 2	A, B
Ms. Lin Yi	1, 2	A, B
Non-executive Director		
Ms. Lin Liqiong	1, 2	A, B
Independent non-executive Directors		
Mr. Ye Azhong	1, 2	A, B
Mr. Chen Zhangwang	1, 2	A, B
Mr. Kwok Kin Kwong Gary	1, 2	A, B

Note 1:

1. Attending in-house briefings/trainings, seminars, conferences or forums
2. Reading newspapers, journals and updates

Note 2:

- A. Businesses related to the Company
- B. Laws, rules and regulations, accounting standards

Directors' Responsibility on Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the financial year ended 31 December 2021.

The Directors are responsible for overseeing the preparation of financial statements of the Company with a view of ensuring that such financial statements give a true and fair view of the state of affairs of the Group and relevant statutory and regulatory requirements and applicable accounting standards are complied with.

As at 31 December 2021, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt on the Group's ability to continue as a going concern.

The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the Shareholders. The statements by external auditor, Elite Partners CPA Limited ("**Elite Partners**"), about their reporting responsibility on the consolidated financial statements of the Group are set out in the independent auditor's report in this annual report.

Board Meetings and General Meeting

Code provision A.1.1 of the Corporate Governance Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication.

As the Company was listed on the Stock Exchange on 16 July 2021, the Company did not hold any general meetings during the Reporting Period and only three Board meetings were held from the Listing Date and up to 31 December 2021 as the Board did not have any additional matters in need to be discussed. The Company will fully comply with the requirement under code provision A.1.1 of the Corporate Governance Code in the forthcoming year. The attendance record of the Board of Directors for such Board meetings is set out in the table below:

Name of Directors	Number of Board meetings attended/held
Executive Directors	
Mr. Ou Zonghong	3/3
Mr. Ma Xianghong	3/3
Ms. Lin Yi	3/3
Non-Executive Director	
Ms. Lin Liqiong	3/3
Independent Non-executive Directors	
Mr. Ye Azhong	3/3
Mr. Chen Zhangwang	3/3
Mr. Kwok Kin Kwong Gary	3/3

CORPORATE GOVERNANCE REPORT

The Company has adopted the practice of holding Board meetings regularly. Notice of not less than 14 days is given of all regular Board meetings to provide all Directors with the opportunity to attend and include matters in the agenda. For other committee meetings, 14 days notice is given. The agenda and accompanying board papers are despatched to the Directors or committee members at least three days before meetings to ensure that they have sufficient time to review these documents and be adequately prepared. When Directors or committee members are unable to attend a meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors/Board Committee members. Draft and final versions of the minutes of each Board meeting and Board Committee meeting are sent to the Directors/Board Committee members for comments and records respectively within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors. All Directors shall obtain information related to the Board resolutions in a comprehensive and timely manner. Any Director can seek independent professional advice at the Company's expense after making reasonable request to the Board.

BOARD COMMITTEE

The Company has established the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of these committees has specific written terms of reference which deal clearly with their authority and duties. The chairmen of these committees will report their findings and recommendations to the Board after each meeting.

Audit Committee

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

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control systems of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board. The Audit Committee currently consists of three members, namely Mr. Kwok Kin Kwong Gary, Mr. Chen Zhangwang and Mr. Ye Azhong, each of whom is an independent non-executive Director. The chairman of the Audit Committee is Mr. Kwok Kin Kwong Gary, who possesses appropriate professional qualifications and being a member of Hong Kong Institute of Certified Public Accountants since February 2005.

Since the Listing Date and up to 31 December 2021, the Audit Committee convened two meetings and the attendance record of these meetings is set out in the table below:

Name of Directors	Number of meeting(s) attended/held
Mr. Kwok Kin Kwong Gary (<i>Chairman</i>)	2/2
Mr. Chen Zhangwang	1/2
Mr. Ye Azhong	2/2

At the above meetings, members of the Audit Committee have reviewed the audited annual results of the Group for the year ended 31 December 2020 and the unaudited interim results of the Group for the six months ended 30 June 2021. The Audit Committee have also reviewed the significant issues on the financial reporting and compliance procedures, internal control and risk management systems and internal audit function of the Group, connected transactions of the Company, and have discussed with the auditor of the Company about the tasks they performed.

The Audit Committee has reviewed, and has agreed with the auditor of the Company on the annual results of the Group for the year ended 31 December 2021.

The Audit Committee has reviewed the remuneration of the auditor for the year ended 31 December 2021 and has recommended the Board to re-appoint Elite Partners as the auditor of the Company for the year ended 31 December 2021, subject to approval by the Shareholders at the AGM.

The works performed by the Audit Committee during the year ended 31 December 2021 included, among others, the following:

- reviewed the interim and annual consolidated financial statements of the Group;
- reviewed the cash flow projections and monitored the Group's overall financial condition;
- reviewed the appropriateness and effectiveness of the risk management and internal control systems of the Group and made recommendations to the Board on the improvement of the risk management and internal control systems of the Group;
- reviewed the appropriateness and effectiveness of the internal audit function of the Group and made recommendations to the Board on the improvement of the internal audit function of the Group;
- reviewed the adoption of the relevant accounting principles generally accepted and made recommendations to the Board on the adoption of accounting policies; and
- met with external auditor in the absence of executive Directors and senior management to discuss matters in relation to the audit.

Remuneration Committee

The Board has established the Remuneration Committee on 10 June 2021 with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Remuneration Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rxsy.com).

The Remuneration Committee currently consists of three members, namely Mr. Chen Zhangwang and Mr. Ye Azhong, independent non-executive Directors, and Mr. Ou Zonghong, an executive Director. The chairman of the Remuneration Committee is Mr. Chen Zhangwang. The primary duties of the Remuneration Committee include, among others, (i) establishing, reviewing and providing advices to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

CORPORATE GOVERNANCE REPORT

Since the Shares were listed on the Main Board of the Stock Exchange on 16 July 2021, the Remuneration Committee did not hold any meeting from the Listing Date up to 31 December 2021. From 2022 onwards, the Remuneration Committee expects to convene at least one meeting in each financial year.

Nomination Committee

The Board has established the Nomination Committee on 10 June 2021 with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Nomination Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rxsy.com).

The Nomination Committee currently consists of three members, namely Mr. Ou Zonghong, an executive Director, Mr. Chen Zhangwang and Mr. Ye Azhong, independent non-executive Directors. The chairman of the Nomination Committee is Mr. Ou Zonghong. The primary duties of the Nomination Committee include, among others, (i) reviewing the structure, size and composition of our Board on a regular basis and making recommendations to our Board regarding any proposed changes to the composition of our Board; (ii) identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorship, and ensuring the diversity of our Board members; (iii) assessing the independence of our independent non-executive Directors; and (iv) making recommendations to our Board on relevant matters relating to the appointment, reappointment and removal of our Directors and succession planning for our Directors.

The Company has adopted a nomination policy setting out the nomination practice, such as the criteria and procedures for the selection, appointment and re-appointment of the Directors. Under the policy, the Nomination Committee will evaluate potential candidates by considering a number of factors, including but not limited to:

- reputation for integrity;
- accomplishment and experience;
- compliance with legal and regulatory requirements;
- commitment in respect of available time and relevant interest to the Group's business;
- diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; and
- any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.



Appointment of any proposed candidates to the Board or re-appointment of any existing members of the Board shall be made in accordance with the Articles of Association and other applicable rules and regulations. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at a general meeting.

Since the Shares were listed on the Main Board of the Stock Exchange on 16 July 2021, the Nomination Committee did not hold any meeting from the Listing Date up to 31 December 2021. From 2022 onwards, the Nomination Committee expects to convene at least one meeting in each financial year.

BOARD DIVERSITY POLICY

The Company has adopted the board diversity policy (the “**Board Diversity Policy**”) which sets out the approach to achieve diversity on our Board. Our Company recognizes and embraces the benefits of having a diverse Board and see increasing diversity at the Board level as an essential element in supporting the attainment of our Company’s strategic objectives and sustainable development. Our 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, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

Our Board currently comprises of seven members, including one female executive Director and one female non-executive Director. Our Directors also have a balanced mix of knowledge, skills and experience, including commercial property operation, overall business management, finance and investment. They have obtained tertiary degrees in various majors including Chinese language and literature, financial accounting, human resources management, economics and business administration. We have three independent non-executive Directors who have different industry backgrounds, representing over one-third of our Board members.

We have taken and will continue to take steps to promote gender diversity at all levels of our Company, including without limitation at our Board and senior management levels. Taking into account our business model and specific needs as well as the presence of two female Directors out of a total of seven Board members, we consider that the composition of our Board satisfies our board diversity policy.



CORPORATE GOVERNANCE REPORT

The Nomination Committee is responsible for ensuring the diversity of our Board members, and is responsible for reviewing our board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our board diversity policy in our corporate governance report on an annual basis.

As at 31 December 2021, Board diversification in terms of gender and age group is set out below:

Gender



Age Group



CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the functions set out in the code provision D.3.1 of the Corporate Governance Code.

During the year ended 31 December 2021, the Board met twice to review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and the senior management of the Group, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, written employee guidelines and the Company's compliance with the Corporate Governance Code and practices and disclosure in the Corporate Governance Report.

DIRECTORS' INSURANCE

Liability insurance for Directors of the Company is maintained by the Company with appropriate coverage for certain legal liabilities which may arise in the course of performing their duties.

JOINT COMPANY SECRETARIES

During the Reporting Period, the Company has appointed Ms. Lin Yi and Ms. Ng Wing Shan as the joint company secretaries of the Company. During the Reporting Period, Ms. Ng Wing Shan is an assistant vice president of an external service provider, SWCS, assisting Ms. Lin Yi in discharging her duties as the company secretary of the Company. Ms. Lin Yi acted as the principal contact person of Ms. Ng Wing Shan in the Company. Each of Ms. Lin Yi and Ms. Ng Wing Shan has confirmed that for the year ended 31 December 2021, they have taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Ms. Ng Wing Shan resigned as a joint company secretary and Ms. Lee Angel Pui Shan (“**Ms. Lee**”) was appointed as a joint company secretary on 3 March 2022. Ms. Lee is a corporate secretarial executive of SWCS. Ms. Lee has extensive company secretarial professional experience and assists Ms. Lin Yi in company secretarial affairs. Ms. Lin Yi is the principal contact person of Ms. Lee in the Company. Please refer to the announcement of the Company dated 3 March 2022 for further details.

The biography of Ms. Lin Yi and Ms. Lee are set out in the “Biographies of Directors and Senior Management” section on page 26 of this report.

DIVIDEND POLICY

According to the dividend policy of the Company, the Company may, subject to the Companies Act, Cap. 22 of the Cayman Islands (the “**Cayman Companies Act**”), from time to time in general meetings declare dividends in any currency to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board.

The Board has the discretion to declare dividend to the Shareholders, subject to the Articles of Association and all applicable laws and regulations and taking into consideration factors set out below:

- (i) financial results;
- (ii) cash flow situation;
- (iii) business conditions and strategies;
- (iv) future operations and earnings;
- (v) capital requirements and expenditure plans;
- (vi) shareholders’ interest;
- (vii) any restrictions on payment of dividends; and
- (viii) any other factors that the Board may deem relevant.

Such declaration any payment of the dividend by the Company is also subject to any restrictions under the Cayman Companies Act, any applicable laws, rules and regulations and the Articles of Association.



AUDITOR'S REMUNERATION

For the year ended 31 December 2021, the fee paid/payable to the external auditor of the Company in respect of audit services and non-audit services is set out as follows:

	Year ended 31 December 2021 (RMB million)
Audit and related service	2.03
Non-audit service	0
Total	2.03

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control systems of the Group and for reviewing their effectiveness.

The Company continues to adopt best practices and industry standards for risk management and internal control. The Group's risk management and internal control systems include a well-established organisational structure with clearly defined lines of responsibility and authority. Such system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Day-to-day departmental operations are entrusted to individual departments, which are accountable for their own conduct and performance and are required to operate their own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments in the department's business and of the implementation of the policies and strategies set by the Board on a regular basis.

Systems and procedures are also in place in the Group to identify, control and report on the major types of risks the Group encounters. Each department is responsible for the assessment of individual types of risk arising under their areas of responsibility. Relevant risks identified are reported to the Board for oversight and monitoring. The Group's risk management systems are monitored and reviewed regularly by the Board.

The Audit Committee and the Board oversee the Group's risk management and internal control systems on an ongoing basis, and have reviewed the Group's risk management and internal control systems from the financial, operational, compliance and risk management controls perspectives for the year ended 31 December 2021. The Board is satisfied that the existing internal control and risk management systems are effective and adequate. In addition, the Board has reviewed and is satisfied with the adequacy of resources, the qualifications and experience of the staff of the Company's accounting, internal audit and financial reporting functions, and their training programmes and budget. The Board expects that a review of the internal control and risk management systems will be conducted annually.

DISCLOSURE OF INSIDE INFORMATION

The Company discloses information in compliance with the Listing Rules and other applicable laws, and publishes periodic reports and announcements to the public in accordance with relevant laws and regulations. In particular, the Group has put in place a robust framework for the disclosure of inside information in compliance with the SFO. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner so as to allow all the stakeholders to apprehend the latest position of the Group. The framework and its effectiveness are subject to review by the Board on a regular basis.

INTERNAL AUDIT

The Group has an internal audit function. The primary role of the internal audit function is to help the Board and the senior management of the Group to protect the assets, reputation and sustainability of the Group. The internal audit function provides independent and objective assurance as to whether the design and operational effectiveness of the Group's framework of risk management, control and governance processes, as designed and represented by the Company's management, is adequate. The internal audit function of the Group is independent of the risk management and internal control systems of the Group.

Results of audit work together with an assessment of the overall risk management and control framework are reported to the Audit Committee as appropriate. The internal audit function also reviews the Company's management's action plans in relation to audit findings and verifies the adequacy and effectiveness of the mitigating controls before formally closing the issue.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. The provisions of the Listing Rules regarding directors' compliance with the code of conduct for securities transactions shall apply to the Company from the Listing Date and up to 31 December 2021.

All Directors have confirmed, following specific enquiry made by the Company, that they have complied with the guidelines contained in the Model Code since the Listing Date up to 31 December 2021.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors. All resolutions put forward at Shareholder meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

To promote effective communication, the Company maintains a website (www.rxsy.com), where the latest information and updates on its business operation and development, corporate governance practice, contact information of investor relations and other information are published for the public's access.



PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

In accordance with Article 58 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at the general meetings of the Company shall at all times have the rights, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to process to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Articles of Association and the Cayman Companies Act. However, Shareholders who wish to propose resolutions may follow Article 58 of the Articles of Association for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of Article 58 are set out above.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Enquiries about the Company may be put to the Board by contacting the Company or directly by raising the questions at an annual general meeting or extraordinary general meeting of the Company. The contact details of the Company, including its email (ir@rxwy.cn) are set out in the Company's website (www.rxswy.com).

If Shareholders have any enquiries in relation to his/her/its shareholding, he/she/it may at any time write to or contact the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at:

Tel: (852) 2862 8555
Fax: (852) 2119 9137
Address: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Website: www.computershare.com

CHANGE IN CONSTITUTIONAL DOCUMENTS

The memorandum and articles of association of the Company (the "**Memorandum and Articles of Association**") have been amended and restated with effect from the Listing Date. Copies of the latest Memorandum and Articles of Association are available on the websites of the Company and the Stock Exchange. Since the Listing Date and up to 31 December 2021, the Company did not make any significant changes to its constitutional documents.



REPORT OF DIRECTORS

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2021.

CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 14 April 2020 as an exempted company with limited liability under the Cayman Companies Act. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company's shares were listed on the Main Board of the Stock Exchange on 16 July 2021.

PRINCIPAL ACTIVITIES

The Group is primarily engaged in the provision of property management services and related value-added services in the PRC.

Details of the principal activities of the principal subsidiaries of the Group are set out in note 30 to the consolidated financial statements in this annual report. There were no significant changes in the nature of the Group's principal activities from the Listing Date and up to the date of this annual report. As at the date of this annual report, the Board has no intention to significantly change the principal business of the Group.

RESULTS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of comprehensive income of the Group in this annual report. The Group's business review and future business development are provided in the section headed "Chairman's Statement" in this annual report. An analysis of the Group's performance using financial key performance indicators is provided in the section headed "Management Discussion and Analysis" in this annual report.

ANNUAL GENERAL MEETING

The forthcoming AGM of the Company will be held on 29 June 2022, a notice of which will be published and despatched to the Shareholders in due course.

FINAL DIVIDEND

The Board resolved not to declare the payment of final dividend for the year ended 31 December 2021 (2020: Nil).

CLOSURE OF THE REGISTER OF MEMBERS

For the purpose of determining the shareholder's eligibility to attend and vote at the AGM to be held on Wednesday, 29 June 2022, the register of members of the Company will be closed from Friday, 24 June 2022 to Wednesday, 29 June 2022 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all transfer of shares documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 pm on Thursday, 23 June 2022.

BORROWINGS

As at 31 December 2021, the Company had no borrowings (2020: nil).

REPORT OF DIRECTORS

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2021 are set out in the consolidated statements of changes in equity in this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2021 are set out in note 14 to the consolidated financial statements of the Group in this annual report.

SHARE CAPITAL

As at 31 December 2021, the Company had 508,104,000 Shares in issue. Details of the movements in the share capital of the Company are set out in note 20 to the consolidated financial statements of the Group in this annual report.

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2021 and the Group's statement of financial position as at the date are set out in the consolidated financial statements on pages 99 to 159 in this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

The Group's customer base primarily consists of property developers, property owners, residents and enterprise.

During the year ended 31 December 2021, revenue attributable to the Group's largest customer amounted to approximately 33% of the Group's total revenue and the Group five largest customers in aggregate accounted for less than 52% of the Group's revenue for the year.

Major Suppliers

The Group's suppliers are primarily subcontractors located in China which provide cleaning, security, greening, certain repair and maintenance services and dispatched workers.

During the year ended 31 December 2021, purchases attributable to the Group's largest supplier amounted to approximately 3% of the Group's total purchases and the Group five largest suppliers in aggregate accounted for less than 9% of the Group's total purchases for the year.

Mr. Ou, one of the Controlling Shareholders and an executive Director is interested in 66.77% shareholding of Ronshine China, the largest customer of the Group as at 31 December 2021. Save as disclosed, to the best of the knowledge of the Directors, none of the Directors, their respective close associates or any Shareholder who owns more than 5% of the issued share capital of the Company had any interest in any of the five largest suppliers or customers of the Group during the year ended 31 December 2021.



RELATIONSHIP WITH STAKEHOLDERS

The Group recognises that the employees, customers and suppliers are the keys to corporate sustainability and is keen on developing long-term relationships with its stakeholders.

The Company places significant emphasis on human capital and strives to foster an environment in which employees can develop their full potential and to assist their personal and professional growth. The Company provides a fair and safe workplace, promoting diversity to our staff, providing competitive remuneration and benefits and career development opportunities based on their merits and performance.

The Group also puts on-going efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Company understands that it is important to maintain good relationship with customers. The Group has established procedures in place for handling customers' complaints and customer satisfaction surveys in order to ensure customers' complaints are dealt with in a prompt and timely manner.

The Group is also dedicated to developing good relationship with suppliers as long-term business partners to ensure stable supplies of materials and timely delivery of power plants under construction. The Group reinforces business partnerships with suppliers and contractors by recurring communication in proactive and effective manner so as to ensure quality and delivery.

DONATIONS

Donations made by the Group during the year ended 31 December 2021 amounted to RMB11,000.00.

DIRECTORS

The Directors during the year ended 31 December 2021 and up to the date of this annual report are:

Name of Directors	Position
Mr. Ou Zonghong (<i>Chairman</i>)	Executive Director
Mr. Ma Xianghong	Executive Director
Ms. Lin Yi	Executive Director
Ms. Lin Liqiong	Non-executive Director
Mr. Ye Azhong	Independent non-executive Director
Mr. Chen Zhangwang	Independent non-executive Director
Mr. Kwok Kin Kwong Gary	Independent non-executive Director

The biographical details of the Directors and the senior management of the Company are set out in the section headed "Biographies of Directors and Senior Management" in this annual report.

In accordance with Article 84(1) of the Articles of Association, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and be eligible for re-election and re-appointment at every annual general meeting, provided that every Director shall be subject to retirement by rotation at the annual general meeting at least once every three years. Any Director appointed by the Board pursuant to Article 83(3) of the Articles of Association shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation in accordance with Article 84(2) of the Articles of Association.

Accordingly, all the existing Directors (namely Mr. Ou Zonghong, Mr. Ma Xianghong, Ms. Lin Yi, Ms. Lin Liqiong, Mr. Ye Azhong, Mr. Chen Zhangwang and Mr. Kwok Kin Kwong Gary) will retire from office and being eligible, offer themselves for re-election at the AGM.

REPORT OF DIRECTORS

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company has assessed their independence and considers all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three calendar months' notice in writing served by either party on the other.

Each of the non-executive Director and the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

The appointments of the Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

None of the Directors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2021, none of the Directors nor their respective associates (as defined in the Listing Rules) had any interest in any business that competed or was likely to compete, either directly or indirectly, with the business of the Group, which would require disclosure under the Listing Rules.

REMUNERATION OF DIRECTORS, SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2021 are set out in notes 11 and 29 to the consolidated financial statements of the Group in this annual report.

None of the Directors waived his/her emoluments nor has agreed to waive his/her emoluments for the year ended 31 December 2021. For the year ended 31 December 2021, no emolument was paid by the Group to any Directors or any of the five highest paid individuals as inducement to join or upon joining the Group as compensation for loss of office. In addition, pursuant to code provision B.1.5 of the Corporate Governance Code, the annual remuneration of members of the senior management by band for the year ended 31 December 2021 is set out below.

The emolument paid to the senior management members (included Mr. Ma Xianghong and Ms. Lin Yi, executive Directors) of the Company fell within the following bands:

Emolument bands in Renminbi (RMB)	Number of individuals
RMB500,000 – RMB1,500,000	3
RMB1,500,001 – RMB3,000,000	1

RETIREMENT BENEFITS SCHEME

The Group does not have any employee who is required to participate in the Mandatory Provident Fund in Hong Kong. The employees of the PRC subsidiaries of the Group are members of the state-managed retirement benefits scheme operated by the PRC government. The PRC subsidiaries of the Group are required to contribute a certain percentage of their payroll costs to the retirement benefits scheme to fund the benefits. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the state-managed retirement benefits scheme. There are no provisions under the above scheme whereby forfeited contributions may be used to reduce future contributions.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, a permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the financial year. The Company has purchased the Directors' and Officers' Liability Insurance to provide protection against claims arising from the lawful discharge of duties by the Directors.

MANAGEMENT CONTRACTS

Other than the service contracts and letters of appointment entered into by the Directors as disclosed above, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at the end of the year or at any time during the year ended 31 December 2021.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group, or existed, during the Reporting Period.

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

As at 31 December 2021, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

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

Notes:

- (1) The calculation is based on the total number of 508,140,000 Shares in issue as at 31 December 2021. The letter (L) denotes the person's long position in the relevant Shares.
- (2) Mr. Ou was the settlor and protector of the Family Trust with HSBC International Trustee Limited as trustee. Rongan Juxiang controlled 375,000,000 Shares through its wholly owned subsidiaries, namely Rongxin Yipin as to 300,000,000 Shares and Fumei International as to 75,000,000 Shares. Each of Mr. Ou, HSBC International Trustee Limited and Rongan Juxiang was deemed to be interested in the Shares held by Rongxin Yipin and Fumei International under the SFO.

Save as disclosed above, as at the 31 December 2021, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, which (a) were recorded in the register required to be kept by the Company under section 352 of the SFO, or (b) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF DIRECTORS

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

So far as is known to the Company, as at 31 December 2021, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

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

Notes:

- (1) The calculation is based on the total number of 508,140,000 Shares in issue as at 31 December 2021. The letter (L) denotes the person's long position in the relevant Shares.
- (2) Mr. Ou was the settlor and protector of the Family Trust with HSBC International Trustee Limited as trustee. Rongan Juxiang controlled 375,000,000 Shares through its wholly owned subsidiaries, namely Rongxin Yipin as to 300,000,000 Shares and Fumei International as to 75,000,000 Shares. Each of Mr. Ou, HSBC International Trustee Limited and Rongan Juxiang was deemed to be interested in the Shares held by Rongxin Yipin and Fumei International under the SFO.

Save as disclosed above, as at the 31 December 2021, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no transactions, arrangements or contracts of significance in relation to which the Company, its holding company or subsidiaries was a party and in which a Director or his connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2021.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no contracts of significance were entered into between the Company or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries during the year ended 31 December 2021 or subsisted at the end of the year and up to the date of this annual report, and no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries was entered into during the year ended 31 December 2021 or subsisted at the end of the year and up to the date of this annual report.

CONTINUING CONNECTED TRANSACTIONS

The following constituted continuing connected transactions of the Group under Chapter 14A of the Listing Rules for the year ended 31 December 2021 since the Listing Date:

Fully Exempt Continuing Connected Transactions

1. Trademark License

On 3 November 2020, our Company, Rongxin (Fujian) Investment Company Limited (融信(福建)投資集團有限公司) (“**Ronshine Fujian Investment**”) and Fuzhou Shiou Property Development Co., Ltd. (福州世歐房地產開發有限公司) (“**Fuzhou Shiou Property Development**”) entered into a trademark license agreement (the “**Trademark License Agreement**”). Pursuant to the Trademark License Agreement, Ronshine Fujian Investment and Fuzhou Shiou Property Development agreed to irrevocably and unconditionally grant non-transferrable and non-exclusive licenses to use certain trademarks registered in the PRC for a perpetual term commencing from the date of the Trademark License Agreement on a royalty-free basis.

As at the date of the agreement, Ronshine Fujian Investment and Fuzhou Shiou Property Development are subsidiaries of Ronshine China which is indirectly owned as to approximately 66.77% by Mr. Ou, one of our Controlling Shareholders and hence a connected person of the Company. Ronshine China is an associate of a connected person of our Company and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Trademark License Agreement constituted continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

As the right to use the licensed trademarks was granted to us on a royalty-free basis, the transaction under the Trademark License Agreement was within the de minimis threshold under Rule 14A.76(1) of the Listing Rules and was exempted from the reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement and Independent Shareholders’ Approval Requirements

1. Property Management Services

(1) Ronshine Property Management Services

Our Group was engaged by Ronshine China Group to provide pre-delivery property management services for its property projects at the pre-sale and pre-delivery stages. Pursuant to an agreement entered into with Ronshine China and Rongxin Shiou Property Service Group Co., Ltd. (融信世歐物業服務集團有限公司) (“**Ronshine Shiou**”) on 23 November 2018 (“**2018 Agreement**”) to revise and renew the master pre-delivery property management agreement dated 8 November 2016, our Group agreed to provide pre-delivery property management services at the pre-sale and pre-delivery stages (including but not limited to security, cleaning, maintenance service and other related pre-delivery property management and maintenance services as well as car park management services) to the property projects of Ronshine China in the PRC for a further term of two years from 1 January 2019 to 31 December 2020.

In contemplation of the Listing, on 3 November 2020, our Company (for ourselves and on behalf of our subsidiaries) entered into an amended and restated master property management and related services agreement with Ronshine China (for itself and on behalf of its subsidiaries) (the “**Master Ronshine Property Management and Related Services Agreement**”) to amend and restate the 2018 Agreement, pursuant to which our Group agreed to provide property management and related services to the properties owned or used by Ronshine China Group in the PRC, including but not limited to (i) preliminary planning and design consultancy services and pre-delivery services which primarily include cleaning and inspection, (ii) property sales offices and display units management services which primarily include security, cleaning and customer reception services, (iii) property management services for the properties (including unsold units and car parking spaces) owned or used by Ronshine China Group, (iv) value-added service primarily include house and facility repair and maintenance, marketing promotion, property agency services and (v) commercial operational services (the “**Ronshine Property Management and Related Services**”). The Master Ronshine Property Management and Related Services Agreement has a term commencing from 3 November 2020 to 31 December 2022, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The fees to be charged for the Ronshine Property Management and Related Services will be determined after arm’s length negotiations with reference to prevailing market price (taking into account the location and the conditions of the property, the scope of the services and the anticipated operation costs including but not limited to labor costs, administration costs and costs of materials) and the prices charged by our Group for similar services provided to Independent Third Parties.

The annual cap amount in relation to the Ronshine Property Management and Related Services for the year ended 31 December 2021 was RMB342.0 million. The transaction amount for the Ronshine Property Management and Related Services provided by our Group to Ronshine China Group pursuant to the Master Ronshine Property Management and Related Services Agreement for the year ended 31 December 2021 was approximately RMB331.2 million.

(2) **Mr. Ou Property Management Services**

On 18 June 2021, our Company (for ourselves and on behalf of our subsidiaries) entered into a master property management and related services agreement with Mr. Ou (the “**Master Mr. Ou Property Management and Related Services Agreement**”), pursuant to which, our Group agreed to provide to Mr. Ou’s associates (excluding Ronshine China Group) (the “**Associates**”) property management and related services to the properties owned or used by the Associates in the PRC, including but not limited to (i) preliminary planning and design consultancy services and pre-delivery services which primarily include cleaning and inspection, (ii) property sales offices and display units management services which primarily include security, cleaning and customer reception services, (iii) property management services for the properties (including unsold units and car parking spaces) owned or used by the Associates, and (iv) value-added service primarily include house and facility repair and maintenance, marketing promotion, property agency services (the “**Mr. Ou Property Management and Related Services**”). The Master Mr. Ou Property Management and Related Services Agreement has a term commencing from the Listing Date to 31 December 2022, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The fees to be charged for the Mr. Ou Property Management and Related Services will be determined after arm’s length negotiations with reference to prevailing market price (taking into account the location and the conditions of the property, the scope of the services and the anticipated operation costs including but not limited to labor costs, administration costs and costs of materials) and the prices charged by our Group for providing similar services to Independent Third Parties.

The annual cap amount in relation to the Mr. Ou Property Management and Related Services for the year ended 31 December 2021 was RMB46.0 million. The transaction amount for the Mr. Ou Property Management and Related Services provided by our Group to the Associates pursuant to the Master Mr. Ou Property Management and Related Services Agreement for the year ended 31 December 2021 was approximately RMB40.8 million.

Since the Ronshine Property Management and Related Services and the Mr. Ou Property Management and Related Services (the “**Property Management and Related Services**”) are similar in nature, the transactions under the Master Ronshine Property Management and Related Services Agreement and the Master Mr. Ou Property Management and Related Services Agreement were aggregated pursuant to the Listing Rules.

As each of the applicable percentage ratios (except for the profit ratio) under the Listing Rules in respect of the aggregated annual caps for the Property Management and Related Services exceeded over 5% on an annual basis, such transactions constituted continuing connected transactions for our Company that were subject to the reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Waiver from the Stock Exchange

The Company has applied for, and the Stock Exchange has granted, waiver exempting from strict compliance with the applicable requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.105 of the Listing Rules in respect of the non-exempt continuing connected transactions described above subject to the condition that the aggregate of such non-exempt continuing connected transactions for each financial year shall not exceed the relevant annual amounts stated above. Should there be any material changes to the terms thereunder, or should there be any other agreements to be entered into between the Group and the connected persons of the Company, or upon expiry of such waivers, the Company will comply with the applicable requirements under the Listing Rules and may apply for relevant waivers (where applicable).

Apart from the relevant requirements of which the waiver is sought, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules. If any terms of the transactions contemplated under the agreements mentioned above are altered or if the Company enters into any new agreements with any connected person in the future, the Company will fully comply with the relevant requirements and Chapter 14A of the Listing Rules unless the Company applies for and obtain a separate waiver from the Stock Exchange.

Annual Review

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions above and have confirmed that the transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of the Company’s Shareholders as a whole.

Elite Partners, the Company’s auditor, was engaged to report on the Group’s continuing connected transactions in accordance with “*Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*” and with reference to Practice Note 740 “*Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules*” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the aforesaid continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules, stating that it has not noticed that any of the continuing connected transactions above (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group for the continuing connected transactions involving provision of goods or services by the Group; (iii) were not entered into, in all material aspects, in accordance with the relevant agreement governing such continuing connected transactions; and (iv) have exceed the relevant caps for the year ended 31 December 2021.

A copy of the independent auditor’s letter has been provided by the auditor to the Company, and has been submitted to the Stock Exchange.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2021 are set out in note 28 to the consolidated financial statements in this annual report. In light of the good relationship and the positive cooperation experiences between the Group and its related parties, the Board has extended the credit period of trade and other receivables of such related parties from 1 month to 3-6 months (as the case may be) from 1 December 2021 onwards.

Save as disclosed above, during the year ended 31 December 2021, none of the related party transactions set out in note 28 to the consolidated financial statements fall under the definition of “connected transaction” or “continuing connected transaction” (as the case may be) in Chapter 14A of the Listing Rules.

The Company confirmed that it was in compliance with the disclosure requirements under Chapter 14A of the Listing Rules for the year ended 31 December 2021, or a waiver from such provisions has been obtained from the Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Except for the Company’s Global Offering (including the Over-Allotment Option) and capitalisation issue as described in the Prospectus and the Company’s announcement dated 9 August 2021, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the period from the Listing Date to 31 December 2021.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company’s Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated under which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

LITIGATION

As at 31 December 2021, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

SIGNIFICANT INVESTMENT HELD

For the year ended 31 December 2021, the Group did not hold any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to focus on its business strategies as set out in the Prospectus. As at the date of this report, save as disclosed in the Prospectus, the Group has no plan for any material investments or capital assets.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2021.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company’s securities.



BUSINESS REVIEW

A review of the Group's business during the year, which includes a discussion of the principal risks and uncertainties facing by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important event affecting the Group during Reporting Period, and an indication of likely future developments in the Group's business, could be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Corporate Governance Report" in this annual report. The review and discussion form part of this report of Directors.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last four financial years is set out on page 160 of this annual report. This summary does not form part of the audited consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the number of shares held by the public in the Company since the Listing Date and up to the date of this report has been in compliance with the minimum percentage of public float prescribed by the Stock Exchange.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Company's shareholders and to enhance corporate value and accountability.

The Company has adopted and applied the principles and code provisions of the Corporate Governance Code ^(Note) contained in Appendix 14 to the Listing Rules in force from time to time on the Stock Exchange as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions under the Corporate Governance Code since the Listing Date and up to 31 December 2021, except for the deviation from the code provision A.1.1 described above. Principal corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" in this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations which have a significant impact to the Group.

As at 31 December 2021, as far as the Board is aware, the Group has complied with, in all material respects, all the relevant and applicable laws, rules and regulations which have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of, or non-compliance with applicable laws, rules and regulations by the Group.

Note:

A new Corporate Governance Code came into effect on 1 January 2022. As the period under review in this report is for the year ended 31 December 2021, the Corporate Governance Code described in this report is the Corporate Governance Code in effect during the year ended 31 December 2021.

ENVIRONMENTAL AND SOCIAL MATTERS

The Group strives to minimize the negative environmental impact of the Group's existing operations and to comply with applicable environmental laws and regulations, and is committed to complying with applicable environmental regulations and protecting the environment in its operations.

The Company's compliance with the relevant provisions set out in the Environmental, Social and Governance Reporting Guide in Appendix 27 of the Listing Rules for the financial year ended 31 December 2021 are set out in the Environmental, Social and Governance Report on pages 55 to 93 of this annual report.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Change of Joint Company Secretary, Authorized Representative and Process Agent

As disclosed in the announcement of the Company dated 3 March 2022 (the "**Change of Joint Company Secretary Announcement**"), Ms. Ng Wing Shan has resigned as the joint company secretary of the Company (the "**Joint Company Secretary**"), an authorized representative of the Company (the "**Authorized Representative**") under Rule 3.05 of the Listing Rules on the Stock Exchange and the process agent for the acceptance of service and notices on behalf of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Process Agent**") with effect from 3 March 2022. Ms. Lee Angel Pui Shan has been appointed as the Joint Company Secretary, the Authorized Representative and the Process Agent with effect from 3 March 2022. Please refer to the Change of Joint Company Secretary Announcement for further details.

Change of Auditor

As disclosed in the announcements of the Company dated 22 March 2022 and 23 March 2022, PricewaterhouseCoopers ("**PwC**") has resigned as the auditor of the Company with effect from 21 March 2022. The Board has resolved, having regard to the recommendation from the Audit Committee, to approve the appointment of Elite Partners as the new auditor of the Company to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company.

In connection with the change of auditors, the Company would like to provide the following additional information:

PwC indicated to the Company that, in view of the downturn in the Chinese property markets and liquidity problems currently encountered by property developers in the PRC, as well as the significant increase in the balance of trade receivables from Ronshine China Group from approximately RMB49 million as at 31 December 2020 to approximately RMB182 million as at 31 December 2021, PwC had to enhance its audit procedures to be performed on the Group for the purpose of auditing the Group's financial statements for the year ended 31 December 2021 (the "**Enhanced Audit Work**"). As part of the Enhanced Audit Work, PwC requested the Company to provide, among others, (i) an estimate of and the calculation basis for the provision on expected credit loss on the receivables due from the Ronshine China Group; (ii) the up-to-date financial information of the Ronshine China Group; and (iii) the detailed collection plan of such receivables due from the Ronshine China Group.

As set out in note 6 to the consolidated financial statements of the Company on page 129 of this report, the proportion of revenue attributable to the Ronshine China Group had decreased from approximately 36% for the year ended 31 December 2020 to approximately 33% for the year ended 31 December 2021, signifying a decreasing trend of reliance.

The management of the Group also took the view that the Enhanced Audit Work (the scope of which had not yet been agreed with PwC due to time constraint) would significantly increase the time, cost and resources required to complete the annual audit, and would further postpone the publication time of the audited annual results of the Group for the year ended 31 December 2021 in light of the difficulties already faced by the Group under the COVID-19 pandemic. As the original audit work progress had been disrupted by COVID-19 pandemic and the disruption had a continuing adverse effect on the Group, the requirement of the Enhanced Audit Work and lack of agreement with PwC concerning the scope of work and timetable would further exacerbate the difficulties both in terms of time and resources faced by the Group. In addition, the Enhanced Audit Work would necessarily entail an increase in the total audit fee for 2021.

In considering the change of auditors, the Audit Committee had taken into account, among others, (i) the delay in the Group's audit and financial reporting progress and difficulties faced by the Group due to the COVID-19 pandemic; (ii) the possible further delay in publication of the audited annual results of the Group for the year ended 31 December 2021 due to the absence of an agreed scope for the Enhanced Audit Work and audit completion timetable from PwC; and (iii) the audit fees, scope of services, experience, resources and proposed audit completion time of Elite Partners.

The Audit Committee had also discussed the matters mentioned in PwC's resignation letter with the Company and the Company had discussed such matters with Elite Partners. The Company understood from Elite Partners that (i) it would implement appropriate audit procedures to quantify the financial effect of the trade receivables due from the Ronshine China Group, and (ii) subject to completion of audit procedures, based on the information and explanation provided by the management of the Group and the initial analysis on the trade receivables due from the Ronshine China Group, Elite Partners considered that such trade receivables balance shall have no material adverse impact on the audit of the Group's 2021 annual results.

Based on the foregoing, the Audit Committee took the view that (i) the appointment of Elite Partners as the Company's auditor in place of PwC was in the best interest of the Company and its shareholders; and (ii) the trade receivables balance due from the Ronshine China Group did not amount to an audit issue for the purpose of the audit of the Group's 2021 annual results.

Based on the audit procedures performed by it, Elite Partners has expressed a clean audit opinion on the Company's audited consolidated financial statements for the year ended 31 December 2021 in this annual report.

As at the date of this report, save as disclosed above, the Group did not have any other significant events subsequent to 31 December 2021.



REPORT OF DIRECTORS

AUDITOR

As disclosed in the announcements of the Company dated 22 March 2022 and 23 March 2022, PwC resigned as the auditor of the Company with effect from 21 March 2022. The Board resolved, having regard to the recommendation from the Audit Committee, to approve the appointment of Elite Partners as the new auditor of the Company to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company.

Accordingly, the consolidated financial statements for the year ended 31 December 2021 have been audited by the Elite Partners who shall retire at the forthcoming AGM. A resolution will be proposed at the forthcoming AGM for the re-appointment of Elite Partners as the auditors of the Company. Save as disclosed above, there was no change in the external auditor of the Company for the three years preceding the date of this annual report.

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

Hong Kong, 13 May 2022



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THIS REPORT

This is the first Environmental, Social and Governance Report (the “**ESG Report**”) released by Ronshine Service Holding Co., Ltd (the “**Company**” or “**Ronshine Service**”) and its subsidiaries (collectively, the “**Group**” or “**we/us**”), which provides a summary of the Group’s fulfillment of corporate social responsibilities and performance of sustainability governance, strategies, goals, ideas and works.

Basis of Preparation

The ESG Report is prepared in accordance with the requirements of the Environmental, Social and Governance Reporting Guide (the “**Guide**”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The contents covered herein comply with the disclosing requirements provided in the Guide, the provisions of “comply or explain” set therein and the four reporting principles of “Materiality”, “Quantitative”, “Balance” and “Consistency”.

Materiality	The ESG Report has identified the material environmental, social and governance factors and disclosed the process of identification, the criteria for selection of such factors, the description of important stakeholders and the process and results of stakeholders’ engagement.
Quantitative	Statistical standards, methods, assumptions and/or calculation tools for emissions/energy consumption (where applicable) and source of conversion factors in the ESG Report are all explained in the annotations of the Report.
Balance	The ESG Report shall provide an unbiased picture of the Group’s performance during the Reporting Period and shall avoid selections, omissions or presentation formats that may inappropriately influence the readers’ decisions or judgments.
Consistency	The statistical methodologies applied to the data disclosed in the ESG Report shall be consistent. In case of any changes, the Report shall provide clear explanations.

Reporting Period and Scope

The ESG Report covers the period from 1 January 2021 to 31 December 2021 (the “**Year**” or the “**Reporting Period**”). Unless otherwise stated, the scope of the ESG Report is consistent with the scope of the Annual Report of the Group for the Year. The data of key environmental performance indicators covers the Group’s headquarters in Shanghai, and it is expected that the scope and depth in this aspect will be expanded to continually monitor the sustainability performance.

Language of the Report

The ESG Report is published in Traditional Chinese and English and available on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.rxswy.com). In case of any discrepancy between the two versions, the Traditional Chinese version shall prevail.

Approval of the ESG Report

The ESG Report has been approved by the board of directors (the “**Board**”) of the Company on 31 March 2022 and the Board accepts full responsibility for the contents presented in the ESG Report.



2. SUSTAINABILITY GOVERNANCE

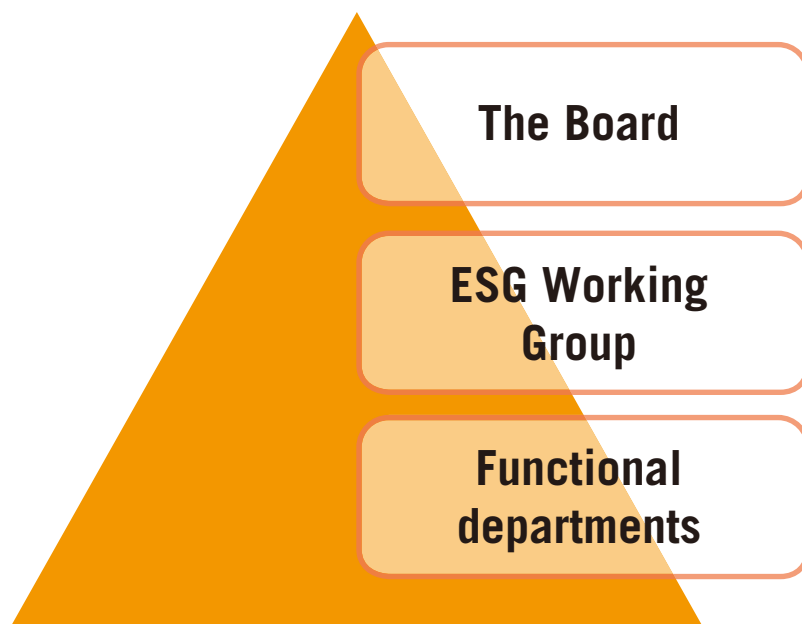
Deeply realizing that fulfillment of corporate social responsibilities is critical to the Group's sustainable development, Ronshine Service proactively incorporates the sustainability concept into the daily business operation and decision making, maintains close relations with stakeholders and continuously improves the corporate culture, so as to promote the steady and sustainable development.

2.1 Statement of the Board

To strengthen the Group's sustainability management, we have established the environmental, social and governance ("ESG") management structure to practice our commitment of sustainability. The Board is fully responsible for supervising the Group's sustainability works through regular review, discussion and approval of the Group's ESG management principles, strategies and risk management. The Board has approved the establishment of ESG working group (the "ESG Working Group") by the Group, which is responsible for the implementation and monitoring of ESG matters, expected to further enhance the effect of sustainability governance. In addition to the approval and validation of sustainability policies and measures developed by the ESG Working Group, the Board assumes the accountability of all ESG strategies and reporting. Meanwhile, we have set the directional goal related to the environmental aspect and will be committed to reconsideration and review according to the progress of ESG goals, expecting that the sustainability works will be supervised more effectively and improved further.

2.2 ESG Management Structure

The Group is committed to integrating the sustainability concept with its overall strategies, policies and business plans. Accordingly, we established the ESG Working Group in 2021 to manage the Group's ESG matters. The working group is led by the Capital Management Group of Financial and Capital Management Centre, with members including executive directors and the chief financial officer, and reports to the Board on the regular basis to assist the Board to assess and determine whether the Group's ESG risk management and internal control system is appropriate and effective. The execution layer is responsible for implementing ESG policies and reports to the ESG Working Group. The Group's ESG management structure and the roles and responsibilities of each layer within the structure are set out below:



The Board assumes overall responsibilities to the issuer's ESG management, including:

- considering and approving the Group's ESG management principles, strategies, plans, goals and annual works, including assessing, prioritizing and managing material ESG matters, risks and opportunities;
- establishing and supervising the ESG risk management and internal control system; and
- reviewing and approving the content of the annual ESG report.

The ESG Working Group is led by the Capital Management Group of Financial and Capital Management Centre, with members including executive directors and the chief financial officer, whose responsibilities are:

- identifying, assessing, reviewing and managing material ESG matters, risks and opportunities;
- reviewing and monitoring the Group's ESG policies and practices, to ensure that the Group complies with relevant laws and regulatory requirements;
- collecting, understanding and responding to stakeholders' opinions about material ESG matters through appropriate channels; and
- coordinating and promoting all departments to implement ESG policies, monitoring the ESG works of functional departments.

The execution layer consists of relevant departments within the Group, including departments of administration, human resources, legal affairs, operation, supply chain, brand and information, whose responsibilities are:

- organizing, promoting and implementing ESG works according to the Group's arrangement, requirements and work distribution for ESG management principles, strategies, plans, annual works and goals;
- collecting and reporting performance indicators related to internal ESG policies and systems; and
- following all ESG policies and systems.



2.3 Communication with Stakeholders

Stakeholders' opinions and expectations form an important part of our sustainable development. We identify external and internal stakeholders, including shareholders and investors, customers, employees, suppliers/retailers, business partners, regulators, communities/non-government organizations, the media and industry peers, to listen to and understand their concerns in a proactive and open manner, so as to better manage the risks and opportunities. Set out below are the main channels for communication between Ronshine Service and stakeholders:

Major stakeholders	Communication channels
Shareholders and investors	<ul style="list-style-type: none"> • Corporate communications, such as letters/circulars and meeting notices to shareholders • Results announcements • Shareholders/investors' visits/roadshows • Investor meetings • Results briefings
Customers	<ul style="list-style-type: none"> • Customer satisfaction and opinion forms • Customer consulting groups • Customer service centers • Visits of account managers • Daily operation/communication • Online service platforms • Telephone
Employees	<ul style="list-style-type: none"> • Work performance reviews and interviews • Group discussion • Meetings and interviews • Work performance interviews • Business briefings • Volunteer activities • Seminars/workshops/lectures • Publications (such as employee communications) • Staff communication conferences • Staff intranet



Major stakeholders	Communication channels
Suppliers/retailers	<ul style="list-style-type: none"> • Supplier/retailer management procedures • Supplier/retailer/contractor assessment system • Meetings • Site visits
Business partners	<ul style="list-style-type: none"> • Reports • Meetings • Visits • Lectures
Government/regulatory bodies	<ul style="list-style-type: none"> • Meetings • Compliance reports
Communities/ non-government organizations	<ul style="list-style-type: none"> • Donations • Community investment plans • Community activities • Seminars/workshops/lectures • Meetings
The media	<ul style="list-style-type: none"> • Press briefings • Press releases • Senior management interviews • Results announcements • Media gatherings
Industry peers	<ul style="list-style-type: none"> • Group’s announcements • Communication meetings



2.4 Analysis of Material Issues

The Group has been committed to improving business management and business strategies and promoting the sustainable development of the Group and it values the expectations and opinions of internal and external stakeholders. We identify material ESG issues by referring to the Guide of the Stock Exchange and the Materiality Map of the Sustainability Accounting Standards Board (SASB) and considering the expectations and opinions of internal and external stakeholders.

During the Year, we interviewed stakeholders on issues they focused on in respect of the Group's sustainability practices by way of questionnaire, which provided reference for the development of sustainability strategies with characteristics of Ronshine Service and the determination of key areas of disclosure in the ESG Report, with details set out as follows:

I. Identification of issues

We identified 23 ESG issues according to the Group's business development goals, actual operation strategies and conditions, disclosure requirements of the Guide and the analysis of industry peers.

II. Stakeholder survey

With daily communication with stakeholders and by inviting stakeholders and the management of the Group to engage in the online survey, we collected their ratings on the materiality of 23 ESG issues and the opinions and expectations to the Group's sustainability works.

We launched the online survey to collect the feedback of employees, investors and other key stakeholders for the purpose of analyzing the materiality and sorting the materiality levels of ESG issues. The online survey received 90 valid responses from stakeholders.

III. Determination of materiality

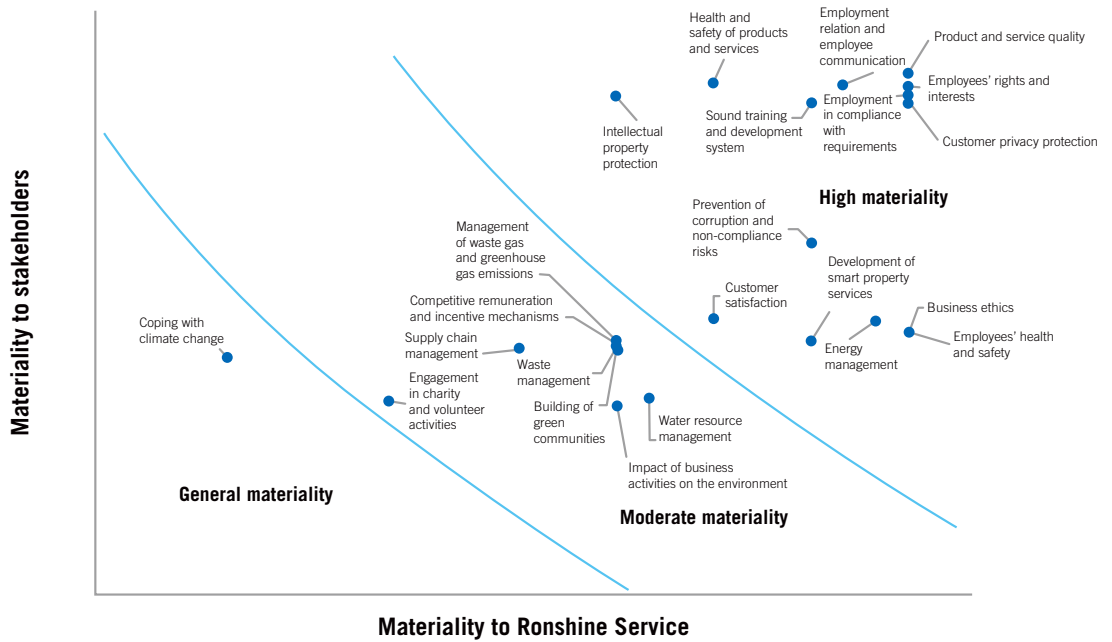
To determine the key scope of ESG practices and disclosure and respond to the expectations of stakeholders, the Group analyzed the materiality of ESG issues during the Year to identify ESG issues with the highest level of materiality. After careful analysis, 23 material ESG issues that were applicable to the Group's businesses were determined, which included 14 issues of high materiality, 8 issues of moderate materiality and 1 issue of general materiality. Based on the materiality of these issues, we disclosed key aspects with different levels of importance in the ESG Report and took the materiality as an important consideration factor in the process of developing ESG strategies and principles.



We developed the matrix of material issues for the Year by considering their influences on the Group’s strategic operations and on the stakeholders and sorting the materiality levels of these issues based on the results of surveys.

The management of the Group reviewed the results of materiality assessment and determined the key disclosures of the ESG Report.

Ronshine Service ESG Materiality Matrix



Materiality of ESG issues	Material issues
High materiality	<ul style="list-style-type: none"> Product and service quality Employees' rights and interests Employment in compliance with requirements Customer privacy protection Employment relation and employee communication Sound training and development system Health and safety of products and services Prevention of corruption and non-compliance risks Business ethics Employees' health and safety Energy management Intellectual property protection Development of smart property services Customer satisfaction
Moderate materiality	<ul style="list-style-type: none"> Management of waste gas and greenhouse gas emissions Competitive remuneration and incentive mechanisms Waste management Building of green communities Water resource management Impact of business activities on the environment Supply chain management Engagement in charity and volunteer activities
General materiality	<ul style="list-style-type: none"> Coping with climate change

3. ADHERENCE TO BUSINESS ETHICS

For a successful enterprise, the trust relationship with stakeholders is as important as the offering of high-quality services, and this trust relationship is a vital bridge for Ronshine Service to win the trust of customers. The Group attaches importance to promoting integrity in daily operation and supply chain cooperation, prioritizes protection of customers' rights and interests in the process of offering services, and is committed to ensuring the operation complies with business ethics.



3.1 Protection of Customer Information and Privacy

The Group attaches great importance to protecting customer privacy and safeguarding information security. It strictly follows relevant laws and regulations, including the Cybersecurity Law of the People's Republic of China, the Provisions on Protecting the Personal Information of Telecommunications and Internet Users, the Regulations on the Protection of Computer Software, the Measures for the Registration of Computer Software Copyright, the Mobile Internet Personal Privacy Policy and the Personal Information Protection Law of the People's Republic of China, and develops and implements a series of internal policies on information protection and information security management, which include the Measures for Information System Security Management, the Rules for Internet Use and the Measures for Log Management, for the purpose of further advancing the construction of information security management system and providing clear guidelines for system access control, system problem handling and emergency treatment, network guarantee, computer room management, data backup and recovery. During the Year, the Group did not receive any complaints about customer information leakage or privacy infringement.

The Group emphasizes data security and properly processes all data provided by customers, employees and business partners. Before collecting the personal information of customers, the Group must provide customer with explanations of the purposes to ensure that customers are clear about the purpose of collecting personal data, the use scope and the management of such personal data, and will only use these data after obtaining the authorization for collection, storage and use. We require all relevant departments to provide necessary infrastructures for the offering of services, such as software and hardware, communication equipment and information systems, conduct regular maintenance, perform regular information security inspections and penetration testing to strengthen the network security and fix the critical vulnerability, so as to improve the operation capacity. We set the regular risk assessment mechanism and the security monitoring mechanism for the information system, to continuously monitor the operation of information system and assess risks on a regular basis.

Moreover, employee and customer data are stored in the cloud database, which adopts incremental/full backups to ensure the data security. The data is subject to a strict confidentiality system, in which only the system administrator has the access to data while general staffs have no access to customer data. We only keep customer information within a certain period of time. When it's time to delete the information, we will perform the obligation of notifying customers and ensure that the deletion complies with laws and regulations. We also establish the system for standard management of data security, enhance employees' security awareness through trainings and promotion, and conduct audits on the effectiveness of privacy policies, relevant procedures and security measures on a regular basis. We clarify the responsibilities to designated personnel by complicating the system accounts and setting the relevant authority; establish the log tracking, recording and review system, identify risks and fix the vulnerability with technical means. The Group examines the information security level; for breaches of information security rules, it imposes punishments based on the seriousness of the cases. If the breaches constitute crimes, the Group will transfer the cases to the judicial authority for ascertaining the responsibilities. We also open multiple whistleblowing channels for customers to complain, report or offer advice and feedback, and we undertake to review and respond to the issues as soon as possible.



3.2 Professional Integrity

The Group complies with the Company Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Interim Provisions on Banning Commercial Bribery and other relevant laws and regulations. We take the zero-tolerance stance towards any forms of corruption, including bribery, extortion, fraud, deception and money laundering, and promote the ideology “do not dare to be, are not able to be, and do not want to be corrupt”. We also make contribution to fostering a favorable atmosphere of fair competition, honesty and integrity in the industry. The Group has developed and strictly implemented a set of policies, including the Gift Reporting System, the Code of Conduct for Employees and the Internal Audit System, which standardize the work procedures for anti-corruption and require all units to faithfully execute the provisions. We require employees to sign the Integrity Agreement in their entry procedures, regulating employees in the aspects from prohibiting corruption and fraud, maintaining business information confidentiality, reporting conflicts of interest to preventing unfair transactions, to maintain integrity and efficiency. Meanwhile, we continue to strengthen the integrity education of employees and suppliers and actively build the integrity culture within the organization. The Group launches integrity promotion and training courses on the online learning platform to improve employees' integrity awareness. In their entry procedures, employees are required to attend the integrity education to fully understand the scope of irregularities and the accountability set out in the integrity section of the Employee Handbook and to know how to report potential irregularities.

The Group encourages employees to raise reports or complaints on fraud or irregularities which they discover or they are informed of and to report and expose violations of integrity disciplines, to protect the Company from tarnished reputation or to retrieve economic losses. For this purpose, the Group has developed the Whistleblowing System, under which, whistleblowers can raise “reports of irregularities” via phone call, message, WeChat, e-mail, fax or letter, with their names either provided or not. To protect the rights and interests of whistleblowers, we undertake to strictly keep the personal information of whistleblowers and the content of whistleblowing confidential and provide timely feedback about the investigations, and if the cases are verified after investigations and the Company retrieves economic losses, we will provide the whistleblowers with rewards in proportion of the amounts of economic losses retrieved or offer them priority in performance reviews. In the meantime, we require all regional companies and employees not to retaliate against whistleblowers for any reasons; once the retaliation is found, relevant personnel will be punished based on the seriousness of cases.

The Group attaches importance to the anti-corruption promotion and education and regularly provides anti-corruption trainings to directors and employees in the forms of theme meetings and integrity education films. With a variety of trainings, we guide employees at all levels to establish correct values, stick to rules and principles, observe disciplines and combat corruption, aiming to build a highly disciplined, honest and upright team. During the Year, the Group provided directors and employees with anti-corruption trainings including “Ronshine Service Headquarters Integrity Training – Building an Incorruptible Organization” in August, with the participation of multiple departments. In addition, we delivered anti-corruption materials to all directors and employees through e-mail.



3.3 Accurate Promotion Information

The Group strictly observes the Anti-Unfair Competition Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Advertising Law of the People's Republic of China and other relevant laws and regulations and industry standards, and promotes businesses in strict compliance with the principles of comprehensiveness, compliance and effectiveness. It has developed the Guidelines for New Media Platform Operation and Management to further strengthen the content release and management of new media platforms, support affiliated units to standardize information preparation, review and release, ensure the authority, timeliness and accuracy of the content released and improve the efficiency of new media platform operation and management. We adhere to the principles of accuracy, authenticity and no exaggeration, and carefully review all promotion information released, including brochures, leaflets, social media posts and marketing materials. We ensure that the information released is in compliance with laws and regulations, true, reliable and an accurate description of the Group's products and services, and prevent untrue promotion or exaggeration, to avoid misleading customers and to protect customers' legitimate rights and interests.

The Group also supervises the media management of units at all levels, aiming to ensure that the Group's trademarks are properly protected and not misused while the business and brand value is promoted. For false or potentially misleading information, we make statements or announcements to dispel the misinformation and take legal actions to protect customers and the Group from infringements, to effectively safeguard the legitimate rights and interests of customers and the Group.

3.4 Intellectual Property Protection

The Group values the knowledge, strictly observes the Copyright Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Civil Code of the People's Republic of China and other relevant laws and regulations, and protects all technologies developed by the established policies including the Intellectual Property Management Handbook. The handbook specifies the commitments and works of Ronshine Service in respect of intellectual property protection, standardizes and strengthens the intellectual property management, and aims to promote the development, protection and application of products and avoid infringing others' intellectual property rights. We incorporate intellectual property management into the construction of legal system and appoint designated personnel for the management, to reinforce the system support to the Company's technology development, business expansion and daily operation and to truly protect the Company's software copyrights, patents and trademarks. Meanwhile, the Group strengthens the monitoring and investigation of intellectual property infringements in the market to effectively protect the Company's intellectual property. Further, the Group promotes the learning of intellectual property laws and advocates employees protecting others' intellectual property, so as to reduce the risk of involving in intellectual property disputes.

4. PREMIUM QUALITY

Since the establishment, Ronshine Service has been dedicated to the service commitment of “dependable and trustworthy property” (「物有所依·業有所託」). With the sincere attitude and the goal of building sustainable communities, we fulfill our corporate social responsibilities as we improve the service quality, safeguard the health and safety of customers, value the relationship with customers and adopt the responsible procurement policy, promote these practices to the supply chain and work to build caring communities.

4.1 Service Quality

The Group stays true to the original aspiration and unremittingly explores new service patterns and improves service standards, to provide customers with high-quality services and to meet customers' demands for customized services. Meanwhile, we are devoted to building the brand of high-standard, high-quality and sustainable property services as we play the leading role in promoting the industry development trend, comprehensively enhance the professionalism of service personnel, develop high-quality services with the spirit of craftsman, help customers to enjoy an elegant life with good faith and comprehensively build smart communities and city service platforms. For improving the service quality and standards, the Group makes further progress in the construction of service standard system, formulates property service guidelines including the Guidelines for Decoration Management and the Guidelines for Commercial Tenant Management and Services, and advances the promotion of standards and the review of practices.

The Group makes effort to offer high-standard housing quality management covering the whole process from delivery to moving in and maintain a fine living environment, to safeguard the rights and interests of customers. In the process of acceptance, we ensure the premises meet the acceptance criteria, make reasonable arrangements of acceptance specialists and acceptance plans according to the scale of acceptance work and the conditions of the sites to avoid any omission. For the issues identified in the acceptance, we follow relevant standards and provide timely feedbacks to relevant departments for further improvements, to ensure the quality, control the delivery risk and eliminate practices of fraud. We clarify the responsibilities of customer service centers in decoration management and the approaches and requirements for carrying out decoration management, to ensure that the buildings and the order of property services will not be broken in the course of repair and maintenance; for responsive actions to repair requests and high-efficient handling, we set rigorous repair and maintenance procedures, which establish specific standards and requirements on every section of repair and maintenance including customers' submission of repair requests, determination of repair and maintenance plans, implementation of repair and maintenance work in the premises of customers and checking the effect of repair and maintenance work. In the meantime, we continue to promote the standardization of repair and maintenance services offered by frontline repair and maintenance personnel, strengthen trainings on dress code and manners, repair and maintenance service etiquette, repair and maintenance operation procedures and communication skills, aiming to win more recognition and trust from customers with responsive and high-standard repair and maintenance works and services. We develop standards on commercial tenant management and services of regional property companies and customer service centers to build a favorable business environment. Customers service centers communicate with managers of the shops at least once in six months, to collect these managers' advice and suggestions, promote the operation in compliance with laws and regulations, the fire safety and other matters, and maintain good relationships. Customers service centers appoint designated personnel to monitor the hygiene and safety conditions of the environment surrounding the shops and the shops' compliance with regulations and rules, and urge the shops that break the rules to make rectification within the specified period.

During the Year, the Group had no products returned for health and safety reasons.



4.2 Customers' Health and Safety

Safeguarding the health and safety of customers and maintaining the order of communities is the fundamental element of high-quality property services. To provide customers with reassuring and comfortable living environment, the Group requires property service personnel to faithfully implement the works for preventing fire accidents, thefts and explosion accidents and to report every type of emergency and take appropriate actions, advances regular safety education and inspections, supervises the development of special improvement plans and eliminates potential safety risks. In addition, we guide customers to use facilities and equipment in compliance with standards and instructions by posting safety promotion posters, regularly organizing safety lectures and other means, to effectively safeguard the safety of customers.

As many regions across the country were hit by the COVID-19 pandemic since the beginning of 2020, the Group took responsive actions to implement epidemic prevention measures and maintain the hygiene of property projects, for the purpose of safeguarding the health and safety of customers. We also had epidemic prevention drills while promoting the basic epidemic prevention works, such as setting motion-sensor spray disinfection facilities in public areas where more people flowed, including customer service centers, shopping malls and lobbies of office buildings. To ensure the daily life, health and safety of customers, the Group adopted the following epidemic prevention measures:

- With close monitoring of epidemic development, we rang the bell as early as possible, promoted the epidemic prevention measures, epidemic development information and notices released by the government to customers through chat groups and the Moment of WeChat, keeping customers informed and improving customers' awareness of self-protection;
- The cleaning crew cleaned the taps, tables and counters carefully, disinfected them thoroughly, maintained the items for public use and reduced the chances for customers to contact the objects in public areas;
- We organized nucleic acid testing in communities, cooperated with subdistrict offices and communities to promote the vaccination programs and maintained the order of the sites. Meanwhile, frontline stewards engaged in the whole process to accompany customers and satisfy their requirements in a timely manner;
- We strictly and carefully controlled the flow of people, reminded people entering and exiting communities to present the health QR code and check temperature timely;
- We conducted rigorous community control and management, checked the identity of external persons and vehicles entering and exiting communities and recorded their visits;
- When communities were locked for quarantine, we asked about customers' needs, purchased foods and daily necessities and delivered them to customers to ensure the life of customers.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

After the efforts of more than a month, Fujian declared that all regions were low-risk areas in mid-October, and the communities under the management of Ronshine Service Fujian Property Company were released from the lockdown. Cities returned to vitality, and life became bustling again. In this round of epidemic prevention, all staff of Ronshine Service Fujian Property Company remained strong-minded and responsible and built a firm and secure defense for 50,000 households. For more than a month, they faced the danger fearlessly, faithfully discharged their duties, solved problems for customers and sent great warmth to customers.

Below is the experience and sharing of some staff of the Group working in the frontline of epidemic prevention in Fujian:

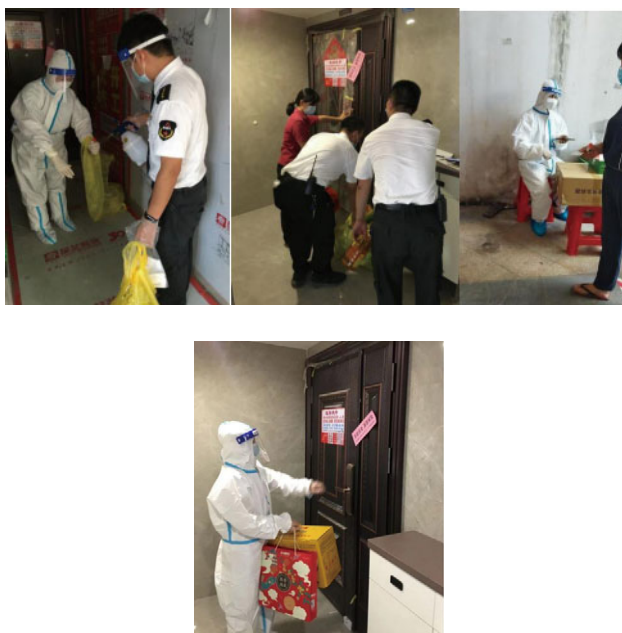


The epidemic is the order; prevention and control is the responsibility. As an important defense of the community, we are committed to the frontline of epidemic prevention, live up to our responsibilities and serve as multi-taskers to hold fast the defense line for communities.

— Chen Wang, safety specialist of Putian Ronshine Mansion

It all falls within the scope of our responsibilities. Especially in this fight against the pandemic, we do not feel tired as we can help our customers, and we feel happy and fulfilled when customers say “thank you” to us.

— Huang Meimei, steward of Putian Ronshine Mansion



4.3 Customer Relationship

The Group regards customers as important stakeholders in the sustainable development of the Group, strictly follows the Law of the People’s Republic of China on the Protection of Consumer Rights and Interests, the Regulation of the People’s Republic of China on Realty Management and other relevant laws and regulations, and develops a series of internal policies, including the Guidelines for Customer Relationship Management and the Guidelines for Handling Customer Complaints, to improve the customer complaint management mechanism. We set standards on customer complaint handling procedures and stress the importance of customer-oriented practices, to improve the service awareness and the initiative, timeliness and effectiveness of complaint handling. With the scientific and systematic complaint statistical analysis, we send warnings for substandard services and provide guidelines for improving the service quality, which effectively reduces and prevents complaints and ultimately improves the customer satisfaction. Customer service centers communicate with customers on the regular basis to understand their needs, solve problems for them and maintain a good relationship with them. We have developed the customer relationship establishment and maintenance channels, which include owner committee communication meetings, customer meetings, the Property Service Open Day, customer communication meetings and community activities.

Customers can raise their complaints through multiple channels, such as the 24-hour service hotline of customer service centers, the WeChat platform of the mobile manager, the WeChat of stewards, WeChat groups and the Ron-intelligent service platform. We require relevant departments to handle the complaints in accordance with the procedures in a timely manner after receiving the complaints, and pay return visits to customers when the cases are completed to understand customers' feedback towards the cases and their requirements, so as to effectively protect their interests. We analyze the systematic issues that customers complain about on the regular basis and provide these issues and improvement advice to relevant departments, and these department develop and implement improvement plans, guidelines and standards, which helps to systematically improve customer satisfaction.

For the purpose of improving service quality, the Group develops the Customer Satisfaction Survey and Analysis Procedures and a set of internal policies and advances customer requirement surveys and customer satisfaction surveys to acquire the latest information of customer satisfaction and collect customers' feedbacks. The surveys cover customers' overall satisfaction toward property services, the degree of recognition to property service staff and the perception of focuses in all stages of services, with the aim of further improving customer satisfaction. The Group requires all projects to properly maintain the customer information, ensure customer information security and guarantee the fairness and impartiality of these surveys to the greatest extent. During the Year, the Group achieved 90.04% of customer satisfaction and received 1,916 products and service related complaints, with processing rate of 100%.

4.4 Supply Chain Management

Sound supply chain management is conducive to the enhancement of the quality of our products and services. In addition to complying with the laws and regulations such as the Tendering and Bidding Law of the People's Republic of China, the Government Procurement Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China, the Group has developed policies including the Supplier Management System and the Supply Chain Management System to strictly regulate the process of supplier identification, registration, evaluation, shortlisting and selection, so as to protect the economic interests of customers, partners and enterprises and help maintain a good business environment. Further, the Group strengthens the relationship with suppliers and maintains healthy cooperation with the concept of mutual benefit and win-win outcome, being committed to promoting the common prosperity of all parties involved. The establishment of supplier database maintains the overall competitiveness of supply chain at a relatively higher level and ensures that suppliers provide quality services and products. During the Year, the Group had 286 suppliers categorized in outsourcing services, provision of materials and engineering maintenance. The geographic distribution of the Group's suppliers is set out below:



Region	Quantity
East China	196
North China	14
South China	18
Southwest China	42
Northeast China	1
Central China	14
Northwest China	1
Total	286

The sustainability of supply chain is a material issue the Group has been focusing on. We closely monitor the compliance of suppliers in respect of environmental protection and social responsibilities, and increase the procurement from suppliers that pay close attention to environmental and social issues. We hope that all partners will work with us to develop into responsible enterprises, comply with applicable laws and regulations related to the environment/occupational health and safety and achieve harmonious and sustainable development that promotes common prosperity. For the progress and achievements of suppliers in the scopes of environment/occupational health, the Group establishes the Questionnaire on Suppliers' Environmental/Safety Practices, which is delivered to suppliers to complete. The questionnaire provides us with a good understanding of our suppliers' solid waste disposal processes, environmental impact factors and their control methods during operations, transportation and other activities, as well as the compliance status of the environmental/production safety departments. In addition, where reasonable and practicable, the Group gives priority to products and services that have the relevant eco-friendly labels and are effective in improving energy efficiency and reducing waste generation.

The Group upholds fairness, impartiality and compliance with laws and regulations as the fundamental principles of all business transactions, and the clean and compliant cooperation based on such principles is the guarantee of our long-term relationship with all suppliers. As a responsible enterprise, we require all suppliers to uphold the principle of high-standard responsible practices and sign the Agreement on Clean Cooperation to undertake to prevent corruption and unfair competition. To regulate the bidding procedures, improve the bidding supervision mechanism, safeguard the interest of the Company and the legitimate rights and interests of parties involved in bidding procedures and ensure the standard, clean and efficient operation of bidding procedures, the Group observes the bidding laws and regulations and other relevant local regulations, formulates the Bidding Procedures Management System and sets strict rules on bidding procedures to prohibit under-the-table practices. Following the principle of transparency, the Group discloses bidding information and procedures to ensure the openness, fairness and impartiality of bidding decisions. For employees who violate the relevant provisions in the Code of Conduct for Employees, the Integrity Agreement and the Internal Audit System in the bidding process, the Group will impose punishments on them in accordance with the relevant provisions of the aforesaid policies once the violations are verified.

5. PEOPLE ORIENTATION

Committed to the “people orientation” idea, the Group observes the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China, the Social Insurance Law of the People’s Republic of China, the Provisions on the Prohibition of Using Child Labor, the Law of the People’s Republic of China on the Protection of Minors and other local laws and regulations for labor and social security, protects the legitimate rights and interests of employees and builds a fair, healthy and safe working environment with development potential. We provide a series of clear management systems in terms of employment, benefits, talent development and occupational health and safety to enable employees to develop in harmony with Ronshine.

The Group promotes the culture of diversity and inclusiveness and provides employees of different cultural backgrounds with working environment of mutual respect, understanding and inclusion. Employees comprise different age groups, and we are working to improve the structure to achieve balanced distribution in age group, gender and region, so as to ensure sufficient talent resources for further development. In the future, we will continue to improve the management system to effectively protect the rights and interests of employees.

During the Year, the Group did not report any non-compliance with the laws and regulations relating to recruitment and labor rights. As at 31 December 2021, the Group had a total of 5,685 employees engaged at the operating sites within the reporting scope.

5.1 Employment in Compliance with the Requirements

The Group is committed to ensuring diversity and equality in the workplace. We oppose discrimination in the workplace and strictly follow the relevant laws and regulations of places where operations are conducted, including the relevant laws and regulations that are applicable to the business operation in Mainland China. In the Rules for the Management of Internal Competitive Selection, the Promotion Management Rules and the Recruitment Management Rules, we set clear provisions that discriminations in recruitment, remuneration package and promotion due to employees’ ethnic group, political group, sexual orientation, age, religious belief, gender, nationality, race, marital status and other social identities are prohibited, and the whole process of talent management should be open and transparent, and every employees are provided with equal opportunities.

Ronshine Service is actively engaged in the work of protecting labor rights and prohibiting employment of child labor, and do not tolerate the employment of child labor. Following the principles of fairness and legality, equity and free will, honesty and good faith, the Group establishes the labor relation with employees, signs the internship agreement, the labor contract or the employment contract with all employees based on their categories and renews the contracts with employees whose contracts are going to expire in a timely manner, in accordance with the Provisions on the Prohibition of Using Child Labor, the Regulations of the People’s Republic of China on Special Protection of Under-age Workers, the laws and regulations of overseas countries and regions in this aspect, the Labor Contract Law of the People’s Republic of China and relevant regulations and rules of places where domestic and overseas operations are conducted.



The Group takes zero-tolerance stance towards the employment of child labor and any forms of forced labor and implements strict recruitment approval procedures. In the stages of selection, recruitment approval and enrollment, we require new employees to provide supporting documents of personal identity and information, review the valid identity evidence and require employees to sign their names for reaffirming the correctness of information provided, to eliminate employment of child labor or forced labor and other forms of illegal employment. In addition, the Group also prevents forced overtime and other forms of forced labor. We do not force employees to extend the work hours, and all employees hired accept the job out of free will, not being deceived or forced. Further, in the event of violations of the labor standards, we will adopt corresponding measures from the perspective of protecting the legitimate interests of workers. During the Year, the Group did not report any employment of child labor or forced labor.

In the meantime, the Group has established the termination communication and survey mechanism to ensure that relevant reasons and procedures of termination comply with laws and regulations. For employees who submit the resignation letters, we have interviews with them to talk about the resignation, confirm with them whether the resignation decision is made due to accidents in the family, difficulties in the life or other circumstances; if so, we do our utmost to support them and solve the problems, so as to strengthen employees' sense of belonging.

5.2 Remuneration and Benefits

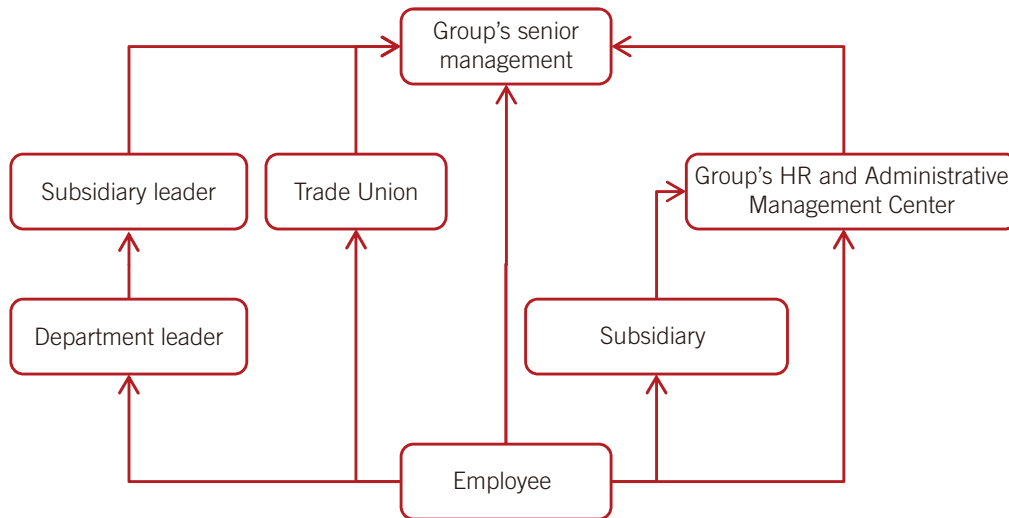
Under the condition of compliance with the laws, the Group implements the comprehensive performance and contribution-based remuneration management system, under which the Company offers higher remuneration to employees for greater performance and contribution. It has built a sound remuneration and benefits system, safeguards employees' benefits through the Employee Handbook, the Benefits Management System, the Performance Management System and other internal policies, and provides employees with competitive salaries and rewards by performance-based incentives. The Group sets remuneration standards by referring to the average remuneration level of the industry and the internal remuneration system, and principally reviews and adjusts the remuneration every year, to ensure that the overall remuneration of employees is not lower than the market level. Additionally, the Group offers appropriate incentives to employees of high value and great potential according to the terms of performance-based incentives to improve employees' motivation.

The Group stays informed of employees' developments and requirements, and offers them a variety of benefits in addition to statutory benefits with reference to relevant laws and regulations. It provides all employees with insurance and benefits according to the laws, such as the housing provident fund and insurance benefits including pension, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and personal accident group insurance. It also offers holidays, including statutory paid leaves, annual leaves, work-related injury leaves, marriage leaves, maternity leaves and paternity leaves, sends cash gifts to employees, such as festival cash gifts, wedding gift envelopes, birthday cash gifts and luck money for starting work, and provides labor benefits including physical examination and subsidies for working in high temperature. During the Year, we also organized other activities for employees, for instance, Happy Queens for Women's Day, SMARUN Charity Running and Mid-Autumn Festival and Mooncakes.

5.3 Communication with and Care for Employees

Effective communication is the foundation for solidifying the employment system. The Group values employees' voice and offers more humanistic care and psychological counselling services to employees to improve the cohesion in employees and their sense of belonging. We promote candid exchanges and communications within the organization and stay committed to building benign, harmonious and simple interpersonal relationships. We welcome all employees to communicate with us through multiple channels, including barrier-free communication, employee relations specialists, earnest talks and e-mail. During the Year, the Group held the employees' meeting and dialogue with the senior management to listen to the valuable advice of employees and actively promote the implementation of such advice. We also establish multiple channels for employees to offer their advice. With the communication mechanism and appeal channels, employees can raise complaints or reports, either in face-to-face talks or in writing, when they believe their interests should not be prejudiced or it is necessary to report other employees' violations of relevant rules.

The Company establishes multiple appeal channels for employees to complain and report:



Employees' meeting and dialogue with the senior management

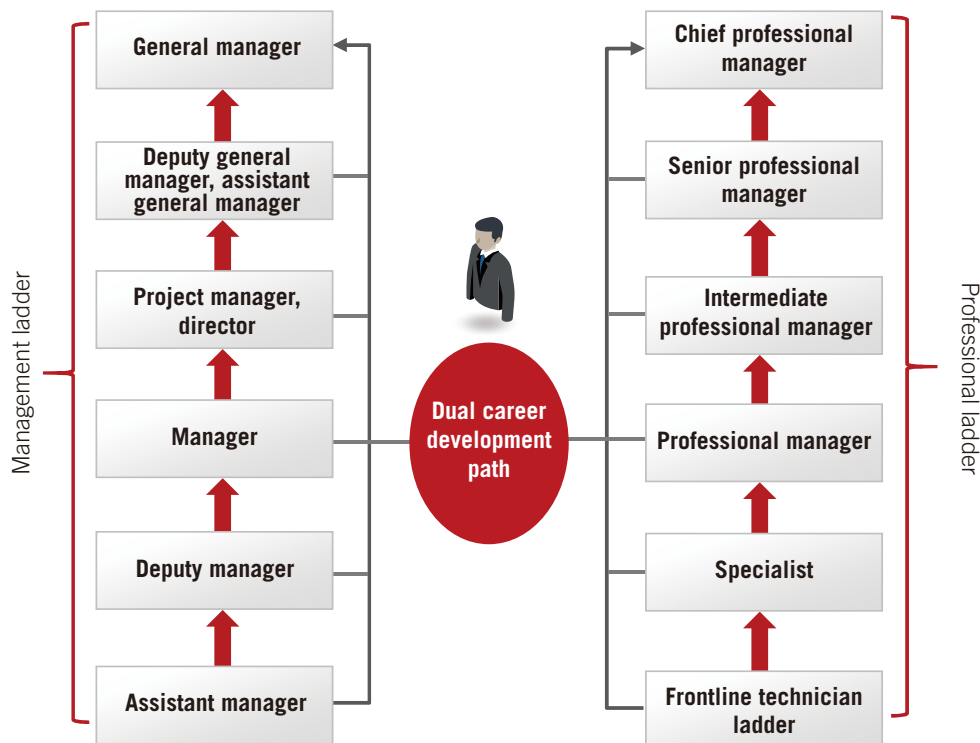
5.4 Employee Training and Development

Talents are the most valuable asset of the Company, the critical pillar of future business success and the motive power of sustainable development. The Company cares about every employee and supports employees to improve professional or management capabilities through their own efforts. According to the vacancies within the organization, we transfer employees to appropriate positions after the assessment of appropriateness and the appointment procedures. For this end, Ronshine Service places a great emphasis on talent cultivation, guides subsidiaries of all regions to improve the capacities of talent cultivation and employee training and develops internal and external trainer resources, so as to provide key talents to support business development.

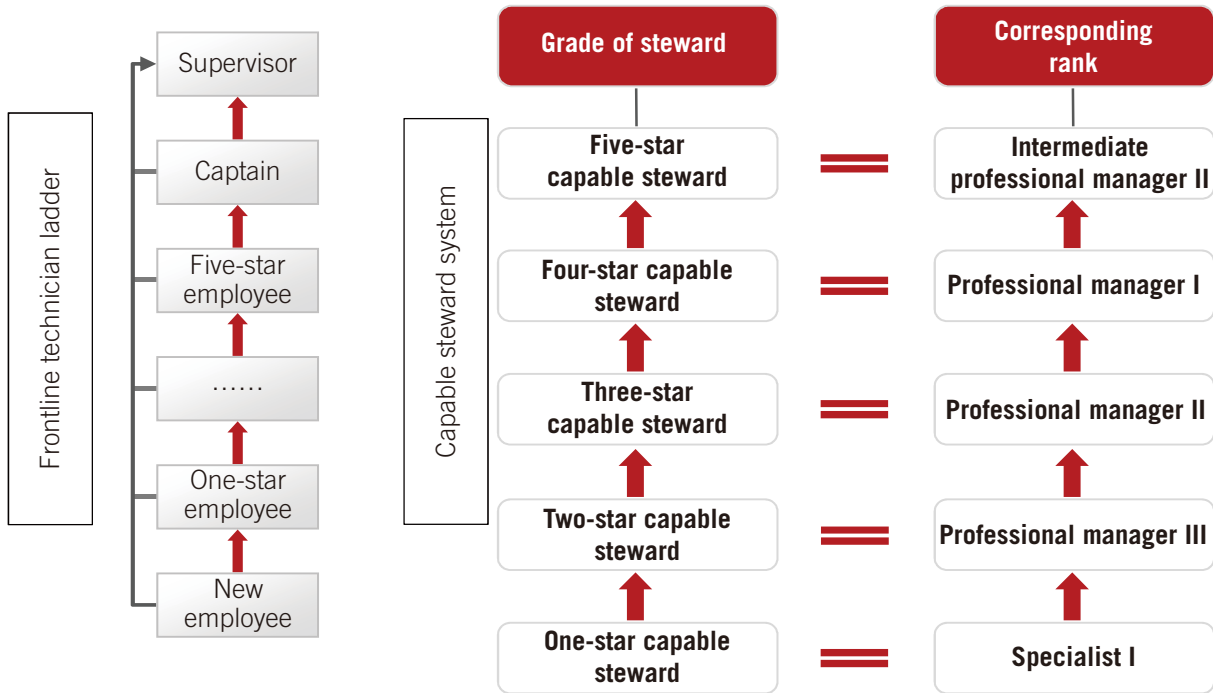
Development Path

Ronshine Service is committed to the introduction of talents, the provision of broad career development space and the common development of employees and the organization. On the basis of employees' abilities, development potential and aspirations, we offer three development ladders, namely the management ladder, the professional ladder and the frontline technician ladder, and provide stewards with the capable steward system as the special development ladder. In the management ladder and the professional ladder, employees can get promotion through internal competitive selection; in the frontline technician ladder, employees can get promotion through star rating capable; stewards can get internal promotion and development through steward certification.

Development paths of the management ladder and the professional ladder:



The frontline technician ladder and the special development ladder of capable steward system:



Ron Talent (融才) Training Center

For strengthening the training and support to employees, improving employees' professional abilities and comprehensive quality and meeting the Company's talent requirements, we actively build the characteristic "Ron Talent Training Center" to fully develop the potential of talents and further improve the Company's core competitiveness. Ron Talent Training Center offers systematic and tailored professional training programs on the regular basis to meet employees' different requirements. Trainings of the center are categorized in four systems: training system, internal trainer system, course system and coach system, and in four classes: orientation training, regular training, career development training and professional qualification training. The table below sets out the details of each training class:

Class	Brief introduction
Orientation training	This class offers "Corporate Culture Training of HR and Administrative Department", "Corporate System Training" and "Pre-service Training of Business Departments on Business Skills" (coaching system). These trainings cover professional ethics, corporate culture and general skills, to help new employees to get familiar with the working environment and quickly integrate in the corporate culture of Ronshine Service.
Regular training	This class offers the on-the-job trainings, namely trainings for knowledge, skills and management abilities that are necessary to discharging the duties including management improvement training, professional development training and rules and regulations training.
Career development raining	This class offers trainings of ability improvement or trainings for adapting to higher positions that are tailored for eligible employees.
Professional qualification training	According to the Company's business requirements or employees' requirements for professional ability improvement, this class supports employees to take trainings organized by institutions or relevant departments of the State, which include "training for professional titles", "professional qualification training" and "access qualification training".

During the Year, the Group offered trainings to employees, with the training rate and the average training hours of each employee for the year reaching 100% and approximately 20 hours/person, respectively.

5.5 Health and Safety of Employees

Employees are the valuable asset for sustainable development. We attach great importance to the occupational health and safety of employees and strictly observe the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Fire Protection Law of the People's Republic of China and other relevant laws and regulations. To ensure the physical and mental health of employees, the Group organizes physical examination and volunteer traditional Chinese medical services for employees on the regular basis every year, and asks employees to pay attention to their own health conditions. Additionally, we actively promote multiple measures, including inspections of safe and civilized construction, safety education and trainings and fire drills, to ensure the safety of employees. For employees who are injured while working and determined as having the work-related injury, we provide them with work-related injury leaves as long as the rest doctors ask them to take for recovery, with salaries and benefits offered as usual. During the Year, the Group did not notice any non-compliance with laws and regulations relating to the provision of safe working environment.

The Group attaches great importance to emergency response plans and drills, and develops the Measures for Ensuring Safety in Extreme Weathers and other emergency response plans for fires, earthquakes, floods and other emergency events. We organize safety drills to improve employees' self-protection capability and safety awareness and help them to master skills to avoid risks in emergencies and improve the capability of coping with emergencies. During the Year, we organized trainings for evacuation and escape from fires and fire drills, and invited firemen to explain fire prevention skills. With these activities, we hope that the damage and risk of safety accidents can be effectively reduced.



A fireman is demonstrating how to use the fire-fighting equipment

In the outbreak of novel coronavirus (“**COVID-19**”), the Group implements epidemic prevention measures and requires employees to follow the deployment and the prevention work. To safeguard the hygiene, health and safety for all employees, we promote the following epidemic prevention measures:

1. Promote the general knowledge of epidemic prevention: adhering to “three fundamental requirements”: wearing masks, maintaining social distancing and keeping good personal hygiene; obeying “five necessary measures”: it is still necessary to wear masks, maintain social distancing, cover the mouth and nose when coughing and sneezing, wash the hands frequently and open the window as much as possible, to improve the awareness of epidemic prevention;
2. Clean and disinfect the workplace, the elevator, the staircase, the restroom and the air conditioner on the regular basis, to build a healthy working environment;
3. Promote and understand vaccination with scientific approaches and encourage employees meeting the conditions to get vaccinated, to build a firm “defense line”;

- 4. Distribute masks and epidemic prevention supplies to employees on the regular basis, promote epidemic prevention measures with firm determination and strictly follow the epidemic prevention policies released by the government;
- 5. Organize nucleic acid testing for employees on the irregular basis, to fully ensure the physical health and safety of employees.

Fully realizing how important the environment of workplace is to the health of employees, Ronshine Service provides employees with comfortable leisure facilities with green elements in the headquarters. With spacious designs, the offices relieve the sense of pressure and offer more public space to employees. Seen in every corner of the offices, plants can absorb hazardous substances in the indoor air and improve the quality of indoor air, and the indoor air of better quality can help improve the work efficiency.



Plants in the offices

With a variety of activities organized irregularly, we help employees to relieve the work pressure and safeguard their physical and mental health from multiple aspects. Mid-Autumn Festival and Mooncakes is a social event to promote the traditional culture, convey the Company's humanistic care to employees and to offer a happy and enjoyable break to employees, which enhances the cohesion and centripetal force in the organization. SMARUN Charity Running aims to promote the positive and energetic corporate culture, stimulates the passion of employees and helps employees to improve their health conditions. It is a chance for employees with youthful spirit to show their vigor in the sports field and also an opportunity to strengthen the teamwork spirit.



Mid-Autumn Festival and Mooncakes



SMARUN Charity Running

6. ENVIRONMENTAL PRACTICES

Ronshine Service follows the green development strategy and the basic line of unswervingly promoting low-carbon development adopted by the country, pays great attention to the possible adverse impact on the natural environment in its business operation, strictly observes the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes and other relevant laws and regulations, and continuously improves environmental management measures and the environmental management system, being committed to building a sustainable society with harmony between human and nature. We implement the relevant internal systems to reduce the energy and resources consumption and the waste emission in business operation, and make contribution to the green development of the society. During the Year, the Group did not report any non-compliance with laws and regulations relating to environmental protection.

6.1 Use of Energy and Resources

The Group kept continuous track of the use of energy and resources in its daily operations, constantly strengthened its capability to manage resources and energy from the aspects of water and electricity consumption, and strictly controlled the utilization. In addition, the Group purchased energy-saving products, implemented energy-saving renovation plans and applied energy consumption monitoring equipment to improve the utilization efficiency of resources and energy, resulting in reasonable allocation. We reduced resources consumption occurred during the operation to improve resources utilization efficiency. During the Year, we experienced no difficulty in acquiring suitable source of water. Besides, the Group adhered to and actively implemented the measures adopted for power and water conservation, and as for the targets¹, it managed to maintain or gradually reduce power and water consumption as compared to those of 2021.

Energy conservation

The Group primarily consumes electricity in the process of operation. With the purpose of achieving the targets of energy conservation and emission reduction and making rational use of resources and energy, the Group implemented the following measures during the operation of the commercial property:

- Issue notices relating to how to save energy and reduce emission, and put up posters to strengthen the awareness of energy saving and emission reduction;
- Save electricity: turn off lights when leaving office, making sure no light is on for unnecessary use;
- Turn off the computers, printers and other office equipment and cut off electricity when getting off duty;
- Reasonable temperature set of air conditioners in office, with 26°C in summer and 20°C in winter;
- Promote office work in green and low-carbon manners, improve employees' awareness of energy saving and emission reduction, and reduce energy and resources consumption in office.



¹ The targets are established based on the total consumption of power and water, emission of greenhouse gas and total production of wastes of our headquarter in Shanghai, respectively.

Water conservation

The water consumed in the operation of the Group all comes from the municipal pipe networks, which is mainly used in normal service, property, office and greening. We have adopted in operation the following measures to reduce water consumption.

- Issue notices relating to how to save water, and put up posters to advocate water saving;
- Strengthen daily maintenance and repair of water equipment and encourage use of one's own cups to reduce use of disposable paper cups;
- Control reasonable use volume of bottled drinking water based on constant propaganda, and make proper register for collection;
- Inspect and repair water supply system regularly to prevent waste of water from leaking.

6.2 Emission Management

The greenhouse gas emission occurred by the Group during the operation mainly comes from energy consumption for property management service. To minimise the adverse effect on business and environment, the Group is committed to reducing the greenhouse gas emission produced during its course of business. The policies and process encouraging energy conservation are incorporated by the Group in the whole process of business, and the relevant measures will be further explained in the section headed "Use of Energy and Resources" in the ESG Report, aiming to reduce carbon emission. The total emission of greenhouse gas in 2021 is 120.33 tonnes of CO₂ equivalent. Besides, the Group adhered to and actively implemented the measures adopted for energy conservation and greenhouse gas emission reduction, and as for the targets¹, it managed to maintain or gradually reduce greenhouse gas (scope 1 and scope 2) emission as compared to those of 2021.

6.3 Waste Management

The Group has put in place a series of programs to manage office domestic waste, construction waste, food waste and hazardous waste generated in the course of services, and is committed to recycling waste as far as possible and implementing the 3R principles (Reduce, Reuse and Recycle) disposal of domestic waste to reduce environmental pollution from wastes. We are committed to reducing, recycling and properly disposing of wastes to minimise the effect on environment by our operation. Our normal wastes are mainly produced by the tenants, residents and customers of Ronshine Service in properties. Ronshine Service targets to join hands with various stakeholders to make sure wastes are properly dealt with according to the local waste disposal regulations. Besides, the Group adhered to and actively implemented the measures adopted for material conservation and wastes sorting, and as for the targets¹, it managed to maintain or gradually reduce generation of wastes as compared to those of 2021.



Hazardous waste consists of waste toner cartridges and waste batteries, while non-hazardous waste consists of general office domestic waste. The disposal of hazardous waste such as toner cartridges and waste batteries is carried out by qualified contractors. In addition, the Group has entered into the Contract for Collection, Transportation and Disposal of Office Domestic Waste with a third party qualified waste disposal contractor and commissioned it to collect general waste from the properties in mainland China and deliver it directly to landfills for proper disposal of different types of domestic waste. In addition, some of the projects under management also involve construction waste left behind by the owners. The Group also strictly complies with the local urban management regulations to properly handle the waste and construction waste generated from renovation works in order to promise property owners comfortable living environment.

Our intensive promotion and education have enabled property owners to gradually establish the awareness of waste recycling, and also the habit of separation for different types of waste. The Group has placed banners, posters, roll-up banners and notices at prominent locations of properties to promote the proper ways of domestic waste classification to residents. For domestic waste treatment in communities, we managed to reduce generation while turning the waste into resources and non-hazardous one, which played as a leading model in promotion of waste classification. The Group attached clear labels on litter bins in the communities to enable easier domestic waste classification, while waste classification stations have been set up within the communities and staff are deployed to give guidance to residents regarding waste classification. In addition, there are designated disposal zones for large waste, renovation waste and construction waste within the communities, so that these kinds of waste will be disposed separately from the domestic waste. In order to enhance the effectiveness of its waste classification system, the Group carries out inspection twice a day to check the hygiene condition of each waste collection point and the effectiveness of classification. Inspectors are required to perform and record the inspection for the Group to carry out targeted review and make improvement.

Meanwhile, the Group adheres to green office practice and advocate the policy of “everyone is responsible for environmental protection” by various means of propaganda. Employees are encouraged to strengthen their awareness of environmental protection and create the strong atmosphere of environmental protection and energy conservation. We encourage our staff to save office resources, and reduce use of paper by promotion of paperless office and office contact via email or electronic form.

6.4 Protection of Environment and Natural Resources

As a property management company, Ronshine Service does not have any significant negative impact on the environment and natural resources. We have implemented our own initiatives to mitigate climate change, protect biodiversity, and prevent soil and water pollution, and have taken practical actions to maintain a healthy and sustainable ecological environment. The specific measures include:

- Regularize the use of pesticides, herbicides, fertilizers, and other chemicals, prioritize the use of environmentally friendly drugs and avoid damage to the soil and groundwater environment.
- Explore and implement biological control-based (microbial pest control, insect pest control, bird pest control, hormone pest control, etc.) and physical control-based (bait trapping, light trapping, clearing of disease spots, heat treatment, etc.) pest control techniques.
- Mark ancient trees in the areas managed by Ronshine Service with signs and carry out regular maintenance.

At the same time, we actively spread the awareness of green and environmental protection among our owners, employees, and other stakeholders, and strive to convey the culture of environmental protection such as caring for green plants, reusing recyclable resources, and segregating garbage in the communities through nationwide green promotion activities, and are collaborating to build a green ecological home.

6.5 Respond to Climate Change

In recent years, international communities are increasingly concerned about climate change, and China has also proposed related commitments and targets for “peak carbon emission” and “carbon neutrality”. As global temperature rises, the climate change events resulted from frequent occurrence of extreme weather have had a significant impact on the Group’s operations, the lives of its owners and employees. In an active respond to the call of the nation, the Group attaches immense importance to the impact of its operations on the climate and the environment. It strives to implement measures to mitigate climate change caused by its operations and identify the climate change events that may have significant influence on Ronshine Service through regular review on its business operation.

The Group strengthens the implementation of vegetation conservation, greenbelt irrigation, energy conservation and emission reduction, rationally utilizes resources and energy to reduce the impact on climate change during operation. Meanwhile, in order to effectively prevent and timely control the potential risks caused by severe weather to the operation of the Group, it conducts regular inspections of facilities and equipment according to the climatic conditions of the places where the projects are located, and regularly organizes employees to conduct emergency drills for flood control and typhoon prevention, optimized emergency work plans, ensuring that emergency response and handling capacity can be improved in case of sudden severe weather, and protect the safety of property owners and tenants as well as the normal operation of the Group to the greatest extent. The Group has identified the related climate change risks and established responding measures accordingly.

Based on the existing risk management system and the latest laws and regulations, the Group has identified the following climate change related risks and developed the responding measures accordingly by reference to international standards and industry characteristics and development trends.




Level of risk	Description of risk	Responding measures
High	Acute risks (e.g. storm surges, extreme rainfall and super typhoons)	<ul style="list-style-type: none"> • Improve the property management system; • Develop disaster response measures; • Provide employees with disaster response training; • Provide employees and property owners with disaster escape drills.
	Chronic risks (e.g. extreme hot weather, sea level rise)	<ul style="list-style-type: none"> • Explore the possibility of using renewable energy; • Cooperate with developers to explore the possibility of creating smart communities.
	Risks relating to policies and regulations	<ul style="list-style-type: none"> • Track the latest laws and regulations relating to climate change and incorporate the same into its property management strategies.
Medium	Market risks (e.g. incapable of adapting to the increasing concern for sustainable development from various stakeholders, and change of raw materials)	<ul style="list-style-type: none"> • Need to develop new technology, including that supporting low carbon and improving and innovating high efficiency; • Transform to a sustainable products and service regime, and take into account the risks and opportunities relating to climate change.
	Technical risks (e.g. incapable of adapting to the latest smart property management technology)	<ul style="list-style-type: none"> • Track the latest property management technology in the market; • Regular review on the existing property management strategy and introduce new property management technology in due course.

7. CARING FOR COMMUNITY

The Group always adheres to both development and responsibility and actively practises corporate social responsibilities while pursuing excellence. We are committed to hearing the voice from the communities while developing and expanding business, delivering our care to the various communities in which we operate business. Our operating subsidiaries in mainland China take different channels, such as customer questionnaires, daily customer communication and cooperation with government departments and local authorities, to constantly understand the needs of customers. We are committed to fulfilling our corporate social responsibility by engaging in a wide range of philanthropic activities covering different areas such as disaster relief, school construction, scholarships, community charity, fighting against the pandemic and caring for the underprivileged in communities. Besides, relying on our own advantage in property management, we strive to establish inclusive communities while improving our service quality. As the epidemic has returned in stages in different regions of the country this year, we have reduced our public service activities for people in high risk and the elderly as much as possible for the sake of safety and health, and plan to carry out such activities when the epidemic is effectively controlled, so as to follow the epidemic-prevention policies issued by government and bring down the risk of outbreak of epidemic. Nevertheless, the Group have organized various public welfare activities in previous years, such as warm-delivering visit to the elderly of the streets within our communities and participation in garbage pick-up environmental protection activity organized by the streets, and is committed to further organizing and participating in such public welfare activities in future.

In order to further build harmony communities and enhance neighbourhood interaction, constantly improve customers' living experience and sense of happiness, and extend brand identities and service value, we are planning annual "Harmony Neighbour" community cultural activities to connect with our customers. During the year, a total of 73,940 individuals have participated in community activities of the Group, and the total hours of the activities organized by the Group is 1,456 hours. The following table lists the key review of the connecting-customers community cultural activities held during the year:

Time and subject of events	Events	Photos of related events
<p>"Join Ronshine to Celebrate the Dragon Boat Festival*(融情端午)" under the subject of harmony community – June</p>	<p>The Ronshine Experience Officer* (融融體驗官) invited the property owners to participate in diversified activities, such as creative rice dumpling DIY and wormwood bags making, to enhance their sense of belonging and share the happiness of festival together.</p>	
<p>"Starlight Film Festival*(星光電影節)" under the subject of harmony culture – July</p>	<p>For hot summers when the sun burns like a fireball, seeking cool outside at evening is a popular way of life among communities. Once a month, an open-air movie would be arranged in the crowded areas of the communities with offering of popcorn and fruit plates, trying to use a projector, curtain wall and small tables and chairs to find childhood memories.</p>	

Time and subject of events	Events	Photos of related events
<p>“Respect the Elderly on the Double Ninth Festival*(重陽敬老)” under the subject of harmony culture – October</p>	<p>As an old saying goes, we should care for other senior people when caring for those of our own family (老吾老以及人之老). Caring for the elderly is a traditional virtue of the Chinese people. In the increasingly ageing society, more and more elderly people need both physical and mental care and attention from the community. To celebrate the Double Ninth Festival, the Group visited and offered delicious cakes to the elderly over 60 within the communities, and conducted medical consultations for free.</p>	
<p>“An On-going Warm Winter*(暖冬進行時)” under the subject of safety – November to December</p>	<p>The Group offered free ginger tea for property owners to deliver warmth. Gloves are equipped for handles of unit doors and entrance doors to improve the service quality. Free winter firefighting service is available for owners in projects where available.</p>	
<p>“High Fun on Halloween*(嗨玩萬聖節)” under the subject of safety – December</p>	<p>The Group has set several game challenge points in the communities, offering games such as blind catch and guess, swapping, hoops, blowing ping pong balls and quick puzzles. Children can queue up at each point to play the games and get their challenge cards stamped once succeeded in the challenge. Finally, they can redeem candy or gifts according to the number of stamps they earn. This can not only bring them fun, but also enable them to enjoy the feeling of succeed in challenging.</p>	

APPENDIX I: SUSTAINABILITY DATA STATEMENTS

The sustainability data statements for the Year in respect of environment scope is as follows:

Environment scope	Unit	2021
Air emission		
NO _x	kg	8.15
SO _x	kg	0.01
PM	kg	0.78
Vehicles Fuel Consumption		
Gasoline usage of vehicles	Liter	541.08
Greenhouse gas emissions²		
Direct greenhouse gas emissions (Scope 1)	tonnes of CO ₂ equivalent	1.46
Indirect greenhouse gas emissions (Scope 2)	tonnes of CO ₂ equivalent	118.87
Total greenhouse gas emissions (Scope 1 and 2)	tonnes of CO ₂ equivalent	120.33
Greenhouse gas emission density per employee (Scope 1 and 2)	tonnes of CO ₂ equivalent/employee	1.63
Greenhouse gas emission density per square meter (Scope 1 and 2)	tonnes of CO ₂ equivalent/m ²	0.10
Waste		
Hazardous waste	kg	18.00
Hazardous waste output (per employee)	kg/employee	0.24
Total non-hazardous waste	kg	7,800.00
Non-hazardous waste density (per employee)	kg/employee	105.41
Paper consumption		
Usage of paper	kg	748.13
Paper consumption density (per employee)	kg/employee	10.11
Energy consumption		
Total power consumption	kWh	194,832.00
Total power consumption density (per employee)	kWh/employee	2,632.86
Total power consumption density (per square meter)	kWh/m ²	154.80
Water consumption		
Total water consumption	m ³	855.00
Total water consumption density (per employee)	m ³ /employee	11.55
Total water consumption density (per square meter)	m ³ /m ²	0.68

² Greenhouse gas emission calculation is determined by reference to the Greenhouse Gas Protocol published by the World Resources Institute and the World Business Council for Sustainable Development, and the ISO14064-1 standard issued by the International Organization for Standardization.

The sustainability data statements of the Group for the Year in respect of social scope is as follows:

Social scope	Unit	2021
Number of staff		
Total staff	Person	5,685
Total staff (by gender)		
Female	Person	2,560
Male	Person	3,125
Total staff (by employment type)		
Full-time junior staff	Person	5,616
Full-time middle management	Person	63
Full-time senior management	Person	6
Total staff (by age group)		
<30	Person	1,394
30-50	Person	2,632
>50	Person	1,659
Total staff (by region)		
Northern China	Person	143
Eastern China	Person	5,048
Central China	Person	225
Southwest China	Person	269
Staff turnover rate		
Staff turnover rate	%	18.41
Staff turnover rate (by gender)		
Female	%	18.70
Male	%	18.17
Staff turnover rate (by age group)		
<30	%	25.01
30-50	%	18.54
>50	%	11.66



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social scope	Unit	2021
Staff turnover rate (by region)		
Northern China	%	20.99
Eastern China	%	18.46
Central China	%	13.79
Southwest China	%	19.70
Occupational health and safety		
Total number of work-related fatalities each year for the past three years (including the Reporting Year)	Person	1
Rate of work-related fatalities	%	<1
Number of lost days due to work injuries	Day	6
Development and training		
Percentage of employees trained by gender		
Female	%	45.03
Male	%	54.97
Percentage of employees trained by employee type		
Full-time junior staff	%	98.79
Full-time middle management	%	1.11
Full-time senior management	%	0.10
Average training hours of employees by gender		
Female	Hour	18.40
Male	Hour	22.10
Average training hours of employees by employment type		
Full-time junior staff	Hour	20.60
Full-time middle management	Hour	16.80
Full-time senior management	Hour	12.50
Anti-corruption		
Number of corruption litigation cases filed and concluded against the employees	Case	1



APPENDIX II: THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX OF THE STOCK EXCHANGE

Content of Indicators		Relevant sections	
A. Environmental			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to waste gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	6. Environmental Practices 6.2 Emission Management 6.3 Waste Management
	A1.1	The types of emissions and the respective emissions data.	Appendix I: Sustainability Data Statements
	A1.2	Total greenhouse gas emissions and intensity.	6.2 Emission Management Appendix I: Sustainability Data Statements
	A1.3	Total hazardous waste produced and intensity.	Appendix I: Sustainability Data Statements
	A1.4	Total non-hazardous waste produced and intensity.	Appendix I: Sustainability Data Statements
	A1.5	Description of reduction initiatives and results achieved.	6.2 Emission Management
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	6.3 Waste Management
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	6.1 Use of Energy and Resources
	A2.1	Direct and/or indirect energy consumption by type in total and intensity.	6.1 Use of Energy and Resources Appendix I: Sustainability Data Statements
	A2.2	Water consumption in total and intensity.	6.1 Use of Energy and Resources Appendix I: Sustainability Data Statements
	A2.3	Description of energy use efficiency initiatives and results achieved.	6.1 Use of Energy and Resources
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	6.1 Use of Energy and Resources
	A2.5	Total packaging material used for finished products and with reference to per unit produced.	Not applicable since the operation of the Group involves no packaging material

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Content of Indicators		Relevant sections	
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	6.4 Protection of Environment and Natural Resources
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6.4 Protection of Environment and Natural Resources
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	6.5 Respond to Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions to manage them.	6.5 Respond to Climate Change
B. Society			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5. People Orientation 5.1 Employment in Compliance with Requirements 5.2 Remuneration and Benefits 5.3 Communication with and Care for Employees
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix I: Sustainability Data Statements
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Sustainability Data Statements



Content of Indicators		Relevant sections	
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5.5 Health and Safety of Employees
	B2.1	Number and rate of work-related fatalities.	5.5 Health and Safety of Employees; Appendix I: Sustainability Data Statements
	B2.2	Lost days due to work injury.	5.5 Health and Safety of Employees; Appendix I: Sustainability Data Statements
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.5 Health and Safety of Employees
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.4 Employee Training and Development
	B3.1	The percentage of employees trained by gender and employee type.	Appendix I: Sustainability Data Statements
	B3.2	The average training hours completed per employee by gender and employee type.	Appendix I: Sustainability Data Statements
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	5.1 Employment in Compliance with Requirements
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.1 Employment in Compliance with Requirements
	B4.2	Description of steps taken to eliminate such practices when discovered.	5.1 Employment in Compliance with Requirements



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Content of Indicators		Relevant sections	
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	4.4 Supply Chain Management
	B5.1	Number of suppliers by geographical region.	4.4 Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4.4 Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.4 Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.4 Supply Chain Management
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	4. Premium Quality 3.1 Protection of Customer Information and Privacy 3.3 Accurate Promotion Information 3.4 Intellectual Property Protection 4.1 Service Quality 4.2 Customers' Health and Safety 4.3 Customer Relationship
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	4.1 Service Quality
	B6.2	Number of products and services related complaints received and how they are dealt with.	4.3 Customer Relationship
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.4 Intellectual Property Protection
	B6.4	Description of quality assurance process and recall procedures.	4.1 Service Quality
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	3.1 Protection of Customer Information and Privacy



Content of Indicators		Relevant sections	
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to the prevention of bribery, extortion, fraud and money laundering.	3. Adherence to Business Ethics 3.2 Professional Integrity
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	3.2 Professional Integrity
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	3.2 Professional Integrity
	B7.3	Description of anti-corruption training provided to directors and staff.	3.2 Professional Integrity
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take the communities' interests into consideration.	7. Caring for Community
	B8.1	Focus areas of contribution.	7. Caring for Community
	B8.2	Resources contributed to the focus area.	7. Caring for Community



INDEPENDENT AUDITOR'S REPORT



To the Shareholders of Ronshine Service Holding Co., Ltd
(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Ronshine Service Holding Co., Ltd (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 99 to 159, which comprise the consolidated balance sheet as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, 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 (“HKSA”) 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Recoverability of trade receivables	How our audit addressed the Key Audit Matter
<p>Refer to note 4 'critical accounting estimates and judgements' and note 17 'trade and other receivables and prepayments' to the consolidated financial statements.</p> <p>As at 31 December 2021, gross carrying amount of trade receivables amounted to RMB285,415,000, which represented approximately 73% of the total assets excluding cash and cash balances of the Group. Management has assessed the expected credit losses of trade receivables with loss allowance of RMB5,917,000 made against trade receivables as at 31 December 2021.</p> <p>For assessing the recoverability of the trade receivables, the Group applies the simplified approach permitted by HKFRS 9 to measure the lifetime expected credit losses ("ECL") for trade receivables.</p> <p>In estimating ECL, the Group calculated the historical default rate percentage based on the repayment history and ageing profile of the Group's debtors grouped based on shared credit risk characteristics, with adjustments to reflect existing market conditions and forward-looking factors.</p> <p>We identified the recoverability of trade receivables as a key audit matter 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 the trade receivables.</p>	<p>Our major audit procedures in relation to the assessment of recoverability of trade receivables included the following:</p> <ol style="list-style-type: none"> 1. Obtained an understanding of the management's assessment process of the recoverability of the trade receivables; 2. Assessed the appropriateness of the credit loss provisioning methodology adopted by management and the reasonableness of the key assumptions and inputs in estimating the ECL rate with reference to the repayment history of the Group's debtors, which we checked on a sample basis to the repayment records, and movements of the ageing of trade receivables; 3. Tested, on a sample basis, the accuracy of the ageing analysis of trade receivables as at 31 December 2021 prepared by management, to sales invoices or demand notes, receipt records and other relevant documents; 4. Checked the mathematical accuracy of the calculation of the provision for loss allowance; and 5. Tested, on a sample basis, the subsequent settlement of trade receivables to cash receipts and the related supporting documentation. <p>Based on the procedures performed, we found that the key judgements and estimates made by management in relation to the assessment of the recoverability of trade receivables were supported by available evidences.</p>



INDEPENDENT AUDITOR'S REPORT

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 and 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 our agreed terms of engagement, 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 HKASAs 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.



**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

As part of an audit in accordance with HKSAAs, 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.



INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 director on the audit resulting in this independent auditor's report is Mr. Leung Man Kin with Practising Certificate number P07174.

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

Hong Kong,
13 May 2022



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December	
		2021 RMB'000	2020 RMB'000
Revenue	6	990,942	750,425
Cost of sales	10	(712,498)	(534,114)
Gross profit		278,444	216,311
Selling and marketing expenses	10	(5,321)	(8,203)
Administrative expenses	10	(112,396)	(92,257)
Net impairment gains on financial assets	3.1.2	1,653	21
Other income	7	6,265	4,655
Other gains or losses – net	8	(1,432)	1,087
Operating profit		167,213	121,614
Finance income		1,772	545
Finance cost		(574)	(260)
Finance income – net	9	1,198	285
Profit before income tax		168,411	121,899
Income tax expenses	12	(48,900)	(36,828)
Profit and total comprehensive income for the year		119,511	85,071
Profit and total comprehensive income for the year attributable to:			
– Owners of the Company		112,400	82,511
– Non-controlling interests		7,111	2,560
		119,511	85,071
Earnings per share (expressed in RMB)	13		(Restated)
– Basic		0.26	0.22
– Diluted		0.26	N/A

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

CONSOLIDATED BALANCE SHEET

		As of 31 December	
	Notes	2021	2020
		RMB'000	RMB'000
Assets			
Non-current assets			
Property, plant and equipment	14	17,642	15,741
Intangible assets	15	1,581	393
Deferred income tax assets	24	2,121	3,184
		21,344	19,318
Current assets			
Inventories		1,718	–
Trade and other receivables and prepayments	17	364,246	148,702
Restricted cash	18	5,352	5,352
Cash and cash equivalents	19	761,885	249,221
		1,133,201	403,275
Total assets		1,154,545	422,593
Equity			
Equity attributable to owners of the Company			
Share capital	20.1	4,234	–
Share premium	20.2	663,027	146,798
Other reserves	21	(179,798)	(179,798)
Retained earnings		201,086	88,686
		688,549	55,686
Non-controlling interests		6,792	(319)
Total equity		695,341	55,367



CONSOLIDATED BALANCE SHEET

		As of 31 December	
	Notes	2021	2020
		RMB'000	RMB'000
Liabilities			
Non-current liabilities			
Lease liabilities	23	5,199	5,740
Current liabilities			
Contract liabilities	6(a)	95,747	82,548
Trade and other payables	22	313,314	270,077
Lease liabilities	23	3,102	2,725
Current income tax liabilities		41,842	6,136
		454,005	361,486
Total liabilities		459,204	367,226
Total equity and liabilities		1,154,545	422,593

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

The consolidated financial statements on pages 99 to 159 were approved and authorised for issue by the Board of Directors on 13 May 2022 and signed on its behalf by:

Ma Xianghong
Director

Lin Yi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to owners of the Company				Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000 (Note 20.1)	Share premium RMB'000 (Note 20.2)	Other reserves RMB'000 (Note 21)	Retained earnings RMB'000			
Balance at 1 January 2020		-	-	5,000	106,175	111,175	(2,879)	108,296
Comprehensive income								
Profit for the year		-	-	-	82,511	82,511	2,560	85,071
Total comprehensive income		-	-	-	82,511	82,511	2,560	85,071
Transactions with owners								
Capital contributions from the shareholders of the Company	21	-		88,000	-	88,000	-	88,000
Deemed distributions to the shareholders of the Company	21	-	-	(176,000)	-	(176,000)	-	(176,000)
Completion of the Reorganisation	20 & 21	-	96,798	(96,798)	-	-	-	-
Issue of ordinary shares to the shareholders of the Company	20	-	50,000	-	-	50,000	-	50,000
Dividends	25	-	-	-	(100,000)	(100,000)	-	(100,000)
Balance at 31 December 2020		-	146,798	(179,798)	88,686	55,686	(319)	55,367
Comprehensive income								
Profit for the year		-	-	-	112,400	112,400	7,111	119,511
Total comprehensive income		-	-	-	112,400	112,400	7,111	119,511
Transactions with owners								
Issue of shares in connection with the capitalisation issue	20	3,124	(3,124)	-	-	-	-	-
Issue of new shares upon the Company's listing	20	1,042	491,213	-	-	492,255	-	492,255
Issue of new shares upon the exercise of the over-allotment option	20	68	32,062	-	-	32,130	-	32,130
Costs incurred in connection with issue of shares of the Company		-	(3,922)	-	-	(3,922)	-	(3,922)
Balance at 31 December 2021		4,234	663,027	(179,798)	201,086	688,549	6,792	695,341

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December	
		2021	2020
		RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations	26	16,472	308,836
Interest received	9	1,772	545
Income tax paid		(12,131)	(53,217)
Net cash generated from operating activities		6,113	256,164
Cash flows from investing activities			
Purchases of property, plant and equipment	14	(5,067)	(7,055)
Purchases of intangible assets	15	(1,500)	(133)
Proceeds from disposal of property, plant and equipment		193	50
Acquisition of financial assets at fair value through profit or loss		–	(121,000)
Proceeds from disposal of financial assets at fair value through profit or loss		–	195,196
Net cash (used in)/generated from investing activities		(6,374)	67,058
Cash flows from financing activities			
Capital contributions from the shareholder of the Company		–	88,000
Principal elements and interest elements of lease payments		(4,840)	(2,479)
Dividend paid	25	–	(100,000)
Deemed distributions to the shareholders of the Company		–	(178,000)
Issue of ordinary shares to the shareholders of the Company		–	50,000
Proceeds from new shares issued upon the Company's listing	20	492,255	–
Proceeds from new shares issued upon the exercise of over-allotment option	20	32,130	–
Listing expenses paid	20	(3,922)	(2,642)
Net cash generated from/(used in) financing activities		515,623	(145,121)
Net increase in cash and cash equivalents		515,362	178,101
Cash and cash equivalents at beginning of year		249,221	71,121
Exchange losses on cash and cash equivalents		(2,698)	(1)
Cash and cash equivalents at end of year		761,885	249,221

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND REORGANISATION

1.1 General information

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

The Company is an investment company. The Company and its subsidiaries (the “Group”) are primarily engaged in the provision of property management services and related value-added services in the People’s Republic of China (the “PRC”) (the “Listing Business”).

The Company’s shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 16 July 2021.

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

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 industry of property management. 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 statements is authorised for issue, COVID-19 doesn’t have any material adverse impact on the financial position and operating results of the Group.

These consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation as described below (the “Reorganisation”), the Listing Business was operated through Ronshine Shiou Property Service Group Limited (“Ronshine Shiou”) and its subsidiaries in the PRC.

In preparation for the initial listing of the Company’s Shares on the Main Board of the Stock Exchange, the Reorganisation was undertaken pursuant to which Ronshine Shiou and its subsidiaries, engaged in the Listing Business, were transferred to the Company. The Reorganisation principally involved the following:

- (a) On 14 April 2020, the Company was incorporated in the Cayman Islands as an exempted company with limited liability. As of the date of incorporation, the authorised share capital of the Company was Hong Kong Dollar (“HK\$”) 380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each, of which one share was issued and allotted to the initial subscriber. Upon incorporation, the issued one share was transferred to Rongxin Yipin Co., Ltd (“Rongxin Yipin”), following which 20 and 79 shares were allotted and issued to Fumei International Co., Ltd (“Fumei International”) and Rongxin Yipin, respectively. Upon completion of such transfer, allotment and issue, the Company became owned as to 20% by Fumei International and 80% by Rongxin Yipin. Fumei International and Rongxin Yipin were wholly owned by Rongyue Century, which is wholly owned by Mr. Ou.



1 GENERAL INFORMATION AND REORGANISATION (Continued)

1.2 Reorganisation (Continued)

- (b) Euclidean Service Co., Ltd (“Euclidean Service”) was incorporated in the BVI with limited liability on 16 April 2020 as the intermediate holding company of the Group in the BVI. On the date of incorporation, ten ordinary shares of Euclidean Service were issued and allotted to the Company. Upon completion of such allotment and issue, Euclidean Service became directly wholly-owned by the Company.

Acme Rongxiang Co., Limited (“Acme Rongxiang”) was incorporated in Hong Kong as a limited liability company on 20 May 2020, as the intermediate holding company of the Group in Hong Kong. On the date of incorporation, 100 shares of Acme Rongxiang were allotted and issued to Euclidean Service at a subscription price of HK\$100. Upon completion of such allotment and issue, Acme Rongxiang became directly wholly-owned by Euclidean Service.

- (c) (i) On 22 May 2020, at the instruction and direction of Mr. Ou, Fuzhou Zhuochuang Investment Co., Ltd (“Fuzhou Zhuochuang”), beneficially owned by Mr. Ou, transferred its 36% equity interest in Ronshine Shiou to Fujian Dingcheng Investment Co., Ltd. (“Fujian Dingcheng”), beneficially owned by Mr. Ou. On the same date, Pingtan Comprehensive Experimental Area Ronghe Investment Partnership (Limited Partnership) (“Pingtan Ronghe”) transferred its 10% equity interest in Ronshine Shiou to Fujian Dingcheng at consideration of RMB8,500,000, which was determined with reference to the valuation of 10% equity interest in Ronshine Shiou as appraised by an independent valuer amounted to RMB47,500,000 and the outstanding capital contribution commitment of Pingtan Ronghe amounted to RMB39,000,000. Upon completion of such transfers, Ronshine Shiou became directly wholly-owned by Fujian Dingcheng.
- (ii) On 22 May 2020, at the instruction and direction of Mr. Ou, Fuzhou Zhuochuang legally transferred its 40% equity interest in Fujian Shiou Commercial Management Co., Ltd. (“Shiou Commercial Management”) to Ronshine Shiou at a consideration of RMB2,000,000. Upon completion of such transfer, Shiou Commercial Management became legally directly wholly-owned by Ronshine Shiou.

Upon completion of above transfers, the entrustment arrangements among Fujian Dingcheng, Fuzhou Zhuochuang, Mr. Ou and relevant shareholders of Fujian Dingcheng were terminated accordingly.

- (d) On 22 July 2020, Fujian Dingcheng transferred its entire equity interest in Ronshine Shiou to Shanghai Ouxing Tuye Enterprise Development Co., Ltd. (“Ouxing Tuye”), a company established in the PRC with paid-in capital of RMB88,000,000 and owned as to 99% by Shanghai Ouxing Mingtu Enterprise Development Co., Ltd (“Ouxing Mingtu”), a company wholly-owned by Mr. Ou, and 1% by Mr. Ou, at a consideration of RMB88,000,000. Upon completion of such transfer, Ronshine Shiou became wholly owned by Ouxing Tuye.

1 GENERAL INFORMATION AND REORGANISATION (Continued)

1.2 Reorganisation (Continued)

- (e) On 18 August 2020, Fujian Rongdian Enterprise Management Consulting Co., Ltd. (“Fujian Rongdian”) was established in the PRC as a wholly foreign-owned enterprise with an initial registered capital of RMB2,000,000. Since its establishment, Fujian Rongdian has been wholly owned by Acme Rongxiang.
- (f) On 18 August 2020, a family trust was established by Mr. Ou, as the settlor and protector, with HSBC International Trustee Limited acting as the trustee.

On 19 August 2020, Rongyue Century transferred all the issued shares it held in Fumei International and Rongxin Yipin to Rongan Juxiang Co., Ltd, a special purpose holding vehicle incorporated in the BVI with limited liability and wholly owned by the trustee for the administration of the family trust. The family trust is a discretionary and irrevocable trust.

- (g) On 9 October 2020, Fujian Rongdian acquired the entire equity interest in Ouxing Tuye from Ouxing Mingtu and Mr. Ou, respectively, at a consideration of RMB88,000,000, which was settled on 13 October 2020. Upon completion of such transfer, Ouxing Tuye became directly wholly-owned by Fujian Rongdian.

Upon completion of the above transfers, the Company became the holding company of Ronshine Shiou and the companies now comprising the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

- (a) *Compliance with Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Companies Ordinance (“HKCO”)*

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs and disclosure requirements of the HKCO Cap. 622.

- (b) *Historical cost convention*

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss, derivative financial instruments and investment properties, which are measured at fair value.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(c) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

(d) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company are in the process of assessing the potential impact of the new and amendments to HKFRSs but are not yet in a position to determine whether the new and amendments to HKFRSs will have a material impact on the Group’s performance and financial position and on the disclosures. The new and amendments to HKFRSs may result in changes to how the Group’s performance and financial position are prepared and presented in the foreseeable future.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where 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.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.3).

Intercompany 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 statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

2.3 Business combinations

Except for the Reorganisation, the acquisition method of accounting is used to account for all business combinations, 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
- 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.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Business combinations (Continued)

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.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as of the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.4 Investment in subsidiaries

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 that 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"). Historical Financial Information 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 gains or losses – net" in the consolidated statement 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 to their residual values over their estimated useful lives or, in case of leasehold improvements, and certain leased plants and equipment, the shorter lease term, as follows:

– Vehicles	3-5 years
– Office equipments	3-5 years
– Machinery	3-5 years
– Leasehold improvements	1-3 years
– Right-of-use assets	1-6 years

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains or losses – net" in the consolidated statement of comprehensive income.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Intangible assets

Software

Intangible assets mainly include computer software. They are initially recognised and measured at costs incurred to acquire and bring them to use. Intangible assets are amortised over their estimated useful lives (generally 3 to 5 years), using the straight-line method which reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed.

2.9 Impairment of non-financial assets

Assets are tested 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 asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 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 ("OCI"). 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 ("FVOCI").

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 fair value through profit or loss are expensed in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Investments and other financial assets (Continued)

(c) Measurement (Continued)

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 gains – net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of 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 OCI, 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 OCI is reclassified from equity to profit or loss and recognised in other gains or 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 gains or losses – net and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.
- **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 within other gains or losses – net in the period in which it arises.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability 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)

2.11 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments;
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

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. 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 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are 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 17 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Cash and cash equivalents, restricted cash

For the purpose of presentation in the consolidated 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 balance sheet.

2.15 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.

2.16 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Current and deferred income tax

The income tax expenses or credit for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates 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

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 substantially enacted by the end of the reporting period 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 if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Current and deferred income tax (Continued)

(b) *Deferred income tax (Continued)*

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, 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.

2.18 Employee benefits

(a) *Pension obligations*

The Group only operate 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 HKAS 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Employee benefits (Continued)

(d) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

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

2.19 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 expenses.

2.20 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 a point in time.

The Group provides property management services, value-added services to non-property owners and community value-added services.

(a) Property management services

For property management services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to bill and that corresponds directly with the value of performance completed. Revenue from providing property management 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.

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.

For property management service income from properties managed under commission basis, where the Group acts as an agent of the property owner, the Group recognises the commission, which is calculated by a pre-determined percentage or amount of the property management fee received or receivable by the properties.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Revenue recognition (Continued)

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

Value-added services to non-property owners mainly includes sales assistance services, preliminary planning and design consultancy services, cleaning, greening, repair, maintenance services to property developers at the pre-delivery stage and driving vehicle dispatching and managing services. The Group agrees the price for each service with the customers upfront and issues the monthly bill to the customers which varies based on the actual level of service completed in that month. Revenue is recognised when the value-added services are rendered.

(c) Community value-added services

Community value-added services mainly includes sales of goods, resident services, and advertisement, 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.

For sales of goods, the Group sells commodities to property owners and residents of the properties under the Group's management online and in community. Sales of goods are recognised when the Group delivers the goods to the customers.

For other value-added services includes resident services, community public areas management and operation and advertisement, revenue is recognised when the related other value-added services are rendered. Payment of the transaction is due immediately when the other value-added services are rendered to the customer.

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.

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

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.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated statement of comprehensive income as “other income”.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purpose, see Note 9 below.

2.22 Leases

The Group leases certain properties. Rental contracts are typically made for fixed periods of 1 to 3 years but may have extension options. 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 for borrowing purposes.

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 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 is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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, initially measured using the index or rate as of the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease if that rate can be determined, or the Group's incremental borrowing rate. To determine the incremental borrowing rate, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.24 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, and
- 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.

(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.

2.25 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.

2.26 Provisions and contingent liabilities

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)

2.26 Provisions and contingent liabilities (Continued)

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.27 Inventories

Inventories are stated at the lower of cost and net realisable value at the end of each reporting date. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group's activities expose it to a variety of financial risks: market 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.

3.1.1 Market risk

(a) Foreign exchange risk

The Group's businesses are principally conducted in RMB, which is the functional currency of the Group. As of 31 December 2021, non-RMB assets are cash and cash equivalents of RMB2,540,000 (2020: RMB4,919,000) denominated in US\$ and RMB27,000 (2020: RMB8,000) denominated in HK\$. Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations. The Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

3.1.2 Credit risk

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

(a) 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 state-owned banks and other medium or large-sized listed banks. 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)

(b) Trade and other receivables

For trade and other receivables, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group considers the probability of default 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 of the reporting date with the risk of default as of the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- 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 the borrower
- significant changes in the expected performance and behaviour of the borrowers, including changes in the payment status of borrowers and changes in the operating results of the borrowers.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Trade and other receivables (Continued)

- (i) A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 90 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 180 days past due	Lifetime expected losses

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.

As of 31 December 2021, the Group has assessed that the expected loss rate for trade and other receivables from related parties (mainly from Ronshine China Holdings Limited and its subsidiaries (the "Ronshine China Group") and companies controlled by Mr. Ou) were low since related parties have a strong capacity to meet its contractual cash flow obligation in the near term. The Group assessed that the expected credit losses rate for trade and receivables from the related parties are immaterial and considered them to have a low credit risk, and thus the loss allowance is immaterial. Thus no loss allowance provision for trade and other receivables from related parties was recognised for the year ended 31 December 2021 (2020: nil).

The expected credit loss rate for the provision matrix is for trade receivables which are mainly related to our property management services business. As there is no significant change in the business operation of property management services, actual loss rates for trade receivables, customer profile and the adjustments for forward-looking macroeconomic data during the years, the change in the expected credit loss rates for the provision matrix is insignificant throughout the years.



3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Trade and other receivables (Continued)

(ii) Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivable.

As of 31 December 2021 and 2020, 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	Over 3 years	Total
Trade receivables (excluding trade receivables from related parties)					
At 31 December 2021					
Gross carrying amount (RMB'000)	91,470	6,329	2,430	2,204	102,433
Expected loss rate	1%	25%	50%	100%	
Loss allowance provision (RMB'000)	916	1,582	1,215	2,204	5,917
At 31 December 2020					
Gross carrying amount (RMB'000)	48,412	4,954	1,881	1,569	56,816
Expected loss rate	1%	25%	50%	100%	
Loss allowance provision (RMB'000)	483	1,238	941	1,569	4,231

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Trade and other receivables (Continued)

(iii) Other receivables

Other receivables (excluding other receivables from related parties) mainly included payments on behalf of property owners, deposits and others.

The Group uses the expected credit loss model to determine the expected loss provision for other receivables.

The Group has assessed that there is no significant increase of credit risk for other receivables since initial recognition. Thus the Group used the 12 months expected credit losses model to assess credit loss of other receivables.

	Performing	Under-performing	Non-performing	Total
Other receivables (excluding other receivables from related parties)				
At 31 December 2021				
Gross carrying amount (RMB'000)	77,866	–	–	77,866
Loss allowance provision (RMB'000)	1,659	–	–	1,659
At 31 December 2020				
Gross carrying amount (RMB'000)	28,916	–	3,799	32,715
Loss allowance provision (RMB'000)	1,199	–	3,799	4,998

As of 31 December 2021, the gross carrying amount of trade and other receivables (excluding prepayments) was RMB363,510,000 (2020: RMB148,770,000) and thus the maximum exposure to loss was RMB355,934,000 (2020: RMB139,541,000).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Trade and other receivables (Continued)

(iii) Other receivables (Continued)

As of 31 December 2021 and 2020, the loss allowance provision for trade and other receivables (excluding prepayments) reconciles to the opening loss allowance for that provision as follows:

	Trade receivables (excluding trade receivables from related parties) RMB'000	Other receivables (excluding prepayments and other receivables from related parties) RMB'000	Total RMB'000
At 1 January 2021	4,231	4,998	9,229
Net impairment losses/(gains) on financial assets	1,686	(3,339)	(1,653)
At 31 December 2021	5,917	1,659	7,576
At 1 January 2020	3,123	6,127	9,250
Net impairment losses/(gains) on financial assets	1,108	(1,129)	(21)
At 31 December 2020	4,231	4,998	9,229

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 and lease 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	Later than 5 years RMB'000	Total RMB'000
As of 31 December 2021					
Financial liabilities					
Trade and other payables (excluding accrued payroll liabilities and other tax payable)	207,740	–	–	–	207,740
Lease liabilities (including interest payments)	3,218	2,242	3,608	–	9,068
	210,958	2,242	3,608	–	216,808

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Later than 5 years RMB'000	Total RMB'000
As of 31 December 2020					
Financial liabilities					
Trade and other payables (excluding accrued payroll liabilities and other tax payable)	162,949	–	–	–	162,949
Lease liabilities (including interest payments)	2,800	1,803	4,348	479	9,430
	165,749	1,803	4,348	479	172,379

Financial guarantees were provided to a subsidiary of Ronshine China Group to obtain borrowings in the prior years. Pursuant to the terms of the guarantees, the collection rights of property management services of a subsidiary of the Group were pledged as collateral for the borrowings. The fair value of financial guarantee is insignificant at initial recognition. The Group considers the repayment progress of the relevant borrowings by the related party and considers that the likelihood of default in payments is minimal. On 21 September 2020, Ronshine China Group fully repaid the borrowings. The financial guarantee contracts were terminated and exposure of guarantees provided for the borrowings of a related party was released. Accordingly, there was no significant liquidity risk associated with financial guarantee contracts for the year ended 31 December 2020.

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 of 31 December 2021 and 2020, the asset-liability ratio of the Group is as follows:

	As of 31 December	
	2021	2020
Asset-liability ratio	40%	87%

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(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 past collection 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 as 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 recognized 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.

5 SEGMENT INFORMATION

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

For the years ended 31 December 2021 and 2020, the Group is principally engaged in the provision of property management services and related value-added services, including pre-delivery services, household assistance service, sales services and other services, in the PRC.

During the years ended 31 December 2021 and 2020, all the segments are domiciled in the PRC and all the revenue are derived in the PRC, and the segments are principally engaged in the provision of similar services to similar customers. All operating segments of the Group were aggregated into a single reportable segment.

As of 31 December 2021 and 2020, all of the non-current assets were located in the PRC.



6 REVENUE

Revenue mainly comprises of proceeds from property management services, value-added services to non-property owners and community value-added services. An analysis of the Group's revenue by category for the years ended 31 December 2021 and 2020 is as follows:

		Year ended 31 December	
		2021	2020
		RMB'000	RMB'000
Types of services	Revenue from customer and recognised		
Property management services	over time	475,930	367,306
Value-added services to non-property owners	over time	435,688	368,243
Community value-added services		79,324	14,876
– Sales of goods	at a point in time	45,696	8,124
– Other value-added services	over time	33,628	6,752
		990,942	750,425

During the years ended 31 December 2021 and 2020, revenue derived from customers who accounted for more than 10% of total revenue were set out below.

	Year ended 31 December	
	2021	2020
Ronshine China Group	33%	36%
Customer Group A*	15%	17%

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

6 REVENUE (Continued)

(a) Contract liabilities

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

	As of 31 December	
	2021	2020
	RMB'000	RMB'000
Contract liabilities		
– Property management services	93,660	81,221
– Community value-added services	2,087	1,327
	95,747	82,548

(i) Significant changes in contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. The increase in contract liabilities was mainly due to the expansion of business activities from self-development.

(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.

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
Property management services	73,275	43,099
Community value-added services	1,327	356
	74,602	43,455

(iii) Unsatisfied performance obligations

For property management services and value-added services to non-property owners, the Group recognises revenue in the amount that equals 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 type of contracts. The majority of the property management services contracts do not have a fixed term. The term of the contracts for value-added services to non-property owners is generally set to expire when the counterparties notify the Group that the services are no longer required.

For community value-added services, 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 type of contracts.

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

During the year ended 31 December 2021, there was no significant incremental costs to obtain a contract (2020: same).

7 OTHER INCOME

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Additional deduction of value-added input tax	3,156	2,341
Government grants (Note(a))	3,069	2,314
Others	40	–
	6,265	4,655

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

8 OTHER GAINS OR LOSSES – NET

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Penalty expenses	(41)	(161)
Net fair value gains on financial assets at fair value through profit or loss	–	1,196
(Loss)/gain on disposal of property, plant and equipment	(5)	50
Net foreign exchange losses	(2,698)	(1)
Others	1,312	3
	(1,432)	1,087

9 FINANCE INCOME – NET

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Finance income		
Interest income from bank deposits	1,772	545
Finance cost		
Interest expenses of lease liabilities (Note 23)	(574)	(260)
	1,198	285



10 EXPENSES BY NATURE

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Employee benefit expenses (Note 11)	527,581	460,904
Greening and cleaning expenses	111,985	75,357
Maintenance costs	19,090	18,534
Office expenses	9,261	7,790
Community activities expenses	3,717	6,625
Travelling and entertainment expenses	6,271	5,537
Consultancy fee	8,662	3,744
Advertising expenses	8,239	2,341
Security charges	49,977	14,598
Taxes and other levies	4,557	4,964
Depreciation and amortisation charges (Notes 14 and 15)	7,382	3,695
Bank charges	1,544	1,273
Auditors' remuneration		
– Audit services	2,025	151
– Non-audit services	–	–
Expenses relating to short-term leases (Note 23)	1,986	1,730
Cost of goods sold	41,479	6,800
Listing expenses	13,352	13,932
Others	13,107	6,599
	830,215	634,574

11 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Wages, salaries and bonuses	445,889	411,601
Social insurance expenses and housing benefits (Note (a))	66,873	35,876
Other employee benefits (Note (b))	14,819	13,427
	527,581	460,904

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

According to policies issued by the Ministry of Human Resources and Social Security and local municipal departments, affected by Coronavirus Disease 2019 (COVID-19), social security relief policies have been successively implemented by local authorities. As such, the social insurance expenses for the period from February to December 2020 had been reduced or exempted accordingly. No social insurance expenses for the year ended 31 December 2021 had been reduced or exempted.

11 EMPLOYEE BENEFIT EXPENSES (Continued)

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

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 2 (2020:2) directors for the years ended 31 December 2020 and 2021 whose emolument is reflected in the analysis shown in Note 29. The emoluments payable to the remaining 3 (2020: 3) individuals during the year ended 31 December 2021 are as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Wages and salaries	1,943	2,063
Discretionary bonuses	597	944
Pension costs, housing funds, medical insurance and other social insurances	325	205
	2,865	3,212

The emoluments fell within the following bands:

	Number of individuals	
	Year ended 31 December 2021	2020
Emolument bands in Hong Kong dollars ("HK\$")		
Nil – HK\$1,000,000	3	–
HK\$1,000,001 – HK\$1,500,000	–	3
	3	3

12 INCOME TAX EXPENSES

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

Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was provided as the Group did not have assessable profit in Hong Kong for the year ended 31 December 2021 (2020: nil).

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 PRC is 25%, certain subsidiaries of the Group were qualified as "Small Low-Profit Enterprise" and will be taxed at the reduced tax rate of 20% in 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%.

12 INCOME TAX EXPENSES (Continued)

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Current income tax	47,837	37,250
Deferred income tax (Note 24)	1,063	(422)
	48,900	36,828

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 31 December	
	2021	2020
	RMB'000	RMB'000
Profit before income tax	168,411	121,899
Tax charge at effective rate applicable to profits in the respective Group's entities	43,564	30,475
Tax effects of:		
– Expenses not deductible for tax purposes	3,567	3,737
– Tax losses and deductible temporary differences for which no deferred income tax asset was recognised	2,016	462
– The impact of change in tax rate applicable to a subsidiary	(247)	2,160
– Others	–	(6)
Income tax expenses	48,900	36,828

The effective income tax rate was 29% and 30% for the years ended 31 December 2021 and 2020, respectively.

13 EARNINGS PER SHARE

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

	Year ended 31 December	
	2021	2020
Profit for the year attributable to owners of the Company, used in the basic and diluted earnings per share calculations (RMB'000)	112,400	82,511
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	436,118,312	375,000,000
Effect of dilutive potential ordinary shares:		
– Over-allotment option	1,840	N/A
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	436,120,152	N/A

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 December 2020 had been adjusted retrospectively and on the assumption that the capitalisation issue had been in effective on 1 January 2020. Basic earnings per share for the year ended 31 December 2020 has been restated accordingly.

The weighted average number of ordinary shares for the purpose of basic earnings per share has been determined on the assumption that the capitalisation issue had been in effective on 1 January 2021.

No diluted earnings per share was presented for the year ended 31 December 2020 as there was no potential ordinary shares in issue during the year.



14 PROPERTY, PLANT AND EQUIPMENT

	Vehicles RMB'000	Office equipments RMB'000	Machinery RMB'000	Leasehold improvements RMB'000	Right-of-use assets RMB'000	Total RMB'000
As of 1 January 2020						
Cost	668	3,408	1,683	2,260	4,987	13,006
Accumulated depreciation	(520)	(2,647)	(1,251)	(2,056)	(3,564)	(10,038)
Net book amount	148	761	432	204	1,423	2,968
Year ended 31 December 2020						
Opening net book amount	148	761	432	204	1,423	2,968
Additions	36	281	181	6,557	9,245	16,300
Depreciation	(62)	(333)	(130)	(711)	(2,291)	(3,527)
Closing net book amount	122	709	483	6,050	8,377	15,741
As of 31 December 2020						
Cost	704	3,689	1,864	8,817	14,232	29,306
Accumulated depreciation	(582)	(2,980)	(1,381)	(2,767)	(5,855)	(13,565)
Net book amount	122	709	483	6,050	8,377	15,741
As of 1 January 2021						
Cost	704	3,689	1,864	8,817	14,232	29,306
Accumulated depreciation	(582)	(2,980)	(1,381)	(2,767)	(5,855)	(13,565)
Net book amount	122	709	483	6,050	8,377	15,741
Year ended 31 December 2021						
Opening net book amount	122	709	483	6,050	8,377	15,741
Additions	224	1,005	281	3,557	4,102	9,169
Disposals	–	(162)	(36)	–	–	(198)
Depreciation	(69)	(162)	(141)	(2,164)	(4,534)	(7,070)
Closing net book amount	277	1,390	587	7,443	7,945	17,642
As of 31 December 2021						
Cost	928	4,532	2,109	12,374	18,334	38,277
Accumulated depreciation	(651)	(3,142)	(1,522)	(4,931)	(10,389)	(20,635)
Net book amount	277	1,390	587	7,443	7,945	17,642

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Cost of sales	999	537
Administrative expenses	6,071	2,990
	7,070	3,527

- (a) No property, plant and equipment is restricted or pledged as security for liabilities as of 31 December 2021 (2020: same).

15 INTANGIBLE ASSETS

	Software RMB'000
As of 1 January 2020	
Cost	870
Accumulated amortisation	(442)
Net book amount	428
Year ended 31 December 2020	
Opening net book amount	428
Additions	133
Amortisation	(168)
Closing net book amount	393
As of 31 December 2020	
Cost	1,003
Accumulated amortisation	(610)
Net book amount	393
As of 1 January 2021	
Cost	1,003
Accumulated amortisation	(610)
Net book amount	393
Year ended 31 December 2021	
Opening net book amount	393
Additions	1,500
Amortisation	(312)
Closing net book amount	1,581
As of 31 December 2021	
Cost	2,503
Accumulated amortisation	(922)
Net book amount	1,581

- (a) No intangible asset is restricted or pledged as security for liabilities as of 31 December 2021 (2020: same).
- (b) The amortisation charge for the years ended 31 December 2021 and 2020 is included in “administrative expenses” in the consolidated statement of comprehensive income.

16 FINANCIAL INSTRUMENTS BY CATEGORY

	As of 31 December	
	2021	2020
	RMB'000	RMB'000
Financial assets at amortised cost		
Trade and other receivables (excluding prepayments) (Note 17)	355,934	139,541
Cash and cash equivalents (Note 19)	761,885	249,221
Restricted cash (Note 18)	5,352	5,352
	1,123,171	394,114
Financial liabilities at amortised costs		
Trade and other payables (excluding accrued payroll and other taxes payables) (Note 22)	207,740	162,949
Lease liabilities (Note 23)	8,301	8,465
	216,041	171,414

17 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As of 31 December	
	2021	2020
	RMB'000	RMB'000
Trade receivables		
– Related parties (Note 28(d))	182,982	49,049
– Third parties	102,433	56,816
	285,415	105,865
Less: allowance for impairment of trade receivables	(5,917)	(4,231)
	279,498	101,634
Other receivables		
– Related parties (Note 28(d))	229	10,190
– Third parties	77,866	32,715
	78,095	42,905
Less: allowance for impairment of other receivables	(1,659)	(4,998)
	76,436	37,907
Prepayments to suppliers		
– Third parties	8,312	4,402
Deferred listing expenses	–	4,391
Prepaid tax	–	368
	364,246	148,702

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

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

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

17 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

As of 31 December 2021, the ageing analysis of the trade receivables based on invoice date were as follows:

	As of 31 December	
	2021	2020
	RMB'000	RMB'000
Up to 1 year	263,250	97,455
1 to 2 years	17,531	4,960
2 to 3 years	2,430	1,881
Over 3 years	2,204	1,569
	285,415	105,865

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As of 31 December 2021 and 2020 a provision of RMB5,917,000 and RMB4,231,000, respectively was made against the gross amounts of trade receivables (Note 3.1.2).

18 RESTRICTED CASH

Restricted cash represents subsidiaries' cash deposits in the bank as performance security for value-added services to non-property owners according to the requirements of certain clients.

19 CASH AND CASH EQUIVALENTS

	As of 31 December	
	2021	2020
	RMB'000	RMB'000
Cash at bank and on hand (Note(a))		
– Denominated in RMB	759,318	244,294
– Denominated in US\$	2,540	4,919
– Denominated in HK\$	27	8
	761,885	249,221

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

20 SHARE CAPITAL AND SHARE PREMIUM

The Group and the Company

20.1 Share capital

	Notes	Number of ordinary shares	Share capital HK\$'000	Equivalent share capital RMB'000
Authorised				
As of 14 April 2020 (date of incorporation) and 31 December 2020	(a)	38,000,000	380	345
Increase on 10 June 2021	(b)	2,962,000,000	29,620	24,183
As of 31 December 2021		3,000,000,000	30,000	24,528
Issued				
As of 14 April 2020 (date of incorporation) and 31 December 2020	(a)	100	–	–
Issue of shares in connection with the capitalisation issue	(c)	374,999,900	3,750	3,124
Issue of new shares upon the Company's listing	(d)	125,000,000	1,250	1,042
Issue of new shares upon the exercise of the over-allotment option	(e)	8,104,000	81	68
As of 31 December 2021		508,104,000	5,081	4,234

- (a) The Company was incorporated on 14 April 2020 with an authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares with a par value of HK\$0.01 each. Upon incorporation, one share was issued and allotted to the initial subscriber, an independent third party. On the same date, the issued one share was transferred to Rongxin Yipin, following which 20 and 79 shares were allotted and issued to Fumei International and Rongxin Yipin, respectively.
- (b) Pursuant to the written resolutions passed by the shareholders on 10 June 2021, the authorised share capital of the Company was increased from HK\$380,000 to HK\$30,000,000 divided into 3,000,000,000 shares by the creation of an additional 2,962,000,000 shares.
- (c) Pursuant to the written resolutions passed by the shareholders on 10 June 2021, conditional upon the share premium account of the Company being credited as a result of the offer of the Company's shares, the directors of the Company were authorised to capitalise the amount of HK\$3,749,999 (equivalent to RMB3,124,000) from the amount standing to the credit of the share premium account of the Company and to apply such amount to pay up in full at par value. The capitalisation issue was completed on 16 July 2021.
- (d) In connection with the listing of the shares of the Company on the Stock Exchange, on 16 July 2021 125,000,000 new ordinary shares with a par value of HK\$0.01 each were issued at an offer price of HK\$4.88 per ordinary share for a total cash consideration of HK\$610,000,000, before deducting underwriting fees, commissions and related expenses, of which HK\$1,250,000 (equivalents to RMB1,042,000) and HK\$608,750,000 (equivalents to RMB491,213,000) were credited to issued share capital and share premium account of the Company, respectively.
- (e) On 11 August 2021, the Company further allotted and issued 8,104,000 additional shares at HK\$4.88 per share based on the partial exercise of over-allotment option, for a total cash consideration of HK\$39,548,000, before deducting underwriting fee, commissions and related expenses, of which HK\$81,000 (equivalents to RMB68,000) and HK\$39,467,000 (equivalents to RMB32,062,000) were credited to issued share capital and share premium account of the Company, respectively.

20 SHARE CAPITAL AND SHARE PREMIUM (Continued)**The Group and the Company (Continued)***20.2 Share premium*

	Note	Share premium RMB'000
Balance at 14 April 2020 (date of incorporation of the Company)		–
Completion of the Reorganisation (Note 21(c))		96,798
Issue of ordinary shares to the shareholders of the Company	(a)	50,000
Balance at 31 December 2020 and 1 January 2021		146,798
Issue of shares in connection with the capitalisation issue (Note 20.1(c))		(3,124)
Issue of new shares upon the Company's listing (Note 20.1(d))		491,213
Issue of new shares upon the exercise of the over-allotment option (Note 20.1(e))		32,062
Costs incurred in connection with issue of shares of the Company		(3,922)
Balance at 31 December 2021		663,027

- (a) On 29 October 2020, Fumei International and Rongxin Yipin paid up RMB10,000,000 and RMB40,000,000 respectively to the Company.

21 OTHER RESERVES

The Group

	Capital reserves RMB'000
Balance at 1 January 2020	5,000
Capital contributions from the shareholders of the Company (Note (a))	88,000
Deemed distributions to the shareholders of the Company (Note (b))	(176,000)
Merger reserve arising from the Reorganisation (Note (c))	(96,798)
Balance at 31 December 2020, 1 January 2021 and 31 December 2021	(179,798)

- (a) On 24 September 2020, Ouxing Mingtu and Mr. Ou paid up RMB87,120,000 and RMB880,000 respectively to Ouxing Tuye.
- (b) As disclosed in Note 1.2(d), Ouxing Tuye acquired the entire equity interest of Ronshine Shiou at a cash consideration of RMB88,000,000 from the then shareholder during the Reorganisation. The cash consideration is deemed as distribution to the equity holders.

As disclosed in Note 1.2(g), on 9 October 2020, Fujian Rongdian acquired the entire equity interest in Ouxing Tuye from Ouxing Mingtu and Mr. Ou, respectively, at a consideration of RMB88,000,000, which was settled on 13 October 2020. The cash consideration is deemed as distribution to the equity holders.

- (c) Merger reserve arising from the Reorganisation represented the excess of the aggregate net asset values of Ronshine Shiou over the consideration the Company paid pursuant to the Reorganisation.



22 TRADE AND OTHER PAYABLES

	As of 31 December	
	2021	2020
	RMB'000	RMB'000
Trade payables		
– Related parties (Note 28(d))	67	5,437
– Third parties	69,997	45,495
	70,064	50,932
Other payables		
– Related parties (Note 28(d))	12,782	8,704
– Third parties	124,894	103,313
	137,676	112,017
Accrued payroll	82,288	91,031
Other taxes payables	23,286	16,097
	313,314	270,077

As of 31 December 2021 and 2020 the carrying amounts of trade and other payables approximated its fair values.

- (a) As of 31 December 2021 and 2020 the ageing analysis of the trade payables based on invoice date were as follows:

	As of 31 December	
	2021	2020
	RMB'000	RMB'000
Up to 1 year	66,994	49,564
1 to 2 years	1,767	370
2 to 3 years	332	799
Over 3 years	971	199
	70,064	50,932

23 LEASES**(a) Amounts recognised in the consolidated balance sheet**

	As of 31 December	
	2021	2020
	RMB'000	RMB'000
Right-of-use assets		
Properties (Note 14)	7,945	8,377
Lease liabilities		
Current	3,102	2,725
Non-current	5,199	5,740
	8,301	8,465

(b) Amounts recognised in the consolidated statements of comprehensive income

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Depreciation charge		
Properties (Note 14)	4,534	2,291
Interest expenses (included in finance cost) (Note 9)	574	260
Expenses relating to short-term leases (included in cost of sales and administrative expenses) (Note 10)	1,986	1,730
Cash outflows for lease payments	6,826	4,209

23 LEASES (Continued)

(c) A maturity analysis of lease liabilities is shown in the table below during the year

	As of 31 December	
	2021	2020
	RMB'000	RMB'000
Leases are payable:		
Within one year	3,218	2,800
Later than one year but no later than two years	2,242	1,803
Later than two years but not later than five years	3,608	4,348
Later than five years	–	479
Minimum lease payments	9,068	9,430
Future finance charge	(767)	(965)
Total lease liabilities	8,301	8,465
The present value of lease liabilities is as follows:		
Within one year	3,102	2,725
Later than one year but no later than two years	2,083	1,677
Later than two years but not later than five years	3,116	3,688
Later than five years	–	375
Total lease liabilities	8,301	8,465

24 DEFERRED INCOME TAX

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

	As of 31 December 2021 RMB'000	2020 RMB'000
Deferred tax assets:		
– Deferred tax assets to be recovered after more than 12 months	1,738	1,984
– Deferred tax assets to be recovered within 12 months	383	1,200
	2,121	3,184

The movement in deferred income tax assets and liabilities during the years, 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	Total RMB'000
As of 1 January 2020	2,192	570	2,762
Credited to the consolidated statement of comprehensive income	94	328	422
As of 31 December 2020 and 1 January 2021	2,286	898	3,184
Charged to the consolidated statement of comprehensive income	(392)	(671)	(1,063)
As of 31 December 2021	1,894	227	2,121

As of 31 December 2021, in accordance with the accounting policy set out in Note 2.17(b), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB4,161,000 (31 December 2020: RMB2,145,000), 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. The tax losses shall expire in five years from year of occurrence under current tax legislation.

25 DIVIDENDS

The dividend declared by the subsidiaries now comprising the Group to their then shareholders during the years ended 31 December 2020 and 2021 were as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Dividends	–	100,000

No other dividend was paid or declared by the Company or any of its subsidiaries during the years ended 31 December 2021 and 2020.

26 CASH FLOWS INFORMATION

(a) Cash generated from operations

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit before income tax	168,411	121,899
Adjustments for:		
– Depreciation of property, plant and equipment (Note 14)	7,070	3,527
– Amortisation of intangible assets (Note 15)	312	168
– Net foreign exchange losses	2,698	1
– Loss allowance for impairment of trade and other receivables (Note 3.1.2)	(1,653)	(21)
– Loss/(gain) on disposal of property, plant and equipment (Note 8)	5	(50)
– Net fair value gains on financial assets at fair value through profit or loss (Note 8)	–	(1,196)
– Finance income – net (Note 9)	(1,198)	(285)
	175,645	124,043
Changes in working capital:		
– Inventories	(1,718)	–
– Trade and other receivables and prepayments	(213,891)	77,216
– Contract liabilities	13,199	34,000
– Trade and other payables	43,237	69,381
– Restricted cash	–	4,196
	16,472	308,836

26 CASH FLOWS INFORMATION (Continued)

- (b) The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities RMB'000
As of 1 January 2020	1,439
Addition of lease liabilities	9,245
Accrued interest expenses	260
Repayments	(2,219)
Interest paid	(260)
As of 31 December 2020	8,465
As of 1 January 2021	8,465
Addition of lease liabilities	4,102
Accrued interest expenses	574
Repayments	(4,266)
Interest paid	(574)
As of 31 December 2021	8,301

27 COMMITMENTS

- (a) The Group did not have any material operating leases commitments or capital commitments as of 31 December 2021 (2020: same).
- (b) **Contingencies**
The Group did not have any material contingent liabilities as of 31 December 2021 and 2020.



28 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship with the Group
Mr. Ou 歐宗洪	Controlling shareholder of the Company
Fujian Dingcheng Investment Co., Ltd.* 福建鼎誠投資有限公司	A company controlled by Mr. Ou
Xiuyi (Fujian) Landscape Engineering Co., Ltd.* 秀藝(福建)園林工程有限公司	A company controlled by Mr. Ou
Hemei (Zhangzhou) Hotel Investment Co., Ltd.* 和美(漳州)酒店投資有限公司	A company controlled by Mr. Ou
Fujian Xiuyi Greening Management Co., Ltd.* 福建秀宜綠化管理有限公司	A company controlled by Mr. Ou
Ronshine China Group 融信中國集團	A group controlled by Mr. Ou
Zhenjiang Yiteng Property Development Co., Ltd.* 鎮江億騰房地產開發有限公司	An associate of Ronshine China Group
Hangzhou Ronxin Property Development Co., Ltd.* 杭州融歆房地產開發有限公司	An associate of Ronshine China Group
Hangzhou Dexin Shushan Property Co., Ltd.* 杭州德信蜀山置業有限公司	An associate of Ronshine China Group
Ronglang Real Estate Development Co., Ltd.* 杭州融朗房地產開發有限公司	An associate of Ronshine China Group
Fuzhou Yuxiang Real Estate Development Co., Ltd.* 福州市禹翔房地產有限公司	An associate of Ronshine China Group
Hangzhou linanlongxing Real Estate Development Co., Ltd.* 杭州臨安龍興房地產開發有限公司	An associate of Ronshine China Group
Hangzhou Longyi Real Estate Development Co., Ltd.* 杭州龍毅房地產開發有限公司	An associate of Ronshine China Group
Hangzhou Meishengmei Real Estate Co., Ltd.* 杭州美生美置業有限公司	An associate of Ronshine China Group
Chengdu Jinfenghua Real Estate Co., Ltd.* 成都金豐華置業有限公司	An associate of Ronshine China Group
Nantong Jianghe Real Estate Co., Ltd.* 南通江河置業有限公司	An associate of Ronshine China Group
Hangzhou Rongqia Industrial Co., Ltd.* 杭州融洽實業有限公司	An associate of Ronshine China Group
Hairong (Zhangzhou) Property Co., Ltd.* 海融(漳州)房地產有限公司	A joint venture of Ronshine China Group
Fuzhou Yubaichuan Real Estate Development Co., Ltd.* 福州裕百川房地產開發有限公司	A joint venture of Ronshine China Group
Hangzhou Xincheng Property Co., Ltd.* 杭州信辰置業有限公司	A joint venture of Ronshine China Group
Nanjing Kaijingsheng Real Estate Development Co., Ltd.* 南京愷璟晟房地產開發有限公司	A joint venture of Ronshine China Group
Hangzhou Ronghao Real Estate Development Co., Ltd.* 杭州融浩置業有限公司	A joint venture of Ronshine China Group
Ningbo Fenghuahedu Real Estate Development Co., Ltd.* 寧波奉化和都房地產開發有限公司	A joint venture of Ronshine China Group

28 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship with the Group
Zhoushan Kairong Real Estate Development Co., Ltd.* 舟山愷融房地產開發有限公司	A joint venture of Ronshine China Group
Shanghai Biyang Real Estate Development Co., Ltd.* 上海碧楊置業有限公司	A joint venture of Ronshine China Group
Cixi Jingui Real Estate Development Co., Ltd.* 慈溪市金桂置業有限公司	A joint venture of Ronshine China Group
Hangzhou Rongxuan Real Estate Development Co., Ltd.* 杭州融暉房地產開發有限公司	A joint venture of Ronshine China Group
Anji Rongshang Real Estate Development Co., Ltd.* 安吉融尚房地產有限公司	A joint venture of Ronshine China Group
Jinhua Tianxi Real Estate Development Co., Ltd.* 金華天璽置業有限公司	A joint venture of Ronshine China Group
Jiujiang Rongxi Real Estate Development Co., Ltd.* 九江融璽房地產開發有限公司	A joint venture of Ronshine China Group
Jiangmen Rongchang Real Estate Development Co., Ltd.* 江門市融昌房地產開發有限公司	A joint venture of Ronshine China Group
Huzhou Rongda Real Estate Development Co., Ltd.* 湖州融達房地產開發有限公司	A joint venture of Ronshine China Group
Qingdao West Coast Tianze Construction Development Co., Ltd.* 青島西海岸天澤建設發展有限公司	A joint venture of Ronshine China Group
Hangzhou Jinguan Real Estate Co., Ltd.* 杭州錦官置業有限公司	A joint venture of Ronshine China Group
Mianyang Wanwei Jinxin Real Estate Development Co., Ltd.* 綿陽萬為金心房地產開發有限公司	A joint venture of Ronshine China Group
Jiangsu Ronghua Real Estate Development Co., Ltd.* 江蘇融華置業發展有限公司	A joint venture of Ronshine China Group
Chengdu Haotian Real Estate Development Co. Ltd* 成都浩天房地產開發有限公司	A joint venture of Ronshine China Group
Fuzhou Rongxinglan Real Estate Development Co. Ltd* 福州融興藍房地產開發有限公司	A joint venture of Ronshine China Group
Hangzhou Lin'an Longxing Real Estate Development Co. Ltd* 杭州臨安龍興房地產開發有限公司	A joint venture of Ronshine China Group
Hangzhou Rongxing Commercial Development Co., Ltd* 杭州融幸商業發展有限公司	A joint venture of Ronshine China Group
Hangzhou Rongying Commercial Development Co., Ltd* 杭州融盈商業發展有限公司	A joint venture of Ronshine China Group
Mianyang Wanwei Jincan Real Estate Development Co. Ltd* 綿陽萬為金彩房地產開發有限公司	A joint venture of Ronshine China Group
Nanchong Wanwei Real Estate Development Co. Ltd* 南充萬為房地產開發有限公司	A joint venture of Ronshine China Group
Tianjin Jinrui Real Estate Co., Ltd* 天津金銳置業有限公司	A joint venture of Ronshine China 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.

28 RELATED PARTY TRANSACTIONS (Continued)**(b) Transactions with related parties**

During the years ended 31 December 2021 and 2020, the Group had the following significant transactions with related parties. The transaction amounts disclosed represent the transactions with relevant parties during the years when those parties were related parties of the Group.

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Provision of services		
– Ronshine China Group	331,228	268,828
– Ronshine China Group's associates	7,710	9,900
– Ronshine China Group's joint ventures	33,087	27,246
– Companies controlled by Mr. Ou	19	9
	372,044	305,983

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Receipt of services		
– Ronshine China Group	–	566
– Companies controlled by Mr. Ou	–	7,143
	–	7,709

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

(c) Key management compensation

Compensations for key management other than those for directors and as disclosed in Note 29 is set out below.

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Salaries and other short-term employee benefits	2,865	3,212

28 RELATED PARTY TRANSACTIONS (Continued)**(d) Balances with related parties**

	As of 31 December	
	2021	2020
	RMB'000	RMB'000
Trade receivables		
– Ronshine China Group	158,929	43,505
– Ronshine China Group's associates	1,714	2,939
– Ronshine China Group's joint ventures	22,339	2,605
	182,982	49,049
Other receivables (i)		
– Ronshine China Group	229	10,190
Trade payables		
– Ronshine China Group	67	620
– Companies controlled by Mr. Ou	–	4,817
	67	5,437
Other payables		
– Ronshine China Group	11,925	617
– Companies controlled by Mr. Ou	857	5,487
– Mr. Ou	–	2,600
	12,782	8,704

- (i) Other receivables mainly represented deposits of service provided to Ronshine China Group and other related parties, which will collect upon the termination of service contracts, the remaining balance are repayable on demand.
- (ii) Above trade receivables and trade payables due from/to related parties are trade in nature, while the other receivables and other payables due from/to related parties, except performance guarantee deposits, are non-trade in nature.

Trade and other receivables, and trade and other payables due from/to related parties are unsecured and interest-free.

29 DIRECTORS' BENEFITS AND INTERESTS

The following directors were appointed:

Executive directors

Mr. Ou Zonghong (appointed on 14 April 2020)

Mr. Ma Xianghong (joined the Group on 8 October 2016 and appointed on 22 September 2020)

Ms. Lin Yi (joined the Group on 15 June 2014 and appointed on 22 September 2020)

Non-executive director

Ms. Lin Liqiong (appointed on 22 September 2020)

Independent non-executive directors

Mr. Kwok Kin Kwong Gary (appointed on 10 June 2021)

Mr. Ye Azhong (appointed on 10 June 2021)

Mr. Chen Zhangwang (appointed on 10 June 2021)

(a) Directors' emoluments

The directors received emoluments from the Group for the year ended 31 December 2021 as follows:

Name	Fees RMB'000	Salaries RMB'000	Housing allowance and contributions to a retirement benefit scheme RMB'000	Discretionary bonuses RMB'000	Total RMB'000
<i>Executive directors</i>					
Mr. Ou Zonghong	190	–	–	–	190
Mr. Ma Xianghong	–	1,738	139	1,040	2,917
Ms. Lin Yi	–	549	80	224	853
<i>Non-executive director</i>					
Ms. Lin Liqiong	114	–	–	–	114
<i>Independent non-executive directors</i>					
Mr. Chen Zhangwang	62	–	–	–	62
Mr. Ye Azhong	62	–	–	–	62
Mr. Kwok Kin Kwong Gary	57	–	–	–	57
	485	2,287	219	1,264	4,255

29 DIRECTORS' BENEFITS AND INTERESTS (Continued)

(a) Directors' emoluments (Continued)

The directors received emoluments from the Group for the year ended 31 December 2020 as follows:

Name	Fees RMB'000	Salaries RMB'000	Housing allowance and contributions to a retirement benefit scheme RMB'000	Discretionary bonuses RMB'000	Total RMB'000
<i>Executive directors</i>					
Mr. Ou Zonghong	-	-	-	-	-
Mr. Ma Xianghong	-	2,752	72	3,379	6,203
Ms. Lin Yi	-	669	49	426	1,144
<i>Non-executive director</i>					
Ms. Lin Liqiong	-	-	-	-	-
	-	3,421	121	3,805	7,347

During the years ended 31 December 2021 and 2020, no remuneration was paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. Neither the chief executive nor any of the directors waived any emoluments for the years ended 31 December 2021 and 2020.

(b) Directors' retirement benefits and termination benefits

During the year ended 31 December 2021, there were no termination benefit nor no additional retirement benefit received by the directors except for the attributions to a retirement benefit scheme in accordance with the rules and regulations in the PRC (2020: nil).

(c) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2021, the Group did not pay consideration to any third parties for making available directors' services (2020: nil).

(d) Information about loans, quasi-loans and other dealings in favor of director, controlled bodies corporate by and connected entities with such director

During the year ended 31 December 2021, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favor of director (2020: nil).

(e) Directors' material interest in transactions, arrangements or contracts

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 of the Company had a material interest, whether directly or indirectly, subsisted as of 31 December 2021 or at any time during the year (2020: nil).

30 PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries of the Company at 31 December 2021 and 2020 are set out below:

Name	Date of incorporation/ establishment	Place of incorporation	Registered/ issued capital	Attributable equity interest of the Group		Principal activities and place of operation
				31 December 2020	2021	
Directly owned:						
Euclidean Service	16 April 2020	BVI	-	100%	100%	Investment holding In BVI
Indirectly owned:						
Acme Rongxiang Co., Limited 極致融享有限公司	20 May 2020	Hong Kong, limited liability company	HK\$100	100%	100%	Investment holding in Hong Kong
Fujian Rongdian Enterprise Management Consulting Co., Ltd.* 福建融點企業管理諮詢有限公司	18 August 2020	The PRC, wholly owned by Legal persons from Hong Kong	RMB2,000,000	100%	100%	Investment holding in Fujian
Shanghai Ouxing Tuye Enterprise Development Co., Ltd.* 上海歐興途業企業發展有限公司	2 July 2020	The PRC, wholly owned by foreign-invested enterprises as legal persons	RMB88,000,000	100%	100%	Investment holding in Shanghai
Rongxin Shiou Property Service Group Ltd.* 融信世歐物業服務集團有限公司	29 April 2011	The PRC, sole proprietorship of legal person invested or controlled by natural person	RMB50,000,000	100%	100%	Property management services in Fujian
Ronshine (Fujian) Property Management Co., Ltd.* 融信(福建)物業管理有限公司	5 July 2004	The PRC, investment or holding by natural persons	RMB5,000,000	52%	52%	Property management services in Fujian
Fujian Shiou Commercial Management Co., Ltd.* 福建世歐商業管理有限公司	23 September 2016	The PRC, sole proprietorship of legal person invested or controlled by natural person	RMB5,000,000	100%	100%	Property management services in Fujian
Fuzhou Hemei Environmental Service Co., Ltd.* 福州和美環境服務有限公司	21 December 2015	The PRC, sole proprietorship of legal person invested or controlled by natural person	RMB5,000,000	100%	100%	Cleaning service in Fuzhou
Fujian Rongguan Electromechanical Engineering Co., Ltd.* 福建融冠機電工程有限公司	2 September 2016	The PRC, sole proprietorship of legal person invested or controlled by natural person	RMB10,000,000	100%	100%	Engineering construction services in Fuzhou
Fujian Xinde Property Service Co., Ltd.* 福建信德物業服務有限公司	24 November 2005	The PRC, sole proprietorship of legal person invested or controlled by natural person	RMB30,000,000	100%	100%	Property management services in Fujian
Shanghai Ronglin Trading Co., Ltd.* 上海融鄰貿易有限公司	24 October 2018	The PRC, sole proprietorship of legal person not invested or controlled by natural person	RMB2,000,000	100%	100%	Sales service in Shanghai
Shanghai Rongmao Real estate Brokerage Co., Ltd.* 上海融茂房地產經紀有限公司	3 December 2018	The PRC, sole proprietorship of legal person not invested or controlled by natural person	RMB2,000,000	100%	100%	Real estate information consultation in Shanghai
Fuzhou Hairun Security Service Co., Ltd.* 福州海潤保安服務有限公司	10 October 2016	The PRC, sole proprietorship of legal person not invested or controlled by natural person	RMB5,000,000	100%	100%	Security service in Fuzhou
Mianyang Rongxin Shiou Property Service Co., Ltd.* 綿陽融信世歐物業管理有限公司	20 January 2021	The PRC, sole proprietorship of legal person not invested or controlled by natural person	RMB1,000,000	-	100%	Property management services in Mianyang

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

None of the subsidiaries had issued any debt securities at the end of the year.

31 BALANCE SHEET OF THE COMPANY

	Notes	As of 31 December 2021 RMB'000	2020 RMB'000
Assets			
Non-current assets			
Investment in a subsidiary		645,074	96,798
Current assets			
Prepayments		–	4,391
Amount due from a subsidiary		–	5,180
Cash and cash equivalents		14,345	44,218
		14,345	53,789
Total assets		659,419	150,587
Equity			
Share capital	20.1	4,234	–
Share premium	20.2	663,027	146,798
Accumulated losses	(a)	(35,008)	(13,890)
Total equity		632,253	132,908
Liabilities			
Current liabilities			
Other payables and accruals		5,459	–
Amount due to a subsidiary		21,707	17,679
Total liabilities		27,166	17,679
Total equity and liabilities		659,419	150,587

The balance sheet of the Company was approved by the Board of Directors on 13 May 2022 and was signed on its behalf by:

Ma Xianghong
Director

Lin Yi
Director

31 BALANCE SHEET OF THE COMPANY (Continued)**(a) Reserve movements of the Company**

	Accumulated losses RMB'000
Balance at 14 April 2020 (date of incorporation)	–
Loss for the year	(13,890)
Balance at 31 December 2020	(13,890)
Balance at 1 January 2021	(13,890)
Loss for the year	(21,118)
Balance at 31 December 2021	(35,008)

FOUR YEARS' FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last four financial years, as extracted from the audited consolidated financial statements and the Prospectus, is set out below:

	Year ended 31 December			
	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Revenue	990,942	750,425	518,432	413,649
Cost of sales	(712,498)	(534,114)	(351,195)	(299,981)
Gross profit	278,444	216,311	167,237	113,668
Selling and marketing expenses	(5,321)	(8,203)	(6,530)	(6,831)
Administrative expenses	(112,396)	(92,257)	(62,992)	(59,809)
Net impairment gains/(losses) on financial assets	1,653	21	(1,341)	(1,702)
Other income	6,265	4,655	1,427	590
Other gains or losses – net	(1,432)	1,087	1,199	409
Operating profit	167,213	121,614	99,000	46,325
Finance income	1,772	545	150	97
Finance cost	(574)	(260)	(101)	(116)
Finance (cost)/income – net	1,198	285	49	(19)
Profit before income tax	168,411	121,899	99,049	46,306
Income tax expenses	(48,900)	(36,828)	(27,544)	(12,510)
Profit and total comprehensive income for the year	119,511	85,071	71,505	33,796
	As at 31 December			
	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Total assets	1,154,545	422,593	382,387	229,112
Total equity	695,341	55,367	108,296	36,791
Total liabilities	459,204	367,226	274,091	192,321