

ROISERV 榮萬家

Roiserv Lifestyle Services Co., Ltd.

榮萬家生活服務股份有限公司

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

Stock Code: 2146

Annual Report

2021





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Geng Jianfu (*Chairman*)
Mr. Liu Yonggang (*resigned on June 21, 2022*)
Mr. Xiao Tianchi

Non-executive Director

Mr. Zhang Wenge

Independent non-executive Directors

Mr. Jin Wenhui
Mr. Siu Chi Hung
Mr. Tang Yishu

SUPERVISORY COMMITTEE

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

JOINT COMPANY SECRETARIES

Mr. Xiao Tianchi
Mr. Wong Yu Kit

AUTHORISED REPRESENTATIVES

Mr. Xiao Tianchi
Mr. Wong Yu Kit

AUDITOR

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

COMPLIANCE ADVISOR

Maxa Capital Limited

LEGAL ADVISOR

Sidley Austin (as to Hong Kong laws)

REGISTERED OFFICE IN THE PRC

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

HEADQUARTERS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

H SHARE REGISTRAR

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

PRINCIPAL BANKS

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

INVESTOR RELATIONS

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www.roiserv.com

STOCK CODE

2146

FINANCIAL HIGHLIGHTS

For the year ended December 31,

	2021	2020	Change in percentage
Results Summary			
Revenue (RMB'000)	2,484,972	1,820,841	36.5%
Gross profit (RMB'000)	855,270	535,168	59.8%
Net profit for the year (RMB'000)	400,273	263,756	51.8%
Adjusted profit for the year (RMB'000)	417,374	302,772	37.9%
Gross profit margin (%)	34.4	29.4	22.4%
Basic earnings per Share (basic) (RMB)	1.09	0.97	12.4%

As at December 31,

	2021	2020	Change in percentage
Balance Sheet Summary			
Total assets (RMB'000)	3,721,175	1,862,071	99.8%
Cash and cash equivalents (RMB'000)	916,095	603,186	51.9%
Total liabilities (RMB'000)	1,744,615	1,227,268	42.2%
Total equity (RMB'000)	1,976,560	634,804	211.4%
Equity attributable to owners of the Company (RMB'000)	1,974,436	634,804	211.0%
Current ratio (times)	2.00	1.44	38.9%
Liabilities to assets ratio (%)	46.9	65.9	-28.8%

MAJOR EVENTS IN 2021

Time	Description
January 15, 2021	Roiserv Lifestyle Services Co., Ltd. was successfully listed on the Stock Exchange
February 16, 2021	The Beijing Winter Olympic Games' "Meet in Beijing" series of winter sports event testing activities were firstly conducted in the Yanqing District and the Zhangjiakou District. In January, Roiserv participated in the supporting activities for the test event in the Zhangjiakou District. After the inspection, the Company quickly organized and dispatched nearly 100 employees from Langfang, Handan and Cangzhou branches in Hebei to go to the work site of the Winter Olympic Games in Chongli to carry out cleaning and waste disposal for the test event. The Company completed various guarantee work in the early stage of the Beijing Winter Olympics with high standards and high quality, which was highly praised by the local organization, and finished the work on February 27, 2021
June 4, 2021	Roiserv submitted an application to the CSRC for "Application for Full Circulation of Domestic Unlisted Shares of H-share Companies", and was notified of the acceptance of the application by the CSRC on June 9, 2021 with the acceptance number 211419
June 12, 2021	Roiserv signed a contract regarding the Winter Olympic Stadium and Olympic Village project and the contract was formally executed, with an expansion area of approximately 2,000,000 m ² , the project type of which is a sports stadium
August 2021	Rongmiaocheng Property, a subsidiary of Roiserv, successfully won the bid for the property services in the Zhangjiakou Stadium of the Beijing Winter Olympics, making a major breakthrough in the field of social and public services. This move made Roiserv come to the international stage for the first time, which was a milestone for the market-oriented expansion of the property company. At the same time, Roiserv successfully established a joint venture relationship with Zhangjiakou AoTi Construction and Development Co., Ltd. to strengthen the government's endorsement of its subsidiary and enhance market influence, thereby detonating a new round of value and becoming the driving force for the future development of Roiserv's diversified business formats
August 2021	Cangzhou Bohai New District Roiserv Xincheng Property Service Co., Ltd. (滄州渤海新區榮萬家新城物業服務有限公司) was established, which is owned as to 49% by Cangzhou Bohai New District Xincheng Real Estate Development Co., Ltd. (滄州渤海新區新城房地產開發有限公司) (hereinafter referred to as "Xincheng Real Estate"). Xincheng Real Estate is a subsidiary of the state-owned enterprise Hebei Bohai Investment Group Co., Ltd. Based on its state-owned enterprise background, Xincheng Real Estate has diverse business formats such as residential property, hotel, commercial street, and office building, and there is a high degree of overlap with our business, thus more fields of cooperation can be carried out in the the future
November 2021	The Fugang Community (福港小區) was officially taken over by the joint venture company, with an area of 301,700 square meters. This project is our first large-scale residential project taken over by a joint venture company, which has guiding significance for the integration of the joint venture project in the future.

3. On May 27, 2021, Roiserv ranked TOP 17 of 2021 Top 20 Listed Company of China Property Management Service.



4. On September 15, 2021, Roiserv ranked TOP 2 of 2021 Excellent Brand of China Property Value-added Service and TOP 3 of 2021 Employer Brand of China Property Management Industry.



5. On September 23, 2021, Roiserv ranked TOP 2 of 2021 Leading Property Management Companies of China in Value-added Services Operation;



6. On September 23, 2021, Roiserv ranked TOP 5 of 2021 Quality Leading Companies of China in Property Service, 1 rank higher than that of 2020.



7. In 2021, each of its branches in Shenyang, Xuzhou, Cangzhou, Chongqing and Jinan was honored with the title of Property Service Enterprises with Highest Satisfaction in 2021 by China Index Academy;
8. In 2021, Cangzhou branch obtained the Vice Chairman Unit Certificate issued by the Property Management Industry Association of Hebei Province;
9. In 2021, Jinan branch was honored with the title of 3AAA-level Enterprise by the Bureau of Housing and Urban-Rural Development of Shandong Province;
10. In 2021, Shenyang branch was awarded as a Demonstration Unit by the Property Industry Association of Liaoning Province.

In 2021, we continued to uphold the customer-oriented service philosophy, improve the quality of services, put into practice the values of “sincerity, warmth and thoughtfulness”, and strive for the goal of becoming a caring, warm-hearted, trustworthy and well-received quality life service provider with a far-sighted service philosophy and a coverage on the whole life cycle and the entire community service chain, and we achieved great results. For the year ended December 31, 2021, the Group achieved revenue of approximately RMB2,484.9 million, representing an increase of approximately 36.5% as compared to that of 2020; gross profit of approximately RMB855.3 million, representing a year-on-year increase of approximately 59.8%; and gross profit margin of approximately 34.4%, representing an increase of 5 percentage points as compared to that of 2020. Net profit for the year amounted to approximately RMB400.3 million, representing an increase of approximately 51.8% as compared to that of 2020. Adjusted profit (excluding the listing expenses and share-based payments) of the Group was approximately RMB417.4 million, representing a year-on-year increase of approximately 37.9%. Profit attributable to the owners of the Company increased from approximately RMB263.8 million for the same period of 2020 to approximately RMB400.9 million, representing an increase of approximately 52%. Basic earnings per share amounted to RMB1.09, representing an increase of approximately 12.4% as compared to that of 2020. The Board did not recommend the payment of a final dividend for the year ended December 31, 2021.

INDUSTRY STATUS

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

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

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

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

CORPORATE STRATEGIES

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

Continue to enhance brand value

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

Further expand our business scale and market share

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

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

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

For industry park management, we plan to further enrich our service by offering a wider range of value-added services such as catering, hotel operation and facilities and equipment management to meet the needs of enterprises in the industry parks. Leveraging our sophisticated management model and extensive experience which we believe are applicable to the management of industry parks, we plan to expand our cooperation with independent third-party property developers to manage industry parks developed by them. In particular, leveraging our experience in managing Xianghe New Industry Demonstration Zone (香河新興產業示範區), we plan to seek cooperation with independent third-party property developers in cities where we have existing operations so as to expand our property management portfolio of logistics centers and other types of industry parks. Meanwhile, we plan to engage in selective acquisitions to expand our business. Our selection criteria for potential target companies include but not limited to: (i) GFA under management of over 1.0 million sq.m.; (ii) operating revenue in the latest financial year of over RMB20.0 million; (iii) compliance of business operations with laws and regulations; and (iv) diversity in the portfolio of managed properties. We will prioritize in assessing potential acquisition or investment targets with a portfolio of managed properties covering tier-one or new tier-one cities, such as Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin and Chengdu, or those with a diversified portfolio of managed properties, such as commercial properties, industry parks, schools and hospitals. Through the investment in or acquisition of these companies, we expect to expand our geographic coverage, reinforce our competitive edge in economically developed regions, further diversify our portfolio of managed properties and enhance our brand awareness. On August 3, 2021, the Company entered into a strategic cooperation framework agreement with Guofu (Hong Kong) Holdings Limited (“**Guofu HK**”), a wholly state-owned company under the Hebei Provincial Government. By leveraging on each other's advantages in resources, brand, and projects in reserve, Guofu HK will introduce high-quality M&A projects, municipal property services business and potential investors to the Company. In order to promote a win-win cooperation, Guofu HK or its affiliates plan to invest in the Company through various ways, and jointly establish an investment entity with the Company to invest and acquire high-quality property management enterprises and their upstream and downstream enterprises in Hebei Province, so as to expand the influence of Hebei enterprises in the overseas capital market.

Continue to enrich our community value-added services

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

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

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

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

Further invest in technologies, develop and promote smart community management

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

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

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

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

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

BUSINESS REVIEW

OVERVIEW

The Group is a comprehensive property management service provider deeply rooted in the Bohai Economic Rim with a service network across China strategically covering core geographical areas such as the Yangtze River Delta region and the Greater Bay Area. As of December 31, 2021, the Group had a total of 349 property management projects under management with an aggregate GFA under management of 67.94 million sq.m., covering 43 cities across 16 provinces, municipalities and autonomous regions in China. As of December 31, 2021, the Group was contracted to manage 463 property management projects with an aggregate contracted GFA of 96.10 million sq.m., covering 64 cities across 17 provinces, municipalities and autonomous regions in China.

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

Business model

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

- **Property management services:** The Group provides property developers, property owners and residents with a wide range of property management services, primarily including security, cleaning, greening and gardening, and repair and maintenance services. Its portfolio of managed properties comprises (i) residential properties and (ii) non-residential properties, including (a) commercial properties, such as shopping malls, office buildings and serviced apartments; and (b) public and other properties, such as industry parks, parks and the Olympic Village. During the year ended December 31, 2021, all of the Group's property management fees were charged on a lump sum basis.
- **Value-added services to non-property owners:** The Group offers a comprehensive range of value-added services to non-property owners, primarily property developers. These services primarily comprise (i) property engineering services; (ii) sales assistance services; and (iii) other services which primarily include preliminary planning and design consultancy services, property delivery services and aftersales services.
- **Community value-added services:** The Group provides community value-added services to property owners and residents. It categorizes these services into two types: (i) home-living services which primarily include community retail, commercial procurement services, home repairs and maintenance, and housekeeping services; and (ii) property space management services which primarily include turnkey furnishing services and property brokerage services.

PROPERTY MANAGEMENT SERVICES

Continuous high-quality growth in GFA size

The Group adheres to the strategic objective of rapidly expanding the GFA under management, and has been rapidly expanding its property management service portfolio by obtaining new property management service contracts. As of December 31, 2021, its contracted GFA was approximately 96.1 million sq.m. under 463 contracted projects, representing an increase of approximately 6.53% and 6.68% as compared with that as of December 31, 2020, respectively. As of December 31, 2021, the GFA under management was approximately 67.9 million sq.m. under 349 projects under management, representing an increase of approximately 13.81% and 14.43% as compared with that as of December 31, 2020, respectively.

In addition, as of December 31, 2021, the Group had entered into 183 framework agreements and strategic cooperation agreements with independent third-party property developers, which typically set forth their intention to engage the Group as the property management services provider, the relevant projects proposed to be managed by the Group and its GFA, and the proposed scope of the Group's services and property management fees. As at December 31, 2021, the properties proposed to be managed by the Group under these framework agreements and strategic cooperation agreements had an aggregate GFA of approximately 132.96 million sq.m..

The table below sets out the respective movements of the Group's contracted GFA and GFA under management for the years ended December 31, 2021 and 2020:

	Year ended December 31,			
	2021		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 year	90,208	59,696	77,440	50,305
New engagements ⁽¹⁾	7,227	9,267	14,474	9,941
Terminations ⁽²⁾	(1,332)	(1,021)	(1,706)	(550)
As of the end of the year	96,103	67,942	90,208	59,696

Notes:

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

GEOGRAPHIC PRESENCE

Since the establishment of the Group, its business footprint has extended across the country. As of December 31, 2021, the Group established business presence in 64 cities in 17 provinces, municipalities and autonomous regions in the PRC.

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

	As of December 31,			
	2021		2020	
	('000 sq.m.)	%	('000 sq.m.)	%
Bohai Economic Rim ⁽¹⁾	40,226	59.2%	35,427	59.3%
Yangtze River Delta region ⁽²⁾	15,289	22.5%	14,730	24.7%
Greater Bay Area and surrounding regions ⁽³⁾	2,589	3.8%	1,801	3.0%
Central and Western China ⁽⁴⁾	9,838	14.5%	7,738	13.0%
Total	67,942	100.0%	59,696	100.0%

Notes:

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

Continuous growth in average property management fees

While growing rapidly, the Group also maintains high-quality development requirements. By continuously optimising the service projects under management, the Group has maintained its average property management fees while achieved the growth of GFA under management. For the years ended December 31, 2021 and 2020, the unit price of the Group's consolidated average property fees was RMB1.7/sq.m./month and RMB1.7/sq.m./month, respectively.

Diversified portfolio of property management services

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

The following table sets out the breakdown of the GFA under management and the number of projects under management under the Group's property management services by type of property as of the dates indicated:

	As of December 31,			
	2021	2021	2020	2020
	GFA under management ('000 sq.m.)	Number of projects under management	GFA under management ('000 sq.m.)	Number of projects under management
Residential properties	60,715	300	54,958	257
Non-residential properties				
– Commercial properties	3,042	35	1,703	38
– Public and other properties	4,185	14	3,035	10
Subtotal	7,227	49	4,738	48
Total	67,942	349	59,696	305

In addition, under the strong support of RiseSun Group, and leveraging the Group's extensive industry experience and brand recognition, the Group has been expanding business cooperation with independent third-party property developers. As of December 31, 2021, the Group had an aggregate GFA under management of approximately 1,546,000 sq.m. and an aggregate contracted GFA of approximately 4.8 million sq.m. with respect to properties developed by independent third-party property developers.

The following table sets out the breakdown of the total GFA under management by the type of property developers as of the dates indicated:

	As of December 31,			
	2021	2021	2020	2020
	GFA under management ('000 sq.m.)	%	GFA under management ('000 sq.m.)	%
RiseSun Group ⁽¹⁾	66,396	97.7%	58,779	98.5%
Properties developed by independent third-party property developers	1,546	2.3%	917	1.5%
Total	67,942	100.0%	59,696	100.0%

Note:

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

VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

The Group provides a wide spectrum of value-added services to non-property owners, primarily property developers, through different phases of the property development and sales process, primarily including property engineering services, sales assistance services and other services. In 2021, the revenue from value-added services to non-property owners increased by 46.7% from approximately RMB714.3 million in 2020 to approximately RMB1,047.8 million.

The Group quickly improved its operation capabilities by optimizing business structure of engineering services, adjusting staff deployment, and establishing professional engineering management teams; and promoted the accomplishment of cost reduction and efficiency enhancement through the integration of personnel in various regions, relieving geographical restrictions, coordination and deployment of resources of the Group, thus accomplishing various annual operation indicators of engineering business better than expected.

The Group has built a 24/7 remote monitoring and alarm platform for facilities and equipment that integrates software and hardware by combining the Internet of Things and cloud computing technologies. The Group has connected the platform with internal business systems, thereby realizing the automation of facility inspection and alarm processing, enhancing the service level of facilities and equipment, and improving human efficiency management. Through intelligent operation and standardized process, the Group provides customers with standardized and high-quality services while improving operational efficiency. The Group provides smart community designing services to property developers who expect to use its property management expertise to refine their property project designs, including but not limited to the design of smart access control systems, security patrolling systems, public facilities monitoring systems and car park management systems, so as to achieve staff reduction and efficiency enhancement. At the same time, a series of business instruction manuals such as the operation manual of the film-like service system have been formulated to clarify service standards and enhance the value of property services.

COMMUNITY VALUE-ADDED SERVICES

In order to improve the community living experience of owners and residents in the properties under the Group's management and create more value for its services, the Group provides a wide variety of community value-added services to property owners and residents, primarily including home-living services and property space management services. The revenue from community value-added services in 2021 was approximately RMB355.7 million, representing an increase by approximately 82.2% from approximately RMB195.2 million in 2020.

Home-living services

The Group offers home-living services to property owners and residents with a focus on their daily needs. The primary home-living services provided by the Group include: community retail and commercial procurement services; home repairs and maintenance; and housekeeping services. The revenue from home-living services in 2021 significantly increased by 48.2% from approximately RMB123.1 million in 2020 to approximately RMB182.4 million.

For community retail and commercial procurement services, the Group launched a comprehensive retail model integrating its online shopping, offline convenience stores and home delivery services. Its online shopping mall focuses on high-end consumer goods and its offline convenience stores focus on groceries. The targeted retail model lowers its operating costs and ensures product quality. Its headquarters directly manage the offline convenience stores. With such a streamlined management structure, the Group is able to respond to requests and resolve issues in a timely manner. It believes its comprehensive retail model, coupled with its home delivery services where it helps customers shop and deliver groceries to the customer's door, provides convenient shopping experience for the customers. As of December 31, 2021, the Group had a total of 47 offline convenience stores which were located in the communities under its management, with over 52,000 stock keeping units or SKUs and approximately 910,000 registered users on Rice Mall (米飯公社). The monthly average activity of the Rice Mall APP increased by approximately 80.3% as compared to the same period of 2020.

Property space management services

The Group provides property space management services for property owners and residents, and provide turnkey furnishing services that can improve property value, convenient property brokerage services and parking agent sales services by leveraging the active engagement and close relationships with the residents that it has nurtured through its property management operations. The revenue from property space management services in 2021 significantly increased by approximately 140.4% from approximately RMB72.1 million in 2020 to approximately RMB173.2 million.

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

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

OUTLOOK

In 2022, the Group will follow contemporary trends and continue developing its three core business lines of property management services, value-added services to non-property owners, and community value-added services, with particular emphasis on brand leadership and customers. Taking advantage of the rapid growth and transformation of the property management industry in China, the Group believes that it is well-positioned to achieve high-quality growth focusing on both profitability and scale with access to capital and technology.

Looking forward to 2022, the Group will (i) uphold the principle of customer-oriented services, maintain property service quality, upgrade the property service brand, and continuously enhance the trust of owners and word-of-mouth effect through quality services to secure a solid market position; (ii) keep improving the non-owner value-added system, intervene from the planning and design of projects, and undertake the role of a pre-intermediary from the perspectives of post-period customers and property services to enhance brand value; (iii) build a “whole life cycle and whole service chain” service system to continuously enrich the segment of community value-added services, further promote businesses such as car washing and beauty, kiosks, promote the property brokerage and other property space management services, and gradually develop the community health industry to provide owners with a “convenient and reassuring” community health experience to enable owners to feel our “caring” property services; (iv) at the same time keep strengthening the construction of financial management and control and capital support system to improve the financial management and control efficiency as well as the risk resistance capability of the enterprise; and (v) exert equal efforts on external introduction and internal training, optimize the talent structure, expand talent reserve, promote the information technology construction of the Company, and achieve technology empowerment, thereby improving the operation efficiency and quality of the Company.

FINANCIAL REVIEW

Revenue

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

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

	Year ended December 31,		Change in percentage %
	2021 RMB'000	2020 RMB'000	
Property management services	1,081,530	897,662	20.5
Value-added services to non-property owners	1,047,769	714,325	46.7
Community value-added services	355,673	195,171	82.2
Other services ⁽¹⁾	0	13,683	0.00
Total	2,484,972	1,820,841	36.5

Note

- (1) The other services mainly represent the interest income from lending and the gain or loss from sales and leaseback business of parking spaces and shops of the Company which was previously recognized as other (losses)/gains under the Hong Kong Financial Reporting Standards.

The Group's revenue increased by approximately 36.5% from approximately RMB1,820.8 million for the year ended December 31, 2020 to approximately RMB2,484.9 million for the year ended December 31, 2021. The increase in revenue was mainly attributable to:

- (i) the increase in revenue from property management services by approximately 20.5% from approximately RMB897.7 million for the year ended December 31, 2020 to approximately RMB1,081.5 million for the year ended December 31, 2021, which was primarily driven by the Group's business expansion, of which the GFA under management increased by approximately 13.7% from 59.7 million sq.m. as of December 31, 2020 to 67.9 million sq.m. as of December 31, 2021;
- (ii) the increase in revenue from value-added services to non-property owners by approximately 46.7% from approximately RMB714.3 million for the year ended December 31, 2020 to approximately RMB1,047.8 million for the year ended December 31, 2021, which was primarily driven by the increase in number of projects for which the Group provided services and the optimization of the charging standards for the value-added services to non-property owners; and
- (iii) the increase in revenue from community value-added services by approximately 82.2% from approximately RMB195.2 million for the year ended December 31, 2020 to approximately RMB355.7 million for the year ended December 31, 2021, which was primarily attributable to the rapid growth of the Group's merchandise sales business and property brokerage business.

Property management services

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

	Year ended December 31,			
	2021		2020	
	RMB'000	%	RMB'000	%
Properties developed by RiseSun Group ⁽¹⁾	1,060,446	98.1%	889,224	99.1%
Properties developed by independent third-party property developers	21,084	1.9%	8,438	0.9%
Total	1,081,530	100.0%	897,662	100.0%

Note

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

To facilitate the management of the property management network, the Group divides its geographic coverage into four major regions in the PRC, namely Bohai Economic Rim, Yangtze River Delta region, Greater Bay Area and surrounding regions, and Central and Western China. The following table sets out the total revenue for the years indicated from the provision of property management services by geographical coverage:

	Year ended December 31,			
	2021		2020	
	RMB'000	%	RMB'000	%
Bohai Economic Rim ⁽¹⁾	613,008	56.7%	530,494	59.1%
Yangtze River Delta region ⁽²⁾	246,768	22.8%	241,937	27.0%
Greater Bay Area and surrounding regions ⁽³⁾	52,323	4.8%	44,638	5.0%
Central and Western China ⁽⁴⁾	169,431	15.7%	80,593	9.0%
Total	1,081,530	100.0%	897,662	100.0%

Notes:

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

Value-added services to non-property owners

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

	Year ended December 31,			
	2021		2020	
	RMB'000	%	RMB'000	%
Property engineering services	513,403	49.0%	293,909	41.1%
Sales assistance services	159,175	15.2%	209,181	29.3%
Other services ⁽¹⁾	375,192	35.8%	211,234	29.6%
Total	1,047,760	100.0%	714,325	100.0%

Note

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

Community value-added services

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

	Year ended December 31,			
	2021		2020	
	RMB'000	%	RMB'000	%
Home-living services	182,441	51.3%	122,159	62.6%
Property space management services	173,231	48.7%	73,012	37.4%
Total	355,673	100.0%	195,171	100.0%

Cost of sales

The Group's cost of sales mainly consists of (i) employee benefit expenses; (ii) maintenance costs; (iii) engineering costs; (iv) greening and cleaning expenses; (v) costs of goods sold; (vi) utilities; (vii) taxes and other levies; (viii) cost of consumables; (ix) office expenses; (x) travelling and entertainment expenses; (xi) depreciation and amortization charges; and (xii) others. The Group's cost of sales increased by approximately 26.8% from approximately RMB1,285.7 million for the year ended December 31, 2020 to approximately RMB1,629.7 million for the year ended December 31, 2021. The increase in the cost of sales was lower than the increase in revenue, mainly due to the impact of related policies and the effective control over employee benefits and maintenance costs.

Gross profit and gross profit margin

	Year ended December 31,			
	2021		2020	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Property management services	338,416	31.3	246,756	27.5
Value-added services to non-property owners	387,300	37.0	209,410	29.3
Community value-added services	129,554	36.4	67,584	34.6
Other services	0	0.0	11,418	83.4
Total	855,270.0	34.4	535,168	29.4

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit increased by approximately 59.8% from approximately RMB535.2 million for the year ended December 31, 2020 to approximately RMB855.3 million for the year ended December 31, 2021.

The gross profit margin of the Group increased from 29.4% for the year ended December 31, 2020 to 34.4% for the year ended December 31, 2021, which was mainly attributable to the increase in the proportion and gross profit margin of value-added services to non-property owners.

Selling expenses

The Group's selling expenses mainly consist of employee benefit expenses and office expenses for its sale and marketing staff. The Group's expenses increased by approximately 98.7% from approximately RMB9.8 million for the year ended December 31, 2020 to approximately RMB19.5 million for the year ended December 31, 2021, primarily due to the expansion of the Group's goods sales business and greater marketing efforts.

Administrative expenses

The Group's administrative expenses mainly consist of (i) employee benefit expenses; (ii) travelling and entertainment expenses; (iii) professional service fees, primarily including legal fees and information technology usage and maintenance fees for its mobile application; (iv) office expenses; (v) bank charges; (vi) listing expenses; (vii) depreciation and amortization charges for the Group's office equipment; (viii) auditors' remuneration; (ix) cost of consumables and (x) others. The Group's administrative expenses increased by approximately 14.8% from approximately RMB153.8 million for the year ended December 31, 2020 to approximately RMB176.6 million for the year ended December 31, 2021, primarily due to the increase in employee benefit expenses resulting from the implementation of share incentive scheme.

Income tax expenses

The Group's income tax expenses comprise PRC corporate income tax. The Group's income tax expenses increased by approximately 28.4% from approximately RMB96.1 million for the year ended December 31, 2020 to approximately RMB123.4 million for the year ended December 31, 2021. Such increase was primarily due to the increase in the Group's profit before tax as a result of its business expansion. The effective income tax rate of the Group remained relatively stable at 26.7% and 23.6% for the years ended December 31, 2020 and 2021, respectively. Such rate was higher than the PRC statutory corporate income tax rate of 25%, primarily because certain expenses were not deductible for tax purposes (such as share-based payments).

Profit and adjusted profit for the year

As a result of the aforementioned changes in the Group's financial conditions, the Group's profit for the year increased by approximately 51.8% from approximately RMB263.8 million for the year ended December 31, 2020 to approximately RMB400.3 million for the year ended December 31, 2021. After excluding the listing expenses and share-based payments (net of tax), the Group's adjusted profit for the year increased by approximately 37.9% from approximately RMB302.8 million for the year ended December 31, 2020 to approximately RMB417.4 million for the year ended December 31, 2021.

Non-generally accepted accounting principles ("non-GAAP") financial measure

The adjusted profit is a non-GAAP measure used by the management of the Group to provide additional information on its operating performance and is not a standard measure under CASBE. The adjusted profit takes out the impact of the listing expenses and share-based payments, which are non-recurring and not indicative for evaluating the actual performance of the Group's business. The management of the Group believes that the non-GAAP measure provides investors with more clear view on the Group's financial results, and with useful supplementary information to assess the performance of the Group's strategic operations. The following table sets forth a reconciliation between the profit for the year and adjusted profit for the year:

	Year ended December 31,	
	2021 RMB'000	2020 RMB'000
Profit for the year	400,273	263,756
Adjusted for:		
Listing expenses (net of tax)	0	2,236
Share-based payments (net of tax)	17,101	36,780
Adjusted profit for the year	417,374	302,772

Fixed assets, right-of-use assets and long-term prepaid expenses

The Group's fixed assets, right-of-use assets and long-term prepaid expenses comprise office equipment, machinery, vehicles, leasehold improvements and right-of-use assets. As of December 31, 2020 and 2021, the Group's fixed assets, right-of-use assets and long-term prepaid expenses amounted to approximately RMB19.5 million and RMB30.9 million, respectively. The increase in the Group's property, plant and equipment during the year ended December 31, 2021 was primarily attributable to the procurement of office equipment and machinery to support the Group's business expansion.

Investment properties

The Group's investment properties represent car parks and retail units held to earn rentals and for capital appreciation. Its investment properties decreased from approximately RMB70.8 million as of December 31, 2020 to approximately RMB61.3 million as of December 31, 2021, primarily due to the fact that the increase of disposal of investment properties outpaced that of purchase.

Intangible assets

The Group's intangible assets mainly include computer software. The Group's intangible assets decreased from approximately RMB8.3 million as of December 31, 2020 to approximately RMB7.8 million as of December 31, 2021, primarily due to the amortisation of intangible assets.

Trade and other receivables and prepayments

The Group's trade and other receivables comprise trade receivables, notes receivable, finance lease receivables, other receivables and prepayments to suppliers. As of December 31, 2021, the Group's trade and other receivables and prepayments amounted to approximately RMB1,880.7 million, representing an increase of approximately 76.6% from approximately RMB1,065.2 million as of December 31, 2020.

The Group's trade receivables mainly arise from the services provided under the Group's property management services, value-added services to non-property owners and community value-added services. As of December 31, 2021, the Group's trade receivables amounted to approximately RMB1,394.5 million, representing an increase of approximately 105.0% from approximately RMB680.1 million as of December 31, 2020, mainly due to the increase in revenue of the Group after its business expansion and the fact that the settlement speed of the customers did not accelerate.

As of December 31, 2021, the Group recorded finance lease receivables in the amount of approximately RMB11.9 million, primarily resulting from the finance lease agreements it entered into for sub-leasing certain car parks and retail units.

The Group's other receivables consist primarily of investment deposits, prepaid utility fees, receivables from related parties, reserve fund and others. It increased from approximately RMB88.4 million as of December 31, 2020 to approximately RMB251.5 million as of December 31, 2021, due to the increase in receivables from related parties, and the refundable deposits totalling approximately RMB100 million paid for certain due diligence work done for a potential investment during the Relevant Year.

As of December 31, 2021, the Group's prepayments amounted to approximately RMB98.9 million, representing an increase of approximately 5.78% from approximately RMB93.5 million as of December 31, 2020, primarily due to an increase in energy fees prepaid to the power supply bureau as a result of an increase in the number of properties under management.

The management of the Company makes provision for expected credit losses based on the credit risk characteristics of each receivable, either on an individual receivable or on a portfolio of receivables. Customers' credit risk, historical payment record and forward-looking factors will be considered in determining the expected credit losses on receivables. In 2020, the Company made provision for expected credit losses amounting to RMB9.7 million under the expected credit loss model. In 2021, given factors including the status of the real estate industry of the customers, the Company made provision for expected credit losses amounting to RMB133.0 million under the expected credit loss model. As of December 31, 2021, the balance of receivables of the Company was RMB1,925.6 million, of which the balance of notes receivable was RMB132.2 million, the balance of accounts receivable was RMB1,490.5 million, the balance of other receivables was RMB302.9 million, representing 51.8% of the total assets, and the total amount of provision for expected credit losses was RMB155.8 million, representing 8.1% of the balance of receivables.

Trade and other payables

The Group's trade and other payables comprise trade payables, other payables, accrued payroll and taxes payables. As of December 31, 2021, the Group's trade and other payables amounted to approximately RMB1,292.6 million, representing an increase of approximately 52.4% from approximately RMB848.2 million as of December 31, 2020.

The Group's trade payables primarily represent its obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, including purchase of materials. As of December 31, 2021, the Group's trade payables amounted to approximately RMB671.1 million, representing an increase of approximately 130.3% from approximately RMB291.4 million as of December 31, 2020, mainly due to the increase in procurement costs driven by the business expansion.

The Group's other payables mainly represent deposits from property owners or residents and suppliers, maintenance funds for the properties under the Group's management, cash collected on behalf of property developers and owners, utility fees paid on behalf of property owners and residents and accrued listing expenses. As of December 31, 2021, the Group's other payables amounted to approximately RMB463.1 million, representing the increase of approximately 16.33% from approximately RMB398.1 million as of December 31, 2020, mainly due to an increase in other payables resulting from the increase of cash received and utility fees paid on behalf of property owners and residents.

As of December 31, 2021, accrued payroll amounted to approximately RMB76.2 million, representing a decrease of approximately 25.5% from approximately RMB102.2 million as of December 31, 2020, mainly due to the decrease in year-end bonus in 2021.

Working capital

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

Net current assets

As of December 31, 2021, the Group's net current assets amounted to approximately RMB1,735.4 million (December 31, 2020: approximately RMB528.1 million). The Group's total current assets increased by approximately 99.6% from approximately RMB1,736.9 million as of December 31, 2020 to approximately RMB3,467.0 million as of December 31, 2021. The Group's total current liabilities increased by approximately 43.3% from approximately RMB1,208.8 million as of December 31, 2020 to approximately RMB1,731.6 million as of December 31, 2021. The increase in the Group's total current assets was primarily attributable to the increase in trade receivables resulting from business expansion and the increase in the cash and cash equivalents resulting from the accelerated settlement and recovery of non-trade receivables due from related parties.

Cash and cash equivalents

As of December 31, 2021, the Group's cash and cash equivalents amounted to approximately RMB916.1 million, representing an increase of approximately 51.9% from approximately RMB603.2 million as of December 31, 2020, mainly due to the proceeds of approximately RMB1,054.7 million received from the public offering of H shares of the Company during the Relevant Year.

Indebtedness

As of December 31, 2021, the Group did not have any bank loan or convertible loan (December 31, 2020: nil).

Pledge of assets

As of December 31, 2021, the Group did not have any pledged assets (December 31, 2020: nil).

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

In order to reasonably and effectively improve the efficiency of capital utilization and achieve short-term profits, on June 21, 2021, the Company entered into a subscription agreement with Beijing Tongxing Gongying Asset Management Company Limited (北京同興共贏資產管理有限公司) (“**Beijing Tongxing**”), pursuant to which the Company subscribed for the Tongxing Changxing No. 6 Fixed Income Private Securities Investment Fund issued by Beijing Tongxing in the amount of RMB500,000,000. As one or more of the applicable percentage ratios in respect of the subscription exceeded 5% but was less than 25%, the subscription constituted a disclosable transaction of the Company and was subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. For further details, please refer to the announcements of the Company dated June 21, 2021 and July 27, 2021.

As of December 31, 2021, the amount of the Tongxing Changxing No. 6 Fixed Income Private Securities Investment Fund issued by Beijing Tongxing held by the Company was RMB505,005,005.00, accounting for 13.6% of the total assets, of which the investment cost was RMB500,000,000.00, and the fair value adjustment was RMB5,005,005.00. As of December 31, 2021, the Company has received fund dividends of RMB12,324,138.45 for the period of holding the fund.

Save as disclosed above, the Group did not have any significant investment or significant acquisition of subsidiaries, associates and joint ventures during the year ended December 31, 2021.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus regarding its plan for utilising the net proceeds from the Listing on January 15, 2021, the Group does not have other plans for material investments or capital assets as at the date of this report.

Financial risks

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

Market risk

(i) Foreign exchange risk

The Group’s businesses are principally conducted in RMB. As of December 31, 2021, major non-RMB liabilities were other receivables which were denominated in Hong Kong dollar HK\$ or US\$. Fluctuation of the exchange rates of RMB against HK\$ or US\$ could affect the Group’s operating results. As of December 31, 2021, if RMB had strengthened/weakened by 5%, against US\$ and HK\$ with all other variables held constant, post-tax profit for the Relevant Year would have been RMB18,809,352.34 (2020: RMB301,000) higher/lower, respectively. Currently, the Group does not implement any foreign currency hedging policy and the management of the Group will closely monitor any exposure to foreign exchange.

(ii) Cash flow and fair value interest rate risk

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

As of December 31, 2021, the Group was not exposed to any material cash flow and fair value interest rate risk since all borrowings had been repaid.

Credit risk

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

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

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

The Group assessed that the expected credit loss ("ECL") rate for trade and notes receivable and contract assets from related parties were low considering the good financial position and credit history of the related parties. The Directors believe that there is no material credit risk inherent in trade and notes receivable and contract assets from related parties.

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

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

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

Liquidity risk

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

CONTINGENT LIABILITIES AND LITIGATIONS

As of December 31, 2021, the Group did not have any material contingent liabilities and litigations (December 31, 2020: nil).

COMMITMENTS

As of December 31, 2021, the lease commitment of the Group as a lessee amounted to RMB0.8 million (December 31, 2020: RMB0.7 million).

KEY FINANCIAL RATIOS

As of December 31, 2021, the current ratio was 2.0 (December 31, 2020: 1.44) and its liabilities to assets ratio was 46.9% (December 31, 2020: 65.9%).

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

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of December 31, 2021, the Group had no material off-balance sheet commitments and arrangements.

PROCEEDS FROM LISTING

The H Shares were listed on the Main Board of the Stock Exchange on January 15, 2021, with 94,000,000 new H Shares allotted and issued. The net proceeds from the Listing amounted to approximately HK\$1,168 million. Such proceeds will be applied in the same manner as set out in the Prospectus. Details of the net proceeds as at December 31, 2021 is set forth below:

	Planned use of net proceeds as stated in the Prospectus		Unutilised net proceeds as of the Listing Date	Actual use of net proceeds during the year ended December 31, 2021	Unutilised net proceeds as of December 31, 2021	Expected timeline of the intended use of proceeds
	HK\$'million approximately	% approximately	HK\$'million approximately	HK\$'million approximately	HK\$'million approximately	
(a) Business expansion:	700.80	60.0%	700.80	120.25	580.55	2023
(i) Strategic acquisitions and investments in property management companies	525.60	45.0%	525.60	00.00	525.60	2023
(ii) Strategic acquisitions and investments in downstream companies	175.20	15.0%	175.20	120.25	54.95	2023

MANAGEMENT DISCUSSION AND ANALYSIS

	Planned use of net proceeds as stated in the Prospectus		Unutilised net proceeds as of the Listing Date	Actual use of net proceeds during the year ended December 31, 2021	Unutilised net proceeds as of December 31, 2021	Expected timeline of the intended use of proceeds
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	
	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>	
(b) Enrich community value-added service offerings:	175.20	15.0%	175.20	2.27	172.93	2023
(i) Increase the coverage of the Group's offline convenience stores, expand product offerings and enhance intelligent operations at the Group's offline convenience stores	46.72	4.0%	46.72	2.27	44.45	2023
(ii) Further develop and expand the Group's property brokerage services to cover intermediary services relating to the sales and leasing of properties managed by the Group	46.72	4.0%	46.72	0.00	46.72	2023
(iii) Further diversify the Group's community value-added service offerings to cover housekeeping services, community elderly care and healthcare services	81.76	7.0%	81.76	0.00	81.76	2023
(c) Upgrade information technology infrastructure:	175.20	15.0%	175.20	2.04	173.16	2023
(i) Upgrade the Group's one-stop omni-channel service platform to enrich service scenarios and improve user experience	58.40	5.0%	58.40	0.00	58.4	2023
(ii) Build and upgrade information technology systems	43.80	3.75%	43.80	0.00	43.8	2023
(iii) Increase the coverage of information technology systems and roll out smart community management tools in the communities under the Group's management	43.80	3.75%	43.80	2.04	41.76	2023

	Planned use of net proceeds as stated in the Prospectus		Unutilised net proceeds as of the Listing Date	Actual use of net proceeds during the year ended December 31, 2021	Unutilised net proceeds as of December 31, 2021	Expected timeline of the intended use of proceeds
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	
	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>	
(iv) Upgrade the Group's information management systems	29.20	2.5%	29.20	0.00	29.2	2023
(d) Working capital and other general corporate purposes	116.80	10.0%	116.80	102.7	14.1	2023
Total	1,168.00	100.0%	1,168.00	227.26	940.74	

The business objectives as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. Due to the actual development of the market, the Group's business expansion through strategic acquisitions and investments were not proceeded smoothly for the year ended 31 December 2021 since there are limited number of prime acquisition targets in the market after the relevant due diligence process of the Group, which also results in the delay for the use of proceeds for enriching community value-added service offerings and upgrading information technology infrastructure. After considering current market condition including the factor of repeated outbreak of COVID-19 pandemic in the PRC, the Company estimate the Unutilised net proceeds will be applied more prudently and are expected to be fully utilised by 2023.

EMPLOYEES AND REMUNERATION POLICY

Human resource has always been the most valuable resource of the Group. As of December 31, 2021, the Group had a total of 8,421 full-time employees. For the year ended December 31, 2021, the staff cost recognised as expenses of the Group amounted to approximately RMB685.1 million (2020: approximately RMB592.9 million).

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

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

The Group focuses on cultivating talents and providing systematic trainings catering to individual needs. For example, the Group provides trainings on market analysis and operating strategy to senior management, trainings on team management and resource integration to mid-level management staff, and trainings on business professionalism and standardized operation to primary employees, and continuously establishes and optimizes a hierarchical talent cultivation system to clear the development path for talents. As of December 31, 2021, the Group organized approximately 1,000 training sessions, and nearly 10,000 employees participated in these sessions.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of Directors, Supervisors and senior management of the Company are as follows:

BIOGRAPHICAL DETAILS OF DIRECTORS

Mr. Geng Jianfu (耿建富), aged 57, was appointed as the chairman of the Board and an executive Director on April 6, 2020 and is responsible for decision-making, strategic planning and overall management of the Group. Mr. Geng Jianfu joined the Group in February 2016 and served as honorary chairman until April 2020, a position in which he was responsible for the Group's strategic decisions.

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

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

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

Mr. Xiao Tianchi (肖天馳), aged 32, was appointed as an executive Director and the Board secretary on April 6, 2020 and a joint company secretary on June 8, 2020. He is responsible for assisting the chairman of the Board in strategic planning and capital operation management.

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

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

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

Mr. Liu Yonggang (劉勇罡), aged 43, was appointed as an executive Director on April 6, 2020. Mr. Liu joined the Group in February 2017 as the Group's general manager and is responsible for overall operations and management of the Group. Mr. Liu has resigned the position of executive Director on June 21, 2022 and the position of general manager of the Group on June 24, 2022.

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

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

Mr. Zhang Wenge (張文革), aged 54, was appointed as a non-executive Director on April 6, 2020 and is responsible for providing guidance for the overall development of the Group.

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

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Jin Wenhui (金文輝), aged 52, was appointed as an independent non-executive Director on April 6, 2020 and is responsible for providing independent advice to the Board.

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

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

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

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

Mr. Siu Chi Hung (蕭志雄), aged 51, was appointed as an independent non-executive Director on April 6, 2020 and is responsible for providing independent advice to the Board.

Mr. Siu joined KPMG (Hong Kong) in August 1994 as an accountant and became a partner in July 2008. He was the Head of Real Estate of KPMG (China) and the Head of Capital Markets Development, Southern China of KPMG (China) before his retirement in June 2018. He was appointed as an executive director of LVGEM (China) Real Estate Investment Company Limited (綠景(中國)地產投資有限公司), a company listed on the Stock Exchange (stock code: 0095), from September 2019 to September 2021. Mr. Siu currently also serves as an independent non-executive director at Dongjiang Environmental Company Limited (東江環保股份有限公司) (stock code: 0895), China Gas Industry Investment Holdings Co. Ltd. (stock code: 1940) and Central China Management Company Limited (stock code: 9982), all of which are companies listed on the Stock Exchange. In April 2022, Mr. Siu was appointed as an independent non-executive director of China Aluminum International Engineering Corporation Limited (stock code: 2068), a company listed on the Stock Exchange.

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

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

Mr. Tang Yishu (唐義書), aged 51, was appointed as an independent non-executive Director on August 18, 2020 and is responsible for providing independent advice to the Board.

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

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

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

BIOGRAPHICAL DETAILS OF SUPERVISORS

Mr. Jing Zhonghua (景中華), aged 44, was appointed as a Supervisor on April 6, 2020.

Prior to joining the Group, from July 2000 to December 2003, Mr. Jing served as an accounting manager at Shenzhen Nanyou (Holdings) Corp. Ltd. (深圳市南油(集團)有限公司), a company mainly engaged in real estate development, where he was responsible for managing and overseeing the daily operations of the accounting department, monitoring and analyzing accounting data and producing financial reports or statements. From April 2004 to March 2010, he successively served as an accounting manager and financial manager at the Xi'an branch office of Gemdale Corporation (金地(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600383), where he was responsible for overseeing the overall preparation, management and monitoring of corporate budgets and performing financial analysis, reporting and management activities. From March 2010 to June 2015, he successively served as the deputy general manager of the finance department of the Xi'an branch office and the director of the finance center at Longfor Group Holdings Limited (龍湖集團控股有限公司), a company listed on the Stock Exchange (stock code: 0960), where he was mainly responsible for financial management, tax management and audit and financial supervision. He first joined RiseSun Real Estate Development in July 2015 as the general manager of the financial center until February 2021. He was subsequently promoted to become and currently serves as, the vice president, and is responsible for the operations and management of the financial center, financial management and accounting management.

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

Ms. Dong Hui (董慧), aged 42, was appointed as a Supervisor on April 6, 2020. Ms. Dong has been serving as the director of human resources and administrative affairs of the Company since she joined the Group in March 2020, and is responsible for management of human resources and administrative affairs. Prior to joining the Group, from July 2003 to April 2008, Ms. Dong served as a human resources specialist at China Light Industry Construction Co., Ltd. (中國輕工建設工程總公司), a company mainly engaged in project management, technical services, technical consulting and construction supervision, where she was primarily responsible for human resources related work. In April 2008, she joined RiseSun Real Estate Development and successively served as the director of human resources of the Langfang branch office, the service oversight director and the director of human resources of RiseSun Real Estate Development, where she was mainly responsible for human resources management until March 2020.

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

Mr. Liu Jifeng (劉紀鋒), aged 41, was appointed as a Supervisor on April 6, 2020. Mr. Liu joined the Group in May 2019 as the legal manager of the Company, where he is responsible for management of legal affairs and the legal team of the Group.

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

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

Mr. Wang Jiandong (王建東), aged 56, was appointed as a Supervisor on May 22, 2020.

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

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

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

Mr. Zhang Yuanpeng (張元鵬), aged 29, was appointed as a Supervisor on May 22, 2020.

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

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

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

BIOGRAPHIES OF SENIOR MANAGEMENT

Mr. Wang Zhiwei (王志衛), aged 37, was appointed as the chief financial officer of the Company with effect from January 28, 2022. He graduated from Beijing Jiaotong University (北京交通大學) with a bachelor's degree in economics in 2009. He is currently studying for a master of accounting at Tsinghua University (清華大學) and a master of science in CFO leadership at Singapore Management University (新加坡管理大學) (jointly offered by Tsinghua University). He holds a certificate of senior accountant, a certificate of certified public accountant, a certificate of registered tax agent and a certificate of certified public valuer in the PRC, and an international certified internal auditor certificate.

Mr. Wang has extensive experience in financial management and auditing. From July 2009 to May 2012, he served as the financial manager of Beijing New Building Materials Public Limited Company (北新集團建材股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000786) in its Shandong Pingyi project (山東平邑項目) and Liaoning Tieling project (遼寧鐵嶺項目); from May 2012 to August 2014, he successively served as the audit supervisor and chief auditor of China National Real Estate Development Group Corporation Limited (中國房地產開發集團有限公司); from August 2014 to November 2016, he served as the finance director of Beihai Investment Limited* (北海投資公司), a subsidiary of CITIC Guoan Investment Co., Ltd.* (中信國安投資有限公司); from November 2016 to May 2018, he was the person in charge of finance of Huarong Ruize Investment Management Co., Ltd. (華融瑞澤投資管理有限公司); from May 2018 to November 2021, he successively served as the finance director (from May 2018 to November 2021) and secretary of the board of directors (from March 2019 to November 2021) of Beijing Rongsheng Chuangzhan Operation Management Co., Ltd.* (北京榮盛創展運營管理股份有限公司) (formerly known as Rongsheng Taifa (Beijing) Investment Fund Management Co., Ltd.* (榮盛泰發(北京)投資基金管理股份有限公司)).

Mr. Xu Bin (許斌), aged 47, was appointed as the chief financial officer when he joined the Group in June 2019 and is responsible for the financial management of the Group. He resigned as the Company's chief financial officer with effect from January 28, 2022.

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

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

Mr. Lai Hongfei (賴鴻飛), aged 41, was appointed as the deputy general manager when he joined the Group in November 2018 and is responsible for quality control, operations management, market development and mergers and acquisitions.

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

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

Mr. Meng Qingbin (孟慶斌), aged 38, was appointed as the deputy general manager when he joined the Group in July 2019 and is responsible for the management of value-added services, the brand center and internet related business.

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

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

CORPORATE GOVERNANCE PRACTICE

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

Since the Listing, the Company has adopted and applied the Corporate Governance Code contained in Appendix 14 to the Listing Rules as its own corporate governance code. To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the Corporate Governance Code that were in force since the Listing Date and up to December 31, 2021.

BOARD OF DIRECTORS

Composition of the Board

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

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

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

DUTIES OF DIRECTORS

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

The liability insurance of the Directors, Supervisors and senior management of the Company is maintained by the Company during the year ended December 31, 2021 to prevent and cover certain legal liabilities that may arise in the course of performing their duties.

BOARD AUTHORISATION

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

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

Confirmation of independence

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

BOARD DIVERSITY POLICY

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

During the year ended December 31, 2021, the Board had seven Directors with comprehensive and balanced knowledge, skills and experience in the areas of property management, accounting, investment, engineering and financial management. They had obtained various professional degrees, including engineering, business management, economics and accounting. The Board had three independent non-executive Directors who had different industry backgrounds, accounting for over one third of the Board members.

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

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

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

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

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

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

DIRECTOR TRAINING AND PROFESSIONAL DEVELOPMENT

Each newly appointed Director receives comprehensive, formal and customised training at the time of appointment. Subsequently, the Directors will obtain the latest developments regarding the Listing Rules, legal and other regulatory requirements, as well as the Group's business development, and they will be encouraged to participate in continuous professional development to expand their knowledge and skills. For the year ended December 31, 2021, all the Directors had participated in the continuous professional development plan and have complied with the code provision A.6.5 of the Corporate Governance Code and participated in continuous professional development including attended training relating to the Group's businesses, Listing Rules, legal and regulatory requirements and corporate governance practices, and read relevant materials to keep themselves abreast of regulatory developments and changes, to develop and refresh their knowledge and skills.

BOARD MEETING

The Board meets regularly to discuss and formulate the overall strategy, operations and financial performance of the Group. Directors can participate in person or through electronic communication. In accordance to A.2.1 of the Corporate Governance Code, the Board will hold at least four regular meetings per year at a frequency of approximately once a quarter, and will arrange ad hoc meetings if necessary. The date of each regular meeting is set in advance so that the Directors can attend the meeting in person. In accordance to A.2.7 of the Corporate Governance Code, the Company will also hold at least one meeting with the independent non-executive Directors without the presence of other Directors per year. As of December 31, 2021, the Chairman has arranged one relevant meeting with the independent non-executive Directors.

During the year ended December 31, 2021, the Directors made positive contributions to the affairs of the Group and had held five Board meetings.

Attendance records of Directors

During the year ended December 31, 2021, the attendance records of the Directors at Board meetings, meetings of special committees under the Board and general meeting are as follows:

Name	Number of meetings attended/number of meetings held for the year ended December 31, 2021				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting
Executive Directors					
Mr. Geng Jianfu (<i>Chairman</i>)	5/5	N/A	1/1	1/1	1/1
Mr. Xiao Tianchi	5/5	N/A	N/A	N/A	1/1
Mr. Liu Yonggang (<i>resigned on June 21, 2022</i>)	5/5	N/A	N/A	N/A	1/1
Non-executive Director					
Mr. Zhang Wenge	5/5	3/3	N/A	N/A	1/1
Independent Non-executive Directors					
Mr. Jin Wenhui	5/5	3/3	1/1	N/A	1/1
Mr. Siu Chi Hung	5/5	3/3	N/A	1/1	1/1
Mr. Tang Yishu	5/5	N/A	1/1	1/1	1/1

NOMINATION POLICY

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

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

- the highest personal and professional ethics and integrity;
- proven achievements and abilities of the nominee and exercise of reasonable business judgment;
- complementary skills with existing Board;
- ability to assist and support management and make a significant contribution to the Company's success;
- understand the fiduciary duties required by Board members and the time and effort required to perform their duties diligently; and
- independence: independent non-executive Director candidates should meet the "independence" standards required by the Listing Rules, and the composition of the Board should meet the requirements of the Listing Rules.

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

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

Since the Listing, the Company has adopted the Model Code as the guidelines for Directors' and Supervisors' dealings in the securities of the Company. Upon specific enquiries with all Directors and Supervisors, each of them has confirmed that during period since the Listing Date and up to December 31, 2021, he/she has complied with the Model Code and all applicable code provisions under the code of securities transactions.

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

REMUNERATION OF SENIOR MANAGEMENT

According to code provision B.1.5 of the Corporate Governance Code, the annual remuneration of senior management (other than Directors) by band for the year ended December 31, 2021 is as follows:

	Number of senior management
RMB1,950,000 to RMB2,200,000	3

DIVIDEND POLICY

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

CORPORATE GOVERNANCE FUNCTIONS

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

- develop and review the Company's policies and practices regarding corporate governance;
- review and monitor the training and continuous professional development of Directors and senior management;
- review and monitor the Company's compliance with policies and practices required by laws and regulations;
- develop, review and monitor codes of conduct and compliance manuals applicable to employees and Directors; and
- review the Company's compliance with Appendix 14 to the Listing Rules (Corporate Governance Code).

For the year ended December 31, 2021, the Board has performed the above duties.

CHAIRMAN AND GENERAL MANAGER

For the year ended December 31, 2021, the chairman and the general manager were held by different individuals. The chairman is Mr. Geng Jianfu, and the general manager is Mr. Liu Yonggang. The separation of responsibilities between the chairman and general manager ensures that the responsibilities of the chairman in managing and leading the Board are clearly different from those of general manager in managing the Company's business.

BOARD COMMITTEES

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

AUDIT COMMITTEE

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

As of the date of this report, the Audit Committee consists of three members, including two independent non-executive Directors, Mr. Siu Chi Hung and Mr. Jin Wenhui, and one non-executive Director, Mr. Zhang Wenge. The chairman of the Audit Committee is Mr. Siu Chi Hung, who is an independent non-executive Director with appropriate accounting and related financial management expertise, which meets the requirements of Rule 3.21 of the Listing Rules. Pursuant to the terms of reference of the Audit Committee, Audit Committee meeting shall be held at least twice every year or more frequently if circumstances require.

During the year ended December 31, 2021, the Audit Committee held three meetings and met with the Company's senior management and independent auditors to, among others, (1) consider the Group's annual results for the year ended December 31, 2020 and interim results for the six months ended June 30, 2021; (2) review and discuss the Group's risk management and internal control systems, the effectiveness of the Company's internal audit and risk control functions; (3) re-appoint the auditor; and (4) review the Group's audited financial statements for the year ended December 31, 2021, and the opinions and reports of independent auditors, and submit the report to the Board for approval.

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee in accordance with Rules 3.25 to 3.27 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules and has established its written terms of reference. The main responsibilities of the Remuneration Committee are to formulate policies on remuneration for Directors and senior management, and to establish formal and transparent procedures to formulate remuneration policies and provide recommendations to the Board; make recommendations to the Board on the remuneration package of each executive Director and senior management, and review and approve performance-based compensation with reference to corporate goals achieved from time to time. The remuneration of all Directors and senior management is regularly monitored by the Remuneration Committee to ensure that their remuneration levels are appropriate.

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

During the year ended December 31, 2021, the Remuneration Committee held one meeting to (1) review the Company's policy for the remuneration of the executive Directors; (2) assess the performance of the executive Directors and review the terms of their service contracts; (3) consider recommending the Shareholders to authorise the Board to fix the remunerations of the Directors; and (4) make recommendations on the remuneration packages of the executive Directors and senior management, and submit the proposal to the Board for approval.

NOMINATION COMMITTEE

The Company has established the Nomination Committee in accordance with Rule 3.27A and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, with written terms of reference. The main duties of the Nomination Committee are to regularly review the structure, size and composition of the Board and make recommendations to the Board on any proposed changes to the composition of the Board; determine and select Board members or nominate Director candidates, and make recommendations to the Board and ensure diversity of board members; assess the independence of independent non-executive Directors and make recommendations to the Board on matters related to appointment, re-appointment and removal of Directors, and Director succession plans.

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

During the year ended December 31, 2021, the Nomination Committee held one meeting to review the structure, size and composition of the Board of the Company, review the Board Diversity Policy, the measurable goals therefor and the progress towards such goals; evaluate the independence of independent non-executive Directors and submit the proposal to the Board for approval.

FINANCIAL REPORTING SYSTEM, RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Financial Reporting System

The Board, with the support of the financial department, is responsible for preparing the financial statements of the Company and the Group. As stated in the section headed “Report of the Board of Directors – Accounting Standards” of this report, CASBE was adopted and appropriate accounting policies were consistently used and applied in preparing the financial statements. The purpose of the Board is to make a clear and balanced assessment of the Group’s performance in its annual and interim reports to Shareholders, and to make appropriate disclosures and announcements in a timely manner. Under code provision C.1.1 of the Corporate Governance Code, the management will provide explanations and information to the Board to enable it to make an informed assessment of financial and other information submitted to the Board for approval.

The scope of work and reporting responsibilities of ShineWing Certified Public Accountants LLP, the Company’s external auditor, are set out in the “Independent Auditor’s Report” on pages 68 to 73 of this report.

Risk Management and Internal Control Systems

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

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

Regarding the Group's risk management and internal control measures, the Group has formulated a comprehensive set of policies and guidelines, which detail all aspects of internal control standards, process used to identify, evaluate and manage significant risks, division of responsibilities, approval procedures, and personnel accountability. The Group also conducts regular internal assessments and training to ensure that its employees have sufficient knowledge of these policies and guidelines. For the year ended December 31, 2021, the Group has implemented procedures and internal controls to process and disclose inside information. In particular, the Group:

- has handled in strict accordance with the disclosure requirements of the Listing Rules and the Inside Information Disclosure Guidelines issued by the Securities and Futures Commission of Hong Kong in June 2012;
- has established its own disclosure obligation procedures that set out procedures and controls for assessing potential internal information and for processing and disseminating internal information. The procedures have been communicated to the Company's senior management and employees and the Company monitors its implementation;
- made extensive, non-exclusive information disclosure to the public in financial reports, announcements and through channels such as websites.

The risk management and internal control systems are continuously reviewed and evaluated by the Audit Committee and executive Directors, and will be further reviewed and evaluated by the Board at least annually, covering all material controls, including financial, operational and compliance controls. During the year ended December 31, 2021, the Board, through the Audit Committee, has reviewed the Company's internal control and risk management systems and considered the systems to be effective and adequate.

AUDITOR'S REMUNERATION

For the year ended December 31, 2021, the remuneration for the audit services of ShineWing Certified Public Accountants (Special General Partnership) was RMB2 million (non-audit services:nil).

JOINT COMPANY SECRETARIES

As of the date of this report, Mr. Xiao Tianchi (the executive Directors and the Board secretary) and Mr. Wong Yu Kit of SWCS Corporate Services Group (Hong Kong) Limited, an external service provider, act as joint company secretaries. For the year ended December 31, 2021, they have complied with the relevant professional training requirements under Rule 3.29 of the Listing Rules by taking at least 15 hours of relevant professional training to update their skills and knowledge. Mr. Wong's primary contact person of the Company is Mr. Xiao Tianchi.

SHAREHOLDERS' RIGHT

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

Convening an Extraordinary General Meeting

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

- (I) Shareholders individually or jointly holding over 10% of the voting Shares may request the Board to convene an extraordinary general meeting or a class meeting by signing and submitting one or more written requests with the same format and contents in which the matters for consideration at the meeting shall be set out clearly. The Board shall proceed to convene the extraordinary general meeting or the class meeting as soon as possible after receiving the aforesaid written request. For the purpose of the preceding requirement relating to the number of voting Shares held, such number shall be calculated on the basis of the number of relevant voting Shares held on the date of submission of such written request.
- (II) If the Board fails to issue a notice of such meeting within 30 days from the date of the receipt of the aforesaid written request, the Supervisory Committee may convene such a meeting by itself within 4 months from the date of receipt of the written request by the Board. If the Supervisory Committee fails to convene and preside over an extraordinary general meeting or a class meeting, Shareholders holding over 10% of the Shares individually or jointly may convene and preside over such a meeting by themselves, following the procedure for convening such meeting by the Board as much as possible.

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

Procedures to Put Forward Motions at General Meeting by Shareholders

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

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

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

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

Making Inquiry to the Board

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

CONSTITUTIONAL DOCUMENTS

References are made to the announcements of the Company (the “**Relevant Announcements**”) dated April 29, 2021, June 30, 2021, February 18, 2022 and March 8, 2022 in relation to the amendments to the Articles of Association.

On April 29, 2021, the Board proposed to amend the Articles of Association in order to reflect the changes in the number of Shares and registered capital after the Company completed the initial public offering of H Shares (the “**First Amendment**”). The First Amendment was approved by the Shareholders at the Company’s annual general meeting held on June 30, 2021.

On February 18, 2022, the Board proposed to amend the Articles of Association in view of the proposed adoption of the CASBE to prepare the Company’s financial statements (the “**Second Amendment**”). The Second Amendment was approved by the Shareholders at the Company’s extraordinary general meeting held on March 8, 2022.

Please refer to the Relevant Announcements and the circulars of the Company dated April 30, 2021 and February 21, 2022 for further details of the First Amendment and the Second Amendment.

The latest version of the Articles of Association are available on the Company’s website and the Stock Exchange’s website.

REPORT OF THE BOARD OF DIRECTORS

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

PRINCIPAL BUSINESS

The Company and its subsidiaries are principally engaged in property management services, value-added services to non-property owners and community value-added services. An analysis on the Group's revenue and operating results for the year ended December 31, 2021 is set out in Note VI to the consolidated financial statements in this report.

GEOGRAPHICAL ANALYSIS OF OPERATION

An analysis of the Group's revenue from operations by geographical locations of customers for the year ended December 31, 2021 is set out on page 21 of this report.

RESULTS AND OVERALL PERFORMANCE

The Group's results for the year ended December 31, 2021 are set out in the Consolidated Income Statement in this report.

BUSINESS REVIEW

The Group's business review, including the discussion on the major risks and uncertainties exposed to the Group and the potential business development course of the Group in the future, is set out in the sections headed "Report of the Board of Directors" and "Management Discussion and Analysis", which are on pages 52 to 65 and pages 14 to 31 of this report, respectively.

Details of the significant events which affected the Group and took place since the end of the financial year ended December 31, 2021 are set out in Note XV to the consolidated financial statements on page 212 of this report. "Management Discussion and Analysis" on pages 14 to 31 of the annual report contains part of the analysis on the Group's annual performance using key financial performance indicators. For explanations on the major relations between the Company and its employees, customers and suppliers, please refer to the section headed "Management Discussion and Analysis – Employees and Remuneration Policy" and the section headed "Report of the Board of Directors – Major Customers and Suppliers" of this report. These discussions form part of this Report of the Board of Directors.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long-term sustainability of the environment and communities in which it operates. The Group operates its business in compliance with applicable environmental protection laws and regulations and has implemented relevant environmental protection measures in compliance with the required standards under applicable PRC laws and regulations. For further details of the Group's environmental policies and performance, please refer to the environmental, social and governance report of the Company for the year ended December 31, 2021 published on the websites of the Stock Exchange and the Company.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended December 31, 2021, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

FINAL DIVIDEND

The Board resolved not to recommend the payment of final dividend for the year ended December 31, 2021 (2020: RMB0.15 per Share (before tax)).

As at December 31, 2021, there was no arrangement under which a Shareholder had waived or agreed to waive any dividends.

CLOSURE OF REGISTER OF MEMBERS

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

For determining the entitlement to attend, speak and vote at the 2021 AGM

For determining the entitlement to attend and vote at the 2021 AGM, the Register of Members will be closed from Friday, August 12, 2022 to Wednesday, August 17, 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2021 AGM, unregistered holders of H Shares shall lodge all the share transfer documents accompanied by the relevant share certificates with the H share registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for the registration of transfer of shares not later than 4:30 p.m. on Thursday, August 11, 2022.

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

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

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

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

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

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

FIXED ASSETS

Details of the movements in the fixed assets of the Group for the year ended December 31, 2021 are set out in Note VI.14 to the financial statements in this report.

BORROWINGS

As of December 31, 2021, the Group had no bank and other borrowings.

SHARE CAPITAL

On January 15, 2021, the Company allotted and issued 94,000,000 H Shares in connection with the Listing. The Company received net proceeds of approximately HK\$1,168 million from the Listing, after deduction of the underwriting fees and other related expenses payable by the Company in connection with the Listing.

Details of the movements in the share capital of the Company for the year ended December 31, 2021 are set out in Note VI.28 to the financial statements in this report.

UNDISTRIBUTED PROFIT

Details of the movements in the undistributed profit of the Company for the year ended December 31, 2021 are set out on in Note VI.31 to the financial statements in this report. For the purpose of the Company, the undistributed profit available for distribution as at December 31, 2021 amounted to RMB459.3 million.

FINANCIAL STATEMENTS

The results of the Group for the year ended December 31, 2021 and its financial position as at December 31, 2021 are set out in the financial statements on pages 74 to 91 of this report.

DIRECTORS AND SUPERVISORS

During the year ended December 31, 2021 and up to the date of this report, the Directors and Supervisors are as follows:

Name of Director	Position
Mr. Geng Jianfu (<i>Chairman</i>)	Executive Director
Mr. Xiao Tianchi	Executive Director
Mr. Liu Yonggang (<i>resigned on June 21, 2022</i>)	Executive Director
Mr. Zhang Wenge	Non-executive Director
Mr. Jin Wenhui	Independent Non-executive Director
Mr. Siu Chi Hung	Independent Non-executive Director
Mr. Tang Yishu	Independent Non-executive Director

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

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

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

None of the Directors or Supervisors had entered into specific 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

For the year ended December 31, 2021, none of the Directors or their respective associates (as defined under the Listing Rules) had any interests in any business which competes or may compete, either directly or indirectly, with the business of the Group.

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

As at December 31, 2021, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (as defined under Part XV of the SFO), which were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Interests in the Company

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

Notes:

- (1) The letter "L" denotes the person's long position in the Shares. As at December 31, 2021, the Company had 376,000,000 Shares in issue, including 94,000,000 H Shares and 282,000,000 domestic Shares.
- (2) By virtue of the SFO, Mr. Xiao Tianchi was deemed to be interested in the Shares held by his spouse, Ms. Geng Fanchao.

(ii) Interest in associated corporations of the Company

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

Note:

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

Save as disclosed above, as at December 31, 2021, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations, which were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or notified to the Company and the Stock Exchange pursuant to the Model Code.

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

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

Name of Shareholder	Nature of interest	Class of shares ⁽¹⁾	Shares held in the relevant class of Shares ⁽¹⁾		Percentage of the total share capital of the Company ⁽¹⁾ (approx.)
			Number	Approximate percentage	
Mr. Geng ⁽²⁾	Interest in controlled corporations	Domestic Shares	235,527,000 (L)	83.52%	62.64%
RiseSun Holdings ⁽²⁾	Interest in controlled corporations	Domestic Shares	235,527,000 (L)	83.52%	62.64%
RiseSun Construction Engineering	Interest in controlled corporations	Domestic Shares	235,527,000 (L)	83.52%	62.64%
RiseSun Real Estate Development ⁽²⁾	Beneficial owner	Domestic Shares	235,527,000 (L)	83.52%	62.64%
Zhonghong Kaisheng	Beneficial owner	Domestic Shares	22,740,000 (L)	8.06%	6.05%
Ms. Geng Fanchao ⁽³⁾	Interest in controlled corporations	Domestic Shares	22,740,000 (L)	8.06%	6.05%
Shengyide Commercial	Beneficial owner	Domestic Shares	23,733,000 (L)	8.42%	6.31%
Ms. Liu Hongxia ⁽⁴⁾	Interest in controlled corporations	Domestic Shares	23,733,000 (L)	8.42%	6.31%
CITHARA GLOBAL MULTI-STRATEGY SPC – BOSIDENG INDUSTRY INVESTMENT FUND SP	Beneficial owner	H Shares	17,039,500(L)	18.13%	4.53%
Cithara Investment International Limited	Investment manager	H Shares	17,039,500(L)	18.13%	4.53%
Huatai Securities Co., Ltd. ⁽⁵⁾	Interest in controlled corporations	H Shares	7,456,500 (L)	7.93%	1.98%
			6,516,000 (S)	6.93%	1.73%
JPMorgan Chase & Co. ⁽⁶⁾	Interest in controlled corporations	H Shares	6,589,000 (L)	7.00%	1.75%
			60,500 (S)	0.06%	0.02%
Brimstone Asset Management Company Limited	Investment manager	H Shares	1,282,500 (L)	1.36%	0.30%
Brimstone SPC	Beneficial owner	H Shares	1,282,500 (L)	1.36%	0.30%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares. The letter "S" denotes the person's short position in the Shares. As at the December 31, 2021, the Company had 376,000,000 Shares in issue, including 94,000,000 H Shares and 282,000,000 domestic Shares.
- (2) The Company was owned as to 83.52% by RiseSun Real Estate Development, which was controlled by Mr. Geng through RiseSun Holdings and RiseSun Construction Engineering. RiseSun Real Estate Development was owned as to 12.88% by Mr. Geng, 35.65% by RiseSun Holdings and 11.43% by RiseSun Construction Engineering. Mr. Geng owned 60.09% of the equity interest of RiseSun Holdings and 18.18% of the equity interest of RiseSun Construction Engineering, and RiseSun Holdings in turn owned 71.29% of the equity interest of RiseSun Construction Engineering. By virtue of the SFO, Mr. Geng, RiseSun Construction Engineering and RiseSun Holdings were deemed to be interested in the Shares held by RiseSun Real Estate Development.
- (3) Zhonghong Kaisheng was owned as to 48.33% by Ms. Geng Fanchao. By virtue of the SFO, Ms. Geng Fanchao was deemed to be interested in the Shares held by Zhonghong Kaisheng.
- (4) Ms. Liu Hongxia was a general partner of and had full control over Shengyide Commercial. By virtue of the SFO, Ms. Liu Hongxia was deemed to be interested in Shares held by Shengyide Commercial.
- (5) The long position in 6,516,000 H Shares and short position in 6,516,000 H Shares were held by Huatai Capital Investment Limited, which was wholly-owned by Huatai Financial Holdings (Hong Kong) Limited. The long position in the 940,500 H Shares were held by Huatai Financial Holdings (Hong Kong) Limited, which was wholly-owned by Huatai International Financial Holdings Company Limited.

Huatai Financial Holdings (Hong Kong) Limited was wholly-owned by Huatai International Financial Holdings Company Limited, which was in turn wholly-owned by Huatai Securities Co., Ltd. By virtue of the SFO, Huatai Securities Co., Ltd., was deemed to have the interests in the Shares held by Huatai Capital Investment Limited and Huatai Financial Holdings (Hong Kong) Limited.
- (6) The long position in 6,589,000 H Shares and short position in 60,500 H Shares were held by J.P. MORGAN SECURITIES PLC, which was controlled as to 100% by J.P. MORGAN CAPITAL HOLDINGS LIMITED, which was in turn controlled as to 100% by J.P. Morgan International Finance Limited, which was in turn controlled as to 100% by JPMorgan Chase Bank, National Association, which was in turn controlled as to 100% by JPMorgan Chase & Co.. By virtue of the SFO, JPMorgan Chase & Co. was deemed to be interested in the H Shares held by J.P. MORGAN SECURITIES PLC.

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

SHARE INCENTIVE SCHEME

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

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

Details of the share incentive scheme were set out in the Prospectus. No incentive share had been disposed of or acquired by a partner from the adoption date of the share incentive scheme above to December 31, 2021.

ARRANGEMENT TO PURCHASE EQUITY OR DEBT SECURITIES

During the year ended December 31, 2021, none of the Company, its holding company, or any of its subsidiaries was a party to any arrangement enabling the Directors to acquire benefits by means of the acquisition of equity or debt securities, including the debentures of the Company or any other body corporate.

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

During the year ended December 31, 2021 and as of December 31, 2021, save as disclosed in this report, there was no transaction, arrangement or contract of significance, to which the Company, its holding company or subsidiary was a party, and in which the Directors and the Supervisors or their respective connected entities were materially interested, either directly or indirectly.

NON-COMPETITION UNDERTAKING

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

The independent non-executive Directors had reviewed the status of compliance and the confirmation provided by the Controlling Shareholders as part of the annual review process. On the basis that: (i) the Company has received the confirmations from its Controlling Shareholders regarding the Undertakings; (ii) there was no competing business reported by the Controlling Shareholders; and (iii) there was no particular situation rendering the full compliance of the Undertakings being questionable, the independent non-executive Directors are of the view that the Undertakings have been complied with and been enforced by the Company in accordance with the terms.

SIGNIFICANT CONTRACTS

During the year ended December 31, 2021 and as of December 31, 2021, save as disclosed in the section headed "Related Party Transactions" below, there was no significant contract relating to the business of the Group between the Company (or any of its subsidiaries) and the Controlling Shareholder(s) (or any of its/their subsidiaries), nor was there any significant contract for the provision of services by the Controlling Shareholder(s) (or any of its/their subsidiaries) to the Company (or any of its subsidiaries).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2021, the revenue attributable to the Group's largest customer, and five largest customers in aggregate, represented approximately 2.94% and 4.43% of the Group's total annual revenue, respectively.

For the year ended December 31, 2021, the purchase attributable to the Group's largest supplier, and five largest suppliers in aggregate, represented approximately 4.68% and 11.34% of the Group's total purchase, respectively.

Except that the Controlling Shareholders are the Group's largest customers and are interested in the Group, for the year ended December 31, 2021, none of the other Directors, Supervisors, their respective associates or other Shareholders (to the knowledge of the Directors, who are interested in more than 5% of the issued shares of the Company) had any interests in the five largest suppliers or customers of the Group.

CONTINUING CONNECTED TRANSACTIONS

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

1. Master Sales Agreement

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

On December 1, 2021, the Company entered into a supplemental agreement with RiseSun Holdings to revise the existing annual caps for the two years ending December 31, 2022. Under the supplemental agreement, the maximum annual purchase amount for each of the two years ending December 31, 2022 shall not exceed RMB80 million. For the year ended December 31, 2021, the actual purchase amount amounted to RMB48,734,191.25.

For further details, please refer to the Prospectus and the Company's announcement dated December 1, 2021.

2. Master Property Management Services Agreement

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

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

For the year ended December 31, 2021, the actual transaction amount under the Master Property Management Services Agreement amounted to RMB445,519,111.48.

3. Master Small-Scale Engineering and Related Consultancy Services Agreement

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

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

For the year ended December 31, 2021, the actual transaction amount under the Master Small-Scale Engineering and Related Consultancy Services Agreement amounted to RMB351,354,188.69.

4. Master Advertising and Public Relations Service Agreement

On December 1, 2021, the Company entered into the master advertising and public relations service agreement (the **“Master Advertising and Public Relations Service Agreement”**) with RiseSun Real Estate Development, pursuant to which, the Group agreed to provide advertising and public relations services to RiseSun Group and its associates, including but not limited to advertising design services, media agency services and public relations services, for a term of one year with effect from December 1, 2021 and ending on November 30, 2022 (both days inclusive).

The maximum annual fee payable by RiseSun Group and its associates under the Master Advertising and Public Relations Service Agreement for the two years ending December 31, 2022 shall not exceed RMB75 million and RMB80 million, respectively.

For the year ended December 31, 2021, the actual transaction amount under the Master Advertising and Public Relations Service Agreement amounted to RMB74,875,912.27.

5. Master Carpark Sales Agency Service Agreement

On December 1, 2021, the Company entered into the master carpark sales agency service agreement (the **“Master Carpark Sales Agency Service Agreement”**) with RiseSun Real Estate Development, pursuant to which, RiseSun Group and its associates agreed to appoint the Group as the sales agent to sell certain car parking spaces developed by RiseSun Group and its associates pursuant to the Master Carpark Sales Agency Service Agreement for a term of one year with effect from December 1, 2021 and ending on November 30, 2022 (both days inclusive). Pursuant to the Master Carpark Sales Agency Service Agreement, the Group will be responsible for the integrated marketing planning and design of the car parking spaces, and such services provided by the Group includes but are not limited to, market research; sales strategy formulation (including pricing, preferential policies, financial products, etc.); suggestions on car parking space transformation; sales of materials; customer discovery, tracking, return visits; and marketing activities and implementation.

The maximum annual fee payable by RiseSun Group and its associates under the Master Carpark Sales Agency Service Agreement for the two years ending December 31, 2022 shall not exceed RMB60 million and RMB80 million, respectively.

For the year ended December 31, 2021, the actual transaction amount under the Master Carpark Sales Agency Service Agreement amounted to RMB18,131,449.74.

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

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 14A.55 of the Listing Rules, all the independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that they 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 relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

CONFIRMATION OF THE AUDITORS

The Board has engaged the auditors of the Company to report on the continuing connected transactions of the Company for the year ended December 31, 2021. The auditors of the Company have issued a letter in relation to the continuing connected transactions pursuant to Rule 14A.56 of the Listing Rules. In the letter, the auditors of the Company confirmed that, in respect of these continuing connected transactions of the Company during the year ended December 31, 2021, nothing has come to their attention that causes them to believe that the continuing connected transactions:

- (i) have not been approved by the Board;
- (ii) were not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (iv) have exceeded the annual caps set by the Company.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended December 31, 2021 are disclosed in Note XI to the financial statements in this report.

Save as disclosed above, the related party transactions set out in Note XI to financial statements for the year ended December 31, 2021 did not constitute connected transaction or continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules with respect to the connected transactions or continuing connected transactions entered into by the Group during the year ended December 31, 2021.

PRE-EMPTIVE RIGHTS AND TAX RELIEF OR EXEMPTION

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

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

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

SUFFICIENCY OF PUBLIC FLOAT

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

CORPORATE GOVERNANCE

The Company has adopted, applied and complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules that were in force since the Listing Date and up to December 31, 2021. The corporate governance practices of the Company are set out in the section headed "Corporate Governance Report" of this report.

FINANCIAL SUMMARY

Summary of the Group's results and assets and liabilities for the latest five financial years is set out in the section headed "Five-Year Financial Summary" on pages 224 to 225 of this report.

PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Company as at December 31, 2021 are set out in Note VIII to the financial statements in this report.

PERMITTED INDEMNITY

The Group has purchased and maintained liability insurance for the Directors for the year ended December 31, 2021, which provides appropriate cover for the Directors.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Since the Listing Date and up to December 31, 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

EQUITY LINKED AGREEMENT

No equity linked agreement was entered into during the year ended December 31, 2021.

CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

Please refer to the section headed “Biographical details of Directors, Supervisors and Senior Management” of this report for changes in the biographical details of the Directors and the Supervisors that are required to be disclosed pursuant to Rule 13.51B of the Listing Rules since the Listing and up to the date of this report.

MANAGEMENT CONTRACT

No contract concerning management of the whole or substantial part of any business of the Company was entered into during the year ended December 31, 2021.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Redemption of wealth management products

The Company has redeemed all shares of the Tongxing Changxing No. 6 Fixed Income Private Securities Investment Fund by the end of June 2022.

Recovery of investment deposit

The Company has recovered the investment deposit of RMB50 million from Beijing Xingzhan Investment Consulting Co., Ltd. and the investment deposit of RMB50 million from Shenjing Enterprise Management Consulting (Shandong) Co., Ltd. by the end of June 2022, totaling RMB100 million.

Apart from the disclosures of the above events after the balance sheet date, the Company has no other significant events after the balance sheet date.

REMUNERATION OF DIRECTORS, SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors, the Supervisors and the five highest paid individuals for the Relevant Year are set out in Note XI.(V) to the financial statements.

RETIREMENT BENEFIT SCHEME

The Group operates defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. There are no provisions under the retirement benefit scheme of the Group whereby forfeited contributions may be used to reduce future contributions. Details of retirement benefit scheme of the Group are set out in Notes VI.22 and IV.26 to the consolidated financial statements.

DONATIONS

The donation made by Group for the year ended December 31, 2021 was approximately RMB20,595.49.

ACCOUNTING STANDARDS

The Company is incorporated in the PRC and its overseas listed foreign shares have been listed on the Stock Exchange since January 15, 2021. It adopted Hong Kong Financial Reporting Standards (the “**HKFRSs**”) for the preparation of the Prospectus and its subsequent financial statements. In order to improve working efficiency and lower the cost for preparing two sets of financial statements in accordance with the PRC accounting standards as well as the HKFRSs, on February 18, 2022, the Board considered and approved to prepare the Company’s financial statements and disclose relevant financial information in accordance with CASBE starting from the annual report for the year ended December 31, 2021. The corresponding changes to the Articles of Association to allow publication of the Company’s financial statements in accordance with CASBE was approved by the Shareholders at the extraordinary general meeting of the Company held on March 8, 2022. For details, please refer to the announcements of the Company dated February 18, 2022 and March 8, 2022 and the circular of the Company dated February 21, 2022. The Company prepares the financial statements in accordance with CASBE and relevant regulations starting from the year ended 2021.

AUDITOR

On February 18, 2022, the Board announced that the Company and PricewaterhouseCoopers (“**PwC**”) could not reach a consensus on the audit fee for the financial year ended December 31, 2021. As PwC failed to reach a consensus with the Company on the audit fee and was unable to obtain the necessary information and evidence in respect of the matters it concerned for the implementation of the corresponding audit procedures, PwC has agreed to resign as the auditor of the Company with effect from February 14, 2022. On the same date, the Board further announced that, with the recommendation of the Audit Committee, ShineWing Certified Public Accountants LLP (信永中和會計師事務所(特殊普通合夥)) (“**ShineWing**”) will be appointed as the new auditor of the Company in relation to the audit of the Company’s financial statements for the year ended December 31, 2021, subject to the approval by the Shareholders. The resignation of PwC and the appointment of ShineWing as the Company’s auditor were approved by the Shareholders at the extraordinary general meeting of the Company held on March 8, 2022.

As mentioned in its resignation letter, PwC discussed with the Company and requested the management to provide further information and documents regarding certain financial investments of the Group, trade receivables and transactions between the Group and related and non-related parties, and deposits paid for potential acquisitions of the Group. However, PwC has not obtained the necessary information in respect of these matters as mentioned in the its resignation letter and therefore, it was unable to plan and complete the required audit procedures. The abovementioned outstanding information and documents have been duly provided to ShineWing for the purpose of its audit after its appointment.

For details, please refer to the announcements of the Company dated February 18, 2022 and March 8, 2022 and the circular of the Company dated February 20, 2022. ShineWing has audited the accompanying consolidated financial statements which were prepared in accordance with CASBE.

By Order of the Board

Geng Jianfu

Chairman and executive Director

Hong Kong, July 8, 2022

REPORT OF THE SUPERVISORY COMMITTEE

COMPOSITION OF THE SUPERVISORY COMMITTEE

In accordance with the requirements of the Articles of Association, the Supervisory Committee of the Company consists of five members, of which there are two employee representative Supervisors, one Shareholder representative Supervisor and two external Supervisors. The term of office of Supervisors shall be three years, and is renewable upon re-election after the expiry of their term.

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

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

CHANGES IN SUPERVISORS

No change in supervisors for the year ended December 31, 2021.

MAJOR WORK PERFORMED BY THE SUPERVISORY COMMITTEE IN 2021

During the year ended December 31, 2021, the Supervisory Committee performed its duties diligently to supervise the operation and management of the Company in a legal, timely and effective manner under the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Articles of Association and the Listing Rules, which effectively safeguarded the interests of the Shareholders and the Company.

In 2021, the Supervisory Committee held a total of 2 meetings of the Supervisory Committee. The Supervisors carefully reviewed the meeting materials and fully studied and discussed the proposals before attending the meetings of the Supervisory Committee to earnestly perform their supervisory duties. The details of Supervisors attendance at the meetings of the Supervisory Committee held during the 2021 are as follows:

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

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

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

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

The Supervisory Committee is satisfied with the operation management work conducted and the outstanding business performance achieved by the Board and management of the Company in 2021, and is fully confident in the development prospect of the Company in the future.

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

Hong Kong, July 8, 2022



To the shareholders of Roiserv Lifestyle Services Co., Ltd.:

I. AUDIT OPINION

We have audited the financial statements of Roiserv Lifestyle Services Co., Ltd. (hereinafter referred to as the "Roiserv Company"), including the Consolidated and Parent Company's Balance Sheet as at December 31, 2021, the Consolidated and Parent Company's Income Statement, the Consolidated and Parent Company's Cash Flow Statement, the Consolidated and Parent Company's Statement of Changes in Shareholders' Equity for 2021 and relevant notes to the financial statements.

In our opinion, the accompanying financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises in all major respects, and have fairly present the consolidated and parent company's financial position of the Roiserv Company as at December 31, 2021 and the consolidated and parent company's operating results and cash flows for 2021.

II. BASIS FOR FORMING AUDIT OPINION

We have conducted the audit in accordance with the Chinese Certified Public Accountant (CPA) Auditing Standards. Our responsibilities under those standards are further described in the Certified Public Accountant's Responsibilities for the Audit of the Financial Statements section of our audit report. In accordance with the Code of Professional Ethics of Chinese Certified Public Accountants, we are independent of the Roiserv Company and have fulfilled other responsibilities in terms of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. KEY AUDIT MATTERS

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

1. Expected credit losses on receivables

Key audit matters

As stated in Notes VI.3, VI.4, VI.6, the balance of receivables of the Roiserv Company as at 31 December 2021 was RMB1,925,645,300, of which the balance of notes receivable was RMB132,248,600, the balance of accounts receivable was RMB1,490,507,600, the balance of other receivables was RMB302,889,100, representing 51.75% of the total assets, and the total amount of provision for expected credit losses was RMB155,761,500.

The management of the Roiserv Company makes provision for expected credit losses based on the credit risk characteristics of each receivable, either on an individual receivable or on a portfolio of receivables. The determination of expected credit losses on receivables requires consideration of the customers' credit risk, historical payment record and forward-looking factors that involve management's estimates and judgement. We have therefore identified expected credit losses on receivables as a key audit matter.

Responses in the audit

The principal audit procedures we performed were as follows:

- ① Obtaining an understanding of the internal controls relating to expected credit losses on receivables, evaluating the design of these controls and determining whether they are being effectively implemented.
- ② Analyzing the reasonableness of expected credit losses on receivables, including the basis for determining the portfolio of receivables and the judgement of the individual provision for expected credit losses.
- ③ Evaluating the expected credit loss model used by the company, analyzing the reasonableness of the main parameters and indicators and reviewing the calculation process.
- ④ Reviewing management's consideration and objective evidence related to the impairment testing of receivables and focusing on whether management has adequately identified items that have been impaired.
- ⑤ Obtaining the company's expected credit loss calculation sheet and checking whether the provision method is implemented in accordance with the expected credit loss policy and whether the amount of provision for expected credit losses is remeasured accurately.
- ⑥ Performing confirmation procedures for receivables and selecting a sample to check post-period payment collection.
- ⑦ Checking that expected credit losses on receivables have been properly presented and disclosed in the financial report.

2. Financial assets held-for-trading

Key audit matters

As described in Note VI.2, the Roiserv Company's financial assets held-for-trading as at December 31, 2021 amounted to RMB537,574,000.

Due to the significance of amount of financial assets held-for-trading of the Roiserv Company at the end of the period and the fact that their fair value requires significant judgement by the company's management, we have therefore identified the financial assets held-for-trading as a key audit matter.

Responses in the audit

The principal audit procedures we performed were as follows:

- ① Obtaining an understanding of the key internal controls relevant to the fair value measurement of financial assets held-for-trading, evaluated the design of these controls and determine whether they are effectively implemented.
- ② Evaluating the appropriateness of the methodology used by management for fair value valuation.
- ③ Performing confirmation procedures for financial assets held-for-trading to verify the type, quantity and amount of financial assets measured at fair value held at the end of the period.
- ④ Obtaining relevant information on the fair value valuation of financial instruments, reviewing the reasonableness and appropriateness of key data used in the fair value valuation with reference to market data and testing the accuracy of the calculation of the fair value recognition of financial instruments.
- ⑤ Reviewing the valuation reports of independent external valuers, where available, and assessing the independence and competence of the independent external valuers.
- ⑥ Checking the post-period redemption of financial assets held-for-trading.
- ⑦ Checking whether information relating to financial assets held-for-trading and their fair value has been properly presented and disclosed in the financial report.

IV. OTHER INFORMATION

The management of the Roiserv Company (hereinafter referred to as the “Management”) is responsible for the other information. The other information comprises the information included in the 2021 annual report of the Roiserv Company, but does not include the financial statements and our audit report thereon.

Our audit opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 the other information, we are required to report that fact. We have nothing to report in this regard.

V. THE RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE OF THE FINANCIAL STATEMENTS

The Management is responsible for the preparation of the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation, and designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Roiserv Company’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 Management either intends to liquidate the Roiserv Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Roiserv Company’s financial reporting process.

VI. CERTIFIED PUBLIC ACCOUNTANT’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally 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 financial statements.

During the course of audit in accordance with auditing standards, we exercise professional judgement and maintain professional skepticism. We also carry out the following works:

- (1) Identify and assess the risks of material misstatement of the 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 audit 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.
- (2) 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 its internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) Conclude on the appropriateness of the Management's 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 Roiserv Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements in accordance with the auditing standards or, if such disclosures are inadequate, we shall modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Roiserv Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, and also whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Roiserv Company to express an audit opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings etc., 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 those 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 related safeguards (if applicable).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation prohibited public disclosure about the matter or when, in 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.

ShineWing Certified Public Accountants (LLP)

Chinese Certified Public Accountant:
(Engagement Partner)

Chinese Certified Public Accountant:

Beijing, China

July 8, 2022

CONSOLIDATED BALANCE SHEET

Prepared by: Roiserv Lifestyle Services Co., Ltd.

Unit: RMB

Item	Notes	December 31, 2021	December 31, 2020
Current assets:			
Cash at bank and on hand	VI. 1	926,633,390.26	604,885,712.47
Provision of settlement funds			
Loans to banks and other financial institutions			
Financial assets held-for-trading	VI. 2	537,573,993.31	
Derivative financial assets			
Notes receivable	VI. 3	123,938,656.81	184,646,457.37
Accounts receivable	VI. 4	1,394,462,161.75	680,128,762.46
Receivables financing			
Prepayments	VI. 5	98,890,302.83	93,495,986.08
Insurance premium receivable			
Reinsurance premium receivable			
Reserves for reinsurance contracts receivable			
Other receivables	VI. 6	251,482,997.88	88,350,828.35
Including: Interests receivable			
Dividends receivable			
Financial assets purchased under agreements to resell			
Inventories	VI. 7	39,979,912.62	28,801,240.42
Contract assets	VI. 8	68,188,304.46	41,064,257.68
Held-for-sale assets			
Non-current assets due within one year	VI. 9	3,825,645.76	1,730,553.56
Other current assets	VI. 10	22,002,342.94	13,806,161.01
Total current assets		3,466,977,708.62	1,736,909,959.40
Non-current assets:			
Loans and advances			
Debt investments			
Other debt investments			
Long-term receivables	VI. 11	8,104,930.99	16,827,993.47
Long-term equity investments	VI. 12	103,482,149.73	
Investment in other equity instruments			
Other non-current financial assets			
Investment properties	VI. 13	61,334,300.00	70,828,900.00
Fixed assets	VI. 14	19,286,920.33	14,588,316.85
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-of-use assets	VI. 15	663,244.66	984,457.77
Intangible assets	VI. 16	7,843,466.17	8,260,583.55
Development expenditures			
Goodwill			
Long-term deferred expenses	VI. 17	10,987,078.72	3,894,685.15
Deferred income tax assets	VI. 18	42,495,591.22	9,776,106.25
Other non-current assets			
Total non-current assets		254,197,681.82	125,161,043.04
Total assets		3,721,175,390.44	1,862,071,002.44

Item	Notes	December 31, 2021	December 31, 2020
Current liabilities:			
Short-term loans			
Borrowings from Central Bank			
Loans from other banks and other financial institutions			
Financial liabilities held-for-trading			
Derivative financial liabilities			
Notes payable			
Accounts payable	VI. 19	671,105,986.85	291,444,158.42
Receipt in advance	VI. 20	4,306,305.02	11,076,602.52
Contract liabilities	VI. 21	412,355,414.96	331,413,572.53
Financial assets sold under agreements to repurchase			
Deposits from customers and interbank			
Funds received as agent of stock exchange			
Funds received as agent of stock underwrite			
Employee benefits payable	VI. 22	76,157,284.88	102,191,204.77
Taxes and surcharges payable	VI. 23	82,244,925.52	56,487,328.61
Other payables	VI. 24	463,115,219.06	398,066,811.69
Including: Interests payable			
Dividends payable			
Handling charges and commissions payable			
Reinsurance premium payable			
Held-for-sale liabilities			
Non-current liabilities due within one year	VI. 25	3,825,645.76	2,759,059.14
Other current liabilities	VI. 26	18,488,044.58	15,353,204.34
Total current liabilities		1,731,598,826.63	1,208,791,942.02
Non-current liabilities:			
Provision for insurance contracts			
Long-term loans			
Bonds payable			
Including: Preference share			
Perpetual bond			
Lease liabilities	VI. 27	9,090,377.26	12,462,400.27
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred income tax liabilities	VI. 18	3,926,248.64	6,013,389.70
Other non-current liabilities			
Total non-current liabilities		13,016,625.90	18,475,789.97
Total liabilities		1,744,615,452.53	1,227,267,731.99

CONSOLIDATED BALANCE SHEET

Item	Notes	December 31, 2021	December 31, 2020
Shareholders' equity:			
Share capital	VI. 28	376,000,000.00	282,000,000.00
Other equity instruments			
Including: Preference share			
Perpetual bond			
Capital reserve	VI. 29	1,070,659,130.78	169,569,019.25
Less: Treasury share			
Other comprehensive income			
Special reserve			
Surplus reserve	VI. 30	68,458,186.26	31,533,913.71
General risk reserve			
Undistributed profit	VI. 31	459,319,132.27	151,700,337.49
Total shareholders' equity attributable to the parent company		1,974,436,449.31	634,803,270.45
Minority interests		2,123,488.60	
Total shareholders' equity		1,976,559,937.91	634,803,270.45
Total liabilities and shareholders' equity		3,721,175,390.44	1,862,071,002.44

Legal representative:

Principal in charge of accounting:

Head of accounting department:

PARENT COMPANY'S BALANCE SHEET

Prepared by: Roiserv Lifestyle Services Co., Ltd.

Unit: RMB

Item	Notes	December 31, 2021	December 31, 2020
Current assets:			
Cash at bank and on hand		822,099,895.87	534,560,957.79
Financial assets held-for-trading		537,573,993.31	
Derivative financial assets			
Notes receivable		69,469,061.08	152,409,896.56
Accounts receivable	XVII. 1	969,864,646.54	532,405,913.63
Receivables financing			
Prepayments		52,980,874.10	85,049,126.78
Other receivables	XVII. 2	636,038,235.36	258,434,840.61
Including: Interest receivable			
Dividends receivable		48,871,200.00	
Inventories		11,995,883.71	12,041,301.33
Contract assets		49,617,553.11	32,838,234.59
Held-for-sale assets			
Non-current assets due within one year		3,825,645.76	1,730,553.56
Other current assets		14,893,484.12	12,968,727.73
Total current assets		3,168,359,272.96	1,622,439,552.58
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables		8,104,930.99	16,827,993.47
Long-term equity investments	XVII. 3	159,991,149.73	34,710,000.00
Investment in other equity instruments			
Other non-current financial assets			
Investment properties		59,174,300.00	70,828,900.00
Fixed assets		14,274,127.23	11,405,327.49
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-of-use assets		558,186.78	813,047.54
Intangible assets		3,964,316.67	3,395,909.29
Development expenditures			
Goodwill			
Long-term deferred expenses		6,043,084.60	1,539,051.04
Deferred income tax assets		29,400,410.77	7,052,912.23
Other non-current assets			
Total non-current assets		281,510,506.77	146,573,141.06
Total assets		3,449,869,779.73	1,769,012,693.64

PARENT COMPANY'S BALANCE SHEET

Item	Notes	December 31, 2021	December 31, 2020
Current liabilities:			
Short-term loans			
Financial liabilities held-for-trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		388,857,131.29	220,106,318.29
Receipt in advance		2,454,069.81	9,957,528.77
Contract liabilities		357,166,953.80	300,460,803.76
Employee benefits payable		57,083,166.37	87,115,563.84
Taxes and surcharges payable		56,039,174.69	42,836,365.19
Other payables		678,918,070.44	504,487,249.42
Including: Interest payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year		3,825,645.76	2,690,459.35
Other current liabilities		16,046,549.19	13,711,123.29
Total current liabilities		1,560,390,761.35	1,181,365,411.91
Non-current liabilities:			
Long-term loans			
Bonds payable			
Including: Preference share			
Perpetual bond			
Lease liabilities		8,936,934.55	12,346,743.83
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred income tax liabilities		3,926,248.64	6,011,374.47
Other non-current liabilities			
Total non-current liabilities		12,863,183.19	18,358,118.30
Total liabilities		1,573,253,944.54	1,199,723,530.21

PARENT COMPANY'S BALANCE SHEET

Item	Notes	December 31, 2021	December 31, 2020
Shareholders' equity:			
Share capital		376,000,000.00	282,000,000.00
Other equity instruments			
Including: Preference share			
Perpetual bond			
Capital reserve		1,051,238,317.69	150,754,371.40
Less: Treasury share			
Other comprehensive income			
Special reserve			
Surplus reserve		68,458,186.26	31,533,913.71
Undistributed profit		380,919,331.24	105,000,878.32
Total shareholders' equity		1,876,615,835.19	569,289,163.43
Total liabilities and shareholders' equity		3,449,869,779.73	1,769,012,693.64

Legal representative:

Principal in charge of accounting:

Head of accounting department:

CONSOLIDATED INCOME STATEMENT

Prepared by: Roiserv Lifestyle Services Co., Ltd.

Unit: RMB

Item	Notes	2021	2020
I. Total operating income		2,484,971,828.74	1,820,840,523.52
Including: Operating income	VI. 31	2,484,971,828.74	1,820,840,523.52
Interest income			
Premiums earned			
Handling charges and commission income			
II. Total operating cost		1,851,716,778.94	1,459,160,156.16
Including: Operating cost	VI. 31	1,629,701,711.19	1,285,672,147.15
Interest expenses			
Handling charges and commission expenses			
Refunded premiums			
Net amount of compensation			
Net provisions for insurance reserve			
Policy dividend payment			
Reinsurance expenses			
Taxes and surcharges	VI. 32	17,954,164.21	16,226,177.84
Selling expenses	VI. 33	19,476,570.20	9,800,612.93
Administrative expenses	VI. 34	176,645,329.57	153,870,879.44
Research and development expenses			
Financial costs	VI. 35	7,939,003.77	-6,409,661.20
Including: Interest expenses		49,822.12	3,737,323.78
Interest income		5,391,744.23	11,272,674.72
Add: Other income	VI. 36	8,465,337.58	6,344,631.22
Investment income (loss expressed with "-")	VI. 37	15,835,986.50	592,751.47
Including: Investment income from associates and joint ventures		3,482,149.73	
Gain on derecognition of financial assets measured at amortized cost			
Exchange gain (loss expressed with "-")			
Net gain on exposure hedging (loss expressed with "-")			
Gain on change in fair value (loss expressed with "-")	VI. 38	4,445,083.56	2,585,000.00
Loss on impairment of credit (loss expressed with "-")	VI. 39	-133,030,414.65	-9,670,079.08
Impairment losses on assets (loss expressed with "-")	VI. 40	-4,174,663.36	
Gains from disposal of asset (loss expressed with "-")	VI. 41	6,149.80	11,325.35
III. Operating profit (loss expressed with "-")		524,802,529.23	361,543,996.32
Add: Non-operating income	VI. 42	1,032,906.33	2,070,497.02
Less: Non-operating expenses	VI. 43	2,203,663.81	3,782,195.30
IV. Total profit (total loss expressed with "-")		523,631,771.75	359,832,298.04
Less: Income tax expenses	VI. 45	123,359,215.82	96,076,561.93

Item	Notes	2021	2020
V. Net profits (net loss expressed with “-”)		400,272,555.93	263,755,736.11
(I) Classified by business continuity		400,272,555.93	263,755,736.11
1. Net profits from continuing operations (net loss expressed with “-”)		400,272,555.93	263,755,736.11
2. Net profits from discontinued operations (net loss expressed with “-”)			
(II) Classified by ownership		400,272,555.93	263,755,736.11
1. Net profit attributable to owners of parent company (net loss expressed with “-”)		400,943,067.33	263,755,736.11
2. Profit or loss of minority shareholders (net loss expressed with “-”)		-670,511.40	
VI. Net other comprehensive income after tax		-	-
Net other comprehensive income after tax attributable to owners of the parent company		-	-
(I) Other comprehensive income that may not be reclassified into profit or loss		-	-
1. Change in remeasurement of defined benefit plans			
2. Other comprehensive income not converted into profit or loss under equity method			
3. Changes in fair value of investments in other equity instruments			
4. Changes in fair value of an enterprise’s own credit risk			
5. Others			
(II) Other comprehensive income that will be reclassified into profit and loss		-	-
1. Other comprehensive income converted into profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Reclassification of financial assets to other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedge reserves (effective portion of cash flow hedge gains and losses)			
6. Exchange differences arising from translation of foreign currency financial statements			
7. Others			
Net other comprehensive income after tax attributable to minority interests			
VII. Total comprehensive income		400,272,555.93	263,755,736.11
Total comprehensive income attributable to shareholders of the parent company		400,943,067.33	263,755,736.11
Total comprehensive income attributable to minority interests		-670,511.40	-
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		1.09	0.97
(II) Diluted earnings per share (RMB/share)		1.09	0.97

Legal representative:

Principal in charge of accounting:

Head of accounting department:

PARENT COMPANY'S INCOME STATEMENT

Prepared by: Roiserv Lifestyle Services Co., Ltd.

Unit: RMB

Item	Notes	2021	2020
I. Operating income	<i>XVII. 4</i>	1,774,070,425.70	1,404,438,244.18
Less: Operating cost	<i>XVII. 4</i>	1,109,787,199.91	982,519,295.26
Taxes and surcharges		14,063,220.63	13,319,233.67
Selling expenses		18,151,762.38	5,625,449.38
Administrative expenses		149,032,482.25	139,205,793.83
Research and development expenses			
Financial costs		7,106,065.48	-10,036,296.69
Including: Interest expenses		37,489.39	2,828,301.41
Interest income		4,967,531.88	13,990,287.84
Add: Other income		7,284,905.34	4,800,625.38
Investment income (loss expressed with "-")	<i>XVII. 5</i>	64,699,096.09	64,418,590.11
Including: Investment income from associates and joint ventures		3,482,149.73	
Gain on derecognition of financial assets measured at amortized cost			
Net gain on exposure hedging (loss expressed with "-")			
Gain on change in fair value (loss expressed with "-")		4,445,083.56	2,585,000.00
Loss on impairment of credit (loss expressed with "-")		-82,116,561.17	-8,193,975.08
Impairment losses on assets (loss expressed with "-")		-2,984,588.53	
Gains from disposal of asset (loss expressed with "-")		6,149.80	8,727.43
II. Operating profit (loss expressed with "-")		467,263,780.14	337,423,736.57
Add: Non-operating income		804,385.25	1,684,386.54
Less: Non-operating expenses		1,801,012.48	2,637,928.34
III. Total profit (total loss expressed with "-")		466,267,152.91	336,470,194.77
Less: Income tax expenses		97,024,427.44	78,262,544.15
IV. Net profits (net loss expressed with "-")		369,242,725.47	258,207,650.62
(I) Net profits from continuing operations (net loss expressed with "-")		369,242,725.47	258,207,650.62
(II) Net profits from discontinued operations (net loss expressed with "-")			

Item	Notes	2021	2020
V. Net other comprehensive income after tax		-	-
(I) Other comprehensive income that may not be reclassified into profit or loss		-	-
1. Change in remeasurement of defined benefit plans			
2. Other comprehensive income not converted into profit or loss under equity method			
3. Changes in fair value of investments in other equity instruments			
4. Changes in fair value of an enterprise's own credit risk			
5. Others			
(II) Other comprehensive income that will be reclassified into profit and loss		-	-
1. Other comprehensive income converted into profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Reclassification of financial assets to other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedge reserves (effective portion of cash flow hedge gains and losses)			
6. Exchange differences arising from translation of foreign currency financial statements			
7. Others			
VI. Total comprehensive income		369,242,725.47	258,207,650.62
VII. Earnings per share			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Legal representative:

Principal in charge of accounting:

Head of accounting department:

CONSOLIDATED CASH FLOW STATEMENT

Prepared by: Roiserv Lifestyle Services Co., Ltd.

Unit: RMB

Item	Notes	2021	2020
I. Cash flow arising from operating activities:			
Cash received from sales of goods or rendering services		2,167,016,211.69	1,647,164,845.97
Net increase in customer deposits and interbank deposits			
Net increase in borrowing from the central bank			
Net increase in borrowing from other financial institutions			
Cash received for original insurance contract premiums			
Net cash received from reinsurance business			
Net increase in funds and investments for policyholders			
Cash for interest, fees and commissions			
Net increase in borrowing funds			
Net increase in funds from repurchase business			
Net cash received from agency trading of securities			
Tax refunds received			
Other cash received related to operating activities	VI. 46. 1)	80,968,354.49	212,555,101.40
Subtotal of cash inflows from operating activities		2,247,984,566.18	1,859,719,947.37
Cash paid for the purchase of goods and services		936,927,396.74	837,444,385.64
Net increase in customer loans and advances			
Net increase in central bank and interbank deposits			
Cash payment of original insurance contract benefits			
Net increase in funds disbursed			
Cash payment of interest, fees and commissions			
Cash paid for policy dividends			
Cash paid to and for employees		709,973,201.20	549,000,832.02
Taxes paid		276,924,575.65	163,647,238.23
Other cash paid related to operating activities	VI. 46. 2)	216,252,010.82	294,468,143.61
Subtotal of cash outflows from operating activities		2,140,077,184.41	1,844,560,599.50
Net cash flow from operating activities		107,907,381.77	15,159,347.87
II. Cash flow from investing activities:			
Cash received from disinvestment		7,000,000.00	151,470,000.00
Cash received from the return of investment		12,332,228.86	23,150,802.65
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets		3,155,584.09	23,649,265.09
Net cash received from disposal of subsidiaries and other business units			
Other cash received related to investing activities			
Subtotal of cash inflows from investing activities		22,487,812.95	198,270,067.74

CONSOLIDATED CASH FLOW STATEMENT

Item	Notes	2021	2020
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets		21,246,104.07	30,210,558.25
Cash paid for investment		739,340,194.43	151,470,000.00
Net increase in pledged loans			
Net cash paid by subsidiaries and other business units			
Other cash paid related to investing activities	VI. 46. 3)		409,189,069.27
Subtotal of cash outflows from investing activities		760,586,298.50	590,869,627.52
Net cash flow from investing activities		-738,098,485.55	-392,599,559.78
III. Cash flow from financing activities:			
Cash received from external investment		1,057,498,064.00	104,757,700.00
Including: Cash received by subsidiaries from minority interests' investment		2,794,000.00	
Cash received from loans granted		1,000,000.00	
Other cash received related to financing activities	VI. 46. 4)		933,951,183.38
Subtotal cash inflows from financing activities		1,058,498,064.00	1,038,708,883.38
Payment of debt in cash		1,000,000.00	90,000,000.00
Cash used to pay dividends, profits, or interest payments		56,405,360.00	159,080,803.78
Including: Dividends and profits paid to minority interests by subsidiaries			
Other cash paid related to financing activities	VI. 46. 5)	49,091,361.95	37,869,000.00
Subtotal cash outflows from financing activities		106,496,721.95	286,949,803.78
Net cash flow from financing activities		952,001,342.05	751,759,079.60
IV. Impact of exchange rate fluctuations on cash and cash equivalents		-8,901,401.77	
V. Net increase in cash and cash equivalents		312,908,836.50	374,318,867.69
Add: Balance of cash and cash equivalents at the beginning of the period		603,185,712.47	228,866,844.78
VI. Balance of cash and cash equivalents at the end of the period		916,094,548.97	603,185,712.47

Legal representative:

Principal in charge of accounting:

Head of accounting department:

PARENT COMPANY'S CASH FLOW STATEMENT

Prepared by: Roiserv Lifestyle Services Co., Ltd.

Unit: RMB

Item	Notes	2021	2020
I. Cash flow arising from operating activities:			
Cash received from sales of goods or rendering services		1,567,799,387.91	1,254,151,841.57
Tax refunds received			
Other cash received related to operating activities		54,244,303.76	177,495,367.94
Subtotal of cash inflows from operating activities		1,622,043,691.67	1,431,647,209.51
Cash paid for the purchase of goods and services		542,666,011.20	595,208,320.59
Cash paid to and for employees		575,858,975.88	459,536,499.64
Taxes paid		210,020,642.19	135,905,653.55
Other cash paid related to operating activities		204,346,402.45	250,048,550.77
Subtotal of cash outflows from operating activities		1,532,892,031.72	1,440,699,024.55
Net cash flow from operating activities		89,151,659.95	-9,051,815.04
II. Cash flow from investing activities:			
Cash received from disinvestment			135,130,000.00
Cash received from the return of investment		12,324,138.45	87,119,660.51
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets		3,155,484.09	23,636,297.16
Net cash received from disposal of subsidiaries and other business units			
Other cash received related to investing activities			
Subtotal of cash inflows from investing activities		15,479,622.54	245,885,957.67

PARENT COMPANY'S CASH FLOW STATEMENT

Item	Notes	2021	2020
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets		12,103,291.55	23,726,779.45
Cash paid for investment		754,139,194.43	154,130,000.00
Net cash paid by subsidiaries and other business units			
Other cash paid related to investing activities			687,897,124.57
Subtotal of cash outflows from investing activities		766,242,485.98	865,753,904.02
Net cash flow from investing activities		-750,762,863.44	-619,867,946.35
III. Cash flow from financing activities:			
Cash received from external investment		1,054,704,064.00	104,757,700.00
Cash received from loans granted			
Other cash received related to financing activities			1,076,399,353.04
Subtotal cash inflows from financing activities		1,054,704,064.00	1,181,157,053.04
Payment of debt in cash			
Cash used to pay dividends, profits, or interest payments		56,400,000.00	152,294,698.77
Other cash paid related to financing activities		49,091,361.95	37,869,000.00
Subtotal cash outflows from financing activities		105,491,361.95	190,163,698.77
Net cash flow from financing activities		949,212,702.05	990,993,354.27
IV. Impact of exchange rate fluctuations on cash and cash equivalents		-8,901,401.77	
V. Net increase in cash and cash equivalents		278,700,096.79	362,073,592.88
Add: Balance of cash and cash equivalents at the beginning of the period		532,860,957.79	170,787,364.91
VI. Balance of cash and cash equivalents at the end of the period		811,561,054.58	532,860,957.79

Legal representative:

Principal in charge of accounting:

Head of accounting department:

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Prepared by: Roiserv Lifestyle Services Co., Ltd.

Unit: RMB

Item	2021														Total shareholders' equity
	Other equity instruments				Equity attributable to shareholders of the parent company									Minority interests	
	Share capital	Preferred share	Perpetual bond	Others	Capital reserve	Less: treasury share	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal		
1. Closing balance of last year	282,000,000.00	-	-	-	169,569,019.25	-	-	-	31,533,913.71	-	151,700,337.49	-	634,803,270.45	-	634,803,270.45
Add: Impact from changes in accounting policies															
Impact from corrections of errors in prior period															
Business combinations under common control															
Others															
2. Opening balance of current year	282,000,000.00	-	-	-	169,569,019.25	-	-	-	31,533,913.71	-	151,700,337.49	-	634,803,270.45	-	634,803,270.45
3. Movement for current year (*, # for decrease)	94,000,000.00	-	-	-	901,090,111.53	-	-	-	36,924,272.55	-	307,618,794.78	-	1,339,633,178.86	2,123,488.60	1,341,756,667.46
(I) Total comprehensive income											400,943,067.33		400,943,067.33	-670,511.40	400,272,555.93
(II) Shareholder's contributions and withdrawals of capital	94,000,000.00	-	-	-	901,090,111.53	-	-	-	-	-	-	-	995,090,111.53	2,794,000.00	997,884,111.53
1. Common stock contributed by shareholders	94,000,000.00				883,988,985.46								977,988,985.46	2,794,000.00	980,782,985.46
2. Capital contributed by other equity instruments holders															
3. Share-based payment recorded in shareholder's equity					17,101,126.07								17,101,126.07		17,101,126.07
4. Others															
(III) Profits distribution	-	-	-	-	-	-	-	-	36,924,272.55	-	-93,324,272.55	-	-56,400,000.00	-	-56,400,000.00
1. Appropriation of surplus reserve									36,924,272.55		-36,924,272.55		-		-
2. Extraction of general risk reserve													-		-
3. Distribution to shareholders													-56,400,000.00		-56,400,000.00
4. Others													-		-
(IV) Internal transfer within shareholder's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Conversion of capital reserve into share capital													-		-
2. Conversion of surplus reserve into share capital													-		-
3. Recover of loss by surplus reserve													-		-
4. Movement in defined benefit plans carried forward to retained earnings													-		-
5. Other comprehensive income carried forward to retained earnings													-		-
6. Others													-		-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Amount established during the year													-		-
2. Amount utilized during the year													-		-
(VI) Others													-		-
4. Closing balance of current year	376,000,000.00	-	-	-	1,070,659,130.78	-	-	-	68,458,186.26	-	459,319,132.27	-	1,974,436,449.31	2,123,488.60	1,976,559,937.91

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Item	2020														Non-controlling interests	Total shareholders' equity
	Other equity instruments				Equity attributable to shareholders of the parent company											
	Share capital	Preferred share	Perpetual bond	Others	Capital reserve	Less: treasury share	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal			
1. Closing balance of last year	60,310,000.00	-	-	-	109,286,334.86	-	-	-	20,481,572.51	-	188,892,301.97	378,970,209.34	-	378,970,209.34		
Add: Impact from changes in accounting policies																
Impact from corrections of errors in prior period																
Business combinations under common control																
Others																
2. Opening balance of current year	60,310,000.00	-	-	-	109,286,334.86	-	-	-	20,481,572.51	-	188,892,301.97	378,970,209.34	-	378,970,209.34		
3. Movement for current year ("+" for decrease)	221,690,000.00	-	-	-	60,282,684.39	-	-	-	11,052,341.20	-	37,191,964.48	255,833,061.11	-	255,833,061.11		
(I) Total comprehensive income												263,755,736.11	-	263,755,736.11		
(II) Shareholder's contributions and withdrawals of capital	23,733,000.00	-	-	-	117,804,325.00	-	-	-	-	-	-	141,537,325.00	-	141,537,325.00		
1. Common stock contributed by shareholders	23,733,000.00				81,024,700.00							104,757,700.00		104,757,700.00		
2. Capital contributed by other equity instruments holders																
3. Share-based payment recorded in shareholder's equity					36,779,625.00							36,779,625.00		36,779,625.00		
4. Others																
(III) Profits distribution	-	-	-	-	-	-	-	-	21,403,470.89	-	170,863,470.89	149,460,000.00	-	149,460,000.00		
1. Appropriation of surplus reserve									21,403,470.89		170,863,470.89					
2. Extraction of general risk reserve																
3. Distribution to shareholders												149,460,000.00		149,460,000.00		
4. Others																
(IV) Internal transfer within shareholder's equity	197,957,000.00	-	-	-	57,521,640.61	-	-	-	10,351,129.69	-	130,084,229.70	-	-	-		
1. Conversion of capital reserve into share capital																
2. Conversion of surplus reserve into share capital																
3. Recover of loss by surplus reserve																
4. Movement in defined benefit plans carried forward to retained earnings																
5. Other comprehensive income carried forward to retained earnings																
6. Others	197,957,000.00	-	-	-	57,521,640.61	-	-	-	10,351,129.69	-	130,084,229.70	-	-	-		
(V) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
1. Amount established during the year																
2. Amount utilized during the year																
(6) Others																
4. Closing balance of current year	282,000,000.00	-	-	-	169,569,019.25	-	-	-	31,533,913.71	-	151,700,337.49	634,803,270.45	-	634,803,270.45		

Legal representative:

Principal in charge of accounting:

Head of accounting department:

PARENT COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Prepared by: Roiserv Lifestyle Services Co., Ltd.

Unit: RMB

Item	2021											Total shareholders' equity
	Share capital	Other equity instruments			Capital reserve	Less: treasury share	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	
1. Closing balance of last year	282,000,000.00	-	-	-	150,754,371.40	-	-	-	31,533,913.71	105,000,878.32	-	569,289,163.43
Add: Impact from changes in accounting policies												-
Impact from corrections of errors in prior period												-
Others												-
2. Opening balance of current year	282,000,000.00	-	-	-	150,754,371.40	-	-	-	31,533,913.71	105,000,878.32	-	569,289,163.43
3. Movement for current year ("+" for decrease)	94,000,000.00	-	-	-	900,483,946.29	-	-	-	36,924,272.55	275,918,452.92	-	1,307,326,671.76
(I) Total comprehensive income										369,242,725.47		369,242,725.47
(II) Shareholder's contributions and withdrawals of capital	94,000,000.00	-	-	-	900,483,946.29	-	-	-	-	-	-	994,483,946.29
1. Common stock contributed by shareholders	94,000,000.00				883,988,985.46							977,988,985.46
2. Capital contributed by other equity instruments holders												-
3. Share-based payment recorded in shareholder's equity					16,494,960.83							16,494,960.83
4. Others												-
(III) Profits distribution	-	-	-	-	-	-	-	-	36,924,272.55	-93,324,272.55	-	-56,400,000.00
1. Appropriation of surplus reserve									36,924,272.55	-36,924,272.55		-
2. Distribution to shareholders										-56,400,000.00		-56,400,000.00
3. Others												-
(IV) Internal transfer within shareholder's equity	-	-	-	-	-	-	-	-	-	-	-	-
1. Conversion of capital reserve into share capital												-
2. Conversion of surplus reserve into share capital												-
3. Recover of loss by surplus reserve												-
4. Movement in defined benefit plans carried forward to retained earnings												-
5. Other comprehensive income carried forward to retained earnings												-
6. Others												-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-
1. Amount established during the year												-
2. Amount utilized during the year												-
(VI) Others												-
4. Closing balance of current year	376,000,000.00	-	-	-	1,051,238,317.69	-	-	-	68,458,186.26	380,919,331.24	-	1,876,615,835.19

PARENT COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Item	2020											Total shareholders' equity
	Share capital	Preferred share	Other equity instruments			Capital reserve	Less: treasury share	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	
1. Closing balance of last year	60,310,000.00	-	-	-	91,775,374.46	-	-	-	16,064,278.40	152,158,222.40	-	320,307,875.26
Add: Impact from changes in accounting policies												-
Impact from corrections of errors in prior period												-
Others												-
2. Opening balance of current year	60,310,000.00	-	-	-	91,775,374.46	-	-	-	16,064,278.40	152,158,222.40	-	320,307,875.26
3. Movement for current year ("-" for decrease)	221,690,000.00	-	-	-	58,978,996.94	-	-	-	15,469,635.31	-47,157,344.08	-	248,981,288.17
(I) Total comprehensive income										258,207,650.62		258,207,650.62
(II) Shareholder's contributions and withdrawals of capital	23,733,000.00	-	-	-	116,500,637.55	-	-	-	-	-	-	140,233,637.55
1. Common stock contributed by shareholders	23,733,000.00				81,024,700.00							104,757,700.00
2. Capital contributed by other equity instruments holders												-
3. Share-based payment recorded in shareholder's equity					35,475,937.55							35,475,937.55
4. Others												-
(III) Profits distribution	-	-	-	-	-	-	-	-	25,820,765.00	-175,280,765.00	-	-149,460,000.00
1. Appropriation of surplus reserve									25,820,765.00	-25,820,765.00		-
2. Distribution to shareholders										-149,460,000.00		-149,460,000.00
3. Others												-
(IV) Internal transfer within shareholder's equity	197,957,000.00	-	-	-	-57,521,640.61	-	-	-	-10,351,129.69	-130,084,229.70	-	-0.00
1. Conversion of capital reserve into share capital												-
2. Conversion of surplus reserve into share capital												-
3. Recover of loss by surplus reserve												-
4. Movement in defined benefit plans carried forward to retained earnings												-
5. Other comprehensive income carried forward to retained earnings												-
6. Others	197,957,000.00	-	-	-	-57,521,640.61	-	-	-	-10,351,129.69	-130,084,229.70	-	-0.00
(V) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-
1. Amount established during the year												-
2. Amount utilized during the year												-
(VI) Others												-
4. Closing balance of current year	282,000,000.00	-	-	-	150,754,371.40	-	-	-	31,533,913.71	105,000,878.32	-	569,289,163.43

Legal representative:

Principal in charge of accounting:

Head of accounting department:

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2021 - December 31, 2021

(Unless indicated otherwise, all amounts are expressed in RMB)

I. GENERAL INFORMATION OF THE COMPANY

Roiserv Lifestyle Services Co., Ltd. (hereinafter referred to as the “Company”, collectively referred to as the Group when including subsidiaries), formerly known as Langfang RiseSun Property Service Co., Ltd., was incorporated on November 2, 2000, and was converted from a limited liability company to a stock company limited on April 23, 2020. The address of the Company’s registered office is East Daxiang Line and North Heyuan Road (within Xianghe Xiandai Water Industry Co., Ltd), Jiangxintun Town, Xianghe County, Langfang, Hebei Province, PRC.

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

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

On January 15, 2021, the Company’s shares were listed on the main board of the Stock Exchange of Hong Kong Limited.

II. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

The scope of the consolidated financial statements of the Group includes 108 subsidiaries. As compared with the previous year, there are 48 subsidiaries added because of newly establishment and 2 subsidiaries reduced due to business cancellation this year.

The relevant information is detailed in Note “VII. Changes in scope of consolidation” and Note “VIII. Interests in other entities”.

III. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

1. Preparation basis

The Group’s financial statements have been prepared on a going concern basis, based on transactions and events that have actually occurred, in accordance with the *Accounting Standards for Business Enterprises* issued by the Ministry of Finance and relevant regulations, as well as related disclosure requirements of the Hong Kong *Companies Ordinance and Listing Rules* of the Stock Exchange of Hong Kong, and the accounting policies and accounting estimates described in the Note “IV. Significant accounting policies and accounting estimates”.

2. Going concern

As the Group has a recent profitable operating history and has been supported by financial resources, it is considered reasonable that the financial statements are prepared on a going concern basis. Therefore, such financial statements have been prepared based on the assumption of a going concern.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Group comply with the requirements of the Accounting Standards for Business Enterprises and give a true and complete view of the financial position, results of operations and cash flows of the Company and the Group and other relevant information.

2. Accounting period

The Group's accounting period is from January 1 to December 31 of the Gregorian calendar.

3. Functional currency

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

4. Business combination under common control and not under common control

Assets and liabilities acquired by the Group as a consolidator in a business combination under common control are measured at the carrying amount of the combined party in the consolidated statements of ultimate control at the date of consolidation. The difference between the book value of the net assets acquired and the book value of the consideration paid for the combination is adjusted to capital reserve; if capital reserve is not sufficient to offset the difference, retained earnings are adjusted.

The identifiable assets, liabilities and contingent liabilities of the acquiree acquired in a business combination not under common control are measured at fair value at the acquisition date. The cost of the combination is the sum of the fair value of cash or non-cash assets paid, liabilities issued or assumed and equity securities issued by the Group to obtain control of the acquiree at the date of acquisition, and all directly related costs incurred in the business combination (for a business combination achieved in stages through multiple transactions, the cost of the combination is the sum of the costs of each individual transaction). The difference between the cost of the combination and the share of the fair value of the identifiable net assets of the acquiree acquired in the combination is recognized as goodwill; if the cost of the combination is less than the share of the fair value of the identifiable net assets of the acquiree acquired in the combination, the fair value of each identifiable asset, liability and contingent liability acquired in the combination, as well as the fair value of non-cash assets or equity securities issued in consideration of the combination, are first reviewed. If, after the review, the cost of consolidation is still less than the share of the fair value of the identifiable net assets of the acquiree acquired in the consolidation, the difference is recognized as non-operating income in the period of consolidation.

5. Preparation of consolidated financial statements

The Group includes all controlled subsidiaries in the scope of the consolidated financial statements.

In preparing the consolidated financial statements, if the accounting policies or accounting periods adopted by a subsidiary and the Company are not consistent, the necessary adjustments are made to the financial statements of the subsidiary in accordance with the Company's accounting policies or accounting periods.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

5. Preparation of consolidated financial statements (continued)

All significant internal transactions, transaction balances and unrealized profits within the scope of consolidation are eliminated in the preparation of the consolidated financial statements. The shares of ownership interests of subsidiaries that do not belong to the parent company and the shares of net profit or loss, other comprehensive income and total comprehensive income for the period that belong to minority interests are presented in the consolidated financial statements under “minority interests, profit or loss of minority shareholders, other comprehensive income attributable to minority shareholders and total comprehensive income attributable to minority shareholders”, respectively.

For subsidiaries acquired in a business combination under common control, their operating results and cash flows are included in the consolidated financial statements from the beginning of the period of consolidation. When preparing the comparative consolidated financial statements, the relevant items in the prior year’s financial statements are adjusted as if the reporting entity formed after the combination had been in existence since the point at which the ultimate controlling party began to exercise control.

In the case of business combination ultimately formed by acquiring an equity interest in an investee under common control through multiple transactions, when preparing the consolidated statements, they are adjusted as the ultimate controlling party starts control, i.e. at the present existing status; when preparing the comparative statements, the combined party’s assets and liabilities are included in the comparative statements of the Group’s consolidated financial statements, and the increased net assets as a result of combination are adjusted to the relevant items under owners’ equity in the comparative statements, to the extent that it is no earlier than the point at which the Group and the combined party are both under the control of the ultimate controlling party. In order to avoid double counting the value of the net assets of the combined party, long-term equity investments held by the Group before reaching consolidation and for which relevant gains or losses, other comprehensive income and other changes in net assets have been recognized between the later of the date of acquisition of the original equity interest and the date when the Group and the combined party are under the ultimate control of the same party and the date of consolidation should be eliminated from opening retained earnings and current profit or loss in the comparative statement period, respectively.

For a subsidiary acquired through a business combination not under common control, the results of operations and cash flows are included in the consolidated financial statements from the date the Group obtains control. In preparing the consolidated financial statements, the financial statements of subsidiaries are adjusted on the basis of the fair value of each identifiable asset, liability and contingent liability determined at the purchase date.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

5. Preparation of consolidated financial statements (continued)

When a step-by-step acquisition of an equity interest in an investee not under common control through multiple transactions eventually results in a business combination, the equity interest in the investee held prior to the date of purchase is remeasured at the fair value of the equity interest at the date of purchase in the preparation of consolidated statements, and the difference between the fair value and its carrying amount is recognized as investment income in the current period; the relevant equity interest in the investee held prior to the date of purchase involving other comprehensive income under the equity method and changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution are recognized as investment income or loss in the period in which the date of purchase falls, except for other comprehensive income resulting from the remeasurement of the net liabilities or changes in net assets of the defined benefit plans of the investee.

When the Group partially disposes of its long-term equity investments in subsidiaries without loss of control, the difference between the disposal price and the share of the net assets of the subsidiaries corresponding to the disposal of the long-term equity investments calculated on an ongoing basis from the date of purchase or the date of consolidation is adjusted to capital premium or equity premium in the consolidated financial statements, and retained earnings are adjusted if capital reserve is not sufficient to offset the difference.

If the Group loses control over an investee due to, for example, the disposal of a portion of its equity investment, the remaining equity interest is remeasured at its fair value at the date of loss of control in the preparation of consolidated financial statements. The difference between the sum of the consideration received for the disposal of the equity interest and the fair value of the remaining equity interest, less the share of the net assets of the original subsidiary calculated on a continuing basis from the date of purchase or the date of consolidation in proportion to the original shareholding, is recognized as investment gain or loss in the period in which control is lost, and goodwill is eliminated. Other comprehensive income related to the equity investment in the original subsidiary, etc., is transferred to current investment gain or loss when control is lost.

If the Group disposes of its equity investment in a subsidiary by phases through multiple transactions, which is a package transaction, until it loses control, each transaction is accounted for as a disposal of the subsidiary and loss of control; however, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal of the investment in each disposal prior to the loss of control is recognized in the consolidated financial statements as other comprehensive income and is transferred to investment income or loss in the period in which control is lost.

6. Cash and cash equivalents

Cash in the Group's statement of cash flows represents cash on hand and deposits readily available for payment. Cash equivalents in the statement of cash flows represent investments that are held for less than 3 months, are highly liquid, easily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

7. Foreign currency operations and translation of foreign currency financial statements

(1) Foreign currency operations

The Group's foreign currency operations are translated into RMB at the spot exchange rate at the date of the transaction. At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rate at the balance sheet date. The resulting translation differences are recognized directly in profit or loss, except for exchange differences arising from special borrowings in foreign currencies for the purpose of acquiring or producing assets eligible for capitalization, which are treated on the basis of capitalization.

(2) Translation of foreign currency financial statements

Asset and liability items in foreign currency balance sheet are translated using the spot exchange rate at balance sheet date; owner's equity items, except for "undistributed profits", are translated at the spot exchange rate at the occurred time of business; income and expense items in the income statement are translated using the spot exchange rate at the date of the transaction. The translation differences arising from the above translation are presented under the item of other comprehensive income. Cash flows in foreign currencies are translated using the spot exchange rates at the dates when the cash flows occur. The effect of exchange rate changes on cash is shown separately in the statement of cash flows.

8. Financial assets and financial liabilities

A financial asset or financial liability shall be recognized when the Group becomes a party to a financial instrument contract.

(1) Financial assets

1) *Classification, recognition and measurement of financial assets*

The Group classifies financial assets into financial assets at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, in accordance with business model for managing financial assets and contract cash flow characteristics of financial assets.

The Group classifies a financial asset as financial assets at amortized cost if both of the following conditions are met: ① the business model for managing the financial asset is to collect the contractual cash flows; ② the contractual terms of the financial asset provide that the cash flows arising on a specific date are solely payments of principal and interest based on the principal amount outstanding. Such financial assets are initially measured at their fair value with the relevant transaction expenses recognizing in the initially recognized amount, and subsequently measured at amortized cost. For the portion of such financial assets that does not belong to any hedging relationship, the amortization by effective interest method, impairment and exchange profits or losses, as well as gains and losses arising from the derecognition are included in profit or loss. The Group's financial assets at amortized cost specifically include accounts receivable, notes receivable and other receivables.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

8. Financial assets and financial liabilities (continued)

(1) Financial assets (continued)

1) *Classification, recognition and measurement of financial assets* (continued)

The Group classifies a financial asset as financial assets at fair value through other comprehensive income if both of the following conditions are met: ① the business model for managing the financial asset is to both collect the contractual cash flows and sell the financial asset; ② the contractual terms of the financial asset provide that the cash flows arising on a specific date are solely payments of principal and interest based on the principal amount outstanding. Such financial assets are initially measured at fair value with the relevant transaction expenses recognizing in the initially recognized amount. All gains and losses arising from the portion of such financial assets that does not belong to any hedging relationship and other gains or losses are both recognized in other comprehensive income, except for gains or losses caused by credit impairment, exchange profits and losses, and the financial assets' interest calculated by effective interest method. On derecognition of the financial assets, the accumulated gains or losses previously recognized in other comprehensive income shall be transferred out and recognized in profit or loss. The Group's financial assets at fair value through other comprehensive income specifically include other debt investment.

Interest income shall be recognized in accordance with the effective interest method at the value multiplying book balance by effective interest rate, but except the following situations: ① for purchased or originated financial assets with credit impairment, its interest income shall be recognized based on amortized costs of the financial assets and effective interest rate being adjusted by credit since its initial recognition; ② for purchased or originated financial assets that are not impaired on credit but, in subsequent period, has credit impairment, its interest income shall be recognized based on amortized costs of the financial assets and effective interest rate in subsequent period.

The Group designates non-trading equity instrument investments as financial assets at fair value through other comprehensive income. Once the designation is made, it cannot be revocation. The designated non-trading equity instrument investments measured at fair value through other comprehensive income shall be initially measured at their fair value, the relevant transaction expenses recognizing in the initially recognized amount; all other relevant gains and losses (including exchange profits and losses), other than dividends received (except those belonging to the recovery of investment costs) that are recorded in profit or loss, shall be recognized in other comprehensive income and cannot be transferred into profit or loss in subsequent period. On derecognition of the financial assets, the accumulated gains or losses previously recognizing in other comprehensive income shall be transferred out and recognized in retained earnings. The designated equity instrument investments at fair value through other comprehensive income include: other equity instrument investments.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

8. Financial assets and financial liabilities (continued)

(1) Financial assets (continued)

1) *Classification, recognition and measurement of financial assets* (continued)

Except for the above-mentioned financial assets measured at amortized cost and financial assets at fair value through other comprehensive income, the Group classifies other financial assets as financial assets at fair value through profit or loss. Such financial assets shall be initially measured at their fair value, the relevant transaction expenses directly recognizing in profit or loss. Gains or losses arising from such financial assets shall be included in profit or loss. The Group's financial assets at fair value through profit or loss specifically include: financial assets held-for-trading.

If contingent considerations recognized in a business combination not under combination constitute financial assets, the Group classifies them as financial assets at fair value through profit or loss.

2) *Recognition and measurement of the transfer of financial assets*

The Group shall derecognize financial assets that satisfy one of the following conditions: ① contract rights to receive cash flows of the financial assets expire; ② financial assets are transferred and the Group has transferred virtually all risks and rewards of ownership of financial assets; ③ financial assets are transferred and the Group has neither transferred, nor retained virtually all risks and rewards of ownership of financial assets, and nor retained control over the financial assets.

If the overall transfer of financial assets satisfies the conditions for derecognition, the carrying amount of the transferred financial assets at the date of derecognition shall be combined with the sum of considerations received as a result of the transfer plus the accumulated amount of fair value changes previously directly recognized in other comprehensive income, corresponding to derecognition portion (concurrently, financial assets involved in the transfer shall meet the following conditions: the Group's business model for managing the financial assets with the purpose of collecting the contractual cash flows; contract terms of the financial assets stipulate that cash flows arising on specific date are only payment for interests on the principal basis) is included in profit or loss.

If partial transfer of financial assets satisfies the conditions for derecognition, the carrying amount of the transferred financial assets shall be allocated at their relative fair value into derecognition portion and non-derecognition portion, and the difference between the sum of considerations received as a result of the transfer plus the allocated amount that the accumulated amount of fair value changes previously recognized in other comprehensive income, corresponding to derecognition portion (financial assets involved in the transfer satisfy the following conditions at the same time: the Group's business model for managing the financial assets with the purpose of collecting the contractual cash flows; contract terms of the financial assets stipulate that cash flows arising on specific date are only payment for interests on the principal basis), and the whole carrying amount of above financial assets allocated is included in profit or loss.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

8. Financial assets and financial liabilities (continued)

(2) Financial liabilities

1) *Classification, recognition and measurement of financial liabilities*

The Group classifies financial liabilities as financial liabilities at amortized cost that are subsequently measured at amortized cost by effective interest method, except for the following:

① financial liabilities at fair value through profit or loss (including derivative instruments belonging to financial liabilities) include financial liabilities held-for-trading and financial liabilities designated as at fair value through profit or loss at initial recognition. Such financial liabilities are subsequently measured at fair value, gains and losses arising from changes in fair value, dividends and interests relating to the financial liabilities are recorded in profit or loss.

② for transfer of financial assets that do not meet the conditions of derecognition or financial liabilities resulting from continuing to involve in transferred financial assets, the Group shall measure such financial liabilities in accordance with the relevant regulations of transfer of financial assets.

③ for financial guarantee contracts that do not fall under above ① and ②, and loan commitments loaning at below-market interest rate that is not belong to the situation of above ①, the Group, as an issuer, shall measure such financial liabilities after initial recognition at the higher of the amount of allowance of losses recognized in accordance with the relevant regulations of impairment of financial instruments and the balance of initial amount net of the accumulated amortization recognized based on the revenue standards.

If a financial liability results from contingent considerations in a business combination not under common control with the Group as a purchaser, the Group shall account for it at fair value through profit or loss.

2) *Conditions of derecognition of financial liabilities*

As the present obligations of a financial liability are wholly or partially discharged, the financial liability or the portion with discharged obligation shall be derecognized. If the Group, with a creditor, signs an agreement whereby the existing financial liabilities are replaced by the new financial liabilities assumed whose contract terms are materially different from those of the existing ones, the Group shall derecognize the existing financial liabilities, while recognize a new financial liability. If contract terms of the existing financial liabilities are amended wholly or partially in essence, the Group shall derecognize the existing financial liabilities or part of them, while recognize the post-amendment financial liabilities as a new financial liability. The difference between the carrying amount of derecognition and considerations paid is included in profit or loss.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

8. Financial assets and financial liabilities (continued)

(3) Determination of fair value of financial assets and financial liabilities

The Group shall measure fair values of financial assets and financial liabilities at their prices in prime market, if there is no prime market, at their prices in the most advantageous market with a valuation technique applicable to current situation and supported by sufficiently available data and other information. Inputs used in measurement of fair value divide into three levels, i.e. the first level inputs are the price quotations of the same assets or liabilities obtained at active market on the date of measurement without adjustment; the second level inputs are observable inputs, directly or indirectly, of the relevant assets or liabilities other than those of the first level inputs; the third level inputs are unobservable inputs of the related assets or liabilities. The Group prioritizes the use of the first level inputs and then the third level inputs last. The level to which results of fair value measurement belong is determined by the lowest level to which inputs significant to the measurement as a whole belong.

The Group recognizes equity instrument investments at fair value. But in limited situation, if the recent information used to determine fair values is not sufficient, or the possibly estimated amounts of fair values are distributed widely, instead of costs are the best estimates of fair values in such distribution scope, the cost can represent an appropriate estimate of fair value in such scope.

(4) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities of the Group are reported separately in balance sheet, not offsetting mutually, however, they can be presented at a net value after offsetting, if the following conditions are both met: (1) the Group has a legal right to offset the recognized amounts, and the right is executable at present; (2) the Group plans to settle accounts with net amount, or realize the financial asset and liquidate the financial liability at the same time.

(5) Distinction between financial liabilities and equity instruments and its treatment

The Group distinguishes financial liabilities and equity instruments in accordance with the following principles: (1) if the Group cannot avoid performing a contractual obligation by delivery of cash or other financial assets, unconditionally, the contractual obligation satisfies the definition of financial liabilities. Although some financial instruments do not definitely contain the terms and conditions for which the obligation is conducted by delivery of cash or other financial assets, such contractual obligation may be formed indirectly through other terms and conditions. (2) if a financial instrument can or needs to be settled by equity instruments of the Group itself, the Group's equity instruments used in settlement of the instrument shall be considered either as substitutes of cash or other financial assets or for making the holder of the instrument enjoying the remaining equity in assets net of all liabilities by the issuer. If it is the former, the instrument is a financial liability of the issuer, conversely, it is an equity instrument. Under certain situations, a financial instrument contract stipulates that the Group can or needs to settle the instrument by its own equity instruments, of which, the amount of contractual right or contractual obligation equals to the quantity of its own equity instruments obtainable or to be delivered multiplying their fair values at the time of settlement, the contract shall be classified as a financial liability, whether the amount of contractual right or contractual obligation is fixed or changeable by changes wholly or partially based on variates other than those of market prices of the Group's own equity instruments, such as interest rate, price of some goods or price of some financial instrument.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

8. Financial assets and financial liabilities (continued)

(5) Distinction between financial liabilities and equity instruments and its treatment (continued)

All terms and conditions reached between the Group's members and holders of financial instruments have been considered when the Group makes a classification on financial instruments (or their components) in consolidated statements. If the Group undertakes an obligation whereby the instrument would be settled by delivery of cash, other financial assets or other ways resulting in the instrument as a financial liability, the instrument shall be classified as a financial liability.

If financial instruments or their components belong to financial liabilities, the relevant interests, dividends (or other distributions) and gains or losses, as well as gains or losses arising from redemption or refinancing, etc. shall be recognized in profit or loss.

If financial instruments or their components belong to equity instruments, the Group shall treat them as equity changes and not recognize fair value change of equity instruments when issuing (including refinancing), repurchasing, selling or cancelling them.

9. Notes receivable

Determination of expected credit losses of notes receivable and its treatment:

For notes receivable not containing a significant financing component that are resulted from transactions governed by the *Accounting Standards for Business Enterprises No. 14 – Revenue*, the Group shall measure their allowance for losses at an amount of expected credit losses over their entire duration.

The Group's accounting estimate policies that expected credit losses would be measured by single instrument or portfolio based on practical credit losses of previous years and with a consideration of forward-looking information of current year, is as following:

Level of single instrument	
Single asset	Accrual of provision for bad debt
Commercial acceptance bill	Loss given default is measured by portfolio
Banker's acceptance bill (held to maturity)	Risk of expected credit losses is minimal

Determination of expected credit losses of notes receivable:

Judgement on whether credit risk has increased significantly since initial recognition. The Group determines whether the credit risk of a financial instrument has increased significantly by comparing the probability of default over the expected life of the financial instrument as determined at initial recognition with the probability of default over the expected life of the instrument as determined at the balance sheet date. For lower credit risk, it can be assumed that the credit risk of the financial instrument has not increased significantly since initial recognition. Normally, if a financial instrument is more than 30 days past due, it indicates that the credit risk of the financial instrument has increased significantly. This is unless the Group can obtain reasonable and substantiated forward-looking information without undue additional cost or effort to demonstrate that the credit risk has not increased significantly since initial recognition even if it is more than 30 days past due, it can be determined that the financial instrument has not increased significantly.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Notes receivable (continued)

Assessment based on portfolio. For notes receivable, if the Group cannot obtain sufficient information about credit risk increasing significantly at a reasonable cost on a level of single instrument, while it is feasible to assess whether credit risk has increased significantly on the portfolio basis, the Group shall group notes receivable and consider assessing whether credit risk has increased significantly based on portfolio in accordance with the type of financial instrument, credit risk rating, initial recognition date, and remaining contract period as common risk characteristics.

Measurement on expected credit losses. Expected credit losses are the weighted average of credit losses on financial instruments weighted by the risk of default. Credit losses represent the difference between all contractual cash flows receivable under the contracts and all cash flows expected to be received by the Group, discounted at the original effective interest rate, which is the present value of the total cash shortfall.

The Group calculates the expected credit loss on notes receivable at the balance sheet date. If the expected credit loss is greater than the current carrying amount of the provision for impairment of notes receivable, the Group recognizes the difference as impairment loss on notes receivable, debiting "credit impairment loss" and crediting "provision for bad debts". Conversely, the Group recognizes the difference as an impairment gain and makes the opposite accounting entry.

The Group incurs credit losses in practice and identifies the related notes receivable are irrecoverable, after approval, their value could be written off. Based on the approved write-off amount, the Group debits "provision for bad debts" and credits "notes receivable". If the write-off amount is greater than the provision amount made, their difference is debited to "credit impairment loss".

10. Accounts receivable

Determination of expected credit losses of accounts receivable and its treatment:

For accounts receivable not containing a significant financing component that are resulted from transactions governed by the *Accounting Standards for Business Enterprises No. 14 – Revenue*, the Group shall measure their allowance for losses at an amount of expected credit losses over their entire duration.

Judgement on whether credit risk has increased significantly since initial recognition. The Group determines whether the credit risk of a financial instrument has increased significantly by comparing the probability of default over the expected life of the financial instrument as determined at initial recognition with the probability of default over the expected life of the instrument as determined at the balance sheet date. However, if the Group determines that a financial instrument has only low credit risk at the balance sheet date, it can assume that the credit risk of the financial instrument has not increased significantly since initial recognition. Normally, if a financial instrument is more than 30 days past due, it indicates that the credit risk of the financial instrument has increased significantly. This is unless the Group can obtain reasonable and substantiated information without undue additional cost or effort to demonstrate that the credit risk has not increased significantly since initial recognition even if it is more than 30 days past due. In determining whether there has been a significant increase in credit risk since initial recognition, the Group considers reasonable and substantiated information, including forward-looking information, that is available without undue additional cost or effort.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Accounts receivable (continued)

Assessment based on portfolio. For accounts receivable, if the Group cannot obtain sufficient information about credit risk increasing significantly at a reasonable cost on a level of single instrument, while it is feasible to assess whether credit risk has increased significantly on the portfolio basis, the Group shall group accounts receivable and consider assessing whether credit risk has increased significantly based on portfolio in accordance with the type of financial instrument, credit risk rating, initial recognition date, and remaining contract period as common risk characteristics.

Measurement on expected credit losses. Expected credit losses are the weighted average of credit losses on financial instruments weighted by the risk of default. Credit losses represent the difference between all contractual cash flows receivable under the contracts and all cash flows expected to be received by the Group, discounted at the original effective interest rate, which is the present value of the total cash shortfall.

The Group calculates the expected credit loss on accounts receivable at the balance sheet date. If the expected credit loss is greater than the current carrying amount of the provision for impairment of accounts receivable, the Group recognizes the difference as impairment loss on accounts receivable, debiting "credit impairment loss" and crediting "provision for bad debts". Conversely, the Group recognizes the difference as an impairment gain and makes the opposite accounting entry.

The Group incurs credit losses in practice and identifies the related accounts receivable are irrecoverable, after approval, their value could be written off. Based on the approved write-off amount, the Group debits "provision for bad debts" and credits "accounts receivable". If the write-off amount is greater than the provision amount made, their difference is debited to "credit impairment loss".

The Group's accounting estimate policies that expected credit losses would be measured by single instrument or portfolio based on practical credit losses of previous years and with a consideration of forward-looking information of current year, is as following:

Level of single instrument	
Single asset	Accrual of provision for bad debt
Decline in credit rating of transaction objects	Significant increase in credit risk
Aging portfolio	Loss given default is measured by portfolio
Portfolio for low-recovery risk	Risk of expected credit losses is minimal

For long-term receivables containing a significant financing component that are resulted from transactions governed by the *Accounting Standards for Business Enterprises No. 14 – Revenue*, the Group shall measure their allowance for losses at an amount of expected credit losses over their entire duration. Determination of expected credit losses of long-term receivables is as following:

Level of single instrument	
Single asset	Accrual of provision for bad debt
Repayment is not due and credit risk is relatively low	Credit impairment has not occurred
Repayment is due and credit risk has not increased significantly since initial recognition	Loss given default is measured by portfolio

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Receivables financing

Receivables financing refers notes receivable, accounts receivables and others that are measured at fair value through other comprehensive income at the balance sheet date. The Group classifies banker's acceptance bills that have purposes of both collecting contractual cash flows and selling, as well as have a relatively high credit rating, as receivables financing.

The accounting treatment refers to those of financial assets at fair value through other comprehensive income in the above Note 8. Financial assets and financial liabilities.

12. Other receivables

Determination of expected credit losses of other receivables and its treatment:

The Group measures allowances for losses of other receivables as the following situations: ① for financial assets that their credit risks have not increased significantly since initial recognition, the Group measures them at an amount of expected credit losses over next 12 months; ② for financial assets whose credit risks have increased significantly since initial recognition, the Group measures them at an amount of expected credit losses over their entire duration; ③ purchased or originated financial assets that have been impaired on credit, the Group measures them at an amount of expected credit losses over their entire duration.

Assessment based on portfolio. For other receivables, if the Group cannot obtain sufficient information about credit risk increasing significantly at a reasonable cost on a level of single instrument, while it is feasible to assess whether credit risk has increased significantly on the portfolio basis, the Group shall group other receivables and consider assessing whether credit risk has increased significantly based on portfolio in accordance with the type of financial instrument, credit risk rating, initial recognition date, and remaining contract period as common risk characteristics.

The Group's accounting estimate policies that expected credit losses would be measured by single instrument or portfolio based on practical credit losses of previous years and with a consideration of forward-looking information of current year, is as following:

Level of single instrument	
Single asset	Accrual of provision for bad debt
Decline in credit rating of transaction objects	Significant increase in credit risk
Aging portfolio	Loss given default is measured by portfolio
Portfolio for low-recovery risk	Risk of expected credit losses is minimal

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Inventories

The Group's inventory mainly includes raw materials, circulation materials, goods in stock, etc.

Inventories are valued at actual cost at the time of acquisition under the perpetual inventory system. The actual cost of inventories received or issued is determined by the first-in first-out method. Low-value consumables and packaging materials are amortized by the 50/50 amortization method.

The net realizable value of inventories of goods held for sale, such as goods in stock, work in process and materials for sale, is determined by the estimated selling price of the inventories, less estimated selling expenses and related taxes; the net realizable value of materials held for production is determined by the estimated selling price of their finished goods, less estimated costs to be incurred to completion, estimated selling expenses and related taxes.

14. Contract assets

(1) Methods and criteria for recognition of contract assets

A contract asset is a right to receive consideration for merchandise that the Group has transferred to a customer and that is dependent on factors other than the passage of time. If the Group sells two clearly distinguishable commodities to a customer and is entitled to receive payment because one of the commodities has been delivered, but the receipt of such payment is also dependent on the delivery of the other commodity, the Group treats the right to receive payment as a contract asset.

(2) Determination method of expected credit losses on contract assets and accounting treatment

The method of determining expected credit losses on contract assets refers to the above Note 9. Notes receivable and Note 10. Accounts receivable.

Accounting treatment: if the expected credit loss is greater than the current carrying amount of the provision for impairment of contract assets, the Group recognizes the difference as an impairment loss and debits "Impairment loss on assets" and credits "Provision for impairment of contract assets". Conversely, the Group recognizes the difference as an impairment gain and makes the opposite accounting entry.

The Group incurs credit losses in practice and identifies the related notes or accounts receivable are irrecoverable, after approval, their value could be written off. Based on the approved write-off amount, the Group debits "provision for contract assets" and credits "contract assets". If the write-off amount is greater than the provision amount made, their difference is debited to "impairment loss of assets".

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

15. Contract costs

(1) Method of determining the amount of assets related to contract costs

The Group's assets related to contract costs include contract performance costs and contract acquisition costs.

Contract performance costs, which are costs incurred by the Group to perform a contract that are not regulated by other ASBEs and that also meet the following conditions, are recognized as a contract performance cost as an asset: the cost is directly attributable to a current or expected contract, including direct labor, direct materials, manufacturing costs (or similar costs), costs explicitly borne by the customer and other costs incurred solely in connection with that contract; the cost increases the Group's future resources available to meet its performance obligations; and the cost is expected to be recovered.

Contract acquisition costs, which are incremental costs incurred by the Group to obtain a contract that are expected to be recovered, are recognized as contract acquisition costs as an asset; if the asset is amortized over a period of not more than one year, it is recognized in profit or loss as incurred. Incremental costs are costs that the Group would not have incurred without obtaining the contract (e.g., sales commissions, etc.). Expenses incurred by the Group to obtain a contract other than incremental costs that are expected to be recovered (such as travel expenses that would have been incurred regardless of whether the contract was obtained) are recognized in profit or loss as incurred, except for those explicitly borne by the customer.

(2) Amortization of assets related to contract costs

The Group's assets related to contract costs are amortized to current profit or loss using the same basis as the revenue recognition of the commodity to which the asset relates.

(3) Impairment of assets related to contract costs

In determining impairment losses on assets related to contract costs, the Group first determines impairment losses on other assets related to contracts recognized in accordance with other relevant ASBEs; then, based on the difference between the carrying value of the asset and the remaining consideration that the Group expects to obtain for the transfer of the commodity related to the asset and the estimated costs to be incurred for the transfer of the related commodity, the excess should be provided for impairment and recognized as an asset impairment loss.

If there is a subsequent change in the factors for impairment in previous periods, such that the aforementioned difference is higher than the carrying amount of the asset, the original provision for impairment is reversed and recognized in profit or loss, but the carrying amount of the reversed asset should not exceed the carrying amount of the asset at the date of reversal assuming no provision for impairment was made.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. Long-term equity investments

The Group's long-term equity investments are mainly investments in subsidiaries, joint ventures and associates.

The Group's judgement basis on joint control is that all parties or group of parties jointly control the arrangement, and its relevant activities require the unanimous consent of the parties sharing control.

If the Group holds, directly or indirectly through subsidiaries, more than 20% but less than 50% of the voting power of the investee, it is normally presumed that the Group has significant influence on the investee; if the voting power held is below 20%, additionally considering facts and situations that representation on the board of directors or equivalent governing body of the investee, or participation in policy-making processes of finance and operation, or material transactions between the Group and its investee, or interchange of managerial personnel, or provision of essential technical information for investee to judge the significant influence on the investee.

An investee shall be considered as a subsidiary of the Group if the Group controls it. The Group shall recognize the initial investment cost of long-term equity investment that is obtained in a business combination under common control as the share of carrying amount of net assets of the combined party, reported on the consolidated statements of the ultimate controlling party at the date of combination. If the carrying amount of net assets of the combined party is negative, the investment cost of long-term equity is recognized as zero.

The Group shall consider all transactions as a transaction that acquires control if the equity of the investee is acquired by steps through multiple transactions under common control, eventually forming a business combination, and which belongs to a package deal. Conversely, if that is not a package deal, the Group shall recognize the initial investment cost of long-term equity investment as the share of carrying amount of net assets of the combined party, reported in the consolidated financial statements of the ultimate controlling party at the date of combination. The difference between the initial investment cost and the sum of the carrying amount of long-term equity investments before reaching combination plus the carrying amount of the consideration paid for further acquisition of shares at the date of consolidation is adjusted against capital reserve, and if capital reserve is not sufficient to cover the reduction, it is reduced against retained earnings.

For long-term equity investments acquired in a business combination not under common control, the Group shall use the cost of the combination as the initial investment cost of long-term equity investments.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. Long-term equity investments (continued)

If the Group acquires the equity of the investee by steps through multiple transactions not under common control, eventually forming a business combination, and which belongs to a package deal, all transactions shall be regarded as a transaction that acquires control. Conversely, if that is not a package deal, the sum of carrying amount of equity investment originally held plus additional investment costs shall to be accounted for as initial investment cost under the cost method of accounting. If the equity held before the date of purchase is accounted for under the equity method, the relevant other comprehensive income accounted by the original equity method shall not be adjusted temporarily, and the disposal of such investment shall be based on the same basis as related assets or liabilities by the investee. For an equity held before the date of purchase that is designated as a non-trading equity instrument, the accumulated changes in fair value previously recognized in other comprehensive income shall not be transferred into profit or loss.

Except for above long-term equity investments acquired through business combination, if a long-term equity investment is acquired by paying cash, the investment cost shall be recognized as the purchase price actually paid, if by issuing equity securities, as the fair value of equity securities issued; for a long-term equity investment invested by the investor, its investment cost shall be reported at the agreed value under the investment contract or agreement; if the Group has a long-term equity investment that is acquired by debt restructuring, exchange of non-monetary assets and other ways, its investment costs shall be determined in accordance with the relevant regulations of the Accounting Standards for Business Enterprises and considering the disclosures on practical situations of the Company.

The Group uses the cost method of accounting for investments in subsidiaries, and the equity method of accounting for investments in joint ventures and associates.

When additionally investing in a long-term equity that is subsequently measured under the cost method of accounting, the carrying amount of investment cost shall be increased by the fair value of cost paid in additional investment and the related transaction expenses. For the profits or cash dividends distributed by the investee, the investment income shall be recognized in accordance with the amount to be entitled.

The carrying amount of a long-term equity investment that is subsequently accounted for under the equity method of accounting shall be increased or decreased accordingly to reflect changes in owner's equity of the investee. In particular, the share of net profit or loss of the investee to be entitled shall be recognized based on fair value of identifiable assets as acquiring investment, in accordance with the accounting policies and accounting period of the Group, after adjusting the net profits of the investee with offsetting the portion of unrealized internal transaction gains or losses incurred with associates and joint ventures that is attributable to the investee on a pro rata basis.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. Long-term equity investments (continued)

Upon the disposal of a long-term equity investment, the difference between the carrying amount and the price actually received is included in investment income. For long-term equity investments accounted for under the equity method of accounting, when the equity method is terminated, the relevant other comprehensive income recognized by the original equity method shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the investee, and the owner's equity arising from the changes in other owner's equity of the investee other than net profit or loss, other comprehensive income and profit distribution shall be fully transferred into investment income.

If the Group has no longer joint control of, or significant influence over, the investee due to disposal of part of the equity investment or other reasons, and the *Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments* (Caikuai [2017] No. 7) can be applied to the accounting of the remaining equity after the disposal, the difference between the fair value and the carrying amount of the remaining equity, at the date the joint control or significant influence loses, shall be included in profit or loss. When the equity method is terminated, the other comprehensive income arising from the original equity investment under the equity method of accounting shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the investee and carried forward by proportion, the owner's equity resulting from the changes in other owner's equity of the investee other than net profit or loss, other comprehensive income and profit distribution shall be transferred proportionally into investment income.

If the Group loses control of the investee because of disposal of the part of the long-term equity investment, and the remaining equity after the disposal shall enable the Group to exercise joint control of, or have significant influence over, the investee, the remaining equity shall be accounted for in accordance with the equity method of accounting, and the difference between the carrying amount of disposed equity and the consideration for disposal shall be included in investment income, as well as the remaining equity shall be adjusted regarding as being accounted for under the equity method since the time of acquisition; if the remaining equity after the disposal shall not exercise the joint control of, or have significant influence over, the investee and be accounted for to which the *Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments* (Caikuai [2017] No. 7) is applied, the difference between the carrying amount of disposed equity and the consideration for disposal shall be included in investment income, and the difference between the fair value and the carrying amount of the remaining equity, at the date the control loses, shall be included in profit or loss.

For all transactions that dispose an equity by steps to lose the control of the equity are not a package deal, the Group shall separately account for each transaction. If they belong to a package deal, the all transactions shall be treated as a transaction that disposes a subsidiary to lose the control; however, the difference between the disposal price of each transaction and the carrying amount of long-term equity investment corresponding to the disposed equity shall be recognized as other comprehensive income before losing the control, then shall be fully transferred into profit or loss in the period the control loses.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Investment properties

Investment properties are properties held to earn rent or for capital appreciation, or both. They include land use rights that have been leased out, land use rights that are held and intended to be transferred after appreciation, and buildings that have been leased out.

Investment properties are initially measured at cost. Subsequent expenditures related to investment properties are included in the cost of investment properties if it is probable that the economic benefits associated with the asset will inflow and the cost can be measured reliably. Other subsequent expenditures are recognized in profit or loss as incurred.

The Group's investment properties include buildings and parking spaces that have been acquired for rental purposes and are measured using the fair value model.

When self-use properties or inventories are converted to investment properties or investment properties are converted to self-use properties, the book value before conversion is used as the carrying amount after conversion.

Investment properties are derecognized when they are disposed of, or permanently withdrawn from use and no economic benefits are expected from their disposal. Proceeds from the disposal of investment properties that are sold, transferred, scrapped or destroyed, net of their carrying amounts and related taxes, are recognized in profit or loss for the current period.

18. Fixed assets

The Group's fixed assets are tangible assets that have both the following characteristics, i.e. they are held for the production of goods, provision of services, rental or operation management and have a useful life of more than one year and their unit value are over RMB2,000.

Fixed assets are recognized when it is probable that the economic benefits associated with them will flow to the Group and their cost can be measured reliably. The Group's fixed assets include general equipment, special equipment, transportation equipment and other equipment, etc.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Fixed assets (continued)

The Group depreciates all fixed assets, except for fully depreciated fixed assets that continue to be used and land that is separately recorded in the accounts. Depreciation is provided using the average life method. The categorized depreciable lives, estimated net salvage value and depreciation rates of the Group's fixed assets are as follows:

SN	Category	Depreciation life (years)	Estimated residual value (%)	Annual depreciation rate
1	General equipment	3-10	5	9.5%-31.67%
2	Transportation equipment	5	5	19%
3	Special equipment	5	5	19%
4	Other equipment	5	5	19%

The Group reviews the estimated useful lives, estimated net residual values and depreciation methods of fixed assets at the end of each year and treats changes, if any, as changes in accounting estimates.

19. Construction in progress

On the date when the construction in progress reaches its intended useable state, fixed assets are carried forward at the estimated value based on the project budget, cost or actual cost of the project, etc. Depreciation starts from the following month, and the difference in the original value of fixed assets is adjusted after the completion of the final accounting procedures for completion.

20. Borrowing costs

For borrowing costs incurred that are directly attributable to fixed assets, investment properties and inventories that require more than one year of acquisition or production activity to reach their intended use or saleable condition, etc., capitalization begins when expenditure on the asset has been incurred, borrowing costs have been incurred, and the acquisition or production activities necessary to bring the asset to its intended use or saleable condition have commenced; capitalization ceases when the acquisition or production of assets eligible for capitalization reaches their intended use or saleable condition, subsequent borrowing costs incurred are recognized in profit or loss. If there is an unusual interruption in the acquisition or production of an asset eligible for capitalization and the interruption lasts for more than three consecutive months, the capitalization of borrowing costs is suspended until the acquisition or production of the asset resumes.

Interest expenses actually incurred in the period on special borrowings are capitalized, net of interest income earned on unused borrowed funds deposited in banks or investment income earned on temporary investments; general borrowings are capitalized based on the weighted-average amount of accumulated asset expenses in excess of the portion of special borrowings multiplied by the weighted-average interest rate of the general borrowings occupied. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

21. Right-of-use assets

A right-of-use asset is the right of the Group, as lessee, to use the leased asset for the term of the lease.

(1) Initial measurement

At the inception date of the lease term, the Group initially measures right-of-use assets at cost. This cost includes the following four items: ① the initial measurement amount of the lease liability; ② the amount of lease payments made on or before the commencement date of the lease term for which a lease incentive exists, less the amount relating to the lease incentive already taken; ③ the initial direct costs incurred, being the incremental costs incurred in arriving at the lease; ④ costs expected to be incurred to dismantle and remove a leased asset, to restore the site on which the leased asset is located or to restore the leased asset to its agreed condition under the terms of the lease, other than those incurred for the production of inventory.

(2) Subsequent measurement

After the commencement date of the lease term, the Group adopts the cost model for subsequent measurement of right-of-use assets, which is to measure right-of-use assets at cost less accumulated depreciation and accumulated impairment losses, and if the Group remeasures the lease liability in accordance with the relevant provisions of the leasing standards, the book value of the right-of-use asset is adjusted accordingly.

Depreciation of right-of-use assets

The Group depreciates right-of-use assets from the beginning of the lease term. Right-of-use assets are generally depreciated from the month in which the lease term commences. The amount of depreciation provided is charged to the cost of the relevant asset or to current profit or loss, depending on the use to which the right-of-use asset is put.

In determining the depreciation method for right-of-use assets, the Group makes decisions based on the manner in which the economic benefits associated with the right-of-use assets are expected to be consumed and depreciates the right-of-use assets on a straight-line basis.

In determining the depreciable lives of right-of-use assets, the Group follows the following principles: where it is reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, depreciation is charged over the remaining useful life of the leased asset; where it is not reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, depreciation is charged over the shorter of the lease term and the remaining useful life of the leased asset.

Impairment of right-of-use assets

If a right-of-use asset is impaired, the Group applies subsequent depreciation to the carrying value of the right-of-use asset, net of impairment losses.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

22. Intangible assets

The Group's intangible assets, including software use rights, are measured at actual cost at the time of acquisition, of which, acquired intangible assets are measured at actual cost based on the price actually paid and related other expenses. The actual cost of intangible assets invested by investors shall be determined at the value agreed in the investment contract or agreement, but if the agreed value in the contract or agreement is not fair, the actual cost shall be determined at fair value.

23. Impairment of long-term assets

The Group examines long-term equity investments, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful life and operating lease assets at each balance sheet date, and performs impairment tests when there is an indication of impairment. Goodwill and intangible assets with indefinite useful life are tested for impairment at the end of each year, regardless of whether there is an indication of impairment.

After the impairment test, if the carrying amount of the asset exceeds its recoverable amount, the difference is recognized as an impairment loss. Once an impairment loss is recognized for the above asset, it will not be reversed in subsequent accounting periods. The recoverable amount of an asset is the higher of the asset's fair value less costs of disposal and the present value of the asset's estimated future cash flows.

Indications of impairment are as follows:

- (1) A significant decline in the market value of the asset in the current period that is significantly greater than the decline that would be expected due to the passage of time or normal use;
- (2) Significant changes in the economic, technological or legal environment in which the enterprise operates and the market in which the assets are located occur in the current period or will occur in the near future, which adversely affects the enterprise;
- (3) Market interest rates or other market rates of return on investments have increased in the current period, thereby affecting the discount rate at which the enterprise calculates the present value of the expected future cash flows from the asset, resulting in a significant reduction in the recoverable amount of the asset;
- (4) Evidence indicates that the asset is obsolete or its entity has been damaged;
- (5) The assets have been or will be idle, discontinued or planned for early disposal;
- (6) Evidence reported within the enterprise indicates that the economic performance of the asset has fallen or will fall short of expectations, such as when the net cash flow generated by the asset or the operating profit (or loss) realized is significantly lower (or higher) than the projected amount;
- (7) Other indications that the asset may have been impaired.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Long-term deferred expenses

The Group's long-term deferred expenses include renovation costs and start-up costs. These costs are amortized evenly over the benefit period, and if an item of long-term deferred expenses does not benefit subsequent accounting periods, the entire unamortized amortized value of the item is transferred to current profit or loss.

25. Contract liabilities

Contract liabilities reflect the Group's obligations to transfer goods to customers for which consideration has been received or is receivable from customers. Where the customers have paid the contractual consideration or the Group has acquired the unconditional right to receive the contractual consideration before transferring the goods to the customer, a contractual liability is recognized at the earlier of the actual payment made by the customer or the amount due and payable, in the amount received or receivable.

26. Employee benefits

The Group's employee benefits comprise short-term benefits, post-employment benefits, termination benefits and other long-term benefits.

Short-term benefits mainly include employees' salaries, bonuses, allowances and subsidies, employee benefits, social insurance contributions, such as medical insurance premiums, industrial injury insurance premiums and maternity insurance premiums, housing provident fund, labour union expenses, employee education expenses and other short-term benefits. Actual short-term benefits incurred is recognised as a liability in the accounting period in which the employees render services and is charged to current profit or loss or the cost of the related assets in accordance with the object of benefit.

Post-employment benefits, which mainly include basic endowment insurance premiums, unemployment insurance premiums, are classified as defined contribution plans in accordance with the risks and obligations assumed by the company. For defined contribution plans, a liability is recognised on the basis of contributions made to a separate entity at the balance sheet date in exchange for services rendered by the employee during the accounting period, and is charged to current profit or loss or to the cost of the related asset, depending on the object of the benefit.

Termination benefits refer to compensation to employees who terminate their employment relationship with the Group before the expiration of their employment contracts or to encourage them to voluntarily accept redundancy. A liability for employee compensation arising from termination benefits is recognized at the date of termination of employment and recognized in profit or loss, with compensation paid for more than one year discounted at an appropriate discount rate and recognized in profit or loss.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

27. Lease liabilities

(1) Initial measurement

The Group initially measures the lease liability at the present value of the lease payments outstanding at the commencement date of the lease term.

1) *Lease payment*

lease payments, being payments made by the Group to the lessor in connection with the right to use the leased asset during the lease term, including: ① fixed payments and substantially fixed payments, net of amounts relating to lease incentives, where lease incentives exist; ② variable lease payments that depend on an index or rate that is determined at the time of initial measurement based on the index or rate at the beginning of the lease term; ③ the Group reasonably determines the exercise price of the purchase option when it will be exercised; ④ the lease term reflects the amount required to be paid to exercise the option to terminate the lease when the Group will exercise the option to terminate the lease; ⑤ the amount expected to be payable based on the residual value of the guarantee provided by the Group.

2) *Discount rate*

The Group, in calculating the present value of the lease payments, uses the interest rate implicit in lease as discount rate, the rate is the rate that makes the sum of the present value of the lessor's lease receipts and the present value of the unguaranteed residual value equal to the sum of the fair value of the leased asset and the lessor's initial direct costs. The Group uses incremental borrowing rate as discount rate if the interest rate implicit in lease cannot be determined. The incremental borrowing rate refers to the interest rate that the Group would have to pay to obtain an asset with a value close to that of the right-of-use asset in a similar economic environment and to borrow funds under similar mortgage terms for a similar period of time. The interest rate is related to: ① the Group's own situation, i.e., its solvency and credit standing; ② the term of the "borrowing", i.e., the lease term; ③ the amount of the "borrowed" funds, i.e., the amount of the lease liabilities; ④ the "mortgage terms", i.e., the nature and quality of the target asset; ⑤ economic environment, including the jurisdiction in which the lessee is located, the currency of denomination, the time of contract signing, etc. The Group arrived at this incremental borrowing rate based on the bank loan interest rate, and adjustments by considering the above factors.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

27. Lease liabilities (continued)

(2) Subsequent measurement

After the commencement date of the lease term, the Group makes subsequent measurement of the lease liability according to the following principles: ① when confirming the interest of the lease liability, increase the book amount of the lease liability; ② when paying the lease payment, reduce the carrying amount of the lease liability; ③ when the lease payment changes due to revaluation or lease change, the book value of the lease liability shall be remeasured.

The Group calculates interest expense on lease liabilities at a fixed periodic rate for each period of the lease term and recognizes it in profit or loss for the current period, except when it should be capitalized. The periodic interest rate is the discount rate used by the Group for the initial measurement of the lease liability or the revised discount rate used by the Group when the lease liability is required to be remeasured at the revised discount rate due to a change in the lease payments or due to a change in the lease.

(3) Remeasurement

After the commencement date of the lease term, in case of the following circumstances, the Group shall remeasure the lease liability according to the present value of the lease payment after the change, and adjust the book value of the right-of-use asset accordingly. If the book value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Group will include the remaining amount in the current profit and loss. ① The actual fixed payment amount changes (in this case, discounted using the original discount rate); ② The expected payable amount of the guaranteed residual value changes (in this case, discounted using the original discount rate); ③ Changes in the index or rate used to determine the amount of lease payments (in this case, discounted using the revised discount rate); ④ The evaluation result of the purchase option changes (in this case, discounted using the revised discount rate); ⑤ The evaluation result or actual exercise of the renewal option or termination option changes (in this case, discounted using the revised discount rate).

28. Provisions

The Group recognizes a liability when operations related to contingencies such as external guarantees, discounting of commercial acceptances, pending litigation or arbitration, product quality guarantees, etc. meet all of the following conditions: the obligation is a present obligation assumed by the Group; it is probable that the performance of the obligation will result in an outflow of economic benefits to the enterprise; and the amount of the obligation can be measured reliably.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Share-based payment

The equity-settled share-based payment in return for employees' services shall be measured based on the fair value of equity instruments granted to the employees on the grant date. If the equity-settled share-based payment cannot be vested until the services are completed in the vesting period or until the prescribed performance conditions are met, then within the vesting period, the amount of fair value should, based on the best estimate of the number of vested equity instruments, be included in relevant costs or expenses according to the straight-line method, and the capital reserves should be increased accordingly.

Cash-settled share-based payments are measured at the fair value of liabilities determined on the basis of Shares or other equity instruments assumed by the Group. For those vested immediately upon the grant, the fair value of the liabilities assumed as at the date of grant are charged to relevant costs or expenses and the liabilities are increased accordingly. For those vested upon completion of services for the vesting period or fulfillment of performance conditions, the Group charges the services obtained in the current period to costs or expenses at each balance date during the vesting period based on the best estimate of vesting conditions and according to the fair value of the liability assumed by the Group and adjusts the liabilities accordingly.

At each balance sheet date or settlement date before the settlement of relevant liabilities, the fair value of liabilities are remeasured with respective changes included in the profit or loss for the current period.

If the Group cancelled the granted equity instrument during the vesting period (other than cancellations due to non-fulfillment of the vesting conditions), it is deemed as accelerated vesting, as if all vesting conditions of the equity-based payment scheme during the remaining vesting period have been fulfilled, all expenses of the remaining vesting period are recognized during the period of cancellation of such equity instrument granted.

30. Recognition and measurement of revenue and the specific methods

Basic principles of revenue recognition

The Group recognizes revenue when a performance obligation in the contract is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customers.

When the contract contains two or more performance obligations, on the inception of the contract, the transaction price is allocated to each separate performance obligation in proportion to the stand-alone price of the promised goods or services, and the revenue is recognized according to the transaction price allocated to each performance obligation.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. Recognition and measurement of revenue and the specific methods (continued)

Basic principles of revenue recognition (continued)

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognizes the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The amounts which the Group expects to refund to the customer is recognized as liabilities and excluded from transaction price. Where there is significant financing component in the contract, the Group shall determine the transaction price on the basis of the amount payable in cash when the customer assumes control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective interest rate method during the contract period. The Group shall not take into account the existence of a significant financing component in the contract if the Group expects, at contract inception, that the period between when the customer acquires the control of a promised good or service and when the customer pays for that good or service will be one year or less.

The Group satisfies a performance obligation over time, if one of the following criteria is met; otherwise, it satisfies a performance obligation at a point in time:

- (1) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.
- (2) The customer can control the asset which is created by the Group's performance.
- (3) The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to receive payment in respect of performance completed to date during the whole contract period.

For performance obligation satisfied over time, the Group recognizes revenue over time by measuring the progress towards complete satisfaction of that performance obligation, which is determined by input method. When the outcome of that performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognizes revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. Recognition and measurement of revenue and the specific methods (continued)

Basic principles of revenue recognition (continued)

For performance obligation satisfied at a point in time, the Group recognizes revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

- (1) The Group has a present right to payment for the goods or services.
- (2) The Group has transferred the legal title of the goods to the customer.
- (3) The Group has transferred physical possession of the goods to the customer.
- (4) The Group has transferred the significant risks and rewards of the ownership of the goods to the customer.
- (5) The customer has accepted the goods or services.

The Group's right to consideration in exchange for goods or services that it has transferred to a customer is stated as contract asset. The Group recognizes allowances for impairment loss for expected credit loss on contract assets. Receivable is the Group's unconditional right to consideration to be received from a customer. A contract liability is the Group's obligation to transfer goods or services to a customer for which the consideration is received or receivable by the Group from the customer.

Specific methods of revenue recognition

The Group mainly provides property management services and related value-added services. Revenue from providing services is recognized 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.

(1) *Property management services*

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

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

(2) *Value-added services to non-property owner*

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. Recognition and measurement of revenue and the specific methods (continued)

Specific methods of revenue recognition (continued)

(3) *Community value-added services*

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

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

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

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

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

31. Government grants

Government grants are monetary assets or non-monetary assets that the Group obtains from the government without consideration. Among them, asset-related government grants refer to government grants obtained by the Group for the acquisition and construction or other formation of long-term assets; revenue-related government grants refer to government grants other than asset-related government grants. If the objects of subsidies are not specified in government documents, the Group makes judgment in accordance with the above distinction principles, and if it is difficult to distinguish them, they are classified as revenue-related government subsidies as a whole.

If a government grant is a monetary asset, it is measured at the amount actually received. For the grants being allocated in accordance with fixed quotas, or if there is sufficient evidence at end of the year to show that the entity complies with the conditions of financial policies and is expected to receive supporting funds, the grants shall be measured at receivable amount. If a government grant is a non-monetary asset, it is measured at its fair value, and in the event the fair value cannot be acquired in a reliable way, it is measured at its nominal amount (RMB1).

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

31. Government grants (continued)

Government grants related to assets are recognized as deferred income, and the government grants related to assets that are recognized as deferred income are included in profit or loss in stages on a straight-line basis over the useful life of the related assets.

If the related assets are sold, transferred, retired or damaged before the end of their useful life, the unallocated balance of the related deferred income is transferred to profit or loss in the period in which the assets are disposed of.

If a government grant related to income is to compensate the related cost, expenses or losses to be incurred in subsequent periods, it is recognized as deferred income, and is recognized in profit or loss for the period when the related cost, expenses or losses incurred. If a government grant is related to the ordinary activities, it is included in other income or offsets relevant cost and expenses based on the economic substance of the business. Government grants not related to the ordinary activities are included in non-operating income or expenses.

32. Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities of the Group are calculated and recognized based on the differences between tax bases and carrying amounts of assets and liabilities (temporary differences). Deferred income tax asset is recognized for the deductible losses that are deductible against taxable profit in subsequent years in accordance with the requirements under tax laws. No deferred tax liability is recognized for temporary difference arising from initial recognition of goodwill. No deferred income tax asset or deferred income tax liability is recognized for the temporary differences arising from initial recognition of asset or liability due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the applicable tax rates for the period when the asset is expected to be realized or the liability is expected to be settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available to deduct from the deductible temporary differences, deductible losses and tax credits.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

33. Lease

(1) Identification of leases

A lease is a contract whereby the lessor cedes the right to use an asset to the lessee for a certain period of time for consideration. At the inception date of the contract, the Group assesses whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if one party to the contract cedes the right to control the use of one or more identified assets for a specified period of time in exchange for consideration. To determine whether the contract cedes the right to control the use of the identified asset for a certain period of time, the Group assesses whether the customer under the contract is entitled to substantially all of the economic benefits arising from the use of the identified asset during the period of use and has the right to dominate the use of the identified asset during that period of use.

If a contract contains several separate leases, the Group splits the contract and accounts for each separate lease separately. If a contract contains both lease and non-lease components, the Group splits the lease and non-lease components for accounting purposes.

(2) The Group as lessee

1) *Recognition of leases*

The Group recognizes a right-of-use asset and a lease liability for leases at the inception date of the lease term. The recognition and measurement of right-of-use assets and lease liabilities refer to the Note IV. "21. Right-of-use assets" and "27. Lease liabilities".

2) *Lease modification*

Lease modification refers to the modification of lease scope, lease consideration and lease term other than the original contract terms, including adding or terminating the right to use one or more leased assets, extending or shortening the lease term stipulated in the contract, etc. The effective date of lease modification refers to the date when both parties agree on the lease modification.

The Group shall account for a lease modification as a separate lease if both: ① the lease modification increases the scope of the lease by adding the right to use one or more leased assets; ② the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in lease scope or lease term and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

33. Lease (continued)

(2) The Group as lessee (continued)

2) *Lease modification* (continued)

If a lease modification is not accounted for as a separate lease, on the effective date of the lease modification, the Group re-determines the lease term after the modification by apportioning the consideration of the modified contract in accordance with the relevant provisions of the Lease Standards; and the lease payments after the modification are discounted using the revised discount rate to re-measure the lease liability. In calculating the present value of the lease payments after the modification, the Group uses the interest rate embedded in the lease for the remaining lease term as the discount rate; if the interest rate embedded in the lease for the remaining lease term cannot be determined, the Group uses the incremental borrowing rate of the lessee as of the effective date of the lease change as the discount rate. With respect to the effect of the above lease liability adjustments, the Group distinguishes the following scenarios for accounting purposes: ① If a lease modification results in a reduction in the scope of the lease or a shortening of the lease term, the lessee shall reduce the carrying value of the right-of-use asset and recognise the gain or loss related to the partial termination or complete termination of the lease in profit or loss for the current period. ② If other lease modifications result in a remeasurement of the lease liability, the lessee adjusts the carrying amount of the right-of-use asset accordingly.

3) *Short-term leases and low-value asset leases*

For short-term leases with lease terms of up to 12 months and leases of low-value assets with a lower value when the individual leased assets are brand-new, the Group chooses not to recognize right-of-use assets and lease liabilities. The Group recognizes lease payments for short-term leases and leases of low-value assets in the cost of the related assets or in profit or loss for the current period on a straight-line basis or other systematic and reasonable basis in each period of the lease term.

(3) The Group as the lessor

On the basis that the contract assessed in (1) is a lease or contains a lease, the Group, as the lessor, classifies the lease into a finance lease and an operating lease as at the lease commencement date.

If a lease transfers substantially all the risks and rewards associated with ownership of the leased asset, the lessor classifies the lease as a finance lease and leases other than finance leases as operating leases.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

33. Lease (continued)

(3) The Group as the lessor (continued)

A lease is normally classified as a finance lease if one or more of the following circumstances exist: ① at the end of the lease term, ownership of the leased asset is transferred to the lessee; ② the lessee has an option to purchase the leased asset and the purchase price entered into is sufficiently low compared to the fair value of the leased asset at the time the option is expected to be exercised so that it is reasonably certain that the lessee will exercise the option at the lease inception date; ③ although ownership of the asset does not pass, the lease term represents the majority of the useful life of the leased asset (not less than 75% of the useful life of the leased asset); ④ at the lease inception date, the present value of the lease receipt amount is almost equal to the fair value of the leased asset (not less than 90% of the fair value of the leased asset.); ⑤ the leased asset is special in nature and can only be used by the lessee if no major modifications are made. The Group may also classify a lease as a finance lease if one or more of the following indications exist: ① if the lessee revokes the lease, the loss to the lessor caused by the revocation is borne by the lessee; ② the gain or loss arising from fluctuations in the fair value of the residual value of the asset is attributed to the lessee; ③ the lessee has the ability to continue the lease to the next period at a rent much lower than the market level.

1) Accounting for finance leases

Initial measurement

On the commencement date of the lease term, the Group recognizes finance lease receivables for finance leases and derecognizes the finance lease assets. For the initial measurement of finance lease receivables, the Group uses the net lease investment as the recorded value of the finance lease receivables.

The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the commencement date of the lease term discounted at the interest rate embedded in the lease. The lease receipt amount, which is the amount receivable by the lessor from the lessee for ceding the right to use the leased asset during the lease term, includes: ① the fixed payment amount to be paid by the lessee and the substantial fixed payment amount; if there is a lease incentive, the amount related to the lease incentive is deducted; ② the variable lease payment amount that depends on the index or rate, which is determined at the time of initial measurement based on the index or rate at the beginning of the lease term; ③ the exercise price of the purchase option, provided that it is reasonably certain that the lessee will exercise the option; ④ the amount to be paid by the lessee to exercise the option to terminate the lease, provided that the lease term reflects that the lessee will exercise the option to terminate the lease; ⑤ the residual value of the guarantee provided to the lessor by the lessee, a party related to the lessee, and an independent third party with the financial ability to meet the guarantee obligation.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

33. Lease (continued)

(3) The Group as the lessor (continued)

1) *Accounting for finance leases* (continued)

Subsequent measurement

The Group calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate. The periodic rate is the discount rate embedded in the net lease investment (in the case of a sublease, if the embedded interest rate of the sublease cannot be determined, the discount rate of the original lease is used (adjusted for the initial direct costs associated with the sublease)), or the revised discount rate determined in accordance with the relevant regulations if a change in a finance lease is not accounted for as a separate lease and the lease would have been classified as a finance lease if the change had been effective at the lease inception date.

Accounting for lease changes

If a change in a finance lease occurs and both of the following conditions are met, the Group will account for the change as a separate lease: ① the change expands the scope of the lease by adding the right to use one or more leased assets; ② the increased consideration is equivalent to the separate price of the expanded portion of the lease adjusted for the circumstances of that contract.

If a change in a finance lease is not accounted for as a separate lease and the condition that the lease would have been classified as an operating lease had the change been effective on the commencement date of the lease is met, the Group accounts for the lease as a new lease from the effective date of the lease change and uses the net investment in the lease prior to the effective date of the lease change as the carrying amount of the leased asset.

2) *Accounting for operating leases*

Handling of rent

The Group recognizes lease receipts from operating leases as rental income using the straight-line method during each period of the lease term.

Incentives offered

If a rent-free period is provided, the Group allocates the total rental income on a straight-line basis over the entire lease term without deducting the rent-free period, and rental income should be recognized over the rent-free period. If the Group bears certain expenses of the lessee, such expenses shall be deducted from the total rental income and allocated over the lease term according to the balance of the rental income after deduction.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

33. Lease (continued)

(3) The Group as the lessor (continued)

2) *Accounting for operating leases* (continued)

Initial direct costs

The initial direct costs incurred by the Group in connection with operating leases should be capitalized to the cost of the assets subject to the leases and amortized to current profit or loss over the lease terms on the same recognition basis as rental income.

Depreciation

For fixed assets under operating leases, the Group uses the depreciation policy for similar assets to provide depreciation; for other operating lease assets, a systematic and reasonable method is used to amortize them.

Variable lease payments

Variable lease payments acquired by the Group in connection with operating leases that are not included in the lease receipts are recognized in current profit or loss when they are actually incurred.

Change of operating lease

If a change in an operating lease occurs, the Group accounts for it as a new lease from the effective date of the change, and the amount of lease receipts received in advance or receivable in connection with the lease prior to the change is considered to be the amount received under the new lease.

34. Changes in significant accounting policies and accounting estimates

None.

V. TAXES

1. Major tax types and tax rates

Tax type	Tax basis	Tax rate
Value added tax	Increment of tax payables	5%, 6%, 9%, 11%, 13%
City maintenance and construction tax	Value-added tax payable	7%
Education fee surcharge	Value-added tax payable	3%
Local education fee surcharge	Value-added tax payable	2%
Corporate income tax	Taxable income	25%

V. TAXES (continued)

2. Description of Different corporate income tax rates for the main taxpayers:

Name of taxable entity	Tax rate	Eligibility to enjoy small and micro concessions
Roiserv Lifestyle Services Co., Ltd.* 榮萬家生活服務股份有限公司	25%	No
Including: Roiserv Lifestyle Services Co., Ltd. Chengdu Branch* 榮萬家生活服務股份有限公司成都分公司	15%	No
Shijiazhuang Shengjing Fitness Service Co., Ltd.* 石家莊盛景健身服務有限公司	20%	Yes
Hohhot RiseSun Property Service Co., Ltd.* 呼和浩特市榮盛物業服務有限公司	20%	Yes
Tangshan Fengnan District Pujie Property Services Co., Ltd.* 唐山市豐南區普捷物業服務有限公司	20%	Yes
Shanxi Risesun Property Service Co., Ltd.* 山西榮盛物業服務有限公司	20%	Yes
Henan Rongding Property Service Co., Ltd.* 河南榮定物業服務有限公司	20%	Yes
Roiserv (Beijing) Technology Services Limited* 榮萬家(北京)科技服務有限公司	20%	Yes
Roiserv (Beijing) Property Service Co., Ltd.* 榮萬家(北京)物業服務有限公司	20%	Yes
Hangzhou Rongjia Life Service Co., Ltd.* 杭州榮家生活服務有限公司	20%	Yes
Cangzhou Rongzhi Property Service Co., Ltd.* 滄州市榮致物業服務有限公司	20%	Yes
Langfang Rongrui Property Management Co., Ltd.* 廊坊榮銳物業管理有限公司	20%	Yes
Baoding Rongrun Property Service Co., Ltd.* 保定榮潤物業服務有限責任公司	20%	Yes
Nanjing Liuhe RiseSun Property Service Co., Ltd.* 南京六合榮盛物業服務有限公司	25%	No
Jiangsu Pujie Property Co., Ltd.* 江蘇普捷物業有限公司	20%	Yes
Nanjing Handu Technology Industrial Co., Ltd.* 南京翰都科技實業有限公司	20%	Yes
Nanjing Shengtou Automobile Service Co., Ltd.* 南京盛投汽車服務有限公司	20%	Yes
Liaocheng RiseSun Property Service Co., Ltd.* 聊城榮盛物業服務有限公司	20%	Yes
Linqing Pujie Property Service Co., Ltd.* 臨清普捷物業服務有限公司	20%	Yes

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V. TAXES (continued)

2. Description of Different corporate income tax rates for the main taxpayers: (continued)

Name of taxable entity	Tax rate	Eligibility to enjoy small and micro concessions
Liaocheng Rongkun Construction Engineering Co., Ltd.* 聊城市榮坤建築工程有限公司	25%	No
Langfang Rongxin Real Estate Brokerage Co., Ltd.* 廊坊市榮信房地產經紀有限公司	25%	No
Zhanjiang Rongjin Commercial Trading Co., Ltd.* 湛江市榮錦商貿有限公司	20%	Yes
Xuzhou Rongrun Commercial Trading Co., Ltd.* 徐州市榮潤商貿有限公司	20%	Yes
Jinan Rongfa Convenience Supermarket Co., Ltd.* 濟南榮發便利生活超市有限公司	20%	Yes
Liaocheng Dongchangfu Rongfa Commercial Trading Co., Ltd.* 聊城市東昌府區榮發商貿有限公司	20%	Yes
Liaocheng Shengheng Automobile Beauty Maintenance Service Co., Ltd.* 聊城盛恒汽車美容養護服務有限公司	20%	Yes
Liaocheng Rongheng Automobile Beauty Maintenance Service Co., Ltd.* 聊城榮恒汽車美容養護服務有限公司	20%	Yes
Liaocheng Guandi Automobile Beauty Maintenance Service Co., Ltd.* 聊城觀邸汽車美容養護服務有限公司	20%	Yes
Liaocheng Lishe Automobile Beauty Maintenance Service Co., Ltd.* 聊城麗舍汽車美容養護服務有限公司	20%	Yes
Liaocheng Rongyi Automobile Beauty Service Co., Ltd.* 聊城榮億汽車美容服務有限公司	20%	Yes
Langfang Duona Commercial Trading Co., Ltd.* 廊坊多納商貿有限公司	20%	Yes
Linyi Ronghui Commercial Trading Co., Ltd.* 臨沂市榮惠商貿有限公司	20%	Yes
Tangshan Rongjun Commercial Trading Co., Ltd.* 唐山市榮峻商貿有限公司	20%	Yes
Tangshan Youanmi Catering Services Co., Ltd.* 唐山優安米餐飲服務有限公司	20%	Yes
Tangshan Xuantu Automobile Service Co., Ltd.* 唐山軒途汽車服務有限公司	20%	Yes
Cangzhou Rongkun Commercial Trading Co., Ltd.* 滄州市榮坤商貿有限公司	20%	Yes
Cangzhou Rongna Commercial Trading Co., Ltd.* 滄州市榮納商貿有限公司	20%	Yes
Cangzhou Rongqia Commercial Trading Co., Ltd.* 滄州市榮洽商貿有限公司	20%	Yes

V. TAXES (continued)

2. Description of Different corporate income tax rates for the main taxpayers: (continued)

Name of taxable entity	Tax rate	Eligibility to enjoy small and micro concessions
Cangzhou Rongxin Automobile Service Co., Ltd.* 滄州市榮新汽車服務有限公司	20%	Yes
Cangzhou Rongpai Commercial Trading Co., Ltd.* 滄州市榮派商貿有限公司	20%	Yes
Cangzhou Rongmai Commercial Trading Co., Ltd.* 滄州市榮邁商貿有限公司	20%	Yes
Cangzhou Rongxiu Commercial Trading Co., Ltd.* 滄州市榮繡商貿有限公司	20%	Yes
Cangzhou Rongzhe Commercial Trading Co., Ltd.* 滄州市榮哲商貿有限公司	20%	Yes
Cangzhou Rongqi Commercial Trading Co., Ltd.* 滄州市榮祺商貿有限公司	20%	Yes
Cangzhou Rongliang Automobile Service Co., Ltd.* 滄州市榮靚汽車服務有限公司	20%	Yes
Cangzhou Rongsu Commercial Trading Co., Ltd.* 滄州市榮速商貿有限公司	20%	Yes
Handan Rongchao Trading Co., Ltd.* 邯鄲市榮超貿易有限公司	20%	Yes
Handan Rongyiheng Trade Co., Ltd.* 邯鄲市榮益恒貿易有限公司	20%	Yes
Shenyang Ronghua Commercial Trading Co., Ltd.* 瀋陽榮驊商貿有限公司	20%	Yes
Shenyang Roiserv Jiangxin Car Washing Beauty Co., Ltd.* 瀋陽榮萬家匠心洗車美容有限公司	20%	Yes
Bengbu Rongchang Commercial Trading Co., Ltd.* 蚌埠榮昌商貿有限公司	20%	Yes
Shenyang Rongkun Commercial Trading Co., Ltd.* 瀋陽榮坤商貿有限公司	20%	Yes
Chengdu Rongchao Commercial Trading Co., Ltd.* 成都市榮超商貿有限公司	20%	Yes
Nanjing Ronghui Commercial Trading Co., Ltd.* 南京榮惠商貿有限公司	20%	Yes
Xianghe Rongkun Commercial Trading Co., Ltd.* 香河榮坤商貿有限公司	20%	Yes
Hunan Rongkun Commercial Trading Co., Ltd.* 湖南榮坤商貿有限公司	20%	Yes
Shijiazhuang Rongci Commercial Trading Co., Ltd.* 石家莊榮賜商貿有限公司	20%	Yes

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V. TAXES (continued)**2. Description of Different corporate income tax rates for the main taxpayers:** (continued)

Name of taxable entity	Tax rate	Eligibility to enjoy small and micro concessions
Langfang Rongzhen Trading Co., Ltd.* 廊坊榮臻貿易有限公司	25%	No
Langfang Rongba Trading Co., Ltd.* 廊坊榮霸貿易有限公司	20%	Yes
Chongqing Rongzhiguan Commercial Trading Co., Ltd.* 重慶榮之冠商貿有限公司	20%	Yes
Changzhou Zhenmiao Grocery&Trading Co., Ltd.* 常州臻淼百貨貿易有限公司	25%	No
Huizhou Rongzhen Trading Co., Ltd.* 惠州市榮臻貿易有限公司	20%	Yes
Shenyang Rongyue Commercial Trading Co., Ltd.* 瀋陽榮悅商貿有限公司	20%	Yes
Shenyang Rongxin Commercial Trading Co., Ltd.* 瀋陽榮馨商貿有限公司	20%	Yes
Zhengzhou Shenshuo Commercial Trading Co., Ltd.* 鄭州市申朔商貿有限公司	25%	No
Hohhot Rongmian Commercial Trading Co., Ltd.* 呼和浩特市榮冕商貿有限公司	20%	Yes
Zhangjiakou Rongyiheng Commercial Trading Co., Ltd.* 張家口榮億恒商貿有限公司	20%	Yes
Shijiazhuang Rongyu Commercial Trading Co., Ltd.* 石家莊榮御商貿有限公司	20%	Yes
Yueyang Rongyue Department Store Commercial Trading Co., Ltd.* 岳陽榮悅百貨商貿有限公司	20%	Yes
Shenyang Ronghe Commercial Trading Co., Ltd.* 瀋陽榮赫商貿有限公司	20%	Yes
Shenyang Rongxi Catering Management Co., Ltd.* 瀋陽榮璽餐飲管理有限公司	20%	Yes
Shenyang Rongguan Commercial Trading Co., Ltd.* 瀋陽榮貫商貿有限公司	20%	Yes
Yixing Rongmiao Department Store Commercial Trading Co., Ltd.* 宜興榮淼百貨商貿有限公司	20%	Yes
Jiaxing Rongjun Commercial Trading Co., Ltd.* 嘉興市榮軍商貿有限公司	20%	Yes
Zhanjiang Ronghan Commercial Trading Co., Ltd.* 湛江市榮翰商貿有限公司	20%	Yes
Shenyang Rongyu Commercial Trading Co., Ltd.* 瀋陽榮御商貿有限公司	20%	Yes

V. TAXES (continued)

2. Description of Different corporate income tax rates for the main taxpayers: (continued)

Name of taxable entity	Tax rate	Eligibility to enjoy small and micro concessions
Changsha Rongdou Catering Service Co., Ltd.* 長沙榮豆餐飲服務有限公司	20%	Yes
Handan Rongyuyuan Trade Co., Ltd.* 邯鄲市榮玉源貿易有限公司	20%	Yes
Zhanjiang Shengxu Commercial Trading Co., Ltd.* 湛江市盛旭商貿有限公司	20%	Yes
Shijiazhuang Rongxu Commercial Trading Co., Ltd.* 石家莊榮旭商貿有限公司	20%	Yes
Nanjing Rongling Commercial Trading Co., Ltd.* 南京榮領商貿有限公司	20%	Yes
Guangdong Rongfa Property Service Co., Ltd.* 廣東榮發物業服務有限公司	25%	No
Yangxi County Shanhuhai Property Owners' Home Catering Services Co., Ltd.* 陽西縣山湖海業主之家餐飲服務有限公司	20%	Yes
Zhanjiang Ronghui Automobile Beauty Co., Ltd.* 湛江市榮惠汽車美容有限公司	20%	Yes
Zhanjiang Jiatianwa Real Estate Brokerage Service Co., Ltd.* 湛江市家添瓦房產經紀服務有限公司	20%	Yes
Yangxi Rongyuwan Owner's House Catering Service Co., Ltd.* 陽西縣榮御灣業主之家餐飲服務有限公司	20%	Yes
Zhanjiang Owner's House Catering Service Co., Ltd.* 湛江市業主之家餐飲服務有限公司	20%	Yes
Yongqing Jingtai Property Service Co., Ltd.* 永清京台物業服務有限公司	20%	Yes
Tianjin Roiserv Lifestyle Service Co., Ltd.* 天津榮萬家生活服務有限公司	20%	Yes
Hengshui Roiserv Lifestyle Service Co., Ltd.* 衡水榮悅生活服務有限公司	20%	Yes
Cangzhou Rongyue Landscaping Engineering Co., Ltd.* 滄州市榮越園林綠化工程有限公司	20%	Yes
Sichuan RiseSun Shengxin Property Service Co., Ltd.* 四川榮盛盛欣物業管理有限公司	20%	Yes
Zhangjiakou RiseSun Jingxuan Property Service Co., Ltd.* 張家口榮盛京宣物業服務有限公司	20%	Yes
Rongwanqian Property Management (Zhangjiakou) Co., Ltd.* 榮萬乾物業管理(張家口)有限公司	20%	Yes

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2021 - December 31, 2021

(Unless indicated otherwise, all amounts are expressed in RMB)

V. TAXES (continued)**2. Description of Different corporate income tax rates for the main taxpayers:** (continued)

Name of taxable entity	Tax rate	Eligibility to enjoy small and micro concessions
Cangzhou Rongguang Construction Engineering Co., Ltd.* 滄州榮光建築工程有限責任公司	20%	Yes
Shijiazhuang Rongci Real Estate Brokerage Co., Ltd.* 石家莊榮賜房地產經紀有限公司	25%	No
Changzhou Rongyijia Property Agent Co., Ltd.* 常州市榮宜嘉房地產代理服務有限公司	25%	No
Tianjin Rongshang Technology Co., Ltd.* 天津榮尚科技有限公司	25%	No
Jinan Rongtong Real Estate Brokerage Co., Ltd.* 濟南榮通房地產經紀有限公司	25%	No
Zhangjiakou Rongmiao Cheng Property Management Co., Ltd.* 張家口榮淼城物業管理有限責任公司	20%	Yes
Cangzhou Roiserv New Town Property Service Co., Ltd.* 滄州榮萬家新城物業服務有限責任公司	20%	Yes
Beijing Rongyang Wanjia Management Consulting Co., Ltd.* 北京榮陽萬家管理諮詢有限公司	20%	Yes
Langfang Fibito Education Service Co., Ltd.* 廊坊市菲比托育服務有限公司	20%	Yes
Beijing Manbeilun Cosmetics Co., Ltd.* 北京曼蓓倫化妝品有限公司	20%	Yes
Zhangjiakou Rongmeng Property Management Co., Ltd.* 張家口榮夢物業管理有限公司	20%	Yes
Zhangjiakou Rongguanyue Property Management Co., Ltd.* 張家口榮關月物業管理有限公司	20%	Yes
Jiaxing Rongjia Life Service Co., Ltd.* 嘉興市榮家生活服務有限公司	20%	Yes
Hohhot Rongzhen Commercial Trading Co., Ltd.* 呼和浩特榮臻商貿有限公司	20%	Yes
Changsha Sanfen Liangtian Real Estate Brokerage Co., Ltd.* 長沙三分良田房產經紀有限公司	20%	Yes

V. TAXES (continued)

3. Tax benefits

According to the *Notice on the Implementation of the Policy of Universal Tax Relief for Small and Micro Enterprises* (Caishui [2019] No. 13): From January 1, 2019 to December 31, 2021, the portion of the annual taxable income of small and profitable enterprises not exceeding RMB1 million will be reduced by 25% of the taxable income and subject to corporate income tax at a rate of 20%; the portion of the annual taxable income exceeding RMB1 million but not exceeding RMB3 million will be reduced by 50% of the taxable income and subject to corporate income tax at a rate of 20%.

According to the *Announcement on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Entrepreneurs* (Announcement of the Ministry of Finance and the State Administration of Taxation, No. 12 of 2021): For the part of the annual taxable income of small and micro enterprises not exceeding RMB1 million, the corporate income tax will be reduced by 50% on top of the preferential policies stipulated in Article 2 of the *Notice on the Implementation of the Policy of Universal Tax Relief for Small and Micro Enterprises* (Caishui [2019] No. 13) announced by the Ministry of Finance and the State Administration of Taxation.

In the period from January 1, 2011 to December 31, 2020, for enterprises located in the western region, with the industrial projects specified in the *Catalogue of Industries Encouraged in the Western Region* as their main business, and their main business income in the current year accounts for more than 70% of the total income of enterprises, can pay the corporate income tax at a preferential tax rate of 15%.

On January 1, 2021, the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission issued the *Announcement on the Continuation of the Corporate Income Tax Policy for Western Development* (Cai Shui Fa Announcement No. 23 of 2020), extending the implementation period of the tax preference from January 1, 2021 to December 31, 2030. In January 2019, Roiserv Lifestyle Services Co., Ltd. Chengdu Branch was audited and confirmed by the competent tax authorities to enjoy the 15% tax concession for the western development.

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2021 - December 31, 2021

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

In the financial statements disclosed below, unless otherwise stated, "Opening" refers to January 1, 2021, "Closing" refers to December 31, 2021, "Current year" refers to January 1 to December 31, 2021 and "Prior year" refers to January 1 to December 31, 2020, and the currency unit is RMB.

1. Cash at bank and on hand

Item	Closing balance	Opening balance
Cash on hand	0.00	2,236.11
Bank deposits	925,122,579.60	598,466,002.23
Other cash at bank and on hand	1,510,810.66	6,417,474.13
Total	926,633,390.26	604,885,712.47
Including: Total amount deposited abroad	278,559.17	0.00

Restricted use of cash at bank and on hand

Item	Closing balance	Opening balance
Judicial freeze	9,838,841.29	1,000,000.00
Property deposit	700,000.00	700,000.00
Total	10,538,841.29	1,700,000.00

2. Financial assets held-for-trading

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	537,573,993.31	0.00
Including: Financial products	537,573,993.31	0.00

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Notes receivable

(1) Presentation of notes receivable by category

Item	Closing balance	Opening balance
Commercial acceptances	123,938,656.81	184,646,457.37

(2) Notes receivable endorsed or discounted at year-end and not yet due at the balance sheet date

Item	Amount derecognized at year-end	Amount not derecognized at year-end
Commercial acceptances	0.00	58,629,530.48

(3) Notes transferred to accounts receivable at the end of the year due to non-performance by the drawer

Item	Amount transferred to accounts receivable at the end of the year
Commercial acceptances	55,739,772.63

(4) Presentation by bad debt provision method

Category	Book balance		Closing balance		Book value
	Amount	Ratio (%)	Bad debt provision		
			Amount	Accrual ratio (%)	
Provision for bad debts is made on an individual basis	0.00	0.00	0.00	0.00	0.00
Provision for bad debts by portfolio	132,248,637.14	100.00	8,309,980.33	6.29	123,938,656.81
Including: Aging portfolio	132,248,637.14	100.00	8,309,980.33	6.29	123,938,656.81

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2021 - December 31, 2021

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Notes receivable (continued)

(4) Presentation by bad debt provision method (continued)

Category	Book balance		Opening balance		Book value
	Amount	Ratio (%)	Bad debt provision	Accrual ratio (%)	
Provision for bad debts is made on an individual basis	0.00	0.00	0.00	0.00	0.00
Provision for bad debts by portfolio	184,646,457.37	100.00	0.00	0.00	184,646,457.37
Including: Aging portfolio	184,646,457.37	100.00	0.00	0.00	184,646,457.37

Provision for bad debts of notes receivable is made on a portfolio basis

Name	Closing balance		
	Book balance	Bad debt provision	Accrual ratio (%)
Within 1 year	130,697,637.14	8,117,191.03	6.21
1-2 years	1,551,000.00	192,789.30	12.43
Total	132,248,637.14	8,309,981.33	-

(5) Aging of notes receivable at year-end

The aging of the Company's notes receivable at the end of the year mentioned above was RMB130,697,637.14 within 1 year and RMB1,551,000.00 for 1-2 years.

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable

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

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

Category	Book balance		Opening balance		Book value
	Amount	Ratio (%)	Bad debt provision		
			Amount	Accrual ratio (%)	
Provision for bad debts by portfolio	697,210,499.80	100.00	17,081,737.34	2.45	680,128,762.46
Including: Aging portfolio	697,210,499.80	100.00	17,081,737.34	2.45	680,128,762.46

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2021 - December 31, 2021

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

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

Provision for bad debts of accounts receivable by portfolio

Aging	Closing balance		Accrual ratio (%)
	Book balance	Bad debt provision	
Within 1 year (including 1 year)	1,380,028,817.93	79,690,154.96	5.77
1-2 years	96,649,106.67	11,100,616.29	11.49
2-3 years	11,939,589.77	3,914,841.03	32.79
3-4 years	777,018.59	483,072.45	62.17
4-5 years	676,781.15	420,467.63	62.13
More than 5 years	436,298.00	436,298.00	100.00
Total	1,490,507,612.11	96,045,450.36	-

- (2) Accounts receivable presented by aging

Aging	Closing balance
Within 1 year (including 1 year)	1,380,028,817.93
1-2 years	96,649,106.67
2-3 years	11,939,589.77
3-4 years	777,018.59
4-5 years	676,781.15
More than 5 years	436,298.00
Total	1,490,507,612.11

- (3) Provision for bad debts of accounts receivable for the year

Category	Opening balance	Amount of change for the year				Closing balance
		Accrual	Recovery or reversal	Transfer or write-off	Others	
Accrual by portfolio	17,081,737.34	79,056,725.73	0.00	93,012.71	0.00	96,045,450.36

- (4) Top five accounts receivable with closing balances grouped by debtor

The aggregate amount of the top five accounts receivable with closing balance grouped by debtor for the year was RMB234,414,486.88, accounting for 15.73% of the total closing balance of accounts receivable, and the aggregate amount of the corresponding provision for bad debts with closing balance was RMB14,015,890.20.

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Prepayments

(1) Aging of prepayments

Item	Closing balance		Opening balance	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	74,504,444.73	75.34	76,728,185.29	82.07
1—2 years	23,140,673.73	23.40	16,767,800.79	17.93
2—3 years	1,245,184.37	1.26	0.00	0.00
Total	98,890,302.83	100.00	93,495,986.08	100.00

(2) Top five prepayments with closing balances grouped by prepaid objects

The aggregate amount of the top five prepayments with closing balances grouped by debtor for the year was RMB47,423,425.43, accounting for 47.95% of the total prepayments with closing balances.

6. Other receivables

Item	Closing balance	Opening balance
Interest receivable	0.00	0.00
Dividends receivable	0.00	0.00
Other receivables	251,482,997.88	88,350,828.35
Total	251,482,997.88	88,350,828.35

Other receivables

(1) Classification of other receivables by nature of payment

Nature of payment	Closing book balance	Opening book balance
Collection on behalf of third-party platforms	28,564,187.39	8,887,672.18
Deposits and guarantee deposits	127,765,020.80	22,113,840.22
Payment for social security and provident fund	3,113,305.83	2,561,356.75
Maintenance fund	2,082,868.67	1,941,036.06
Provisional payments and agency collection	20,804,112.26	5,645,379.69
Advances for utilities, etc.	109,086,997.88	43,917,767.36
Reserves	458,815.22	474,364.93
Others	11,013,790.60	8,551,803.34
Total	302,889,098.65	94,093,220.53

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2021 - December 31, 2021

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other receivables (continued)

Other receivables (continued)

(2) *Provision for bad debts of other receivables*

	Phase I	Phase II	Phase III	
	Expected	Lifetime	Lifetime	
	credit losses	expected	expected	
	for the next	credit losses	credit losses	
	12 months	(not credit-	(credit-	
		impaired)	impaired)	
Bad debt provision				Total
Balance as of January 1, 2021	5,742,392.18	0.00	0.00	5,742,392.18
The book balance of other receivables as of January 1, 2021 in the current year	-	-	-	-
- Transferred to Phase II	0.00	0.00	0.00	0.00
- Transferred to Phase III	0.00	0.00	0.00	0.00
- Reversed to Phase II	0.00	0.00	0.00	0.00
- Reversed to Phase I	0.00	0.00	0.00	0.00
Accrual for the year	45,663,708.59	0.00	0.00	45,663,708.59
Reversal for the year	0.00	0.00	0.00	0.00
Transfer for the year	0.00	0.00	0.00	0.00
Write-off for the year	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00
Balance as of December 31, 2021	51,406,100.77	0.00	0.00	51,406,100.77

(3) *Other receivables presented by aging*

Aging	Closing balance
Within 1 year (including 1 year)	218,831,156.95
1-2 years	17,513,867.07
2-3 years	24,909,714.73
More than 3 years	41,634,359.90
Including: 3-4 years	15,558,411.94
4-5 years	17,435,027.81
More than 5 years	8,640,920.15
Total	302,889,098.65

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other receivables (continued)

Other receivables (continued)

(4) Provision for bad debts of other receivables

Category	Opening balance	Amount of change for the year				Closing balance
		Accrual	Recovery or reversal	Transfer or write-off	Others	
Bad debt provision	5,742,392.18	45,663,708.59	0.00	0.00	0.00	51,406,100.77

(5) Top five other receivables with closing balances grouped by debtor

Name of entity	Nature of payment	Closing balance	Aging	Ratio in total closing balance of other receivables (%)	Closing balance of bad debt provision
Shenjing Enterprise Management Consulting (Shandong) Co., Ltd.* 申京企業管理諮詢(山東)有限公司	Deposits and guarantee deposits	50,000,000.00	Within 1 year	16.51	2,500,000.00
Beijing Xingzhan Investment Consulting Co., Ltd.* 北京星展投資顧問有限公司	Deposits and guarantee deposits	50,000,000.00	Within 1 year	16.51	2,500,000.00
Tangshan RiseSun Real Estate Development Co., Ltd.* 唐山榮盛房地產開發有限公司	Advances for utilities, etc.	27,766,054.94	2-3 years, 3-4 years, 4-5 years, More than 5 years	9.17	17,147,613.83
Sizhong Internet (Beijing) Network Technology Co., Ltd.* 四眾互聯(北京)網絡科技有限公司	Collection on behalf of third-party platforms	26,122,893.42	Within 1 year, 1-2 years	8.62	1,626,678.43
Liaocheng RiseSun Real Estate Development Co., Ltd.* 聊城榮盛房地產開發有限公司	Advances for utilities, etc.	24,572,672.00	2-3 years	8.11	7,136,976.65
Total	-	178,461,620.36	-	58.92	30,911,268.91

NOTES TO THE FINANCIAL STATEMENTS

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(Unless indicated otherwise, all amounts are expressed in RMB)

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Inventories

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

Item	Opening balance		Book value
	Book balance	Provision for decline in value of inventories	
Raw materials	5,788,864.82	0.00	5,788,864.82
Stock items	14,899,796.08	0.00	14,899,796.08
Revolving material	8,112,579.52	0.00	8,112,579.52
Total	28,801,240.42	0.00	28,801,240.42

8. Contract assets

(1) Detail of contract assets

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Engineering construction	72,362,967.82	4,174,663.36	68,188,304.46	41,064,257.68	0.00	41,064,257.68

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Contract assets (continued)

(2) Provision for impairment of contract assets

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses for the next 12 months	Lifetime expected credit losses (not credit-impaired)	Lifetime expected credit losses (credit-impaired)	
Balance as of January 1, 2021	0.00	0.00	0.00	0.00
The book balance of contract assets in the current year	–	–	–	–
– Transferred to Phase II	0.00	0.00	0.00	0.00
– Transferred to Phase III	0.00	0.00	0.00	0.00
– Reversed to Phase II	0.00	0.00	0.00	0.00
– Reversed to Phase I	0.00	0.00	0.00	0.00
Accrual for the year	4,174,663.36	0.00	0.00	4,174,663.36
Reversal for the year	0.00	0.00	0.00	0.00
Transfer for the year	0.00	0.00	0.00	0.00
Write-off for the year	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00
Balance as of December 31, 2021	4,174,663.36	0.00	0.00	4,174,663.36

(3) Contract assets by aging

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	72,362,967.82	41,064,257.68
Bad debt provision	4,174,663.36	0.00
Book value	68,188,304.46	41,064,257.68

(4) The amount of and reason for significant changes in the book value of contract assets during the year

Item	Amount of change	Reason for change
Engineering construction	27,124,046.78	Increase in property projects and engineering projects undertaken by the Company

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(Unless indicated otherwise, all amounts are expressed in RMB)

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Contract assets (continued)

(5) Provision for impairment of contract assets during the year

Item	Accrual for the year	Reversal for the year	Transfer/write-off for the year	Reason
Engineering construction	4,174,663.36	0.00	0.00	–

9. Non-current assets due within one year

Item	Closing balance	Opening balance
Long-term receivables	3,825,645.76	1,730,553.56

10. Other current assets

Item	Closing balance	Opening balance
Prepaid corporate income tax	19,510,458.45	13,806,161.01
Input tax to be deducted	2,487,458.53	0.00
Others	4,425.96	0.00
Total	22,002,342.94	13,806,161.01

11. Long-term receivables

Item	Closing balance			Opening balance			
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	Discount rate interval
Receivables from assignment of operating rights of commercial parking spaces	8,104,930.99	0.00	8,104,930.99	16,827,993.47	0.00	16,827,993.47	–

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term equity investments

Investees	Opening balance (Book value)	Additional investment	Reduced investment	Gains or losses of investments recognized under the equity method	Change for the year					Closing balance of provision for impairment	
					Adjustments to other comprehensive income	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment	Others (Book value)		
I. Associates											
Beijing Yinsilang Energy Resource Technology Co., Ltd.* 北京銀思朗信息技術有限公司	0.00	100,000,000.00	0.00	3,482,149.73	0.00	0.00	0.00	0.00	0.00	103,482,149.73	0.00

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VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**13. Investment properties****Investment properties using the fair value measurement model**

Item	House and building	Car parking	Total
I. Opening balance	7,787,300.00	63,041,600.00	70,828,900.00
II. Change for the year	-37,600.00	-9,457,000.00	-9,494,600.00
Add: Acquisition	185,915.32	0.00	185,915.32
Less: Disposal	0.00	8,891,800.00	8,891,800.00
Add: Fair value changes	-223,515.32	-565,200.00	-788,715.32
III. Closing balance	7,749,700.00	53,584,600.00	61,334,300.00

14. Fixed assets

Item	Closing book value	Opening book value
Fixed assets	19,286,920.33	14,588,316.85
Fixed asset liquidation	0.00	0.00
Total	19,286,920.33	14,588,316.85

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Fixed assets (continued)

Details of fixed assets

Item	General equipment	Transportation equipment	Specialized equipment	Other equipment	Total
I. Original book value	-	-	-	-	-
1. Opening balance	16,564,672.23	4,461,837.37	4,414,182.48	1,089,289.23	26,529,981.31
2. Increase in current year	7,926,558.62	478,599.38	1,737,166.76	119,253.56	10,261,578.32
(1) Acquisition	7,926,558.62	478,599.38	1,737,166.76	119,253.56	10,261,578.32
3. Decrease in current year	1,054,702.03	468,961.89	173,310.60	11,112.98	1,708,087.50
(1) Disposal or scrap	1,054,702.03	468,961.89	173,310.60	11,112.98	1,708,087.50
4. Closing balance	23,436,528.82	4,471,474.86	5,978,038.64	1,197,429.81	35,083,472.13
II. Accumulated depreciation	-	-	-	-	-
1. Opening balance	6,442,642.13	3,265,493.43	1,659,221.94	574,306.96	11,941,664.46
2. Increase in current year	3,263,124.14	598,710.45	963,110.48	165,455.60	4,990,400.67
(1) Accrual	3,263,124.14	598,710.45	963,110.48	165,455.60	4,990,400.67
3. Decrease in current year	606,059.54	405,922.67	115,402.11	8,129.01	1,135,513.33
(1) Disposal or scrap	606,059.54	405,922.67	115,402.11	8,129.01	1,135,513.33
4. Closing balance	9,099,706.73	3,458,281.21	2,506,930.31	731,633.55	15,796,551.80
III. Provision for impairment	-	-	-	-	-
1. Opening balance	0.00	0.00	0.00	0.00	0.00
2. Increase in current year	0.00	0.00	0.00	0.00	0.00
3. Decrease in current year	0.00	0.00	0.00	0.00	0.00
4. Closing balance	0.00	0.00	0.00	0.00	0.00
IV. Book value	0.00	0.00	0.00	0.00	0.00
1. Closing book value	14,336,822.09	1,013,193.65	3,471,108.33	465,796.26	19,286,920.33
2. Opening book value	10,122,030.10	1,196,343.94	2,754,960.54	514,982.27	14,588,316.85

15. Right-of-use assets

Item	Opening balance	Increase for the year	Decrease for the year	Closing balance
Total original book value	1,308,784.15	0.00	0.00	1,308,784.15
Including: Houses and buildings	1,308,784.15	0.00	0.00	1,308,784.15
Total accumulated depreciation	324,326.38	321,213.11	0.00	645,539.49
Including: Houses and buildings	324,326.38	321,213.11	0.00	645,539.49
Total net book value	984,457.77	-	-	663,244.66
Including: Houses and buildings	984,457.77	-	-	663,244.66
Total provision for impairment	0.00	0.00	0.00	0.00
Including: Houses and buildings	0.00	0.00	0.00	0.00
Total book value	984,457.77	-	-	663,244.66
Including: Houses and buildings	984,457.77	-	-	663,244.66

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VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Intangible assets

Item	Software usage rights
I. Original book value	–
1. Opening balance	9,300,246.03
2. Increase in current year	1,503,144.19
Including: Acquisition	1,503,144.19
3. Decrease in current year	5,665.00
Including: Disposal	5,665.00
4. Closing balance	10,797,725.22
II. Accumulated depreciation	–
1. Opening balance	1,039,662.48
2. Increase in current year	1,921,024.90
Including: Accrual	1,921,024.90
3. Decrease in current year	6,428.33
Including: Disposal	6,428.33
4. Closing balance	2,954,259.05
III. Provision for impairment	–
1. Opening balance	0.00
2. Increase in current year	0.00
Including: Accrual	0.00
3. Decrease in current year	0.00
Including: Disposal	0.00
4. Closing balance	0.00
IV. Book value	–
1. Closing book value	7,843,466.17
2. Opening book value	8,260,583.55

17. Long-term deferred expenses

Item	Opening balance	Increase for the year	Amortization for the year	Other decrease for the year	Closing balance
Renovation costs	2,955,718.76	7,617,497.48	1,368,850.64	0.00	9,204,365.60
Others	938,966.39	1,893,971.59	1,050,224.86	0.00	1,782,713.12
Total	3,894,685.15	9,511,469.07	2,419,075.50	0.00	10,987,078.72

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets without offsetting

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Bad debt provision	159,936,194.82	35,249,560.51	22,824,129.52	5,301,519.17
Deductible losses	37,975,957.68	6,465,663.23	12,178,436.20	1,873,039.88
Temporary non-payable retroactive social security funds	0.00	0.00	7,051,197.12	1,539,361.42
Leasing	0.00	0.00	347,307.53	86,826.88
Contract liabilities (shopping vouchers)	1,251,221.96	235,881.42	750,548.75	128,113.12
Depreciation differences	0.00	0.00	3,388,983.13	847,245.78
Advertising and business promotion	5,435,183.26	544,486.06	0.00	0.00
Total	204,598,557.72	42,495,591.22	46,540,602.25	9,776,106.25

(2) Deferred income tax liabilities without offsetting

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Leasing	0.00	0.00	11,680,247.79	2,920,061.95
Changes in fair value of investment properties	10,471,195.68	2,617,798.92	12,373,311.00	3,093,327.75
Trading fair value changes	5,233,798.88	1,308,449.72	0.00	0.00
Total	15,704,994.56	3,926,248.64	24,053,558.79	6,013,389.70

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VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Accounts payable

(1) Presentation of trade payables

Item	Closing balance	Opening balance
Construction fees	496,338,608.99	169,537,197.09
Service fees	104,345,452.55	70,625,679.65
Payments for goods purchased	70,421,925.31	51,281,281.68
Total	671,105,986.85	291,444,158.42

(2) Presentation of trade payables by aging

Aging	Closing balance	Opening balance
Within 1 year	594,168,845.37	229,466,178.90
1-2 years	59,991,698.63	37,974,368.03
2-3 years	13,556,354.28	19,202,889.19
More than 3 years	3,389,088.57	4,800,722.30
Total	671,105,986.85	291,444,158.42

20. Receipt in advance

Item	Closing balance	Opening balance
Rent	4,306,305.02	11,076,602.52

21. Contract liabilities

Item	Closing balance	Opening balance
Property fees	238,868,434.47	173,614,569.19
Engineering construction	73,178,979.04	50,660,455.43
Other community value-added services	42,063,240.36	32,995,862.04
Pre-intervention services	29,660,853.02	37,781,618.65
Garbage disposal fees and self-heating	10,517,093.13	14,407,445.48
Others	5,605,904.02	8,498,168.99
Start-up costs	4,834,429.60	3,818,936.21
Sales payment	4,062,667.77	6,689,399.73
Elevator usage fees	3,563,813.55	2,947,116.81
Total	412,355,414.96	331,413,572.53

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Employee benefits payable

(1) Classification of employee benefits payable

Item	Opening balance	Increase for the year	Decrease for the year	Closing balance
Short-term compensation	96,821,498.22	615,499,837.06	641,790,841.20	70,530,494.08
Post-employment benefits-Defined contribution plan	5,369,706.55	67,750,966.06	67,493,881.81	5,626,790.80
Termination benefits	0.00	507,668.64	507,668.64	0.00
Total	102,191,204.77	683,758,471.76	709,792,391.65	76,157,284.88

(2) Short-term compensation

Item	Opening balance	Increase for the year	Decrease for the year	Closing balance
Salaries, bonuses, allowances and subsidies	83,108,533.25	526,888,770.50	553,298,086.79	56,699,216.96
Employee benefit costs	469,560.76	13,390,467.88	13,251,591.79	608,436.85
Social security fee	3,778,786.42	41,367,672.49	40,912,029.85	4,234,429.06
Including: Medical insurance premiums	3,295,974.01	37,020,272.42	36,519,439.17	3,796,807.26
Industrial injury insurance premiums	313,359.15	3,385,011.34	3,373,068.26	325,302.23
Maternity insurance premiums	169,453.26	962,388.73	1,019,522.42	112,319.57
Housing provident fund	356,664.97	25,475,773.80	25,291,215.93	541,222.84
Labour union expenses and employee education expenses	9,107,952.82	8,377,152.39	9,037,916.84	8,447,188.37
Total	96,821,498.22	615,499,837.06	641,790,841.20	70,530,494.08

(3) Defined contribution plan

Item	Opening balance	Increase for the year	Decrease for the year	Closing balance
Basic endowment insurance premiums	5,079,248.98	65,344,177.74	65,090,447.57	5,332,979.15
Unemployment insurance premiums	290,457.57	2,406,788.32	2,403,434.24	293,811.65
Total	5,369,706.55	67,750,966.06	67,493,881.81	5,626,790.80

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VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Taxes payable

Item	Closing balance	Opening balance
Urban construction tax	646,809.43	695,119.72
Income tax	63,710,968.07	42,678,703.39
Property tax	128,617.47	122,521.42
Value Added Tax	16,374,218.76	12,045,365.11
Stamp duty	47,689.26	45,899.69
Land use tax	20,947.74	4,069.57
Individual income tax	870,128.21	395,557.37
Education fee surcharge	262,800.84	295,401.36
Local education fee surcharge	175,384.34	197,209.22
Water conservancy fund	7,361.40	7,481.76
Total	82,244,925.52	56,487,328.61

24. Other payables

Item	Closing balance	Opening balance
Interest payable	0.00	0.00
Dividends payable	0.00	0.00
Other payables	463,115,219.06	398,066,811.69
Total	463,115,219.06	398,066,811.69

Other payables

Nature of payment	Closing balance	Opening balance
Deposits and guarantee deposits	117,316,383.82	112,464,271.41
Payment in lieu of individual social security and housing provident fund	299,661.56	951,226.94
Receipts in lieu	233,072,680.46	177,145,265.32
Maintenance fund	70,099,497.92	67,302,551.42
Current accounts	16,217,539.06	15,171,806.14
Indemnity, fines	304,728.40	141,100.40
Accrued expenses	2,213,978.10	3,598,087.97
Listing fees	363,639.38	9,496,046.67
Operating debits	2,554,598.07	846,525.07
Maintenance fees	1,576,075.02	1,780,628.81
Start-up costs	1,375,354.17	3,528,649.16
Others	17,721,083.10	5,640,652.38
Total	463,115,219.06	398,066,811.69

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Lease liabilities due within one year	3,825,645.76	2,759,059.14

26. Other current liabilities

Item	Closing balance	Opening balance
Output tax to be transferred	18,488,044.58	15,353,204.34

27. Lease liabilities

Item	Closing balance	Opening balance
Lease liabilities	9,090,377.26	12,462,400.27

28. Share capital

Item	Opening balance	Issuance of new shares	Share grant	Change for the year (+, -)			Subtotal	Closing balance
				Surplus reserve converted to shares	Others			
Total number of shares	282,000,000.00	94,000,000.00	0.00	0.00	0.00	94,000,000.00	376,000,000.00	

29. Capital reserve

Item	Opening balance	Increase for the year	Decrease for the year	Closing balance	
Equity premium		117,164,019.38	960,704,064.00	76,715,078.54	1,001,153,004.84
Other capital reserve		52,404,999.87	17,101,126.07	0.00	69,506,125.94
Total		169,569,019.25	977,805,190.07	76,715,078.54	1,070,659,130.78

Note 1. Equity premium: On January 15, 2021, the Company made an initial public offering of shares at HKEX. Increase for the year of RMB960,704,064.00 in equity premium represents the share capital issuance premium. Decrease for the year of RMB76,715,078.54 represents the capital reserve offset by issuance costs.

Note 2. Movements in other capital reserve: Increase for the year of RMB17,101,126.07 was accrued for share-based payments charged to capital reserve.

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VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Surplus reserve

Item	Opening balance	Increase for the year	Decrease for the year	Closing balance
Statutory surplus reserve	31,533,913.71	36,924,272.55	0.00	68,458,186.26

31. Retained earnings

Item	Current year	Prior year
Closing balance of prior year	151,700,337.49	188,892,301.97
Add: Adjustment to retained earnings at the beginning of the year	0.00	0.00
Opening balance of current year	151,700,337.49	188,892,301.97
Add: Net profit attributable to owners of the parent company for the year	400,943,067.33	263,755,736.11
Less: Withdrawal of statutory surplus reserves	36,924,272.55	21,403,470.89
Dividends payable on ordinary shares	56,400,000.00	149,460,000.00
Dividends on ordinary shares transferred to share capital	0.00	130,084,229.70
Closing balance of current year	459,319,132.27	151,700,337.49

Note: According to the resolution of the shareholders' meeting held on June 30, 2021, dividends will be declared to shareholders on the basis of a dividend of RMB0.15 (including tax) per share on 376,000,000.00 shares, totaling RMB56,400,000.00 (before tax).

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. Operating income and operating cost

(1) Details of operating income and operating cost

Item	Current year		Prior year	
	Income	Cost	Income	Cost
Main business	2,471,867,431.36	1,627,327,275.49	1,801,918,900.58	1,284,343,660.33
Other Business	13,104,397.38	2,374,435.70	18,921,622.94	1,328,486.82
Total	2,484,971,828.74	1,629,701,711.19	1,820,840,523.52	1,285,672,147.15

(2) Information on revenue generated from contracts

Classification of contract	2021	2020
Type of product	–	–
Including: Property management services	1,081,529,963.75	897,661,905.07
Non-owner value-added services	1,047,769,053.89	714,324,504.84
Community value-added services	355,672,811.10	195,171,000.00
Other services	0.00	13,683,113.61
Total	2,484,971,828.74	1,820,840,523.52
By region of operation	2021	2020
Including: China	2,484,971,828.74	1,820,840,523.52
By contract term	–	–
Including: Recognized at a point in time	294,786,402.04	144,372,000.00
Recognized over time	2,190,185,426.70	1,666,987,523.52
Income from other sources	0.00	9,481,000.00
Total	2,484,971,828.74	1,820,840,523.52

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VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**33. Taxes and surcharges**

Item	Current year amount	Prior year amount
Urban maintenance and construction tax	6,378,056.97	5,443,945.92
Others	3,437,030.16	3,666,246.38
Education surcharge	2,841,502.30	2,440,623.09
Local education surcharge	1,794,406.98	1,559,110.46
Property tax	1,336,047.88	1,155,224.65
Property tax (rent dependent)	1,087,861.74	1,030,104.80
Stamp duty	561,095.16	432,572.69
Land use tax	225,314.52	212,579.70
Water resources construction fund	163,735.32	164,345.52
Resource tax	119,997.80	115,991.00
Vehicle and boat use tax	9,115.38	5,433.63
Total	17,954,164.21	16,226,177.84

34. Selling expenses

Item	Current year amount	Prior year amount
Employee benefits	9,187,879.25	5,035,405.18
Entertainment expenses	4,846,992.72	1,457,042.97
Travel expenses	2,475,505.63	1,650,996.57
Agency consultancy fees	1,524,586.20	397,659.80
Promotion fees	828,668.18	780,561.12
Others	612,938.22	478,947.29
Total	19,476,570.20	9,800,612.93

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. Administrative expenses

Item	Current year amount	Prior year amount
Employee benefits	121,056,317.13	89,686,860.20
Share-based payments	17,101,126.07	36,779,625.00
Agency service fee	11,650,077.94	5,348,662.07
Entertainment expenses	8,175,557.53	6,389,253.01
Auditor's fees	4,035,593.80	1,926,000.00
Office expenses	3,016,307.14	2,565,863.03
Travel expenses	2,723,054.41	2,220,212.70
Amortisation of intangible assets	1,805,461.83	783,600.89
Transport costs	1,294,090.28	1,276,917.08
Depreciation of fixed assets	1,282,660.68	864,063.96
Others	4,505,082.76	6,029,821.50
Total	176,645,329.57	153,870,879.44

36. Financial costs

Item	Current year amount	Prior year amount
Interest expenses	49,822.12	3,737,323.78
Less: interest income	5,391,744.23	11,272,674.72
Add: Loss on exchange	8,924,271.22	0.00
Other expenditures	4,356,654.66	1,125,689.74
Total	7,939,003.77	-6,409,661.20

37. Other income

Sources of generating other income	Current year amount	Prior year amount
VAT refunds and add-on credits	5,369,787.94	4,326,805.01
Incentive payments	2,080,600.00	172,600.00
Government grants	881,996.52	1,672,801.67
Refund of trade union funds	55,049.39	53,508.75
Personal tax handling fee refunds	51,520.69	41,259.58
Additional tax refunds	26,383.04	77,656.21
Total	8,465,337.58	6,344,631.22

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VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

38. Investment income

Item	Current year amount	Prior year amount
Investment income on financial assets held-for-trading during the holding period	15,835,986.50	592,751.47

39. Gain on change in fair value

Source of gain on change in fair value	Current year amount	Prior year amount
Financial assets held-for-trading	5,233,798.88	0.00
Investment properties measured at fair value	-788,715.32	2,585,000.00
Total	4,445,083.56	2,585,000.00

40. Loss on impairment of credit

Item	Current year amount	Prior year amount
Bad debt loss on notes receivable	-8,309,980.33	0.00
Bad debt loss on accounts receivable	-79,056,725.73	-9,180,184.31
Bad debt loss on other receivables	-45,663,708.59	-489,894.77
Total	-133,030,414.65	-9,670,079.08

41. Loss on impairment of assets

Item	Current year amount	Prior year amount
Loss on impairment of contract assets	-4,174,663.36	0.00

42. Gains from disposal of asset

Item	Current year amount	Prior year amount	Amount recorded in non-recurring gains and losses during the current year
Gain from disposal of non-current assets	6,149.80	11,325.35	6,149.80
Including: Gain from disposal of fixed assets	6,149.80	11,325.35	6,149.80

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

43. Non-operating income

Item	Current year amount	Prior year amount	Amount recorded in non-recurring gains and losses during the current year
Gain on retirement of non-current assets	16,912.87	44,570.44	16,912.87
Long-term income	27,954.74	9,772.36	27,954.74
Forfeiture income	327,034.49	138,270.29	327,034.49
Default payments	143,331.56	468,570.41	143,331.56
Others	517,672.67	1,409,313.52	517,672.67
Total	1,032,906.33	2,070,497.02	1,032,906.33

44. Non-operating expenses

Item	Current year amount	Prior year amount	Amount recorded in non-recurring gains and losses during the current year
Losses on retirement of non-current assets	38,572.91	25,488.60	38,572.91
Tax penalties and delayed payments	38,219.36	1,486,178.10	38,219.36
Donations	20,595.49	158,171.51	20,595.49
Extraordinary losses	2,500.00	2,000.00	2,500.00
Forfeiture expenses	141,680.00	181,257.43	141,680.00
Compensation payments	1,702,860.20	877,270.97	1,702,860.20
Others	259,235.85	1,051,828.69	259,235.85
Total	2,203,663.81	3,782,195.30	2,203,663.81

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(Unless indicated otherwise, all amounts are expressed in RMB)

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**45. Income tax expenses****(1) Income tax expenses**

Item	Current year amount	Prior year amount
Current income tax calculated in accordance with the tax law and related regulations	158,165,841.85	96,402,935.13
– Corporate income tax in the Mainland of China	158,165,841.85	96,402,935.13
Deferred income tax expense	-34,806,626.03	-326,373.20
Total	123,359,215.82	96,076,561.93

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

(2) Adjustment to accounting profits and income tax expenses

Item	Current year amount
Total consolidated profit for the year	523,631,771.75
Income tax expenses calculated at legal/applicable tax rate	130,907,942.94
Effect of different tax rates applied to subsidiaries	-3,958,787.46
Influence of adjustment to income tax of previous period	-10,482,525.53
Influence of non-taxable income	-870,537.43
Influence of non-deductible costs, expenses and losses	7,763,123.30
Influence from use of deductible losses of the unrecognized deferred income tax assets during the previous period	0.00
Influence of the deductible temporary difference or deductible losses of the unrecognized deferred income tax assets during the current year	0.00
Income tax expenses	123,359,215.82

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

46. Statement of cash flow

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

1) Other received related to operating activities

Item	Current year amount	Prior year amount
Current payments	70,056,851.22	201,525,857.11
Government grants	3,503,706.38	1,371,501.24
Interest income	5,391,744.23	7,733,512.00
Cash received from non-operating income	1,016,052.66	1,924,231.05
Release of frozen cash at bank	1,000,000.00	0.00
Total	80,968,354.49	212,555,101.40

2) Other cash paid related to operating activities

Item	Current year amount	Prior year amount
Current payments	156,423,539.30	241,349,162.31
Selling expenses, fees for cash payment in administrative expenses	43,417,710.73	46,535,117.17
Bank charges	4,356,654.66	1,125,689.74
Cash paid in non-operating expenses	2,215,264.84	3,758,174.39
Frozen cash at bank	9,838,841.29	1,700,000.00
Total	216,252,010.82	294,468,143.61

3) Other cash paid related to investing activities

Item	Current year amount	Prior year amount
Related party loans paid	0.00	409,189,069.27

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VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**46. Statement of cash flow** (continued)**(1) Other cash received/paid related to operating/investing/financing activities** (continued)**4) Other cash received related to financing activities**

Item	Current year amount	Prior year amount
Borrowing	0.00	833,951,183.38
Release of borrowing deposit	0.00	100,000,000.00
Total	0.00	933,951,183.38

5) Other cash paid related to financing activities

Item	Current year amount	Prior year amount
Listing financing costs	49,091,361.95	37,869,000.00

VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

46. Statement of cash flow (continued)

(2) Supplementary information of the consolidated cash flow statement

Item	Current year amount	Prior year amount
1. Reconciliation of net profits to cash flows from operating activities	-	-
Net profits	400,272,555.93	263,755,736.11
Add: Provision for impairment of assets	4,174,663.36	0.00
Loss on impairment of credit	133,030,414.65	9,670,079.08
Depreciation of fixed assets, oil and gas assets and productive biological assets	4,990,400.67	3,810,839.69
Depreciation of right-of-use assets	321,213.11	324,326.38
Amortisation of intangible assets	1,921,024.90	831,861.69
Amortisation of long-term deferred expenses	2,419,075.50	2,558,013.11
Loss on disposal of fixed assets, intangible assets and other long-term assets (gains indicated with "-")	-6,149.80	-11,325.35
Loss on scrapping of fixed assets (gains indicated with "-")	21,660.04	-19,081.84
Loss on fair value changes (gains indicated with "-")	-4,445,083.56	-2,585,000.00
Financial costs (gains indicated with "-")	8,951,223.89	198,161.06
Investment losses (gains indicated with "-")	-15,835,986.50	-592,751.47
Decrease in deferred tax assets (increase indicated with "-")	-32,719,484.97	4,544,316.69
Increase in deferred tax liabilities (decrease indicated with "-")	-2,087,141.06	-880,436.82
Decrease in inventories (increase indicated with "-")	-11,178,672.20	-12,398,149.92
Decrease in receivables from operating activities (increase indicated with "-")	-190,018,786.53	-258,093,912.27
Increase in payables from operating activities (decrease indicated with "-")	-200,165,830.44	-31,032,953.27
Others (Share-based payments and restricted fund movements)	8,262,284.78	35,079,625.00
Net cash flow from operating activities	107,907,381.77	15,159,347.87
2. Significant non-cash investing and financing activities:	0.00	0.00
Conversion of debts into capital	0.00	0.00
Convertible bonds due within one year	0.00	0.00
Fixed assets acquired under finance lease arrangement	0.00	0.00
3. Net changes in cash and cash equivalents:	0.00	0.00
Closing balance of cash	916,094,548.97	603,185,712.47
Less: opening balance of cash	603,185,712.47	228,866,844.78
Add: closing balance of cash equivalents	0.00	0.00
Less: opening balance of cash equivalents	0.00	0.00
Net increase in cash and cash equivalents	312,908,836.50	374,318,867.69

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VI. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

46. Statement of cash flow (continued)

(3) Cash and cash equivalents

Item	Closing balance	Opening balance
Cash	916,094,548.97	603,185,712.47
Including: cash on hand	0.00	2,236.11
Bank deposits available for payment at any time	914,583,738.31	596,766,002.23
Other cash at bank and on hand available for payment at any time	1,510,810.66	6,417,474.13
Closing balance of cash and cash equivalents	916,094,548.97	603,185,712.47

47. Assets with restricted ownership and use rights

Item	Closing carrying value	Reasons for restrictions
Cash at bank and on hand	10,538,841.29	Funds freeze, property deposit

48. Foreign currency monetary items

Item	Closing balance in foreign currencies	Exchange rate	Closing balance in RMB
Cash at bank and on hand	573,646,943.31	0.8176	469,013,740.85
Including: HKD	573,646,943.31	0.8176	469,013,740.85
Financial assets held-for-trading	5,108,300.00	6.3757	32,568,988.31
Including: USD	5,108,300.00	6.3757	32,568,988.31

49. Government grants

Basic information on government grants

Category	Amount	Presented items	Amount charged to current profit or loss
Job stability allowance	662,614.60	Other income	662,614.60
Waste separation subsidy	52,820.09	Other income	52,820.09
Enterprise development support fund	109,000.00	Other income	109,000.00
Epidemic prevention subsidy	57,561.83	Other income	57,561.83
Total	881,996.52	-	881,996.52

VII. CHANGES IN SCOPE OF CONSOLIDATION

1. Newly established

No.	Name of subsidiary	Reason for change	Date of establishment	Place of registration	Shareholding (%)	
					Direct	Indirect
1	Baoding Rongrun Property Service Co., Ltd.* 保定榮潤物業服務有限責任公司	Newly established	2021-3-30	Hebei Province	51	0
2	Beijing Manbeilun Cosmetics Co., Ltd.* 北京曼蓓倫化妝品有限公司	Newly established	2021-10-19	Beijing	100	0
3	Beijing Rongyang Wanjia Management Consulting Co., Ltd.* 北京榮陽萬家管理諮詢有限公司	Newly established	2021-9-16	Beijing	70	0
4	Cangzhou Roiserv New Town Property Service Co., Ltd.* 滄州榮萬家新城物業服務有限責任公司	Newly established	2021-8-4	Hebei Province	51	0
5	Cangzhou Rongzhi Property Service Co., Ltd.* 滄州市榮致物業服務有限公司	Newly established	2021-3-4	Hebei Province	51	0
6	Hangzhou Rongjia Life Service Co., Ltd.* 杭州榮家生活服務有限公司	Newly established	2021-3-1	Zhejiang Province	100	0
7	Jiaxing Rongjia Life Service Co., Ltd.* 嘉興市榮家生活服務有限公司	Newly established	2021-12-10	Zhejiang Province	100	0
8	Langfang Rongrui Property Management Co., Ltd.* 廊坊榮銳物業管理有限公司	Newly established	2021-4-11	Hebei Province	51	0
9	Tianjin Rongbo Jiaao Power Engineering Co., Ltd.* 天津市榮博佳奧電力工程有限公司	Newly established	2021-6-7	Tianjin	100	0
10	Zhangjiakou Rongguanyue Property Management Co., Ltd.* 張家口榮關月物業管理有限公司	Newly established	2021-9-18	Hebei Province	100	0
11	Zhangjiakou Rongmeng Property Management Co., Ltd.* 張家口榮夢物業管理有限公司	Newly established	2021-9-13	Hebei Province	100	0
12	Zhangjiakou Rongmiao Cheng Property Management Co., Ltd.* 張家口榮淼城物業管理有限責任公司	Newly established	2021-5-14	Hebei Province	51	0
13	Cangzhou Rongliang Automobile Service Co., Ltd.* 滄州市榮靚汽車服務有限公司	Newly established	2021-9-14	Hebei Province	0	100

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VII. CHANGES IN SCOPE OF CONSOLIDATION (continued)

1. Newly established (continued)

No.	Name of subsidiary	Reason for change	Date of establishment	Place of registration	Shareholding (%)	
					Direct	Indirect
14	Cangzhou Rongmai Commercial Trading Co., Ltd.* 滄州市榮邁商貿有限公司	Newly established	2021-8-5	Hebei Province	0	100
15	Cangzhou Rongpai Commercial Trading Co., Ltd.* 滄州市榮派商貿有限公司	Newly established	2021-8-5	Hebei Province	0	100
16	Cangzhou Rongqi Commercial Trading Co., Ltd.* 滄州市榮祺商貿有限公司	Newly established	2021-7-12	Hebei Province	0	100
17	Cangzhou Rongsu Commercial Trading Co., Ltd.* 滄州市榮速商貿有限公司	Newly established	2021-9-18	Hebei Province	0	100
18	Cangzhou Rongxin Automobile Service Co., Ltd.* 滄州市榮新汽車服務有限公司	Newly established	2021-4-14	Hebei Province	0	100
19	Cangzhou Rongxiu Commercial Trading Co., Ltd.* 滄州市榮繡商貿有限公司	Newly established	2021-7-22	Hebei Province	0	100
20	Cangzhou Rongyue Landscaping Engineering Co., Ltd.* 滄州市榮越園林綠化工程有限公司	Newly established	2021-3-3	Hebei Province	0	100
21	Cangzhou Rongzhe Commercial Trading Co., Ltd.* 滄州市榮哲商貿有限公司	Newly established	2021-7-12	Hebei Province	0	100
22	Handan Rongyiheng Trade Co., Ltd.* 邯鄲市榮益恒貿易有限公司	Newly established	2021-4-15	Hebei Province	0	100
23	Handan Rongyuyuan Trade Co., Ltd.* 邯鄲市榮玉源貿易有限公司	Newly established	2021-9-8	Hebei Province	0	100
24	Hohhot Rongzhen Commercial Trading Co., Ltd.* 呼和浩特市榮臻商貿有限公司	Newly established	2021-12-22	Hohhot	0	100
25	Jiaxing Rongjun Commercial Trading Co., Ltd.* 嘉興市榮軍商貿有限公司	Newly established	2021-3-25	Zhejiang Province	0	100
26	Langfang Fibito Education Service Co., Ltd.* 廊坊市菲比托育服務有限公司	Newly established	2021-11-9	Hebei Province	0	100
27	Liaocheng Guandi Automobile Beauty Maintenance Service Co., Ltd.* 聊城觀邸汽車美容養護服務有限公司	Newly established	2021-5-11	Shandong Province	0	100

VII. CHANGES IN SCOPE OF CONSOLIDATION (continued)

1. Newly established (continued)

No.	Name of subsidiary	Reason for change	Date of establishment	Place of registration	Shareholding (%)	
					Direct	Indirect
28	Liaocheng Lishe Automobile Beauty Maintenance Service Co., Ltd.* 聊城麗舍汽車美容養護服務有限公司	Newly established	2021-6-17	Shandong Province	0	100
29	Liaocheng Rongheng Automobile Beauty Maintenance Service Co., Ltd.* 聊城榮恒汽車美容養護服務有限公司	Newly established	2021-4-22	Shandong Province	0	100
30	Liaocheng Rongyi Automobile Beauty Service Co., Ltd.* 聊城榮億汽車美容服務有限公司	Newly established	2021-4-29	Shandong Province	0	100
31	Liaocheng Shengheng Automobile Beauty Maintenance Service Co., Ltd.* 聊城盛恒汽車美容養護服務有限公司	Newly established	2021-4-23	Shandong Province	0	100
32	Nanjing Rongling Commercial Trading Co., Ltd.* 南京榮領商貿有限公司	Newly established	2021-11-1	Jiangsu Province	0	100
33	Nanjing Shengtou Automobile Service Co., Ltd.* 南京盛投汽車服務有限公司	Newly established	2021-3-17	Jiangsu Province	0	100
34	Shenyang Ronghua Commercial Trading Co., Ltd.* 瀋陽榮驊商貿有限公司	Newly established	2021-1-11	Liaoning Province	0	100
35	Shenyang Roiserv Jiangxin Car Washing Beauty Co., Ltd.* 瀋陽榮萬家匠心洗車美容有限公司	Newly established	2021-3-25	Liaoning Province	0	100
36	Shenyang Rongxi Catering Management Co., Ltd.* 瀋陽榮璽餐飲管理有限公司	Newly established	2021-11-10	Liaoning Province	0	100
37	Shenyang Rongyu Commercial Trading Co., Ltd.* 瀋陽榮御商貿有限公司	Newly established	2021-7-29	Liaoning Province	0	100
38	Shijiazhuang Rongxu Commercial Trading Co., Ltd.* 石家莊榮旭商貿有限公司	Newly established	2021-11-17	Hebei Province	0	100
39	Tangshan Xuantu Automobile Service Co., Ltd.* 唐山軒途汽車服務有限公司	Newly established	2021-4-1	Hebei Province	0	100
40	Yangxi Rongyuwan Owner's House Catering Service Co., Ltd.* 陽西縣榮御灣業主之家餐飲服務有限公司	Newly established	2021-11-22	Guangdong Province	0	100

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VII. CHANGES IN SCOPE OF CONSOLIDATION (continued)

1. Newly established (continued)

No.	Name of subsidiary	Reason for change	Date of establishment	Place of registration	Shareholding (%)	
					Direct	Indirect
41	Yixing Rongmiao Department Store Commercial Trading Co., Ltd.* 宜興榮淼百貨商貿有限公司	Newly established	2021-4-6	Jiangsu Province	0	100
42	Zhanjiang Jiatianwa Real Estate Brokerage Service Co., Ltd.* 湛江市家添瓦房產經紀服務有限公司	Newly established	2021-6-24	Guangdong Province	0	100
43	Zhanjiang Ronghan Commercial Trading Co., Ltd.* 湛江市榮翰商貿有限公司	Newly established	2021-7-6	Guangdong Province	0	100
44	Zhanjiang Ronghui Automobile Beauty Co., Ltd.* 湛江市榮惠汽車美容有限公司	Newly established	2021-4-14	Guangdong Province	0	100
45	Zhanjiang Shengxu Commercial Trading Co., Ltd.* 湛江市盛旭商貿有限公司	Newly established	2021-10-11	Guangdong Province	0	100
46	Zhanjiang Owner's House Catering Service Co., Ltd.* 湛江市業主之家餐飲服務有限公司	Newly established	2021-11-16	Guangdong Province	0	100
47	Changsha Rongdou Catering Service Co., Ltd.* 長沙榮豆餐飲服務有限公司	Newly established	2021-9-26	Hunan Province	0	100
48	Changsha Sanfen Liangtian Real Estate Brokerage Co., Ltd.* 長沙三分良田房產經紀有限公司	Newly established	2021-12-30	Changsha	0	100

2. Write-offs

No.	Name of subsidiary	Reason for change	Date of establishment	Place of registration	Shareholding (%)	
					Direct	Indirect
1	Chuzhou RiseSun Property Service Co., Ltd.* 滁州榮盛物業服務有限公司	Write-offs	2021-7-12	Anhui Province	100.00	0.00
2	Qingdao Shengjing Fitness Service Co., Ltd.* 青島盛景健身服務有限公司	Write-offs	2021-12-28	Shandong Province	100.00	0.00

VIII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) The composition of the corporate group

All the subsidiaries are limited liability companies.

No.	Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered capital (RMB10,000)	Shareholding (%)		Method of acquisition
						Direct	Indirect	
1	Baoding Rongrun Property Service Co., Ltd.* 保定榮潤物業服務有限責任公司	Hebei Province	Hebei Province	Real estate	300	51	0	Newly established
2	Beijing Manbeilun Cosmetics Co., Ltd.* 北京曼蓓倫化妝品有限公司	Beijing	Beijing	Wholesale trade	100	100	0	Newly established
3	Beijing Rongyang Wanjia Management Consulting Co., Ltd.* 北京榮陽萬家管理諮詢有限公司	Beijing	Beijing	Business services	200	70	0	Newly established
4	Cangzhou Rongguang Construction Engineering Co., Ltd.* 滄州榮光建築工程有限責任公司	Hebei Province	Hebei Province	Building construction	100	100	0	
5	Cangzhou Roiserv New Town Property Service Co., Ltd.* 滄州榮萬家新城物業服務有限責任公司	Hebei Province	Hebei Province	Repair of motor vehicles, electronic products and daily use products	300	51	0	Newly established
6	Cangzhou Rongzhi Property Service Co., Ltd.* 滄州市榮致物業服務有限公司	Hebei Province	Hebei Province	Real estate	300	51	0	Newly established
7	Changzhou Rongyijia Property Agent Co., Ltd.* 常州市榮宜嘉房地產代理服務有限公司	Jiangsu Province	Jiangsu Province	Real estate	300	100	0	
8	Guangdong Rongfa Property Service Co., Ltd.* 廣東榮發物業服務有限公司	Guangdong Province	Guangdong Province	Real estate	1000	100	0	
9	Hangzhou Rongjia Life Service Co., Ltd.* 杭州榮家生活服務有限公司	Zhejiang Province	Zhejiang Province	Retail	30	100	0	Newly established
10	Henan Rongding Property Service Co., Ltd.* 河南榮定物業服務有限公司	Henan Province	Henan Province	Real estate	200	100	0	
11	Hohhot RiseSun Property Service Co., Ltd.* 呼和浩特市榮盛物業服務有限公司	Inner Mongolia Autonomous Region	Inner Mongolia Autonomous Region	Real estate	500	100	0	
12	Jinan Rongtong Real Estate Brokerage Co., Ltd.* 濟南榮通房地產經紀有限公司	Shandong Province	Shandong Province	Real estate	100	100	0	
13	Jiaxing Rongjia Life Service Co., Ltd.* 嘉興市榮家生活服務有限公司	Zhejiang Province	Zhejiang Province	Retail	30	100	0	Newly established

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VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) The composition of the corporate group (continued)

No.	Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered capital (RMB10,000)	Shareholding (%)		Method of acquisition
						Direct	Indirect	
14	Langfang Rongrui Property Management Co., Ltd.* 廊坊榮銳物業管理有限公司	Hebei Province	Hebei Province	Real estate	500	51	0	Newly established
15	Langfang Rongzhen Trading Co., Ltd.* 廊坊榮臻貿易有限公司	Hebei Province	Hebei Province	Wholesale trade	1300	100	0	
16	Langfang Rongxin Real Estate Brokerage Co., Ltd.* 廊坊市榮信房地產經紀有限公司	Hebei Province	Hebei Province	Real estate	5000	100	0	
17	Liaocheng RiseSun Property Service Co., Ltd.* 聊城榮盛物業服務有限公司	Shandong Province	Shandong Province	Real estate	500	100	0	
18	Nanjing Liuhe RiseSun Property Service Co., Ltd.* 南京六合榮盛物業服務有限公司	Jiangsu Province	Jiangsu Province	Residential services	300	100	0	
19	Roiserv (Beijing) Technology Services Limited* 榮萬家(北京)科技服務有限公司	Beijing	Beijing	Retail	1000	100	0	
20	Roiserv (Beijing) Property Service Co., Ltd.* 榮萬家(北京)物業服務有限公司	Beijing	Beijing	Real estate	100	100	0	
21	Shanxi Risesun Property Service Co., Ltd.* 山西榮盛物業服務有限公司	Shanxi Province	Shanxi Province	Real estate	500	100	0	
22	Shijiazhuang Rongci Real Estate Brokerage Co., Ltd.* 石家莊榮賜房地產經紀有限公司	Hebei Province	Hebei Province	Real estate	100	100	0	
23	Shijiazhuang Shengjing Fitness Service Co., Ltd.* 石家莊盛景健身服務有限公司	Hebei Province	Hebei Province	Entertainment	10	100	0	
24	Sichuan RiseSun Shengxin Property Service Co., Ltd.* 四川榮盛欣物業管理有限公司	Sichuan Province	Sichuan Province	Real estate	300	100	0	
25	Tangshan Fengnan District Pujie Property Services Co., Ltd.* 唐山市豐南區普捷物業服務有限公司	Hebei Province	Hebei Province	Real estate	50	100	0	
26	Tianjin Rongshang Technology Co., Ltd.* 天津榮尚科技有限公司	Tianjin	Tianjin	Technology promotion and application services	3000	100	0	

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) The composition of the corporate group (continued)

No.	Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered capital (RMB10,000)	Shareholding (%)		Method of acquisition
						Direct	Indirect	
27	Tianjin Roiserv Lifestyle Service Co., Ltd.* 天津榮萬家生活服務有限公司	Tianjin	Tianjin	Other services	300	100	0	
28	Tianjin Rongbo Jiaao Power Engineering Co., Ltd.* 天津市榮博佳奧電力工程有限公司	Tianjin	Tianjin	Construction and installation industry	1000	100	0	Newly established
29	Yongqing Jingtai Property Service Co., Ltd.* 永清京台物業服務有限公司	Hebei Province	Hebei Province	Real estate	100	100	0	
30	Zhangjiakou Rongguanyue Property Management Co., Ltd.* 張家口榮關月物業管理有限公司	Hebei Province	Hebei Province	Real estate	50	100	0	Newly established
31	Zhangjiakou Rongmeng Property Management Co., Ltd.* 張家口榮夢物業管理有限公司	Hebei Province	Hebei Province	Real estate	50	100	0	Newly established
32	Zhangjiakou Rongmiaocheng Property Management Co., Ltd.* 張家口榮淼城物業管理有限責任公司	Hebei Province	Hebei Province	Real estate	300	51	0	Newly established
33	Zhangjiakou RiseSun Jingxuan Property Service Co., Ltd.* 張家口榮盛京宣物業服務有限公司	Hebei Province	Hebei Province	Real estate	100	100	0	
34	Bengbu Rongchang Commercial Trading Co., Ltd.* 蚌埠榮昌商貿有限公司	Anhui Province	Anhui Province	Retail	50	0	100	
35	Cangzhou Rongliang Automobile Service Co., Ltd.* 滄州市榮靚汽車服務有限公司	Hebei Province	Hebei Province	Repair of motor vehicles, electronic products and daily use products	50	0	100	Newly established
36	Cangzhou Rongkun Commercial Trading Co., Ltd.* 滄州市榮坤商貿有限公司	Hebei Province	Hebei Province	Retail	50	0	100	
37	Cangzhou Rongmai Commercial Trading Co., Ltd.* 滄州市榮邁商貿有限公司	Hebei Province	Hebei Province	Retail	50	0	100	Newly established
38	Cangzhou Rongna Commercial Trading Co., Ltd.* 滄州市榮納商貿有限公司	Hebei Province	Hebei Province	Wholesale trade	200	0	100	
39	Cangzhou Rongpai Commercial Trading Co., Ltd.* 滄州市榮派商貿有限公司	Hebei Province	Hebei Province	Retail	50	0	100	Newly established

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VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) The composition of the corporate group (continued)

No.	Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered capital (RMB10,000)	Shareholding (%)		Method of acquisition
						Direct	Indirect	
40	Cangzhou Rongqi Commercial Trading Co., Ltd.* 滄州市榮祺商貿有限公司	Hebei Province	Hebei Province	Retail		0	100	Newly established
41	Cangzhou Rongqia Commercial Trading Co., Ltd.* 滄州市榮洽商貿有限公司	Hebei Province	Hebei Province	Wholesale trade	200	0	100	
42	Cangzhou Rongsu Commercial Trading Co., Ltd.* 滄州市榮速商貿有限公司	Hebei Province	Hebei Province	Wholesale trade	50	0	100	Newly established
43	Cangzhou Rongxin Automobile Service Co., Ltd.* 滄州市榮新汽車服務有限公司	Hebei Province	Hebei Province	Retail	50	0	100	Newly established
44	Cangzhou Rongxiu Commercial Trading Co., Ltd.* 滄州市榮繡商貿有限公司	Hebei Province	Hebei Province	Retail	50	0	100	Newly established
45	Cangzhou Rongyue Landscaping Engineering Co., Ltd.* 滄州市榮越園林綠化工程有限公司	Hebei Province	Hebei Province	Civil engineering construction	300	0	100	Newly established
46	Cangzhou Rongzhe Commercial Trading Co., Ltd.* 滄州市榮哲商貿有限公司	Hebei Province	Hebei Province	Retail	50	0	100	Newly established
47	Changzhou Zhenmiao Grocery&Trading Co., Ltd.* 常州臻淼百貨貿易有限公司	Jiangsu Province	Jiangsu Province	Wholesale trade	50	0	100	
48	Chengdu Rongchao Commercial Trading Co., Ltd.* 成都市榮超商貿有限公司	Sichuan Province	Sichuan Province	Wholesale trade	50	0	100	
49	Handan Rongchao Trading Co., Ltd.* 邯鄲市榮超貿易有限公司	Hebei Province	Hebei Province	Wholesale trade	200	0	100	
50	Handan Rongyiheng Trade Co., Ltd.* 邯鄲市榮益恒貿易有限公司	Hebei Province	Hebei Province	Retail	50	0	100	Newly established
51	Handan Rongyuyuan Trade Co., Ltd.* 邯鄲市榮玉源貿易有限公司	Hebei Province	Hebei Province	Retail	300	0	100	Newly established
52	Hengshui Roiserv Lifestyle Service Co., Ltd.* 衡水榮悅生活服務有限公司	Hebei Province	Hebei Province	Repair of motor vehicles, electronic products and daily use products	100	0	100	

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) The composition of the corporate group (continued)

No.	Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered capital (RMB10,000)	Shareholding (%)		Method of acquisition
						Direct	Indirect	
53	Hohhot Rongmian Commercial Trading Co., Ltd.* 呼和浩特市榮冕商貿有限公司	Inner Mongolia Autonomous Region	Inner Mongolia Autonomous Region	Retail	50	0	100	
54	Hohhot Rongzhen Commercial Trading Co., Ltd.* 呼和浩特市榮臻商貿有限公司	Inner Mongolia	Inner Mongolia	Retail	50	0	100	Newly established
55	Hunan Rongkun Commercial Trading Co., Ltd.* 湖南榮坤商貿有限公司	Hunan Province	Hunan Province	Retail	200	0	100	
56	Huizhou Rongzhen Trading Co., Ltd.* 惠州市榮臻貿易有限公司	Guangdong Province	Guangdong Province	Retail	50	0	100	
57	Jinan Rongfa Convenience Supermarket Co., Ltd.* 濟南榮發便利生活超市有限公司	Shandong Province	Shandong Province	Retail	50	0	100	
58	Jiaxing Rongjun Commercial Trading Co., Ltd.* 嘉興市榮軍商貿有限公司	Zhejiang Province	Zhejiang Province	Wholesale trade	30	0	100	Newly established
59	Jiangsu Pujie Property Co., Ltd.* 江蘇普捷物業有限公司	Jiangsu Province	Jiangsu Province	Real estate	500	0	100	
60	Langfang Duona Commercial Trading Co., Ltd.* 廊坊多納商貿有限公司	Hebei Province	Hebei Province	Wholesale trade	30	0	100	
61	Langfang Rongba Trading Co., Ltd.* 廊坊榮霸貿易有限公司	Hebei Province	Hebei Province	Retail	50	0	100	
62	Langfang Fibito Education Service Co., Ltd.* 廊坊市菲比托育服務有限公司	Hebei Province	Hebei Province	Business services	100	0	100	Newly established
63	Liaocheng Guandi Automobile Beauty Maintenance Service Co., Ltd.* 聊城觀邸汽車美容養護服務有限公司	Shandong Province	Shandong Province	Repair of motor vehicles, electronic products and daily use products	10	0	100	Newly established
64	Liaocheng Lishe Automobile Beauty Maintenance Service Co., Ltd.* 聊城麗舍汽車美容養護服務有限公司	Shandong Province	Shandong Province	Repair of motor vehicles, electronic products and daily use products	10	0	100	Newly established

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VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) The composition of the corporate group (continued)

No.	Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered capital (RMB10,000)	Shareholding (%)		Method of acquisition
						Direct	Indirect	
65	Liaocheng Rongheng Automobile Beauty Maintenance Service Co., Ltd.* 聊城榮恒汽車美容養護服務有限公司	Shandong Province	Shandong Province	Repair of motor vehicles, electronic products and daily use products	10	0	100	Newly established
66	Liaocheng Rongyi Automobile Beauty Service Co., Ltd.* 聊城榮德汽車美容服務有限公司	Shandong Province	Shandong Province	Repair of motor vehicles, electronic products and daily use products	10	0	100	Newly established
67	Liaocheng Shengheng Automobile Beauty Maintenance Service Co., Ltd.* 聊城盛恒汽車美容養護服務有限公司	Shandong Province	Shandong Province	Repair of motor vehicles, electronic products and daily use products	10	0	100	Newly established
68	Liaocheng Dongchangfu Rongfa Commercial Trading Co., Ltd.* 聊城市東昌府區榮發商貿有限公司	Shandong Province	Shandong Province	Retail	50	0	100	
69	Liaocheng Rongkun Construction Engineering Co., Ltd.* 聊城市榮坤建築工程有限公司	Shandong Province	Shandong Province	Building construction	1000	0	100	
70	Linqing Pujie Property Service Co., Ltd.* 臨清普捷物業服務有限公司	Shandong Province	Shandong Province	Real estate	50	0	100	
71	Linyi Ronghui Commercial Trading Co., Ltd.* 臨沂市榮惠商貿有限公司	Shandong Province	Shandong Province	Retail	50	0	100	
72	Nanjing Handu Technology Industrial Co., Ltd.* 南京翰都科技實業有限公司	Jiangsu Province	Jiangsu Province	Research and experimental development	500	0	100	
73	Nanjing Ronghui Commercial Trading Co., Ltd.* 南京榮惠商貿有限公司	Jiangsu Province	Jiangsu Province	Wholesale trade	50	0	100	
74	Nanjing Rongling Commercial Trading Co., Ltd.* 南京榮領商貿有限公司	Jiangsu Province	Jiangsu Province	Retail	50	0	100	Newly established
75	Nanjing Shengtou Automobile Service Co., Ltd.* 南京盛投汽車服務有限公司	Jiangsu Province	Jiangsu Province	Retail	50	0	100	Newly established
76	Rongwanqian Property Management (Zhangjiakou) Co., Ltd.* 榮萬乾物業管理(張家口)有限公司	Hebei Province	Hebei Province	Real estate	300	0	51	

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) The composition of the corporate group (continued)

No.	Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered capital (RMB10,000)	Shareholding (%)		Method of acquisition
						Direct	Indirect	
77	Shenyang Rongguan Commercial Trading Co., Ltd.* 瀋陽榮貫商貿有限公司	Liaoning Province	Liaoning Province	Wholesale trade	300	0	100	
78	Shenyang Ronghe Commercial Trading Co., Ltd.* 瀋陽榮赫商貿有限公司	Liaoning Province	Liaoning Province	Wholesale trade	300	0	100	
79	Shenyang Ronghua Commercial Trading Co., Ltd.* 瀋陽榮驊商貿有限公司	Liaoning Province	Liaoning Province	Wholesale trade	300	0	100	Newly established
80	Shenyang Rongkun Commercial Trading Co., Ltd.* 瀋陽榮坤商貿有限公司	Liaoning Province	Liaoning Province	Wholesale trade	50	0	100	
81	Shenyang Roiserv Jiangxin Car Washing Beauty Co., Ltd.* 瀋陽榮萬家匠心洗車美容有限公司	Liaoning Province	Liaoning Province	Retail	10	0	100	Newly established
82	Shenyang Rongxi Catering Management Co., Ltd.* 瀋陽榮璽餐飲管理有限公司	Liaoning Province	Liaoning Province	Catering	30	0	100	Newly established
83	Shenyang Rongxin Commercial Trading Co., Ltd.* 瀋陽榮馨商貿有限公司	Liaoning Province	Liaoning Province	Wholesale trade	50	0	100	
84	Shenyang Rongyu Commercial Trading Co., Ltd.* 瀋陽榮御商貿有限公司	Liaoning Province	Liaoning Province	Retail	300	0	100	Newly established
85	Shenyang Rongyue Commercial Trading Co., Ltd.* 瀋陽榮悅商貿有限公司	Liaoning Province	Liaoning Province	Wholesale trade	100	0	100	
86	Shijiazhuang Rongci Commercial Trading Co., Ltd.* 石家莊榮賜商貿有限公司	Hebei Province	Hebei Province	Wholesale trade	50	0	100	
87	Shijiazhuang Rongxu Commercial Trading Co., Ltd.* 石家莊榮旭商貿有限公司	Hebei Province	Hebei Province	Retail	100	0	100	Newly established
88	Shijiazhuang Rongyu Commercial Trading Co., Ltd.* 石家莊榮御商貿有限公司	Hebei Province	Hebei Province	Retail	100	0	100	

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VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) The composition of the corporate group (continued)

No.	Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered capital (RMB10,000)	Shareholding (%)		Method of acquisition
						Direct	Indirect	
89	Tangshan Rongjun Commercial Trading Co., Ltd.* 唐山市榮峻商貿有限公司	Hebei Province	Hebei Province	Retail	50	0	100	
90	Tangshan Xuantu Automobile Service Co., Ltd.* 唐山軒途汽車服務有限公司	Hebei Province	Hebei Province	Retail	50	0	100	Newly established
91	Tangshan Youmian Catering Services Co., Ltd.* 唐山優安米餐飲服務有限公司	Hebei Province	Hebei Province	Catering	100	0	100	
92	Xianghe Rongkun Commercial Trading Co., Ltd.* 香河榮坤商貿有限公司	Hebei Province	Hebei Province	Retail	50	0	100	
93	Xuzhou Rongrun Commercial Trading Co., Ltd.* 徐州市榮潤商貿有限公司	Jiangsu Province	Jiangsu Province	Retail	50	0	100	
94	Yangxi County Rongyuwan Owner's House Catering Service Co., Ltd.* 陽西縣榮御灣業主之家餐飲服務有限公司	Guangdong Province	Guangdong Province	Retail	50	0	100	Newly established
95	Yangxi County Shanhuai Property Owners' Home Catering Services Co., Ltd.* 陽西縣山湖海業主之家餐飲服務有限公司	Guangdong Province	Guangdong Province	Catering	300	0	100	
96	Yixing Rongmiao Department Store Commercial Trading Co., Ltd.* 宜興榮淼百貨商貿有限公司	Jiangsu Province	Jiangsu Province	Retail	50	0	100	Newly established
97	Yueyang Rongyue Department Store Commercial Trading Co., Ltd.* 岳陽榮悅百貨商貿有限公司	Hunan Province	Hunan Province	Retail	50	0	100	
98	Zhanjiang Jitianwa Real Estate Brokerage Service Co., Ltd.* 湛江市家添瓦房產經紀服務有限公司	Guangdong Province	Guangdong Province	Real estate	50	0	100	Newly established
99	Zhanjiang Ronghan Commercial Trading Co., Ltd.* 湛江市榮翰商貿有限公司	Guangdong Province	Guangdong Province	Retail	50	0	100	Newly established

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) The composition of the corporate group (continued)

No.	Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered capital (RMB10,000)	Shareholding (%)		Method of acquisition
						Direct	Indirect	
100	Zhanjiang Ronghui Automobile Beauty Co., Ltd.* 湛江市榮惠汽車美容有限公司	Guangdong Province	Guangdong Province	Retail	50	0	100	Newly established
101	Zhanjiang Rongjin Commercial Trading Co., Ltd.* 湛江市榮錦商貿有限公司	Guangdong Province	Guangdong Province	Wholesale trade	50	0	100	
102	Zhanjiang Shengxu Commercial Trading Co., Ltd.* 湛江市盛旭商貿有限公司	Guangdong Province	Guangdong Province	Retail	50	0	100	Newly established
103	Zhanjiang Owner's House Catering Service Co., Ltd.* 湛江市業主之家餐飲服務有限公司	Guangdong Province	Guangdong Province	Catering	50	0	100	Newly established
104	Zhangjiakou Rongyiheng Commercial Trading Co., Ltd.* 張家口榮億恒商貿有限公司	Hebei Province	Hebei Province	Wholesale trade	30	0	100	
105	Changsha Rongdou Catering Service Co., Ltd.* 長沙榮豆餐飲服務有限公司	Hunan Province	Hunan Province	Catering	50	0	100	Newly established
106	Changsha Sanfen Liangtian Real Estate Brokerage Co., Ltd.* 長沙三分良田房產經紀有限公司	Henan Province	Henan Province	Real estate	50	0	100	Newly established
107	Zhengzhou Shenshuo Commercial Trading Co., Ltd.* 鄭州市申朔商貿有限公司	Henan Province	Henan Province	Retail	100	0	100	
108	Chongqing Rongzhiguan Commercial Trading Co., Ltd.* 重慶榮之冠商貿有限公司	Chongqing	Chongqing	Retail	50	0	100	

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VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(2) Significant non-wholly owned subsidiaries

Name of subsidiary	Minority shareholding	Profit or loss for the year attributable to minority shareholders	Dividends declared to minority shareholders during the year	Balance of minority interests at the end of the year
Cangzhou Rongzhi Property Service Co., Ltd.* 滄州市榮致物業服務有限公司	49.00	65,131.26	0.00	65,131.26
Langfang Rongrui Property Management Co., Ltd.* 廊坊榮銳物業管理有限公司	49.00	-36.24	0.00	440,963.76
Baoding Rongrun Property Service Co., Ltd.* 保定榮潤物業服務有限責任公司	49.00	71,108.92	0.00	316,108.92
Rongwanqian Property Management (Zhangjiakou) Co., Ltd.* 榮萬乾物業管理(張家口)有限公司	49.00	0.00	0.00	0.00
Zhangjiakou Rongmiao Cheng Property Management Co., Ltd.* 張家口榮淼城物業管理有限責任公司	49.00	-643,643.77	0.00	826,356.23
Cangzhou Roiserv New Town Property Service Co., Ltd.* 滄州榮陽萬家新城物業服務有限責任公司	49.00	-40,303.88	0.00	57,696.12
Beijing Rongyang Wanjia Management Consulting Co., Ltd.* 北京榮陽萬家管理諮詢有限公司	30.00	-122,767.69	0.00	417,232.31
Total	-	-670,511.40	0.00	2,123,488.60

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(3) Financial information of significant non-wholly owned subsidiaries

Name of subsidiary	Current assets	Closing balance	
		Non-current assets	Total assets
Cangzhou Rongzhi Property Service Co., Ltd.* 滄州市榮致物業服務有限公司	439,852.45	1,965.71	441,818.16
Langfang Rongrui Property Management Co., Ltd.* 廊坊榮銳物業管理有限公司	899,901.38	24.66	899,926.04
Baoding Rongrun Property Service Co., Ltd.* 保定榮潤物業服務有限責任公司	1,148,793.66	2,891.13	1,151,684.79
Zhangjiakou Rongmiao Cheng Property Management Co., Ltd.* 張家口榮淼城物業管理有限責任公司	6,480,998.99	241,863.66	6,722,862.65
Cangzhou Roiserv New Town Property Service Co., Ltd.* 滄州榮萬家新城物業服務有限責任公司	254,086.29	19,264.20	273,350.49
Beijing Rongyang Wanjia Management Consulting Co., Ltd.* 北京榮陽萬家管理諮詢有限公司	1,616,062.63	128,758.83	1,744,821.46

Name of subsidiary	Current liabilities	Closing balance	
		Non-current liabilities	Total liabilities
Cangzhou Rongzhi Property Service Co., Ltd.* 滄州市榮致物業服務有限公司	308,897.23	0.00	308,897.23
Langfang Rongrui Property Management Co., Ltd.* 廊坊榮銳物業管理有限公司	0.00	0.00	0.00
Baoding Rongrun Property Service Co., Ltd.* 保定榮潤物業服務有限責任公司	506,564.55	0.00	506,564.55
Zhangjiakou Rongmiao Cheng Property Management Co., Ltd.* 張家口榮淼城物業管理有限責任公司	5,036,421.37	0.00	5,036,421.37
Cangzhou Roiserv New Town Property Service Co., Ltd.* 滄州榮萬家新城物業服務有限責任公司	157,603.30	0.00	157,603.30
Beijing Rongyang Wanjia Management Consulting Co., Ltd.* 北京榮陽萬家管理諮詢有限公司	214,047.08	0.00	214,047.08

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VIII. INTERESTS IN OTHER ENTITIES (continued)**1. Interests in subsidiaries** (continued)**(3) Financial information of significant non-wholly owned subsidiaries** (continued)

Name of subsidiary	Operating income	Current year amount		
		Net profit	Total comprehensive income	Cash flows from operating activities
Cangzhou Rongzhi Property Service Co., Ltd.* 滄州市榮致物業服務有限公司	549,975.89	132,920.93	132,920.93	55,949.61
Langfang Rongrui Property Management Co., Ltd.* 廊坊榮銳物業管理有限公司	0.00	-73.96	-73.96	-11,698.54
Baoding Rongrun Property Service Co., Ltd.* 保定榮潤物業服務有限責任公司	1,828,961.39	145,120.24	145,120.24	99,479.91
Zhangjiakou Rongmiaocheng Property Management Co., Ltd.* 張家口榮淼城物業管理有限責任公司	4,706,247.20	-1,313,558.72	-1,313,558.72	-2,756,144.67
Cangzhou Roiserv New Town Property Service Co., Ltd.* 滄州榮萬家新城物業服務有限責任公司	45,886.13	-82,252.81	-82,252.81	67,993.80
Beijing Rongyang Wanjia Management Consulting Co., Ltd.* 北京榮陽萬家管理諮詢有限公司	0.00	-409,225.62	-409,225.62	-951,121.23

VIII. INTERESTS IN OTHER ENTITIES (continued)

2. Interests in joint ventures or associates

Key financial information on significant associates

Item	Closing balance/Current year amount Beijing Yinsilang Energy Resource Technology Co., Ltd.
Current assets	218,520,456.28
Including: Cash and cash equivalents	4,877,852.62
Non-current assets	125,844.42
Total assets	218,646,300.70
Current liabilities	681,855.45
Non-current liabilities	0.00
Total liabilities	681,855.45
Minority interests	0.00
Equity attributable to shareholders of the parent company	217,964,445.25
Share of net assets based on percentage of shareholding	106,802,578.17
Adjustments	0.00
– Goodwill	0.00
– Unrealised profit on internal transactions	0.00
– Other	0.00
Book value of equity investments in associates	100,000,000.00
Fair value of equity investments in associates for which publicly quoted prices exist	0.00
Operating income	197,158,639.72
Financial costs	-114,141.37
Income tax expense	1,620,846.86
Net profit	7,495,866.35
Total comprehensive income	7,495,866.35
Dividends received from associates during the year	0.00

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IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group's major financial instruments include receivables, payables and financial assets held-for-trading, etc. A detailed description of each financial instrument is set out in Note VI. to this note. The risks associated with these financial instruments and the risk management policies adopted by the Group to mitigate these risks are described below. The management of the Group manages and monitors these exposures to ensure that the above risks are kept within limits.

1. Various types of risk management objectives and policies

The Group's objective in engaging in risk management is to strike an appropriate balance between risk and return, to minimise the negative impact of risk on the Group's operating performance and to maximise the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of the Group's risk management is to identify and analyse the various risks to which the Group is exposed, establish appropriate risk tolerance limits and manage the risks, and monitor the various risks in a timely and reliable manner to keep the risks within the limits.

(1) Market risk

1) Exchange rate risk

The Group's exposure to exchange rate risk relates primarily to HKD and USD. The Group's other major business activities are denominated and settled in RMB, except for cash at bank and on hand and financial assets held-for-trading and other payables of the Group's parent company which include foreign currency operations. As at December 31, 2021, the Group's assets and liabilities are all in RMB, except for the HKD and USD balances of assets and liabilities as described in the table below. The exchange rate risk arising from the assets and liabilities with HKD and USD balances may have an impact on the Group's results of operations.

Item	December 31, 2021	December 31, 2020
Cash at bank and on hand – HKD	469,013,740.85	0.00
Financial assets held-for-trading – USD	32,568,988.31	0.00
Other payables – HKD	0.00	3,932,549.93
Other payables – USD	0.00	722,849.63

The Group closely monitors the impact of exchange rate movements on the Group.

2) Price risk

The Group's property services revenue is relatively stable and is less affected by price fluctuations.

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

1. Various types of risk management objectives and policies (continued)

(2) Credit risk

At December 31, 2021, the largest exposure to credit risk that could give rise to financial losses for the Group arises primarily from losses on the Group's financial assets arising from the failure of the other party to the contract to perform its obligations and from financial guarantees assumed by the Group, specifically:

The book amount of financial assets recognised in the consolidated balance sheet; for financial instruments measured at fair value, the book value reflects the exposure but is not the maximum exposure, which will change with future changes in fair value.

To mitigate credit risk, the Group has established a dedicated department to determine credit limits, perform credit approvals and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue claims. In addition, the Group reviews the collection status of receivables at each balance sheet date to ensure that adequate bad debt provisions are made for uncollectible amounts. As a result, the Group's management believes that the Group's exposure to credit risk has been significantly reduced.

The Group's liquidity is placed with banks with high credit ratings and therefore the credit risk on liquidity is low.

The Group has adopted the necessary policies to ensure that all sales customers have a good credit history. Apart from the top five accounts receivable amounts, the Group has no other significant credit concentration risk.

Total amount of the top five accounts receivable: RMB234,414,486.88.

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(Unless indicated otherwise, all amounts are expressed in RMB)

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)**1. Various types of risk management objectives and policies** (continued)**(3) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group manages liquidity risk by ensuring that it has sufficient financial liquidity to meet its obligations as they fall due without incurring unacceptable losses or causing damage to its corporate reputation. The Group regularly analyses the structure and maturity of its liabilities to ensure that sufficient funds are available.

Financial assets and financial liabilities held by the Group are analysed by the maturity of the undiscounted residual contractual obligations as follows:

Amount at December 31, 2021.

Item	Within one year	1-2 years	2 to 5 years	More than 5 years	Total
Financial assets	3,197,590,620.61	118,286,564.24	77,032,963.27	12,217,568.37	3,405,127,716.49
Including: Cash at bank and on hand	926,633,390.26	0.00	0.00	0.00	926,633,390.26
Financial assets held-for-trading	537,573,993.31	0.00	0.00	0.00	537,573,993.31
Notes receivable	130,697,637.14	1,551,000.00	0.00	0.00	132,248,637.14
Accounts receivable	1,380,028,817.93	96,649,106.67	13,393,389.51	436,298.00	1,490,507,612.11
Other receivables	218,831,135.21	17,513,888.81	57,903,154.48	8,640,920.15	302,889,098.65
Long-term receivables	0.00	2,572,568.76	5,736,419.28	3,140,350.22	11,449,338.26
Non-current assets due within one year	3,825,645.76	0.00	0.00	0.00	3,825,645.76
Financial liabilities	1,034,895,659.43	96,099,084.74	84,187,035.76	11,457,141.14	1,226,638,921.07
Including: Accounts payable	594,168,845.37	59,991,698.63	16,945,442.85	0.00	671,105,986.85
Other payables	389,361,611.68	32,326,244.20	33,246,320.21	8,181,042.97	463,115,219.06
Employee benefits payable	76,157,284.88	0.00	0.00	0.00	76,157,284.88
Non-current liabilities due within one year	3,825,645.76	0.00	0.00	0.00	3,825,645.76
Lease liabilities	617,713.86	2,657,513.54	5,883,458.95	3,276,098.17	12,434,784.52

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

2. Sensitivity analysis

The Group uses sensitivity analysis techniques to analyse the possible impact of reasonable and probable changes in risk variables on current profit or loss or shareholders' equity. As changes in any risk variable rarely occur in isolation and the correlation that exists between variables will have a significant effect on the ultimate amount of impact of a change in a risk variable, the following is performed assuming that changes in each variable are independent.

(1) Foreign exchange risk sensitivity analysis

Foreign exchange risk sensitivity analysis assumes that all net investment hedges and cash flow hedges for foreign operations are highly effective.

On the basis of the above assumptions, the after-tax effect on current profit or loss and equity of a reasonable possible change in exchange rates, with all other variables held constant, is as follows:

Item	Exchange rate movements	2021		2020	
		Impact on net profit	Impact on shareholders' equity	Impact on net profit	Impact on shareholders' equity
HKD	Appreciation against the RMB by 5%	-17,588,015.28	-17,588,015.28	0.00	0.00
HKD	Devaluation against the RMB by 5%	17,588,015.28	17,588,015.28	0.00	0.00
USD	Appreciation against the RMB by 5%	-1,221,337.06	-1,221,337.06	0.00	0.00
USD	Devaluation against the RMB by 5%	1,221,337.06	1,221,337.06	0.00	0.00
HKD – USD	Appreciation against the RMB by 5%	0.00	0.00	-301,000.00	-301,000.00
HKD – USD	Devaluation against the RMB by 5%	0.00	0.00	301,000.00	301,000.00

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X. FAIR VALUE DISCLOSURES

1. Closing fair value of assets and liabilities measured at fair value

Item	Closing fair value			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
I. Continuing fair value measurement	-	-	-	-
1. Financial assets held-for-trading	0.00	537,573,993.31	0.00	537,573,993.31
(1) Financial assets at fair value through profit or loss	0.00	537,573,993.31	0.00	537,573,993.31
Others	0.00	537,573,993.31	0.00	537,573,993.31

2. Continuing and discontinuing Level 2 fair value measurement items, qualitative and quantitative information on the valuation techniques used and significant parameters

During the period, the Company's financial assets held-for-trading that are Level 2 fair value measurement are mainly the GRAND POWER INTERNATIONAL SPC investment fund acquired in February 2021 for USD5 million and the Tongxing Changxing No. 6 fixed income private equity investment fund acquired in June 2021 for RMB500 million, valued based on the valuation report issued by alterDomus and Avadi Appraisal & Consulting Co., Ltd.

XI. RELATED PARTIES AND RELATED TRANSACTIONS

(I) Related party relationships

1. Controlling shareholders and ultimate controlling party

(1) Controlling shareholders and ultimate controlling party

Name of controlling shareholders and ultimate controlling party	Place of registration	Nature of business	Registered capital (RMB10,000)	Shareholding in the Company (%)	Percentage of voting rights in the Company (%)
RiseSun Real Estate Development Co., Ltd.* 榮盛房地產發展股份有限公司	Langfang, Hebei	Real estate	434,816.39	62.64	62.64
RiseSun Holdings Co., Ltd.* 榮盛控股股份有限公司	Langfang, Hebei	Real estate	64,400.00	-	-

(2) Registered capital of controlling shareholders and changes therein

Controlling shareholders	Opening balance	Increase during the year	Decrease during the year	Closing balance
RiseSun Real Estate Development Co., Ltd.* 榮盛房地產發展股份有限公司	4,348,163,851.00	0.00	0.00	4,348,163,851.00

(3) Shareholdings or equities of controlling shareholders and changes therein

Controlling shareholders	Amount of shareholding (RMB10,000)		Shareholding ratio (%)	
	Closing balance	Opening balance	End of the year	Beginning of the year
RiseSun Real Estate Development Co., Ltd.* 榮盛房地產發展股份有限公司	23,552.40	23,552.40	62.64	83.52

2. Subsidiaries

For details of the subsidiaries, please refer to "VIII. 1. (1) The composition of the corporate group" in this note.

3. Joint ventures and associates

For details of the Company's significant joint ventures or associates, please refer to "VIII. 2. Interests in joint ventures or associates" in this note.

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(Unless indicated otherwise, all amounts are expressed in RMB)

XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

(I) Related party relationships (continued)

4. Other related parties

Name of other related parties	Relationship with the Company
Tangshan RiseSun Real Estate Development Co., Ltd.* 唐山榮盛房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shenyang Xingfu Zhujia Real Estate Development Co., Ltd.* 瀋陽幸福築家房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Jingxuan Zhangjiakou Real Estate Development Co., Ltd.* 榮盛京宣張家口房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhanjiang Development Zone Rongfa Real Estate Development Co., Ltd.* 湛江開發區榮發房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shandong Rongfa Real Estate Development Co., Ltd.* 山東榮發房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Handan RiseSun Real Estate Development Co., Ltd.* 邯鄲榮盛房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shenyang RiseSun Zhongtian Real Estate Development Co., Ltd.* 瀋陽榮盛中天房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shenyang RiseSun Jinxiu Tiandi Real Estate Development Co., Ltd.* 瀋陽榮盛錦繡天地房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Changzhou RiseSun Yixin Real Estate Development Co., Ltd.* 常州榮盛億鑫房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Henan Rongyou Real Estate Development Co., Ltd.* 河南榮佑房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Beijing Zhongrui Jiaye Real Estate Development Co., Ltd.* 北京中瑞嘉業房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhangjiakou Rongshang Real Estate Development Co., Ltd.* 張家口榮尚房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhangjiakou Rongfeng Real Estate Development Co., Ltd.* 張家口榮峰房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tianjin Rongtai Real Estate Co., Ltd.* 天津榮泰置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Luohe Shengxu Real Estate Development Co., Ltd.* 漯河市盛旭房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shaanxi Huayu Yingfeng Real Estate Co., Ltd.* 陝西華宇盈豐置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

(I) Related party relationships (continued)

4. Other related parties (continued)

Name of other related parties	Relationship with the Company
Yangxi Ronghuasheng Real Estate Co., Ltd.* 陽西榮華盛房地產有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Guangdong Real Estate Development Co., Ltd.* 榮盛廣東房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shandong RiseSun Fuxiang Real Estate Development Co., Ltd.* 山東榮盛富翔地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Linyi RiseSun Real Estate Development Co., Ltd.* 臨沂榮盛房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Linyi Kaien Real Estate Co., Ltd.* 臨沂凱恩置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shenyang RiseSun Xingfu Dadao Real Estate Development Co., Ltd.* 瀋陽榮盛幸福大道房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shenyang RiseSun Real Estate Development Co., Ltd.* 瀋陽榮盛房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shenyang Zhongan Real Estate Development Co., Ltd.* 瀋陽中安房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shenyang RiseSun New Landmark Real Estate Development Co., Ltd.* 瀋陽榮盛新地標房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shijiazhuang Shangsheng Property Service Co., Ltd.* 石家莊商盛物業服務有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shijiazhuang Shenghui Commercial Management Co., Ltd.* 石家莊盛惠商業管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xuzhou Shenghui Commercial Management Co., Ltd.* 徐州盛惠商業管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Shangsheng Property Service Co., Ltd.* 滄州商盛物業服務有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Shenghui Commercial Management Co., Ltd.* 滄州盛惠商業管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Xingcheng (Tangshan) Park Construction Development Co., Ltd.* 榮盛興城(唐山)園區建設發展有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Yutian Xingcheng Development Co., Ltd.* 榮盛玉田興城開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tangshan Shangsheng Property Service Co., Ltd.* 唐山商盛物業服務有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

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XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

(I) Related party relationships (continued)

4. Other related parties (continued)

Name of other related parties	Relationship with the Company
Tangshan Shenghui Commercial Management Co., Ltd.* 唐山盛惠商業管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tangshan Rongkai Real Estate Development Co., Ltd.* 唐山榮凱房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Changzhou RiseSun Zhujia Real Estate Development Co., Ltd.* 常州榮盛築家房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing Shangsheng Commercial Management Co., Ltd.* 南京商盛商業管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing Shenghui Commercial Management Co., Ltd.* 南京盛惠商業管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Panjin RiseSun Real Estate Development Co., Ltd.* 盤錦榮盛房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jinan Shenghui Commercial Management Co., Ltd.* 濟南盛惠商業管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jinan Rongshang Real Estate Development Co., Ltd.* 濟南榮商房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hohhot RiseSun Real Estate Development Co., Ltd.* 呼和浩特市榮盛房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Changzhou Shangsheng Commercial Management Co., Ltd.* 常州商盛商業管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Changzhou Shenghui Commercial Management Co., Ltd.* 常州盛惠商業管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Ruisheng Investment Co., Ltd.* 廊坊瑞盛投資股份有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Real Estate Development Co., Ltd. Xianghe Branch* 榮盛房地產發展股份有限公司香河分公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhejiang RiseSun Yixin Real Estate Development Co., Ltd.* 浙江榮盛億鑫房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhejiang Yiwei Real Estate Development Co., Ltd.* 浙江億偉房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Xingcheng (Bazhou) Park Construction Development Co., Ltd.* 榮盛興城(霸州)園區建設發展有限責任公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Huizhou Datianyang Real Estate Development Co., Ltd.* 惠州市大田洋房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

(I) Related party relationships (continued)

4. Other related parties (continued)

Name of other related parties	Relationship with the Company
Huailai Rongfeng Real Estate Development Co., Ltd.* 懷來榮峰房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tianjin Rongzhen Real Estate Development Co., Ltd.* 天津榮臻房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Real Estate Development Co., Ltd. Langfang Branch* 榮盛房地產發展股份有限公司廊坊分公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Architectural Design Co., Ltd.* 榮盛建築設計有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Xingcheng (Yongqing) Investment Co., Ltd.* 榮盛興城(永清)投資有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jingnan New District Investment Development Co., Ltd.* 京南新區投資發展有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xinglong Ronghuan Real Estate Development Co., Ltd.* 興隆縣榮匯安房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Dezhou Glory Real Estate Development Co., Ltd.* 德州榮耀房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Guoke (Qihe) Investment Co., Ltd.* 國科(齊河)投資有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Real Estate Development Co., Ltd. Liaocheng Branch* 榮盛房地產發展股份有限公司聊城分公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing Huaou Shundu Real Estate Co., Ltd.* 南京華歐舜都置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing RiseSun Shengtai Real Estate Co., Ltd.* 南京榮盛盛泰置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing RiseSun Real Estate Co., Ltd.* 南京榮盛置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing Rongting Real Estate Co., Ltd.* 南京榮庭置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing RiseSun Shengjing Real Estate Co., Ltd.* 南京榮盛盛景置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhejiang RiseSun Yihong Real Estate Development Co., Ltd.* 浙江榮盛一弘房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jiaxing RiseSun Xinyi Real Estate Development Co., Ltd.* 嘉興市榮盛鑫億房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Real Estate Development Co., Ltd. Bazhou Branch* 榮盛房地產發展股份有限公司霸州分公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

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XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

(I) Related party relationships (continued)

4. Other related parties (continued)

Name of other related parties	Relationship with the Company
Chongqing RiseSun Xinyu Real Estate Development Co., Ltd.* 重慶榮盛鑫煜房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Chongqing RiseSun Kunchuang Real Estate Development Co., Ltd.* 重慶榮盛坤創房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Chongqing Rongqian Real Estate Development Co., Ltd.* 重慶榮乾房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Huizhou Jinhong Investment Co., Ltd.* 惠州市金泓投資有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Fangze Real Estate Development Co., Ltd.* 廊坊方澤房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yongqing Rongheng Real Estate Development Co., Ltd.* 永清榮恒房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Dongling Real Estate Development Co., Ltd.* 廊坊東領房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Puyang Rongyou Real Estate Development Co., Ltd.* 濮陽榮佑房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qingdao Dongfang Lanhai Real Estate Co., Ltd.* 青島東方藍海置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Huizhou Jinrun Development Co., Ltd.* 惠州市錦潤發展有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Real Estate Development Co., Ltd. Langfang Development Zone Branch* 榮盛房地產發展股份有限公司廊坊開發區分公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hebei RiseSun Real Estate Development Co., Ltd.* 河北榮盛房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yusheng (Beijing) Education Technology Co., Ltd.* 羽晟(北京)教育科技有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhonghe Shangyi (Beijing) Culture Development Co., Ltd.* 中禾尚藝(北京)文化發展有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hebei Rongshang Real Estate Development Co., Ltd.* 河北榮商房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hebei Rongxu Real Estate Development Co., Ltd.* 河北榮旭房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang RiseSun Hotel Management Co., Ltd. Linyi Huayu Xingyuan Branch* 廊坊榮盛酒店經營管理有限公司臨沂花語馨苑店	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

(I) Related party relationships (continued)

4. Other related parties (continued)

Name of other related parties	Relationship with the Company
Langfang RiseSun Hotel Management Co., Ltd. Linyi Rongxin Hotel Exhibition Centre Branch* 廊坊榮盛酒店經營管理有限公司臨沂榮馨酒店會展中心店	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhanjiang Shangsheng Commercial Management Co., Ltd.* 湛江商盛商業管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang RiseSun Hotel Management Co., Ltd. Linyi Branch* 廊坊榮盛酒店經營管理有限公司臨沂分公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bengbu RiseSun Jinye Real Estate Development Co., Ltd.* 蚌埠榮盛錦業房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Shengyu Real Estate Development Co., Ltd.* 滄州盛鈺房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Rongchuan Real Estate Development Co., Ltd.* 滄州榮川房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Taibo Real Estate Development Co., Ltd.* 滄州泰博房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Rongsu Real Estate Development Co., Ltd.* 滄州榮塑房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Changsha Rongxiang Real Estate Development Co., Ltd.* 長沙榮湘房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Changsha Rongfeng Real Estate Development Co., Ltd.* 長沙榮豐房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Changsha Rongcheng Real Estate Development Co., Ltd.* 長沙榮成房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Changsha Rongyuan Real Estate Development Co., Ltd.* 長沙榮苑房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Liaocheng RiseSun Real Estate Development Co., Ltd.* 聊城榮盛房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Liaocheng Rongxiang Real Estate Development Co., Ltd.* 聊城榮祥房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Liaocheng Rongyi Hotel Co., Ltd.* 聊城榮逸酒店有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

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XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

(I) Related party relationships (continued)

4. Other related parties (continued)

Name of other related parties	Relationship with the Company
Liaocheng Dongchangfu District Ronghe Real Estate Development Co., Ltd.* 聊城市東昌府區榮和房地產開發有限責任公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jinan Glory Real Estate Development Co., Ltd.* 濟南榮耀房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jinan Shangsheng Commercial Management Co., Ltd.* 濟南商盛商業管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yueyang Hengtong Real Estate Development Co., Ltd.* 岳陽恒通房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Handan Rongkai Real Estate Development Co., Ltd.* 邯鄲榮凱房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Beijing Yijia Technology Co., Ltd.* 北京意家科技有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Rongshuo Real Estate Development Co., Ltd.* 滄州榮朔房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hebei Wante Real Estate Development Co., Ltd.* 河北萬特房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Handan Rongang Real Estate Development Co., Ltd.* 邯鄲市榮昂房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shijiazhuang Youshan Ecological Real Estate Development Co., Ltd.* 石家莊優山生態房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shijiazhuang Rongfan Real Estate Development Co., Ltd.* 石家莊榮繁房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hebei Ronghong Real Estate Development Co., Ltd.* 河北榮宏房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shijiazhuang Rongzhen Real Estate Development Co., Ltd.* 石家莊榮真房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hebei Moze Real Estate Development Co., Ltd.* 河北墨澤房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shijiazhuang Rongzhi Real Estate Development Co., Ltd.* 石家莊榮智房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bengbu RiseSun Weiye Real Estate Development Co., Ltd.* 蚌埠榮盛偉業房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

(I) Related party relationships (continued)

4. Other related parties (continued)

Name of other related parties	Relationship with the Company
Bengbu RiseSun Xiangyun Real Estate Development Co., Ltd.* 蚌埠榮盛祥雲房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xuzhou Rongkai Real Estate Co., Ltd.* 徐州榮凱置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun (Xuzhou) Real Estate Development Co., Ltd.* 榮盛(徐州)房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xuzhou Rongteng Shengzhan Real Estate Co., Ltd.* 徐州榮騰盛展房地產有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xuzhou Lesheng Real Estate Development Co., Ltd.* 徐州樂盛房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xuzhou Rongan Real Estate Development Co., Ltd.* 徐州榮安房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Zhongsheng Real Estate Development Co., Ltd.* 滄州中盛房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Zhongshi Real Estate Development Co., Ltd.* 滄州中實房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Qianchen Real Estate Development Co., Ltd.* 滄州千宸房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing Rong'en Real Estate Co., Ltd.* 南京榮恩置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shifang Kaixuan Real Estate Co., Ltd.* 什邡凱旋置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Chengdu Tianhe Real Estate Development Co., Ltd.* 成都天赫房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Renshou Shengjing Real Estate Development Co., Ltd.* 仁壽盛璟房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jinan Rongfeng Real Estate Development Co., Ltd.* 濟南榮豐房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shandong Yizhuo Real Estate Co., Ltd.* 山東頤卓置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xianghe Ruihong Real Estate Development Co., Ltd.* 香河瑞鴻房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xianghe Maosheng Real Estate Development Co., Ltd.* 香河茂勝房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xianghe Rongxin Real Estate Development Co., Ltd.* 香河榮信房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhejiang Haoyuan Real Estate Development Co., Ltd.* 浙江灝元房地產開發有限責任公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

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XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

(I) Related party relationships (continued)

4. Other related parties (continued)

Name of other related parties	Relationship with the Company
Jiaxing Rongxiang Real Estate Co., Ltd.* 嘉興榮祥置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Wuhu RiseSun Wanye Real Estate Development Co., Ltd.* 蕪湖榮盛萬業房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bazhou Rongcheng Real Estate Development Co., Ltd.* 霸州市榮成房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yongqing Rongzhidi Real Estate Development Co., Ltd.* 永清榮之地房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bazhou Rongjin Real Estate Development Co., Ltd.* 霸州市榮進房地產開發有限責任公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Chongqing Rongpin Real Estate Development Co., Ltd.* 重慶榮品房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhangjiakou Rongguang Real Estate Development Co., Ltd.* 張家口榮光房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yueyang Rongsheng Real Estate Development Co., Ltd.* 岳陽融盛房地產開發有限責任公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhuzhou Rongsheng Real Estate Development Co., Ltd.* 株洲融盛房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yiyang Rongsheng Real Estate Development Co., Ltd.* 益陽榮生房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yiyang Rongcheng Real Estate Development Co., Ltd.* 益陽榮誠房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hefei RiseSun Zeye Real Estate Development Co., Ltd.* 合肥榮盛澤業房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hefei RiseSun Leye Real Estate Development Co., Ltd.* 合肥榮盛樂業房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hefei Rongbang Real Estate Development Co., Ltd.* 合肥榮邦房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hefei RiseSun Shengye Real Estate Development Co., Ltd.* 合肥榮盛盛業房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shangrao RiseSun Real Estate Development Co., Ltd.* 上饒市榮盛房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hanzhong Rongyuan Xingcheng Real Estate Co., Ltd.* 漢中榮園興城置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qingdao Dongfangbailing Real Estate Development Co., Ltd.* 青島東方白靈房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

(I) Related party relationships (continued)

4. Other related parties (continued)

Name of other related parties	Relationship with the Company
Qingdao Ronghang Real Estate Co., Ltd.* 青島榮航置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qingdao Dongfangyalong Real Estate Co., Ltd.* 青島東方亞龍置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shanxi Rongtai Real Estate Development Co., Ltd.* 山西榮太房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xinyang Rongyang Real Estate Development Co., Ltd.* 信陽榮陽房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhejiang Xinhan Real Estate Co., Ltd.* 浙江鑫瀚房地產有限責任公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Ningbo Ronghao Real Estate Co., Ltd.* 寧波榮顯置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yangxi Huasheng Real Estate Co., Ltd.* 陽西華盛房地產有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhangjiajie RiseSun Real Estate Development Co., Ltd.* 張家界榮盛房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Foshan Shunde Fosheng Real Estate Co., Ltd.* 佛山順德佛盛房地產有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Suzhou Yihao Real Estate Development Co., Ltd.* 蘇州億灝房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Development Zone RiseSun Real Estate Development Co., Ltd.* 廊坊開發區榮盛房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yongzhou Rongfeng Real Estate Development Co., Ltd.* 永州榮豐房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Handan Development Zone Rongfa Shenghong Real Estate Development Co., Ltd.* 邯鄲開發區榮發盛宏房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Xieyi Landscape Engineering Co., Ltd.* 廊坊寫意園林綠化工程有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing Shengli Real Estate Co., Ltd.* 南京盛利置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shanxi RiseSun Zhuoyue Real Estate Co., Ltd.* 山西榮盛卓越置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Real Estate Development Co., Ltd. Handan Branch* 榮盛房地產發展股份有限公司邯鄲分公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun (Bengbu) Real Estate Co., Ltd.* 榮盛(蚌埠)置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

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XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

(I) Related party relationships (continued)

4. Other related parties (continued)

Name of other related parties	Relationship with the Company
Bengbu RiseSun Zhujia Real Estate Development Co., Ltd.* 蚌埠榮盛築家房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bengbu RiseSun Fengye Real Estate Development Co., Ltd.* 蚌埠榮盛豐業房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bengbu RiseSun Jiaye Real Estate Development Co., Ltd.* 蚌埠榮盛嘉業房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bengbu RiseSun Dingye Real Estate Development Co., Ltd.* 蚌埠榮盛鼎業房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jiangsu Rongfa Real Estate Development Co., Ltd.* 江蘇榮發房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing Rongyu Real Estate Co., Ltd.* 南京榮鈺置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Chengdu RiseSun Huaifu Real Estate Co., Ltd.* 成都榮盛華府置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hebei Xinlv Real Estate Development Co., Ltd.* 河北欣綠房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shijiazhuang Xinmao Real Estate Development Co., Ltd.* 石家莊鑫懋房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Liaocheng Rongxing Real Estate Development Co., Ltd.* 聊城榮星房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zouping Chengtou Xinghui Real Estate Co., Ltd.* 鄒平市城投星輝房地產有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hengshui Rongjun Real Estate Development Co., Ltd.* 衡水榮軍房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tangshan Ronghao Real Estate Development Co., Ltd.* 唐山榮皓房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tangshan Shengyu Real Estate Development Co., Ltd.* 唐山市盛玉房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tangshan Ronghong Real Estate Development Co., Ltd.* 唐山榮鴻房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tangshan Hongzhou Real Estate Development Co., Ltd.* 唐山泓洲房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

(I) Related party relationships (continued)

4. Other related parties (continued)

Name of other related parties	Relationship with the Company
Nanjing Rongyun Real Estate Co., Ltd.* 南京榮運置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing Rongdao Real Estate Co., Ltd.* 南京榮島置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Changzhou RiseSun Shangyuan Real Estate Development Co., Ltd.* 常州榮盛上元房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tianze (Gu'an) Real Estate Development Co., Ltd.* 天澤(固安)房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bazhou Ronghai Real Estate Development Co., Ltd.* 霸州市榮海房地產開發有限責任公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Rong'an Real Estate Development Co., Ltd.* 廊坊榮安房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yixing Chengdong Cultural Tourism Investment Development Co., Ltd.* 宜興城東文化旅遊投資開發有限責任公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hangzhou Rongshang Real Estate Co., Ltd.* 杭州榮尚置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Xingcheng Investment Co., Ltd.* 榮盛興城投資有限責任公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Sanhe Yanyuan Real Estate Development Co., Ltd.* 三河市燕園房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Shenghong Real Estate Development Co., Ltd.* 廊坊市盛宏房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Rongnian Real Estate Development Co., Ltd.* 廊坊榮年房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Baoding Zheshang Real Estate Development Co., Ltd.* 保定市浙商房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Baoding Zexin Real Estate Development Co., Ltd.* 保定市澤信房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shijiazhuang Rongli Real Estate Development Co., Ltd.* 石家莊榮立房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou RiseSun Real Estate Development Co., Ltd.* 滄州榮盛房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shijiazhuang Rong'en Real Estate Development Co., Ltd.* 石家莊榮恩房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Changsha Rongxiang Real Estate Development Co., Ltd.* 長沙榮祥房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

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XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

(I) Related party relationships (continued)

4. Other related parties (continued)

Name of other related parties	Relationship with the Company
Liaocheng RiseSun Real Estate Development Co., Ltd. Linqing Branch* 聊城榮盛房地產開發有限公司臨清分公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bengbu Rongjia Real Estate Development Co., Ltd.* 蚌埠榮嘉房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Wuhu Rongzhong Real Estate Development Co., Ltd.* 蕪湖榮眾房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xianghe Wanlitong Industrial Co., Ltd.* 香河萬利通實業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jinan Rongcheng Real Estate Development Co., Ltd.* 濟南榮程房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhejiang RiseSun Yihao Real Estate Development Co., Ltd.* 浙江榮盛億灝房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yixing RiseSun Yixin Real Estate Development Co., Ltd.* 宜興榮盛億鑫房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shaanxi RiseSun Fengying Real Estate Co., Ltd.* 陝西榮盛豐盈置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shanxi Rongjun Real Estate Development Co., Ltd.* 山西榮君房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Taiyuan Rongde Real Estate Co., Ltd.* 太原榮德置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Shengkun Commercial Management Co., Ltd.* 廊坊市盛坤商業管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Guangyang District Yusheng Huaifu Kindergarten Co., Ltd.* 廊坊市廣陽區羽晟華府幼兒園有限責任公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Rongshang Commercial Management Co., Ltd.* 廊坊市榮尚商業管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Gangzhou Defa Real Estate Development Co., Ltd.* 滄州德發房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun (Wuhu) Real Estate Co., Ltd.* 榮盛(蕪湖)置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun (Xianghe) Real Estate Development Co., Ltd.* 榮盛(香河)房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shenyang Taichang Commercial Management Co., Ltd.* 瀋陽泰昌商業管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Development Zone Shengyuan Real Estate Development Co., Ltd.* 廊坊開發區盛遠房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

(I) Related party relationships (continued)

4. Other related parties (continued)

Name of other related parties	Relationship with the Company
Bazhou Rong'an Real Estate Development Co., Ltd.* 霸州市榮安房地產開發有限責任公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Rongsen (Tianjin) Building Materials Co., Ltd.* 榮森(天津)建築材料有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing RiseSun Building Materials Co., Ltd.* 南京榮盛建築材料有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hebei Guangde Door & Window Co., Ltd.* 河北廣德門窗有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Wanlitong Industrial Co., Ltd.* 榮盛萬利通實業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing Liuhe District Longfor Peninsula Kindergarten* 南京市六合區龍湖半島幼兒園	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jinan Rongyi Hotel Co., Ltd.* 濟南榮逸酒店有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Liaocheng Arcadia International Hotel Co., Ltd.* 聊城阿爾卡迪亞國際酒店有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Guangzhou RiseSun Real Estate Co., Ltd.* 廣州榮盛房地產有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhanjiang Economic and Technological Development Zone Yusheng Huafu Kindergarten Co., Ltd.* 湛江經濟技術開發區羽晟華府幼兒園有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xi'an RiseSun Health Tourism Development Co., Ltd.* 西安榮盛健康旅遊發展有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xi'an RiseSun Zhuoyue Real Estate Co., Ltd.* 西安榮盛卓越置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Real Estate Development Co., Ltd.* 榮盛房地產發展股份有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tangshan Ronglu Real Estate Development Co., Ltd.* 唐山榮祿房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bengbu RiseSun Commercial Management Co., Ltd.* 蚌埠榮盛商業管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hubei Rongguo Development Real Estate Co., Ltd.* 湖北榮國發展置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Wuhan Minglirui Real Estate Co., Ltd.* 武漢銘利瑞置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shaoxing Chenyue Real Estate Co., Ltd.* 紹興宸越置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zhejiang Rongteng Shengzhan Real Estate Co., Ltd.* 浙江榮騰盛展房地產有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hongyun (Jiangsu Changzhou) Industrial Investment Co., Ltd.* 鴻韻(江蘇常州)實業投資有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

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XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

(I) Related party relationships (continued)

4. Other related parties (continued)

Name of other related parties	Relationship with the Company
Cangzhou Kaisheng Real Estate Development Co., Ltd.* 滄州凱盛房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou RiseSun Real Estate Development Co., Ltd. Xinhua Branch* 滄州榮盛房地產開發有限公司新華分公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tangshan Shangsheng Department Store Co., Ltd.* 唐山商盛百貨有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Development Zone Shengze Real Estate Development Co., Ltd.* 廊坊開發區盛澤房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nantong Rongdatong Real Estate Development Co., Ltd.* 南通市榮達通房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing New Exploration Real Estate Consulting Co., Ltd.* 南京新探索置業顧問有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Real Estate Development Co., Ltd. Cangzhou Branch* 榮盛房地產發展股份有限公司滄州分公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tibet Shengxing Hongtu Tourism Culture Development Co., Ltd.* 西藏盛行宏途旅遊文化發展有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Sizhong Internet (Beijing) Network Technology Co., Ltd.* 四眾互聯(北京)網絡科技有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang RiseSun Hotel Management Co., Ltd. Bazhou RiseSun Cartier Club Branch* 廊坊榮盛酒店經營管理有限公司 霸州榮盛卡迪亞會所分公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jinan Rong'en Real Estate Development Co., Ltd.* 濟南榮恩房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Shengkun Gardening Engineering Co., Ltd.* 廊坊市盛坤園林工程有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Liaocheng Rongshun Real Estate Development Co., Ltd.* 聊城榮舜房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Chengdu RiseSun Weiye Real Estate Development Co., Ltd.* 成都榮盛偉業房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Chengdu RiseSun Real Estate Development Co., Ltd.* 成都榮盛房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

(I) Related party relationships (continued)

4. Other related parties (continued)

Name of other related parties	Relationship with the Company
Sizhong (Jiaxing) Investment Co., Ltd.* 四眾(嘉興)投資有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qinhuangdao Haorui Property Service Co., Ltd. Huangshan District Branch* 秦皇島浩瑞物業服務有限公司黃山區分公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Huangshan RiseSun Real Estate Development Co., Ltd. Rongxin Holiday Apartments* 黃山榮盛房地產開發有限公司榮譽度假公寓	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Lingshui Junsheng Real Estate Development Co., Ltd.* 陵水駿晟房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Lingshui Junsheng Real Estate Development Co., Ltd. Arcadia Holiday Hotel* 陵水駿晟房地產開發有限公司阿爾卡迪亞假日酒店	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Lingshui Junsheng Real Estate Development Co., Ltd. RongYi Warmth Hotel* 陵水駿晟房地產開發有限公司榮逸溫情酒店	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qinhuangdao Haorui Property Service Co., Ltd. Hainan Branch* 秦皇島浩瑞物業服務有限公司海南分公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qinhuangdao Haorui Property Service Co., Ltd. Shennongjia Branch* 秦皇島浩瑞物業服務有限公司神農架分公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shennongjia Forestry District RiseSun Real Estate Tourism Development Co., Ltd.* 神農架林區榮盛置業旅遊開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shennongjia Forestry District RiseSun Real Estate Tourism Development Co., Ltd. Xuhui Institute* 神農架林區榮盛置業旅遊開發有限公司旭輝學院	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Shennongjia Forestry District RiseSun Real Estate RoEasy Exquisite Hotel Management Co., Ltd.* 神農架林區榮盛置業榮逸精緻酒店經營管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Shangsheng Commercial Management Co., Ltd.* 廊坊商盛商業管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Shangsheng Outlets Commercial Trading Co., Ltd.* 滄州商盛奧萊商貿有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Chengdu Shangsheng Property Management Co., Ltd.* 成都商盛物業管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

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XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

(I) Related party relationships (continued)

4. Other related parties (continued)

Name of other related parties	Relationship with the Company
Laishui Rongfa Sports Culture Development Co., Ltd.* 涑水榮發體育文化發展有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Kanglv Investment Co., Ltd.* 榮盛康旅投資有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Yujing Real Estate Development Co., Ltd.* 廊坊愉景房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Rongcheng (Tianjin) Real Estate Marketing Co., Ltd.* 榮程(天津)房地產營銷有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hebei Rongchuang Real Estate Development Co., Ltd.* 河北榮創房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qinhuangdao Shengze Real Estate Development Co., Ltd.* 秦皇島盛澤房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Bazhou Nan Meng Yusheng Hot Spring City Kindergarten* 霸州市南孟鎮羽晟溫泉城幼兒園	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Beijing RiseSun Real Estate Co., Ltd.* 北京榮盛置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Jingtai Communication Engineering Co., Ltd.* 廊坊市京台通訊工程有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Xingcheng (Yongqing) Water Supply Co., Ltd.* 榮盛興城(永清)供水有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Guangdong Real Estate Development Co., Ltd. Trade Union Committee* 榮盛廣東房地產開發有限公司工會委員會	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Nanjing Huaou Shundu Real Estate Co., Ltd. Arcadia International Hotel* 南京華歐舜都置業有限公司阿爾卡迪亞國際酒店	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Cangzhou Rongyi Catering Management Co., Ltd.* 滄州榮益餐飲管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Baoding Rongfa Real Estate Development Co., Ltd.* 保定榮發房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xingtai RiseSun Real Estate Development Co., Ltd.* 邢台榮盛房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hangzhou Glory Shenghao Real Estate Co., Ltd.* 杭州榮耀盛灝置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun (Pizhou) Real Estate Development Co., Ltd.* 榮盛(邳州)房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Tibet New Exploration Real Estate Marketing Co., Ltd.* 西藏新探索房地產營銷有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

(I) Related party relationships (continued)

4. Other related parties (continued)

Name of other related parties	Relationship with the Company
Runsheng Cultural Media Co., Ltd.* 潤盛文化傳媒有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jinan Rongyi Catering Management Co., Ltd.* 濟南榮益餐飲管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Gu'an Rongfang Real Estate Development Co., Ltd.* 固安縣榮方房地產開發有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Jingnan New District Investment Development Co., Ltd. Trade Union Committee* 京南新區投資發展有限公司工會委員會	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Roiserv Lifestyle Services Co., Ltd. Puyang Branch Trade Union Committee* 榮萬家生活服務股份有限公司濮陽分公司工會委員會	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Changzhou Shangyuan Real Estate Co., Ltd.* 常州上元置業有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Linyi Shangsheng Business Management Service Co., Ltd.* 臨沂商盛商業管理服務有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Qifang (Beijing) Education Technology Co., Ltd.* 啟方(北京)教育科技有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Runsheng Cultural Media Co., Ltd. Jinan Shidai Guoji Branch* 潤盛文化傳媒有限公司濟南時代國際分公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xuzhou Biru Mingtian Cultural Tourism Co., Ltd.* 徐州比如明天文化旅遊有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Xuzhou Xinghuangang Amusement Co., Ltd.* 徐州星幻港遊樂有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Yangzhou Rongyang Commercial Management Co., Ltd.* 揚州榮揚商業管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Zibo Shenghui Commercial Management Co., Ltd.* 濰博盛惠商業管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Hebei RiseSun Building Materials Co., Ltd.* 河北榮盛建築材料有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Gu'an Shengye Automation Technology Co., Ltd.* 固安盛業自動化技術有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Development Zone RiseSun Real Estate Development Co., Ltd. Arcadia International Hotel* 廊坊開發區榮盛房地產開發有限公司阿爾卡迪亞國際酒店	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Yijing Garden Nursery Stock Co., Ltd.* 廊坊意景園林木有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)

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XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

(I) Related party relationships (continued)

4. Other related parties (continued)

Name of other related parties	Relationship with the Company
Xuzhou RiseSun Plaza Commercial Management Co., Ltd.* 徐州榮盛廣場商業管理有限公司	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
Langfang Shengkun Commercial Management Co., Ltd. RiseSun Huafu Supermarket* 廊坊市盛坤商業管理有限公司榮盛華府超市	Other enterprise controlled by the same controlling shareholder (RiseSun Group)
RiseSun Construction Engineering Co., Ltd.* 榮盛建設工程有限公司	A company controlled by ultimate holding company
Zhengzhou Hongzhufu Real Estate Co., Ltd.* 鄭州紅祝福置業有限公司	An associate of RiseSun Group
Gangzhou Baosheng Real Estate Development Co., Ltd.* 滄州保盛房地產開發有限公司	An associate of RiseSun Group
Shijiazhuang Runpeng Real Estate Development Co., Ltd.* 石家莊潤鵬房地產開發有限公司	An associate of RiseSun Group
Xuzhou Rongrun Real Estate Development Co., Ltd.* 徐州榮潤房地產開發有限公司	An associate of RiseSun Group

XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

(II) Related transactions

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

(1) Purchase of goods – Acceptance of labor services

Related parties	Content of related transactions	Current year amount	Prior year amount
RiseSun Group	Engineering materials and labor services	102,784,339.35	8,672,818.80

(2) Sales of goods – Provision of labor services

Related parties	Content of related transactions	Current year amount	Prior year amount
RiseSun Group	Services	913,778,437.79	755,387,800.47
A company controlled by the ultimate holding company	Services	18,824,313.04	7,327,872.25
An associate of RiseSun Group	Services	5,900,829.33	6,518,039.18
Ultimate holding company	Services	111,273.27	435,324.32

2. Key management remuneration

Name of item	Current year amount	Prior year amount
Total remuneration	6,571,562.37	9,623,000.00

3. Connected transactions

The related transactions disclosed in the Group's 2021 Financial Report XI. (II) which also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the *Hong Kong Listing Rules* are set out under section headed "Report of the Board of Directors – Continuing Connected Transactions" in this report.

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XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

(III) Balances of current accounts from related parties

1. Items receivable

Name of item	Related parties	Book balance at the end of the year	Bad debt provision	Book balance at the beginning of the year	Bad debt provision
Notes receivable	RiseSun Group	132,248,637.14	8,309,980.33	184,646,457.37	0.00
Prepayments	RiseSun Group	246,306.58	0.00	85,112.71	0.00
Other receivables	RiseSun Group	143,741,034.93	32,528,478.81	46,849,906.92	0.00
Other receivables	A company controlled by the ultimate controlling company	5,000,000.00	250,000.00	0.00	0.00
Other receivables	An associate of RiseSun Group	0.00	0.00	10,000.00	0.00
Accounts receivable	RiseSun Group	919,957,942.44	62,766,778.21	421,436,748.33	0.00
Accounts receivable	An associate of RiseSun Group	4,578,202.70	363,868.52	1,196,300.40	0.00
Accounts receivable	A company controlled by the ultimate controlling company	16,683,086.34	1,311,901.42	6,865,675.50	0.00
Contract assets	RiseSun Group	43,626,869.42	2,713,591.32	29,801,597.12	0.00
Contract assets	An associate of RiseSun Group	1,287,404.17	80,076.54	42.12	0.00
Contract assets	A company controlled by the ultimate controlling company	701,704.78	43,646.04	0.00	0.00

2. Items payable

Name of item	Related parties	Book balance at the end of the year	Book balance at the beginning of the year
Accounts payable	RiseSun Group	41,357,027.57	10,972,524.68
Other payables	RiseSun Group	31,686,475.39	2,182,430.13
Other payables	An associate of RiseSun Group	25,124,500.00	375,000.00
Other payables	A company controlled by the ultimate controlling company	71,820.82	0.00
Deposit received	RiseSun Group	3,798.18	2,293,947.76
Contract liabilities	RiseSun Group	72,957,452.32	42,291,324.15
Contract liabilities	A company controlled by ultimate holding company	117,056.15	0.00
Contract liabilities	The ultimate holding company	25,379.25	0.00

(IV) Related party commitments

None.

XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

(V) Remuneration of directors, supervisors and employees

1. Details of the remuneration of the directors and supervisors are as follows

Item	Directors fee	Salaries and allowances	Social security, housing fund and pensions	Bonus	Share-based payments	Total
Current year amount	0.00	-	-	-	-	-
Executive Directors	0.00	5,502,714.54	336,767.31	1,861,840.00	4,854,051.15	12,555,373.00
Geng Jianfu	0.00	3,053,591.30	78,963.18	1,430,000.00	2,223,797.32	6,786,351.80
Xiao Tianchi	0.00	592,900.00	129,369.10	51,840.00	1,225,477.23	1,999,586.33
Liu Yonggang	0.00	1,856,223.24	128,435.02	380,000.00	1,404,776.59	3,769,434.85
Supervisors	0.00	1,086,509.77	159,424.28	91,715.00	1,647,412.22	2,985,061.27
Jing Zhonghua	0.00	0.00	0.00	0.00	0.00	0.00
Dong Hui	0.00	669,824.77	81,093.75	63,515.00	1,067,596.74	1,882,030.26
Liu Jifeng	0.00	301,185.00	78,330.53	28,200.00	579,815.47	987,531.00
Wang Jiandong	0.00	57,750.00	0.00	0.00	0.00	57,750.00
Zhang Yuanpeng	0.00	57,750.00	0.00	0.00	0.00	57,750.00
Non-executive Directors	433,125.00	0.00	0.00	0.00	1,019,153.29	1,452,278.29
Zhang Wengge	0.00	0.00	0.00	0.00	1,019,153.29	1,019,153.29
Jin Wenhui	144,375.00	0.00	0.00	0.00	0.00	144,375.00
Tang Yishu	144,375.00	0.00	0.00	0.00	0.00	144,375.00
Siu Chi Hung	144,375.00	0.00	0.00	0.00	0.00	144,375.00
Total	433,125.00	6,589,224.31	0.00	1,953,555.00	7,520,616.66	16,992,712.56
Prior year amount						
Executive Directors	0.00	1,901,000.00	0.00	1,606,000.00	10,680,000.00	14,187,000.00
Zhou Xin	0.00	595,000.00	0.00	314,000.00	66,000.00	975,000.00
Geng Jianfu	0.00	0.00	0.00	0.00	4,785,000.00	4,785,000.00
Xiao Tianchi	0.00	241,000.00	0.00	138,000.00	2,721,000.00	3,100,000.00
Liu Yonggang	0.00	1,065,000	0.00	1,154,000	3,108,000.00	5,327,000.00
Supervisors	0.00	648,000.00	0.00	315,000.00	3,660,000.00	4,623,000.00
Yu Hongyan	0.00	42,000	0.00	48,000	10,000.00	100,000.00
Jing Zhonghua	0.00	0.00	0.00	0.00	0.00	0.00
Zhang Yuanpeng	0.00	0.00	0.00	0.00	0.00	0.00
Wang Jiandong	0.00	0.00	0.00	0.00	0.00	0.00
Liu Jifeng	0.00	233,000	0.00	105,000	1,298,000.00	1,636,000.00
Dong Hui	0.00	373,000	0.00	162,000	2,352,000.00	2,887,000.00
Non-executive Directors	0.00	0.00	0.00	0.00	2,193,000.00	2,193,000.00
Zhang Wengge	0.00	0.00	0.00	0.00	2,193,000.00	2,193,000.00
Jin Wenhui	0.00	0.00	0.00	0.00	0.00	0.00
Siu Chi Hung	0.00	0.00	0.00	0.00	0.00	0.00
Tang Yishu	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	2,549,000.00	0.00	1,921,000.00	16,533,000.00	21,003,000.00

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XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)**(V) Remuneration of directors, supervisors and employees** (continued)**2. The top five highest paid employees**

Two (previous year: two) of the top five with the highest remuneration this year are directors, among which the remuneration of directors is set out in Note "XI. (V).1". The remuneration has been reflected in the remuneration of directors and supervisors. The remuneration of the other three (previous year: three) is as follows:

Item	Current year amount	Prior year amount
Salaries and allowances	2,777,224.80	1,551,000.00
Social security, housing fund and related pension costs	356,284.84	199,000.00
Bonus	508,938.75	1,570,000.00
Share-based payments	2,929,113.98	6,303,000.00
Total	6,571,562.37	9,623,000.00

Remuneration range:

Item	Number of people in the year	Number of people in the prior year
Within RMB1,000,000	0.00	0.00
RMB1,000,001 to RMB1,500,000	0.00	0.00
RMB1,500,001 to RMB2,000,000	0.00	0.00
RMB2,000,001 to RMB2,500,000	3.00	0.00
RMB2,500,001 to RMB3,000,000	0.00	0.00
RMB3,000,001 to RMB3,500,000	0.00	3.00

3. **None of the Directors waived or agreed to waive any remuneration during the period. No remunerations were paid by the Group to any of the Directors, Supervisors or the five highest paid individuals as an inducement to join the Group or as compensation for loss of office.**

XII. SHARE-BASED PAYMENTS

1. General information on share-based payments

Item	Note
Total amount of each equity instrument granted by the Company during the year	0.00
Total amount of each equity instrument exercised by the Company during the year	5,107,075.00
	shares
Total amount of each equity instrument of the Company lapsed during the year	0.00
The range of exercise prices and remaining contractual term of the Company's phantom stock plan issued and outstanding at the end of the year	None
The range of exercise prices and remaining contractual term of other equity instruments issued and outstanding at the end of the year by the Company	None

2. Equity-settled share-based payments

Item	Note
Methodology for determining the fair value of equity instruments at the date of grant	Determined on the basis of an assessment of the fair value valuation report of the share incentive scheme
Basis for determining the number of exercisable equity instruments	At each balance sheet date during the vesting period, the number of equity instruments expected to become exercisable is revised by making a best estimate based on subsequent information such as the latest available changes in the number of exercisable employees. At the exercise date, the number of equity instruments ultimately expected to be exercisable corresponds to the actual number of exercisable instruments.
Reasons for significant differences between estimates for the year and previous year	None
Accumulated amount of equity-settled share-based payments included in capital reserve	53,890,724.66
Total expense recognized for equity-settled share-based payments during the year	17,101,126.07

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2021 - December 31, 2021

(Unless indicated otherwise, all amounts are expressed in RMB)

XIII. CONTINGENCIES

None.

XIV. COMMITMENTS

None.

XV. EVENTS AFTER THE BALANCE SHEET DATE

1. Redemption of wealth management products

The Company has redeemed all shares of the Tongxing Changxing No. 6 Fixed Income Private Securities Investment Fund by the end of June 2022.

2. Recovery of investment deposit

The Company has recovered the investment deposit of RMB50 million from Beijing Xingzhan Investment Consulting Co., Ltd. and the investment deposit of RMB50 million from Shenjing Enterprise Management Consulting (Shandong) Co., Ltd. by the end of June 2022, totaling RMB100 million.

3. Apart from the disclosures of the above events after the balance sheet date, the Company has no other significant events after the balance sheet date.

XVI. OTHER SIGNIFICANT EVENTS

As of the reporting date, the freezing of the Company's equity held by the controlling shareholder RiseSun Real Estate Development Co., Ltd. is as follows:

No.	Execution notice document number	Enforcement Court	Amount of Frozen Equity	Frozen Date From	Frozen Date To
1	(2022) Henan 0902 ZB No. 153	Hualong District People's Court of Puyang City, Henan Province	RMB1 million	2022-2-28	2025-2-27
2	(2022) Henan 0902 ZB No. 187	Hualong District People's Court of Puyang City, Henan Province	RMB500,000	2022-3-2	2025-3-1
3	(2022) Henan 0902 ZB No. 164	Hualong District People's Court of Puyang City, Henan Province	RMB1 million	2022-2-28	2025-2-27
4	(2022) Henan 0902 ZB No. 159	Hualong District People's Court of Puyang City, Henan Province	RMB1 million	2022-2-28	2025-2-27
5	(2022) Henan 0902 ZB No. 156	Hualong District People's Court of Puyang City, Henan Province	RMB1 million	2022-2-28	2025-2-27

XVII. NOTES TO SIGNIFICANT ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Accounts receivable

(1) Accounts receivable presented by bad debt provision method

Type	Book balance		Closing balance Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Accrual ratio (%)	
	Provision for bad debts by portfolio	1,035,459,794.93	100.00	65,595,148.39	
Including: Aging portfolio	1,035,459,794.93	100.00	65,595,148.39	6.33	969,864,646.54

Type	Book balance		Opening balance Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Accrual ratio (%)	
	Provision for bad debts by portfolio	545,636,326.55	100.00	13,230,412.92	
Including: Aging portfolio	545,636,326.55	100.00	13,230,412.92	2.42	532,405,913.63

Provision for bad debts of accounts receivable by portfolio

Aging	Book balance	Closing balance	
		Bad debt provision	Accrual ratio (%)
Within 1 year (including 1 year)	961,247,778.33	55,244,018.81	5.75
1-2 years	68,755,148.07	8,034,923.30	11.69
2-3 years	4,072,749.80	1,447,207.59	35.53
3-4 years	687,249.58	427,263.06	62.17
4-5 years	674,421.15	419,287.63	62.17
More than 5 years	22,448.00	22,448.00	100.00
Total	1,035,459,794.93	65,595,148.39	-

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2021 - December 31, 2021

(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO SIGNIFICANT ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

1. Accounts receivable (continued)

(2) Accounts receivable presented by aging

Aging	Closing balance
Within 1 year (including 1 year)	961,247,778.33
1-2 years	68,755,148.07
2-3 years	4,072,749.80
3-4 years	687,249.58
4-5 years	674,421.15
More than 5 years	22,448.00
Total	1,035,459,794.93

(3) Provision for bad debts of accounts receivable for the year

Type	Opening balance	Amount of change for the year				Closing balance
		Accrual	Recovery or reversal	Transfer or write-off	Others	
Accrual by portfolio	13,230,412.92	52,457,748.18	0.00	93,012.71	0.00	65,595,148.39

(4) Top five accounts receivable with closing balances grouped by debtor

The aggregate amount of the top five accounts receivable with closing balances grouped by debtor for the year was RMB191,542,837.70, accounting for 18.51% of the total closing balance of accounts receivable, and the aggregate closing balance of the corresponding provision for bad debts was RMB11,295,573.71.

XVII. NOTES TO SIGNIFICANT ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other receivables

Item	Closing balance	Opening balance
Interest receivable	0.00	0.00
Dividends receivable	48,871,200.00	0.00
Other receivables	587,167,035.36	258,434,840.61
Total	636,038,235.36	258,434,840.61

(1) Dividends receivable

Item	Closing balance	Opening balance	Reasons for non-recovery	Whether impairment has occurred and the basis for its determination
Dividends receivable aged within 1 year	48,871,200.00	0.00	Not yet due for settlement	Dividends receivable from subsidiaries

(2) Other receivables

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

Nature of payment	Book balance at the end of the year	Book balance at the beginning of the year
Collection on behalf of the third-party platforms	399,145,823.24	195,551,567.93
Deposits and guarantee deposits	110,917,720.65	8,690,099.57
Payment for social security and provident fund	2,907,885.74	2,454,107.89
Maintenance fund	557,508.87	408,392.26
Provisional payments and agency collection	18,800,566.47	3,898,294.35
Advances for utilities, etc.	72,883,187.61	42,822,161.42
Reserves	429,638.85	298,023.05
Others	10,070,518.64	7,803,192.30
Total	615,712,850.07	261,925,838.77

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2021 - December 31, 2021

(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO SIGNIFICANT ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other receivables (continued)

(2) Other receivables (continued)

(2) Provision for bad debts of other receivables

	Phase I Expected credit losses for the next 12 months	Phase II Lifetime expected credit losses (not credit- impaired)	Phase III Lifetime expected credit losses (credit- impaired)	Total
Balance as of January 1, 2021	3,490,998.16	0.00	0.00	3,490,998.16
The book balance of other receivables as of January 1, 2021 in the current year	-	-	-	-
- Transferred to Phase II	0.00	0.00	0.00	0.00
- Transferred to Phase III	0.00	0.00	0.00	0.00
- Reversed to Phase II	0.00	0.00	0.00	0.00
- Reversed to Phase I	0.00	0.00	0.00	0.00
Accrual for the year	25,054,816.55	0.00	0.00	25,054,816.55
Reversal for the year	0.00	0.00	0.00	0.00
Transfer for the year	0.00	0.00	0.00	0.00
Write-off for the year	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00
Balance as of December 31, 2021	28,545,814.71	0.00	0.00	28,545,814.71

(3) Other receivables presented by aging

Aging	December 31, 2021
Within 1 year (including 1 year)	576,926,818.74
1-2 years	4,909,896.13
2-3 years	23,496,737.81
More than 3 years	10,379,397.39
Including: 3-4 years	2,416,485.77
4-5 years	1,455,759.15
More than 5 years	6,507,152.47
Total	615,712,850.07

XVII. NOTES TO SIGNIFICANT ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other receivables (continued)

(2) Other receivables (continued)

(4) Provision for bad debts of other receivables

Type	December 31, 2020	Amount of change for the year			December 31, 2021
		Accrual	Recovery or reversal	Transfer or write-off	
Provision for bad debts of other receivables	3,490,998.16	25,054,816.55	0.00	0.00	28,545,814.71

(5) Top five other receivables with closing balances grouped by debtor

Name	Nature of payment	Closing balance	Aging	Ratio in total closing balance of other receivables (%)	Closing balance of bad debt provision
Shenjing Enterprise Management Consulting (Shandong) Co., Ltd.* 申京企業管理諮詢(山東)有限公司	Deposits and guarantee deposits	50,000,000.00	Within 1 year	8.12	2,500,000.00
Beijing Xingzhan Investment Consulting Co., Ltd.* 北京星展投資顧問有限公司	Deposits and guarantee deposits	50,000,000.00	Within 1 year	8.12	2,500,000.00
Sizhong Internet (Beijing) Network Technology Co., Ltd.* 四眾互聯(北京)網絡科技有限公司	Unconsolidated related party	25,302,085.46	Within 1 year	4.11	1,573,789.72
Chengdu RiseSun Weiye Real Estate Development Co., Ltd.* 成都榮盛偉業房地產開發有限公司	Unconsolidated related party	8,299,448.84	Within 1 year	1.35	516,225.72
Jinan Shangsheng Commercial Management Co., Ltd.* 濟南商盛商業管理有限公司	Unconsolidated related party	6,024,240.25	Within 1 year	0.98	374,707.74
Total		139,625,774.55	-	22.68	7,464,723.18

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2021 - December 31, 2021

(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO SIGNIFICANT ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

3. Long-term equity investments

(1) Classification of long-term equity investments

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	56,509,000.00	0.00	56,509,000.00	34,710,000.00	0.00	34,710,000.00
Investments in associates and joint ventures	103,482,149.73	0.00	103,482,149.73	0.00	0.00	0.00
Total	159,991,149.73	0.00	159,991,149.73	34,710,000.00	0.00	34,710,000.00

(2) Investments in subsidiaries

Investees	Opening balance	Increase during the year	Decrease during the year	Closing balance	Provision for impairment during the year	Closing balance of provision for impairment
Tianjin Rongshang Technology Co., Ltd.* 天津榮尚科技有限公司	16,000,000.00	14,000,000.00	0.00	30,000,000.00	0.00	0.00
Liaocheng RiseSun Property Service Co., Ltd.* 聊城榮盛物業服務有限公司	5,000,000.00	0.00	0.00	5,000,000.00	0.00	0.00
Langfang Rongzhen Trading Co., Ltd.* 廊坊榮臻貿易有限公司	3,000,000.00	0.00	0.00	3,000,000.00	0.00	0.00
Nanjing Liuhe RiseSun Property Service Co., Ltd.* 南京六合榮盛物業服務有限公司	3,000,000.00	0.00	0.00	3,000,000.00	0.00	0.00
Tianjin Roiserv Lifestyle Service Co., Ltd.* 天津榮萬家生活服務有限公司	0.00	3,000,000.00	0.00	3,000,000.00	0.00	0.00
Guangdong Rongfa Property Service Co., Ltd.* 廣東榮發物業服務有限公司	2,200,000.00	0.00	0.00	2,200,000.00	0.00	0.00
Shanxi Risesun Property Service Co., Ltd.* 山西榮盛物業服務有限公司	1,000,000.00	1,000,000.00	0.00	2,000,000.00	0.00	0.00
Zhangjiakou Rongmiao Cheng Property Management Co., Ltd.* 張家口榮淼城物業管理有限責任公司	0.00	1,530,000.00	0.00	1,530,000.00	0.00	0.00
Beijing Rongyang Wanjia Management Consulting Co., Ltd.* 北京榮陽萬家管理諮詢有限公司	0.00	1,400,000.00	0.00	1,400,000.00	0.00	0.00
Cangzhou Rongguang Construction Engineering Co., Ltd.* 滄州榮光建築工程有限責任公司	1,000,000.00	0.00	0.00	1,000,000.00	0.00	0.00
Shijiazhuang Rongci Real Estate Brokerage Co., Ltd.* 石家莊榮賜房地產經紀有限公司	1,000,000.00	0.00	0.00	1,000,000.00	0.00	0.00

XVII. NOTES TO SIGNIFICANT ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

3. Long-term equity investments (continued)

(2) Investments in subsidiaries (continued)

Investees	Opening balance	Increase during the year	Decrease during the year	Closing balance	Provision for impairment during the year	Closing balance of provision for impairment
Roiserv (Beijing) Technology Services Limited* 榮萬家(北京)科技服務有限公司	1,000,000.00	0.00	0.00	1,000,000.00	0.00	0.00
Langfang Rongxin Real Estate Brokerage Co., Ltd.* 廊坊市榮信房地產經紀有限公司	510,000.00	0.00	0.00	510,000.00	0.00	0.00
Hohhot RiseSun Property Service Co., Ltd.* 呼和浩特市榮盛物業服務有限公司	500,000.00	0.00	0.00	500,000.00	0.00	0.00
Langfang Rongrui Property Management Co., Ltd.* 廊坊榮銳物業管理有限公司	0.00	459,000.00	0.00	459,000.00	0.00	0.00
Baoding Rongrun Property Service Co., Ltd.* 保定榮潤物業服務有限責任公司	0.00	255,000.00	0.00	255,000.00	0.00	0.00
Sichuan RiseSun Shengxin Property Service Co., Ltd.* 四川榮盛盛欣物業管理有限公司	200,000.00	0.00	0.00	200,000.00	0.00	0.00
Henan Rongding Property Service Co., Ltd.* 河南榮定物業服務有限公司	200,000.00	0.00	0.00	200,000.00	0.00	0.00
Shijiazhuang Shengjing Fitness Service Co., Ltd.* 石家莊盛景健身服務有限公司	100,000.00	0.00	0.00	100,000.00	0.00	0.00
Cangzhou Roiserv New Town Property Service Co., Ltd.* 滄州榮萬家新城物業服務有限責任公司	0.00	100,000.00	0.00	100,000.00	0.00	0.00
Zhangjiakou Rongmeng Property Management Co., Ltd.* 張家口榮夢物業管理有限公司	0.00	20,000.00	0.00	20,000.00	0.00	0.00
Zhangjiakou Rongguanyue Property Management Co., Ltd.* 張家口榮關月物業管理有限公司	0.00	20,000.00	0.00	20,000.00	0.00	0.00
Beijing Manbeilun Cosmetics Co., Ltd.* 北京曼蓓倫化妝品有限公司	0.00	15,000.00	0.00	15,000.00	0.00	0.00
Total	34,710,000.00	21,799,000.00	0.00	56,509,000.00	0.00	0.00

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2021 - December 31, 2021

(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO SIGNIFICANT ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

3. Long-term equity investments (continued)

(3) Investments in associates and joint ventures

Investees	Opening balance		Increase/decrease in the year							Closing balance		
	(Book value)	Increase investment	Reduce investment	Gains and losses on investments recognized under the equity method	Adjustments to other comprehensive income	Declaration			Provision for impairment	Others	Closing balance (Book value)	Closing balance of provision for impairment
						Other changes in equity	of cash dividends or profits					
I. Associates												
Beijing Yinsiang Energy Resource Technology Co., Ltd.*												
北京銀思朗信息技術有限公司												
	0.00	100,000,000.00	0.00	3,482,149.73	0.00	0.00	0.00	0.00	0.00	0.00	103,482,149.73	0.00

XVII. NOTES TO SIGNIFICANT ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

4. Operating income and operating cost

(1) Operating income and operating cost

Item	Current year amount		Prior year amount	
	Income	Cost	Income	Cost
Main operations	1,767,561,956.61	1,107,412,764.21	1,392,359,358.65	982,949,107.25
Other operations	6,508,469.09	2,374,435.70	12,078,885.53	-429,811.99
Total	1,774,070,425.70	1,109,787,199.91	1,404,438,244.18	982,519,295.26

(2) Contract revenue

Classification of contracts	2021	2020
Type of product	—	—
Including: Property management services	936,075,291.43	769,901,328.21
Value-added services for non-owners	705,794,328.52	541,407,391.01
Community value-added services	132,200,805.75	82,960,422.88
Other services	0.00	10,169,102.08
Total	1,774,070,425.70	1,404,438,244.18
By region of operation	2021	2020
Including: Domestic China	1,774,070,425.70	1,404,438,244.18
By duration of contract	—	—
Including: Recognized at a point in time	54,805,220.98	14,102,309.48
Recognized over time	1,719,265,204.72	1,390,335,934.70
Total	1,774,070,425.70	1,404,438,244.18

5. Investment incomes

Item	Current year amount	Prior year amount
Investment income from long-term equity investments accounted for under the equity method	3,482,149.73	0.00
Investment income on held-for-trading	12,345,746.36	418,590.11
Investment income from long-term equity investments accounted for under the cost method	48,871,200.00	64,000,000.00
Total	64,699,096.09	64,418,590.11

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2021 - December 31, 2021

(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. APPROVAL OF THE FINANCIAL REPORT

This financial report was approved for presentation by the Board of Directors of the Company on July 8, 2022.

Roiserv Lifestyle Services Co., Ltd.

July 8, 2022

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

January 1, 2021 - December 31, 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

1. BREAKDOWN OF NON-RECURRING GAINS AND LOSSES FOR THE YEAR

Item	Current year amount	Note
Gains or losses on disposal of non-current assets	6,149.80	
Gains or losses from changes in fair value of financial assets held-for-trading	5,233,798.88	
Gains and losses arising from changes in fair value of investment properties subsequently measured using the fair value model	-788,715.32	
Non-operating income and expenses other than those mentioned above	-1,170,757.48	
Subtotal	3,280,475.88	
Less: Impact of income tax	820,118.97	
Impact of minority interests (after tax)	0.00	
Total	2,460,356.91	-

2. RETURN ON EQUITY AND EARNINGS PER SHARE

Profit for the reporting period	Weighted average return on equity (%)	Earnings per share (yuan/share)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the parent company	23.29	1.09	1.09
Net profit attributable to ordinary shareholders of the parent company after deducting non-recurring gains and losses	23.16	1.08	1.08

FIVE-YEAR FINANCIAL SUMMARY

CONSOLIDATED INCOME STATEMENT	Year ended December 31,				
	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
Revenue	2,484,972	1,820,841	1,282,039	901,890	731,972
Total profit	523,632	359,832	152,567	100,262	54,917
Income tax expenses	-123,359	-96,077	-39,409	-27,929	-16,587
Profit (loss) for the year	400,273	263,756	113,158	72,333	38,330
Profit (loss) for the year attributable to:					
– Owners of the Company	400,943	263,756	113,232	72,270	38,384
– Non-controlling interests	-671	–	-74	63	-54
Profit before income tax	523,632	359,833	152,567	100,262	54,917
Income tax expenses	123,359	96,077	39,409	(27,929)	-16,587
Profit for the year	400,273	263,756	113,158	72,333	38,330
Attributable to:					
Owners of the Company	400,943	263,756	113,232	72,270	38,384
Non-controlling interests	(671)	0	74	63	-54
Total	400,273	263,756	113,158	72,333	38,330
Earnings per share (expressed in RMB per share)					
Basic and diluted earnings per share	1.09	0.97	N/A	N/A	N/A

CONSOLIDATED BALANCE SHEET	As of December 31,				
	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
Assets					
Non-current assets	254,198	125,161	174,405	681,642	775,618
Current assets	3,466,978	1,736,910	1,644,788	1,551,480	1,304,379
Total assets	3,721,175	1,862,071	1,819,193	2,233,122	2,079,997
Equity and liabilities					
Total equity	1,976,560	634,803	378,970	175,406	52,073
Non-current liabilities	13,017	18,476	83,673	623,116	778,043
Current liabilities	1,731,599	1,208,792	1,356,550	1,434,600	1,249,881
Total liabilities	1,744,615	1,227,268	1,440,223	2,057,716	2,027,924
Total equity and liabilities	3,721,175	1,862,071	1,819,193	2,233,122	2,079,997

GLOSSARY AND DEFINITIONS

“2021 AGM”	the annual general meeting of the Company for 2021 to be held on August 17, 2022
“Articles of Association”	the articles of association of the Company
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“CAGR”	compound annual growth rate, which is the annual growth rate over a specified period of time longer than one year
“CASBE”	the China Accounting Standards for Business Enterprises
“China” or “PRC”	the People’s Republic of China
“Company” or “Roiserv”	Roiserv Lifestyle Services Co., Ltd. (榮萬家生活服務股份有限公司) (formerly known as Rongwanjia Life Services Co., Ltd.* (榮萬家生活服務有限公司) and Langfang RiseSun Property Services Company Limited* (廊坊榮盛物業服務有限公司)), a limited liability company established in the PRC on November 2, 2000, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2146)
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to RiseSun Real Estate Development, RiseSun Holdings, RiseSun Construction Engineering and Mr. Geng
“Corporate Governance Code”	the corporate governance code contained in Appendix 14 to the Listing Rules
“CPD”	continuing professional development
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“gross profit margin”	annual gross profit divided by annual revenue and multiplied by 100%
“Group”, “we” or “us”	the Company and its subsidiaries
“HKFRSs”	the Hong Kong Financial Reporting Standards
“H Share(s)”	the overseas-listed foreign shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and are listed on the Stock Exchange

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing”	the listing of the Company on the Main Board of the Stock Exchange on January 15, 2021
“Listing Date”	January 15, 2021, the date on which dealings in the H Shares first commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“M&A”	mergers and acquisitions
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
“Mr. Geng”	Mr. Geng Jianming (耿建明), the ultimate Controlling Shareholder and the brother of Mr. Geng Jianfu, the chairman of our Board and the executive Director
“Nomination Committee”	the nomination committee of the Company
“non-GAAP”	non-generally accepted accounting principles
“Prospectus”	the prospectus of the Company dated December 31, 2021 issued in respect of the Listing
“Register of Members”	the register of members of the Company
“Relevant Year”	the year ended December 31, 2021
“Remuneration Committee”	the remuneration committee of the Company
“RiseSun Construction Engineering”	榮盛建設工程有限公司 (RiseSun Construction Engineering Co., Ltd.*), a limited liability company established in the PRC on November 12, 1998 and one of the Controlling Shareholders
“RiseSun Group”	RiseSun Real Estate Development and its subsidiaries, which exclude the Group
“RiseSun Holdings”	榮盛控股股份有限公司 (RiseSun Holdings Co., Ltd.*), a joint stock company with limited liability established in the PRC on July 31, 2002 and one of the Controlling Shareholders

GLOSSARY AND DEFINITIONS

“RiseSun Holdings Group”	RiseSun Holdings and its subsidiaries, which exclude the Group
“RiseSun Real Estate Development”	榮盛房地產發展股份有限公司 (RiseSun Real Estate Development Co., Ltd.*) (formerly known as 廊坊開發區榮盛房地產開發有限公司 (RiseSun Property Development Co., Ltd.*)), a joint stock company with limited liability established in the PRC on December 30, 1996, listed on the Shenzhen Stock Exchange (stock code: 002146) and one of the Controlling Shareholders
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shares”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of the Shares
“Shengyide Commercial”	香河盛繹德商務信息諮詢中心(有限合夥) (Xianghe Shengyide Commercial Consulting Center (Limited Partner)*), a limited partnership established in the PRC on May 13, 2021 and one of the Shareholders
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Zhonghong Kaisheng”	河北中鴻凱盛投資股份有限公司 (Hebei Zhonghong Kaisheng Investment Co., Ltd.*), a joint stock company with limited liability established in the PRC on December 12, 2015 and one of the Shareholders
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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