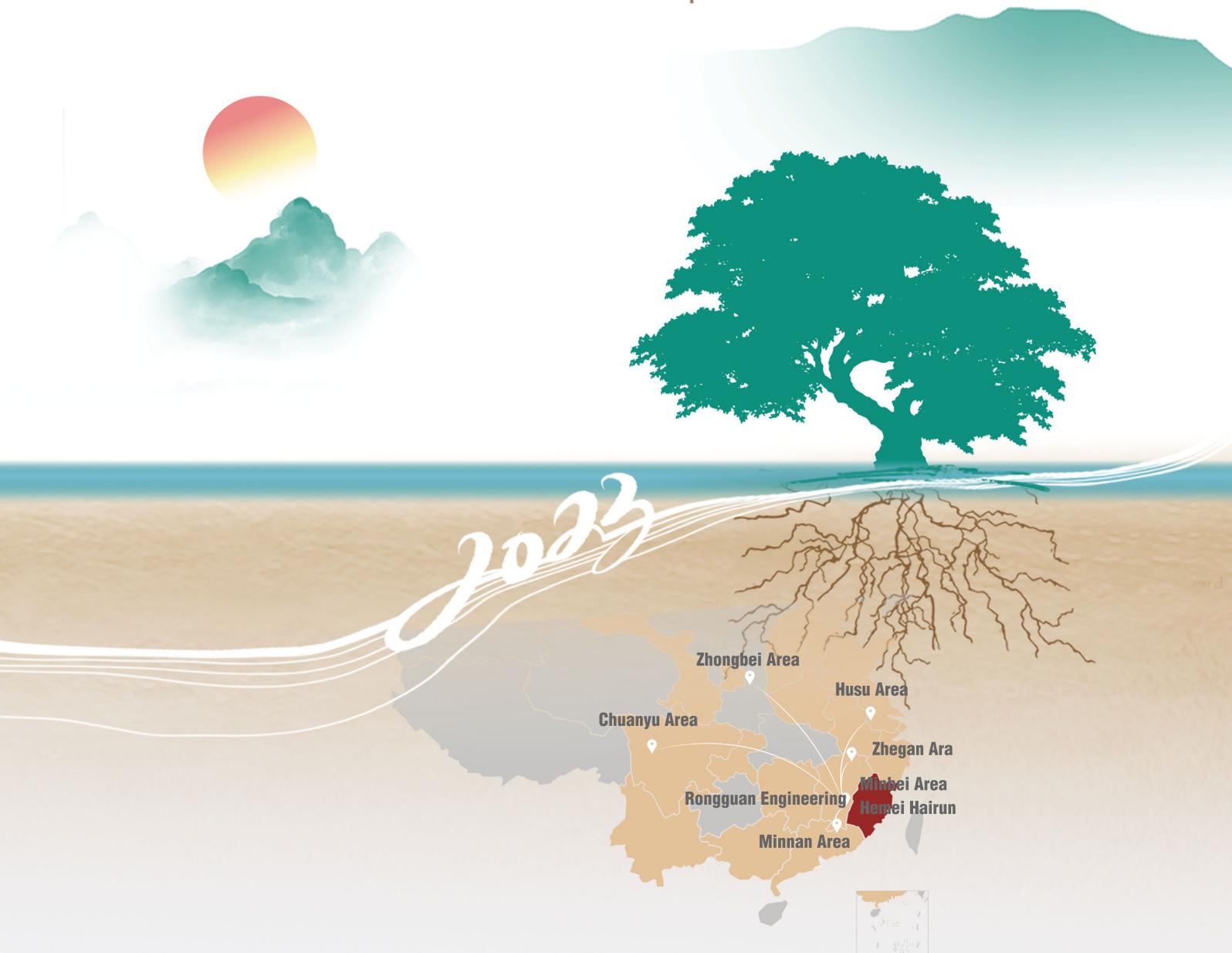


# LET SERVICES CREATE VALUE

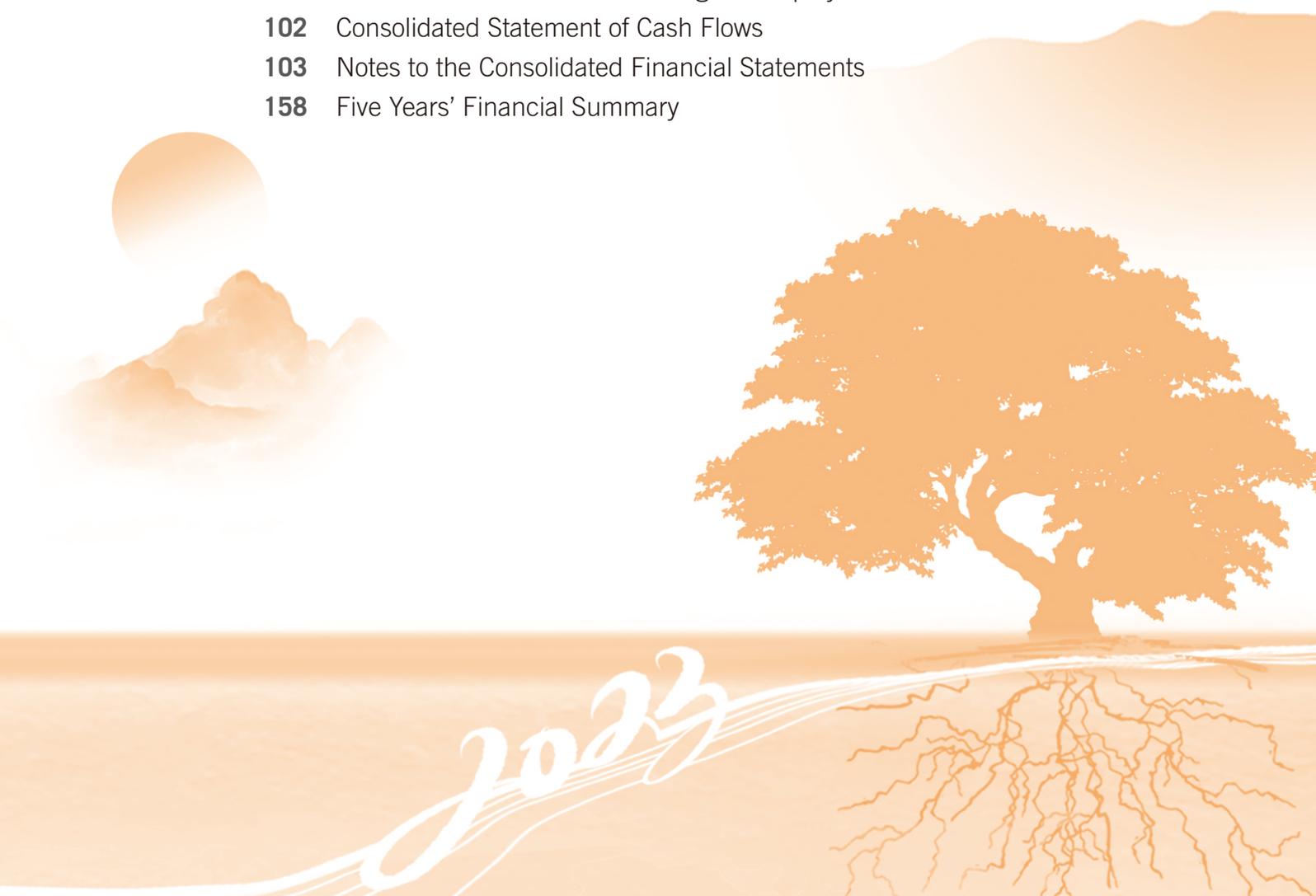
# 2022

## Annual Report



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## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

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

### NON-EXECUTIVE DIRECTOR

Ms. Lin Liqiong

### INDEPENDENT NON-EXECUTIVE DIRECTORS

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

### AUDIT COMMITTEE

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

### REMUNERATION COMMITTEE

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

### NOMINATION COMMITTEE

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

### AUDITOR

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

### LEGAL ADVISER

As to Hong Kong law:  
Sidley Austin

As to Cayman Islands law:  
Conyers Dill & Pearman

### COMPLIANCE ADVISER

Haitong International Capital Limited

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

### HONG KONG SHARE REGISTRAR

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

### REGISTERED OFFICE

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

### PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

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

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

### JOINT COMPANY SECRETARIES

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

### AUTHORIZED REPRESENTATIVES

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

### WEBSITE

[www.rxswy.com](http://www.rxswy.com)

### STOCK CODE

2207

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

“AGM”	the annual general meeting to be held by the Company on 29, June 2023
“Articles” or “Articles of Association”	the articles of association of the Company (as amended from time to time)
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of Directors
“BVI”	the British Virgin Islands
“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Company” or “Ronshine Service”	Ronshine Service Holding Co., Ltd (融信服務集團股份有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on 14 April 2020 and whose Shares are listed on the Main Board of the Stock Exchange (stock code: 2207)
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules, and unless the context requires otherwise, refers to Mr. Ou, Rongxin Yipin and Fumei International
“Corporate Governance Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“EIT”	the PRC enterprise income tax
“Family Trust”	the discretionary and irrevocable trust established on 18 August 2020 by Mr. Ou as the settlor and protector, with HSBC International Trustee Limited as the trustee
“Fumei International”	Fumei International Co., Ltd (福美國際有限公司), a company incorporated in the BVI with limited liability on 6 April 2020, which is wholly owned by Rongan Juxiang and is one of the Controlling Shareholders
“GFA”	gross floor area
“Greater Bay Area”	the Guangdong-Hong Kong-Macao Greater Bay Area, a geographical region in China including Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen, Zhaoqing, Hong Kong and the Macao Special Administrative Region for the purposes of this annual report
“Group”, “our Group”, “we”, “our” or “us”	the Company and its subsidiaries
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong



## DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Date”	16 July 2021, the date on which dealings in the Shares on the Main Board of the Stock Exchange first commenced
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Mr. Ou”	Mr. Ou Zonghong (歐宗洪), chairman of the Board, an executive Director and one of the Controlling Shareholders
“Nomination Committee”	the nomination committee of the Company
“Other Regions”	the economic regions in China other than the Western Straits Region and Yangtze River Delta Region, which primarily include but not limited to the following municipalities and cities for the purpose of this annual report: Tianjin, Chengdu, Chongqing, Pu’er, Taiyuan, Qingdao, Jiujiang, Nanchang, Changsha, Zhengzhou, Cangzhou, Baise, Hechi, Hezhou, Wuzhou, Jiangmen, Guangzhou, Fuyang, Qinzhou, Dezhou and Lanzhou
“Prospectus”	the prospectus of the Company dated 30 June 2021
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	for the year ended 31 December 2022
“RMB”	Renminbi, the lawful currency of the PRC
“Rongan Juxiang”	Rongan Juxiang Co., Ltd, a special purpose holding vehicle incorporated in the BVI with limited liability on 28 April 2020, which is wholly owned by HSBC International Trustee Limited, the trustee of the Family Trust
“Rongxin Yipin”	Rongxin Yipin Co., Ltd (融心一品有限公司), a company incorporated in the BVI with limited liability on 6 April 2020, which is wholly owned by Rongan Juxiang and is one of the Controlling Shareholders
“Ronshine China”	Ronshine China Holdings Limited (融信中國控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 11 September 2014, whose shares are listed on the Main Board of the Stock Exchange (stock code: 3301)
“Ronshine China Group”	Ronshine China and its subsidiaries

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company, which are traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Western Straits Region”	an economic zone in China primarily including Fujian province, parts of Zhejiang province, Jiangxi province and Guangdong province, including but not limited to the following cities for the purpose of this annual report: Fuzhou, Xiamen, Sanming, Putian, Nanping, Quanzhou, Zhangzhou and Longyan
“Yangtze River Delta Region”	an economic region in China primarily encompassing Shanghai, parts of Zhejiang province and parts of Jiangsu province, including but not limited to the following municipalities and cities for the purpose of this annual report: Shanghai, Hangzhou, Huzhou, Shaoxing, Jiaxing, Zhoushan, Jinhua, Ningbo, Tongxiang, Wenzhou, Wuxi, Xuzhou, Changzhou, Suzhou, Zhenjiang, Nantong and Nanjing
“%”	per cent

\* *The English translation of the Chinese names in this annual report where indicated is included for information only.*

# MAJOR AWARDS AND HONOURS



China Property Management Institute  
Member of the Executive Council



The 10th Photographic and Micro Video  
Exhibition of Property Management Industry  
“Most Excellent Property Management Company”



The 17th Annual Conference of Chinese  
Employers' Brands  
“Best Employer in China in 2022”



2022 China Property Management  
Brand Value Release  
“2022 Featured China Property  
Management Service Brand  
— Intelligent Property Management”



2022 China Property Management  
Brand Value Release  
“2022 China Leading Brand in terms of Property  
Management Service Quality  
— Brand Value of RMB4.2 Billion”



2022 TOP100 Property Management Companies  
in China Research Output Release  
“2022 China Leading Property Management  
Companies in terms of Service Quality”



2022 TOP100 Property Management Companies  
in China Research Output Release  
“2022 TOP100 Property Management Companies  
in China”



2022 TOP100 Property Management Companies  
in China Research Output Release  
“2022 China Leading High-end Property  
Management Companies”



2022 TOP100 Property Management Companies  
in China Research Output Release  
“2022 China Leading Property Management  
Companies in terms of Marketisation of Business”

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

## CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December		Change in percentage (%)
	2022 (RMB'000)	2021	
Revenue	<b>876,840</b>	990,942	(11.5%)
Cost of sales	<b>(703,937)</b>	(712,498)	(1.2%)
Gross profit	<b>172,903</b>	278,444	(37.9%)
Other income and other gains	<b>6,595</b>	4,833	36.5%
Profit before income tax	<b>26,754</b>	168,411	(84.1%)
Profit for the period	<b>18,398</b>	119,511	(84.6%)
– attributable to owners of the Company	<b>15,528</b>	112,400	(86.2%)
– attributable to non-controlling interests	<b>2,870</b>	7,111	(59.6%)

	For the year ended 31 December		Change in percentage (%)
	2022 (RMB'000)	2021	
Total assets	<b>1,198,023</b>	1,154,545	3.8%
Total liabilities	<b>496,284</b>	459,204	8.1%
Total equity	<b>701,739</b>	695,341	0.9%



## CHAIRMAN'S STATEMENT

Dear Shareholders,

Thank you for your valuable support and trust in Ronshine Service. On behalf of the Board of Directors, I am pleased to present you with the annual results of the Group for 2022.

Affected by the COVID-19, the overall industry situation and other factors, the revenue, profit and other performance data of Ronshine Service in 2022 showed slightly lower than the expected profit performance. As of 31 December 2022, the Group's operating income and net profit were RMB876.8 million and RMB18.4 million, respectively, representing a decrease of 11.5% and 84.6%, respectively, as compared with 2021. In 2022, the operating income of the Group's three main business lines, i.e. property management services, value-added services to non-property owners and community value-added services, achieved the revenue of RMB607.6 million, RMB221.7 million and RMB47.6 million respectively. In addition, Ronshine Service made deployments in 67 cities across the country throughout the year, with a contracted construction area of 45.8 million square meters and a construction area under management of 33.7 million square meters, serving more than 400,000 owners.

The year 2022 was a year of courageously moving forward despite difficulties. After three years of intensive prevention of COVID-19, the property management personnel have formed a mature emergency plan and could implement the prevention measures of COVID-19 in the first time. During the COVID-19 prevention period, while doing a good job in the communication and implementation of government decrees and the procurement of materials, the property staff actively assisted the neighborhood committees in distributing vegetables, COVID-19 prevention drugs and other materials, and exerted their voluntary distribution power to ensure human transport capacity. In addition to the COVID-19 prevention work, the property staff was also responsible for various maintenance, cleaning and management during the COVID-19 period, and assumed different roles in the COVID-19 prevention process to protect the safety and needs of owners. On behalf of the Board of Directors, I would like to extend my most sincere thanks to all the owners, staff, partners and other colleagues who have given great support and cooperation to Ronshine Service in the past.

In 2022, the 20th National Congress of the Communist Party of China put forward the effective suggestions for the property industry, such as "strengthening the construction of a social governance community in which everyone is responsible, dedicated and shares benefits, persisting in problem-oriented and continuously deepening and expanding the achievements of red property". Ronshine Service follows the suggested direction and adheres to the

motto known as "Integrity, Collaboration, Enterprise, and Win-win (正念、同行、進取、共贏)" in order to realize the Group's strategy of "deeply cultivating the market in Southeast and radiating the whole country". In 2022, the under-management construction area of property management services of Ronshine Service in the Western Straits Region and Yangtze River Delta area was 17.0 million sq.m. and 8.8 million sq.m. respectively, accounting for 50.5% and 26.1% of the total under-management construction area respectively. The Board of Directors believes that after going through tempering, the Group will further stabilize its market position in 2023, expand more property-related businesses, meet more customer needs, and restore its pre-COVID-19 profitability as soon as possible.

In 2023, Ronshine Service will continue to return to the essence of property service, and constantly strive for improvement and innovation, and continue to "deeply cultivate and grow". On this basis, the Group will continue to develop in the direction of intelligence, digitalization and big data analysis to achieve accurate property management. In addition, in order to meet the diversified and personalized needs of customers, the Group will also provide diversified value-added services such as residential beautification services, life services and home services. In 2023, the Group will fully devote itself to creating a "better + (美好+)" full life service system, allowing customers to feel a beautiful community with "quality, warmth and love", and helping the Group's future development while improving customer satisfaction.

The cold winter is over and everything is revived. The development of property service is not only an important guarantee for citizens to live and work in peace and contentment, but also one of the prerequisites for the steady development of a city. Let's keep the initial intention of the industry and provide smart property services in a down-to-earth manner to meet the golden age of the property service industry.

Last but not the least, on behalf of the Board, I would like to extend my sincere gratitude to all Shareholders, investors, partners and customers of the Company for their long-term trust and support in Ronshine Service, and to all colleagues for their hard work and contributions to the Group's development over the past year. In the new year, we will continue to uphold the corporate mission "Let Service Create Value", and create more value for Shareholders, investors and customers.

**Ronshine Service Holding Co., Ltd**  
**Ou Zonghong**  
*Executive Director and Chairman*  
Hong Kong, 31 March 2023

## BUSINESS OVERVIEW

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

We are a comprehensive and fast-growing property management services provider in China and a large-scale and professional property management service enterprise with national first-class qualification. In 2022, we were selected as the fifth governing unit of China Property Management Institute and were awarded the honours of (i) “2022 Leading Companies of High-end Property Services in China (2022中國高端物業服務領先企業)”, (ii) “2022 Top 100 Property Management Companies in China (2022中國物業服務百強企業)”, (iii) “2022 Top 100 Property Management Companies in China in terms of Service Quality (2022中國物業服務百強服務質量領先企業)”, (iv) “2022 Leading Property Management Companies in China in terms of Marketisation of Business (2022中國物業管理行業市場化運營領先企業)”, (v) “2022 Leading Property Management Brands in China in terms of Service Quality (with a brand value of RMB4.2 billion) (2022中國物業服務品質領先品牌·品牌價值42億元)” and (vi) “2022 Featured Property Management Companies in China – Smart Property Service (2022中國物業服務特色品牌企業-智慧物業)”, which represents the recognition of the industry and forms the foundation for us to further enhance our comprehensive strength. As at 31 December 2022, the Group provided property management services and value-added services in 67 cities across China, with contracted GFA and GFA under management of approximately 45.8 million sq.m. and 33.7 million sq.m., respectively.

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

For the year ended 31 December 2022, the Group achieved revenue of approximately RMB876.8 million, representing a decrease of approximately 11.5% as compared with RMB990.9 million in the same period of 2021. Net profit amounted to approximately RMB18.4 million, representing a decrease of approximately 84.6% as compared with approximately RMB119.5 million in the same period of 2021.

## OUR BUSINESS MODEL

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

## PROPERTY MANAGEMENT SERVICES

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

As at 31 December 2022, the Group had 280 contracted projects and a total contracted GFA of approximately 45.8 million sq.m., representing an increase of approximately 4.5% and 2.7% respectively as compared with those as at 31 December 2021. It had 214 projects under management and a total GFA under management of approximately 33.7 million sq.m., representing an increase of approximately 20.9% and 16.6% respectively as compared with those at the end of 2021.

As at 31 December 2022, the Group’s geographic presence expanded to 67 cities in China. With the strategy of “deeply cultivating the market in Southeast and radiating the whole country (深耕東南·輻射全國)”, the Group holds a strong market position in the Western Straits Region and the Yangtze River Delta Region. During the Reporting Period, the Group’s GFA under management for property management services amounted to approximately 17.0 million sq.m. in the Western Straits Region and approximately 8.8 million sq.m. in the Yangtze River Delta Region, accounting for approximately 50.5% and 26.1%, respectively, of the total GFA under management.

During the Reporting Period, the number of projects under management reached 214, located in the Western Straits Region, Yangtze River Delta Region and Other Regions in China, covering 67 cities.

### **VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS**

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

During the Reporting Period, the revenue from value-added services to non-property owners decrease by approximately 49.1% to approximately RMB221.7 million as compared with the same period of 2021, accounting for approximately 25.3% of the total revenue. The decrease is mainly due to the continued downturn in the real estate market, which resulted in the decrease in demand for services by property developers.

During the Reporting Period, the revenue from sales assistance services amounted to approximately RMB104.0 million, representing a year-on-year decrease of approximately 56.3%; the revenue from preliminary planning, design consultancy and pre-delivery services amounted to approximately RMB51.9 million, representing a year-on-year decrease of approximately 60.4%; and the revenue from driving, vehicle dispatching and managing services amounted to approximately RMB65.7 million, representing a year-on-year decrease of approximately 1.8%.

### **COMMUNITY VALUE-ADDED SERVICES**

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

During the Reporting Period, the revenue from community value-added services amounted to approximately RMB47.6 million, representing a decrease of approximately 40.0% as compared with approximately RMB79.3 million in the corresponding period of 2021, accounting for approximately 5.4% of the total revenue. The decrease was mainly attributable to the community lockdown and logistics disruption and delay caused by the pandemic.

During the Reporting Period, the revenue from Joyful Life Service amounted to approximately RMB18.0 million, representing year-on-year decrease of approximately 60.6% as compared with approximately RMB45.7 million in 2021; the revenue from Joyful Living Service amounted to approximately RMB5.3 million, representing a year-on-year decrease of approximately 39.0% as compared with approximately RMB8.7 million in the same period of 2021; the revenue from Joyful Leasing and Sale Service amounted to approximately RMB15.9 million, representing a year-on-year decrease of approximately 14.7% as compared with RMB18.6 million in 2021; the revenue from ancillary services for common areas reached approximately RMB8.3 million in the Reporting Period, representing a year-on-year increase of approximately 33.1% as compared with approximately RMB6.3 million in 2021.

### **IMPACT OF THE OUTBREAK OF COVID-19**

The pandemic of COVID-19 in 2022 and lockdown policy have had an adverse impact on the livelihood of the people and the economy of the PRC and may cause temporary disruption to businesses, including our customers, suppliers, sub-contractors. In response to the COVID-19 outbreak, various measures have been implemented, including restrictions on travel and public transport, prolonged closures of workplaces and public places and mandatory quarantines, which have led to a noticeable reduction in regional and national economic activities during the affected periods.

Based on the Group's assessment, disruptions were larger in scale and more severe than in 2021. The Group considered the impact on its financial condition to be manageable. There were no major effects on the Group's liquidity position or working capital sufficiency.

To ensure a healthy and safe working environment for the Group's employees and to prevent any spreading of COVID-19 in the office or outlets of the Group, the Group has undertaken various precautionary measures, including (a) enhancing the hygienic level by cleaning and sanitising indoor facilities and nearby public areas regularly; (b) performing daily temperature checks of all employees; (c) limiting the use of elevators; (d) monitoring travel history of the employees; (e) minimising in-person meetings; (f) requesting employees to wear masks and report to the Group promptly whenever they feel unwell; and (g) follow mandatory quarantine measures as per local authorities order.

## OUTLOOK

2022 marks the second year of the Company's listing on the Main Board of the Stock Exchange (the "Listing"). From this new historical starting point, with a clearer strategic positioning and development direction, the Company will be able to further expand its scale of development by taking advantage of the listed platform, enhance the Group's operational management capabilities and achieve its high quality development goal. The Group's major development directions for the year of 2023 are set out below:

1. **Cultivating core areas.** We seek to enhance the project density of the Company's existing core areas through strategic investments and acquisitions, so as to consolidate and strengthen the Company's competitiveness and influence in the core areas. Due to the fragmented property management industry in the PRC and competition varies from region to region, we believe that further acquisition of project resources in the Western Straits Region and the Yangtze River Delta Region where the Company has presence, will effectively increase the Company's management density in the core areas, thus further increasing revenue and reducing cost. Meanwhile, the brand competitiveness in the region can be simultaneously strengthened, thereby improving the Company's competitiveness and influence in the property management industry from all aspects.
2. **Diversifying our Revenue Streams.** We will continue to implement our "1+ N" strategy, expand our value-added services and offer tailored services to further diversify our revenue streams, where the "1" represents the traditional property management services, and the "N" represents both value-added services to non-property owners and community value-added services. We always believe that our "1+N" strategy will help us enhance our traditional property management services, particularly with respect to non-residential properties, and further diversify value-added services to both residential properties and a wide range of non-residential properties to expand our cooperation with independent third parties to increase our overall market share in a balanced manner.
3. **Improving our Service Quality and Operational Efficiency.** We will focus on technology innovation and further upgrade of our intelligent information technology systems to maximize operational efficiency and enhance customer experience. We believe that such upgrade and development will facilitate a smoother running of our daily operations, reduce labor costs, achieve maximized operational efficiency, and eventually improve our profitability.
4. **Building our ROYEEDS (融御) Brand for High-end Properties Management.** We will leverage our experience in managing mid- to high-end properties to further build our ROYEEDS (融御) brand into a leading property management brand for high-end properties. We plan to launch more projects under the brand in first-tier cities in the PRC and also plan to launch pilot project(s) in second-tier cities as well as other cities in the PRC with relatively high consumer spending power. The brand marketing for the ROYEEDS (融御) project will also be implemented to upgrade facilities and equipment for projects under the brand. We plan to increase the brand recognition of ROYEEDS (融御) by recruiting and training talents for premium service offering.
5. **Focusing on Sustainable Talent Development.** We attach great importance to the attraction, training and retention of professional talents. For talent attraction, we plan to place greater emphasis on lateral recruitment in the market. For talent retention, we plan to offer more diversified promotion opportunities, such as internal election campaigns. Meanwhile, we will keep outstanding personnel from acquired companies.

# MANAGEMENT DISCUSSION AND ANALYSIS

## SUMMARY OF OPERATING RESULTS

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

## PROPERTY MANAGEMENT SERVICES

For the year ended 31 December 2022, the Group achieved growth in contracted GFA and GFA under management through its strong presence in the Western Straits Region and Yangtze River Delta Region. The Group has also rapidly expanded to the economic regions in China other than the Western Straits Region and Yangtze River Delta Region, which primarily include, among others, the following municipalities and cities, namely Tianjin, Chengdu, Chongqing, Pu'er, Taiyuan, Qingdao, Jiujiang, Nanchang, Changsha, Zhengzhou, Cangzhou, Baise, Hechi, Hezhou, Wuzhou, Jiangmen, Guangzhou, Fuyang, Qinzhou, Dezhou and Lanzhou in the PRC market. As of 31 December 2022, the Group had 214 projects under its management and 66 projects of which the Group was contracted to manage but not yet delivered, covering 67 cities with a total GFA under management of approximately 33.7 million sq.m. and a total contracted GFA of approximately 45.8 million sq.m.

As at 31 December 2022, the Group's contracted GFA amounted to approximately 45.8 million sq.m., and the number of contracted projects was 280 in total, representing an increase of approximately 2.7% and 4.5%, respectively, compared with those as of 31 December 2021. For the year ended 31 December 2022, revenue generating GFA under management by the Group reached approximately 33.7 million sq.m., and the number of projects under management was 214, representing an increase of approximately 16.6% and 20.9%, respectively, compared with those as of 31 December 2021.

The average property management fee of the Group for the Reporting Period amounted to RMB3.2 per sq.m., representing an increase of approximately 10.3%, compared to RMB2.9 per sq.m. for the corresponding period in 2021.

The table below indicates the movement in the Group's contracted GFA and GFA under management for the years ended 31 December 2022 and 2021 respectively:

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	Contracted GFA ('000 sq.m.)	GFA under management ('000 sq.m.)	Contracted GFA ('000 sq.m.)	GFA under management ('000 sq.m.)
As of the beginning of the period	<b>44,573</b>	<b>28,879</b>	38,199	19,930
New engagements	<b>1,275</b>	<b>4,828</b>	6,374	8,949
As of the end of the period	<b>45,848</b>	<b>33,707</b>	44,573	28,879

## GEOGRAPHIC PRESENCE OF THE GROUP

As at 31 December 2022, the Group had expanded its geographic presence to 67 cities in China.

The table below sets forth a breakdown of the Group's total GFA under management and total revenue generated from property management services by geographic location for the years ended 31 December 2022 and 2021 respectively:

	For year ended 31 December 2022			For the year ended 31 December 2021		
	GFA ('000 sq.m.)	Revenue (RMB'000)	%	GFA ('000 sq.m.)	Revenue (RMB'000)	%
The Western Straits Region	17,007	380,764	62.7%	15,854	250,715	52.7%
The Yangtze River Delta Region	8,783	180,799	29.8%	6,188	124,750	26.2%
Other Regions	7,917	45,902	7.5%	6,837	100,465	21.1%
	<b>33,707</b>	<b>607,615</b>		28,879	475,930	

## VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

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

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

	For the year ended			
	31 December 2022		31 December 2021	
	RMB'000	%	RMB'000	%
Sales assistance services	104,035	47.0%	237,878	54.6%
Preliminary planning, design consultancy and pre-delivery services	51,910	23.4%	130,923	30.0%
Driving and vehicle dispatching and managing services	65,713	29.6%	66,887	15.4%
<b>Total</b>	<b>221,658</b>	<b>100.0%</b>	435,688	100.0%

## COMMUNITY VALUE-ADDED SERVICES

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

For the year ended 31 December 2022, the revenue from community value-added services decreased by approximately 40.0% to approximately RMB47.6 million compared to approximately RMB79.3 million in the same period of 2021, mainly due to the decrease in revenue from Joyful Life Service (community shopping services). For the year ended 31 December 2022, the revenue from community value-added services accounted for approximately 5.4% of total revenue.

The following table sets forth the revenue breakdown of community value-added services for the years ended 31 December 2022 and 2021:

	For the year ended			
	31 December 2022		31 December 2021	
	RMB'000	%	RMB'000	%
Joyful Life Service (和美生活) <sup>(1)</sup>	18,012	37.9%	45,696	57.6%
Joyful Living Service (和美易居) <sup>(2)</sup>	5,347	11.2%	8,766	11.1%
Joyful Leasing and Sale Service (和美租售) <sup>(3)</sup>	15,862	33.3%	18,592	23.4%
Ancillary services for common areas <sup>(4)</sup>	8,346	17.6%	6,270	7.9%
<b>Total</b>	<b>47,567</b>	<b>100%</b>	<b>79,324</b>	<b>100%</b>

Notes:

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

## FINANCIAL REVIEW

### Revenue

For the year ended 31 December 2022, the Group derived its revenue from (i) property management services, (ii) value-added services to non-property owners and (iii) community value-added services. The following table sets forth the details of the Group's revenue recognised from such sources for the period indicated:

	For the year ended 31 December		Change in percentage
	2022 RMB'000	2021 RMB'000	
<b>Revenue</b>			
Property management services	<b>607,615</b>	475,930	27.7%
Value-added services to non-property owners	<b>221,658</b>	435,688	(49.1%)
Community value-added services	<b>47,567</b>	79,324	(40.0%)
<b>Total</b>	<b>876,840</b>	990,942	(11.5%)

The revenue of the Group decreased by approximately 11.5% from approximately RMB990.9 million for the year ended 31 December 2021 to approximately RMB876.8 million for the year ended 31 December 2022. This decrease was mainly attributable to: (i) the decrease in revenue from value-added services to non-property owners due to the continued downturn in the real estate market, which resulted in the decrease in demand for services by property developers; and (ii) the decrease in revenue from community value-added services mainly due to the community lockdown and logistics disruption and delay caused by the pandemic.

### Cost of sales

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

During the Reporting Period, the cost of sales of the Group decreased by approximately 1.2% from approximately RMB712.5 million for the year ended 31 December 2021 to approximately RMB703.9 million for the year ended 31 December 2022.

### Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit decreased by approximately 37.9% from approximately RMB278.4 million for the year ended 31 December 2021 to approximately RMB172.9 million for the year ended 31 December 2022.

The Group's gross profit margin decreased from approximately 28.1% for the year ended 31 December 2021 to approximately 19.7% for the year ended 31 December 2022. The gross profit margin of the Group by business line is as follows:

	For the year ended 31 December	
	2022	2021
	%	%
Property management services	<b>23.1</b>	23.3
Value-added services to non-property owners	<b>8.0</b>	32.1
Community value-added services	<b>31.2</b>	35.2
<b>Overall gross profit margin</b>	<b>19.7</b>	28.1

### Other income

During the Reporting Period, the Group's other income primarily included (i) additional deduction of value-added input tax, and (ii) government grants, which were mainly comprised of government subsidies for creating jobs to support local economies. The Group's other income decreased by approximately 4.7% from approximately RMB6.3 million for the year ended 31 December 2021 to approximately RMB6.0 million for the year ended 31 December 2022.

### Other gains or losses – net

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

The Group's other gains or losses changed from net losses of approximately RMB1.4 million for the year ended 31 December 2021 to net gains of approximately RMB0.6 million for the year ended 31 December 2022.

### Selling and marketing costs

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

The Group's selling and marketing costs increased by approximately 35.7% from approximately RMB5.3 million for the year ended 31 December 2021 to approximately RMB7.2 million for the year ended 31 December 2022, primarily due to the increase in marketing activities.

### Administrative expenses

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

The Group's administrative expenses decreased by approximately 19.1% from approximately RMB112.4 million for the year ended 31 December 2021 to approximately RMB90.9 million for the year ended 31 December 2022, primarily due to the effective control of the management cost.

### Finance (Cost)/Income – net

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

Finance costs decreased by approximately 49.0% from approximately RMB0.6 million for the year ended 31 December 2021 to approximately RMB0.3 million for the year ended 31 December 2022.

Finance income increased by approximately 29.9% from approximately RMB1.8 million for the year ended 31 December 2021 to approximately RMB2.3 million for the year ended 31 December 2022, mainly due to the increase of interest income.

### Profit before income tax expenses

As a result of the aforementioned changes in the Group's financials, the Group's profit before income tax decreased by approximately 84.1% from approximately RMB168.4 million for the year ended 31 December 2021 to approximately RMB26.8 million for the year ended 31 December 2022.

### Income tax expenses

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

The Group's income tax expenses decreased by approximately 82.9% from approximately RMB48.9 million for the year ended 31 December 2021 to approximately RMB8.4 million for the year ended 31 December 2022.

The effective income tax rate of the Group for the year ended 31 December 2022 was 31%, compared to 29% for the year ended 31 December 2021. Effective income tax was calculated based on EIT divided by profit before income tax (excluding the share of net profit of investments accounted for using the equity method and land appreciation tax).

### Profit for the period attributable to owners of the Company

As a result of the aforementioned changes in the Group's financial figures, the Group's profit for the period attributable to owners of the Company decreased by approximately 86.2% from approximately RMB112.4 million for the year ended 31 December 2021 to approximately RMB15.5 million for the year ended 31 December 2022.

### Profit for the period attributable to non-controlling interests

Profit for the period attributable to non-controlling interests of the Group decreased by approximately 59.6% from approximately RMB7.1 million for the year ended 31 December 2021 to approximately RMB2.9 million for the year ended 31 December 2022, which was due to the acquisition of 48% equity interest in Ronshine (Fujian) Property Management Co., Ltd.

### Trade receivables

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

As at 31 December 2022, the Group's trade receivables amounted to approximately RMB317.4 million, representing an increase of approximately RMB37.9 million or 13.6% compared with approximately RMB279.5 million as of 31 December 2021. The increase was mainly due to the delay in payments from property developers as affected by the continued downturn in the real estate market.

### Trade payables

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

As at 31 December 2022, the Group's trade payables amounted to approximately RMB146.3 million, representing an increase of approximately 108.8% from approximately RMB70.1 million as of 31 December 2021. The increase was mainly due to the Company's effort to strengthen its cash flow control within the accounting period.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, the Group's net current assets amounted to approximately RMB670.6 million (31 December 2021: approximately RMB679.2 million). Specifically, the Group's total current assets increased by approximately 2.7% from approximately RMB1,133.2 million as at 31 December 2021 to approximately RMB1,163.8 million as at 31 December 2022. The Group's total current liabilities increased by 8.6% from approximately RMB454.0 million as at 31 December 2021 to approximately RMB493.2 million as at 31 December 2022. The increase in the Group's total current assets was primarily attributable to the increase in trade and other receivables.

As at 31 December 2022, the Group had cash and bank balances of approximately RMB724.1 million (31 December 2021: approximately RMB761.9 million), with no borrowings (31 December 2021: nil).

## CONTINGENT LIABILITIES

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

## KEY FINANCIAL RATIOS

### Current ratio

As at 31 December 2022, the current ratio of the Group was 2.4 times (31 December 2021: 2.5 times). The Group's current ratio remained relatively stable. The current ratio is calculated as current assets divided by current liabilities as of the same date.

### Gearing ratio

As at 31 December 2022, the gearing ratio of the Group was 0.8% (31 December 2021: 1.2%), mainly due to the increase of total equity. The gearing ratio is calculated as total interest-bearing borrowings, including lease liabilities, divided by total equity as of the end of the relevant year/period and multiplied by 100%.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2022.

## FOREIGN CURRENCY RISK

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

## MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 29 June 2022, Rongxin Shiou Property Service Group Co., Ltd.\* (融信世歐物業服務集團有限公司) (“**Rongxin Shiou**”), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Fujian Nuohai Construction Engineering Co., Ltd\* (福建諾海建設工程有限公司) (“**Fujian Nuohai**”), pursuant to which Rongxin Shiou agreed to acquire, and Fujian Nuohai agreed to dispose, 48% equity interest in Ronshine (Fujian) Property Management Co., Ltd.\* (融信(福建)物業管理有限公司) (the “**Target Company**”) at a total consideration of RMB12,000,000 (equivalent to approximately HK\$14,280,614). Upon completion of the acquisition, the Target Company has become an indirect wholly-owned subsidiary of the Company, and the financial results of the Target Company continues to be consolidated to the financial results of the Group.

For further details, please refer to the announcements of the Company dated 29 June 2022 and 5 July 2022.

Save as disclosed above, there were no other material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2022.

## PLEDGE OF ASSETS

As at 31 December 2022, none of the assets of the Group were pledged.

## EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2022, the Group employed a total of 4,620 full-time employees, among whom approximately 47% were female. (31 December 2021: 5,685 full-time employees). For the year ended 31 December 2022, the staff cost recognised as expenses of the Group amounted to approximately RMB438.8 million (2021: RMB527.6 million).

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

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

The Group's employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the year ended 31 December 2022, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the operations of the Group.

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

The primary goal of the Group's remuneration policy for executive Directors is to enable the Company to reflect their individual performance by a reasonable remuneration package. The remuneration package includes basic salary, performance and other benefits. Remuneration of the independent non-executive Directors mainly includes the director's fee which is a matter for the Board to decide by reference to the duties and responsibilities of the independent non-executive Directors and their experience.

### **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

The Group did not have any significant events subsequent to 31 December 2022 and up to the date of this annual report.

### **SIGNIFICANT INVESTMENTS HELD**

For the year ended 31 December 2022, the Group did not hold any significant investments.

### **NET PROCEEDS FROM THE INITIAL PUBLIC OFFERING**

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

As of 31 December 2022, approximately HK\$91.7 million of the Net Proceeds had been utilised by the Group in accordance with the intended purposes stated in the Prospectus, and the unused Net Proceeds was held by way of bank deposits.

The following table sets forth the breakdown of the utilization and proposed utilization of the Net Proceeds as of 31 December 2022:

Use	Percentage of the Net Proceeds as stated in the Prospectus and allocation of the Net Proceeds after taking into account the partial exercise of the over-allotment option on 9 August 2021		Unutilised Net Proceeds as at 1 January 2022	Actual use of the Net Proceeds during the Reporting Period	Unutilised Net Proceeds as at 31 December 2022	Expected timeframe of full utilisation of the Net Proceeds
	% of total amount	HK\$ Million				
			HK\$ Million	HK\$ Million	HK\$ Million	
Pursuing selective strategic investment and acquisition opportunities	60.0%	377.1	377.1	0	377.1	31/12/2023
Diversifying the Group's project portfolio and value-added services	11.0%	69.1	60.3	19.9	40.4	31/12/2023
Developing and upgrading hardware and software used in the Group's operations	15.0%	94.3	88.3	10.3	78.0	31/12/2023
Further developing the Group's property management services provided to high-end properties under ROYEEDS	4.0%	25.1	23.9	8.5	15.4	31/12/2023
General business operations and working capital	10.0%	62.9	59.5	33.6	25.9	–
<b>Total</b>	<b>100%</b>	<b>628.5</b>	<b>609.1</b>	<b>72.3</b>	<b>536.8</b>	

Further details of the breakdown and implementation plans of the Net Proceeds are set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. The Directors will review the planned use of the Net Proceeds from time to time in light of the Group's prevailing business and development needs as well as the changing market environment. As at the date of this annual report, the Directors are not aware of any material change to the planned use of proceeds.



## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

### EXECUTIVE DIRECTORS

**Mr. Ou Zonghong (歐宗洪)**, aged 53, was appointed as our Director on 14 April 2020. He was re-designated as our executive Director and appointed as the chairman of our Board on 22 September 2020. Mr. Ou is primarily responsible for the overall strategic decisions, business planning and major business operation of our Group. Mr. Ou has approximately 26 years of experience in the PRC property development, construction and management industries.

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

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

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

**Mr. Ma Xianghong (馬祥宏)**, aged 49, was appointed as our executive Director on 22 September 2020. Mr. Ma joined our Group on 8 October 2016 and has been serving as our chief executive officer since then. Mr. Ma is primarily responsible for our overall business operations and management, and execution of the decisions of the Board. Mr. Ma has approximately 22 years of management experience in the PRC real estate and property management services industries. Prior to joining our Group, from July 1993 to August 1999, Mr. Ma taught at Dianzi high school in Shiyan, Hubei Province, where he served as a director and vice principal. From September 1999 to September 2016, Mr. Ma held various positions at Gemdale Corporation (金地(集團)股份有限公司), a property development and property management company listed on the Shanghai Stock Exchange (stock code: 600383), where he last served as the assistant general manager of the property group and the general manager of its building engineering company, and was primarily responsible for property management, intelligent engineering and other related business.

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

**Ms. Lin Yi (林怡)**, aged 50, was appointed as our executive Director on 22 September 2020. Ms. Lin joined our Group on 10 June 2014 and was promoted to chief financial officer and general manager of financial capital management center in December 2019. Ms. Lin is primarily responsible for the financial management and the internal control of our Group. She has over 26 years of experience in financial operation and management. Prior to joining our Group, from March 1990 to June 2014, Ms. Lin held various positions at Fujian Tongchun Pharmaceutical Co., Ltd\* (福建同春藥業股份有限公司), a company engaged in the manufacturing of medicine, medical supplies and health products, where she successively served as the deputy general manager of financial management and investment development department and a deputy general manager of its operation and management department, and was primarily responsible for the overall management of the department and accumulated extensive operation management experience.

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

### NON-EXECUTIVE DIRECTOR

**Ms. Lin Liqiong (林麗瓊)**, aged 48, was appointed as our non-executive Director on 22 September 2020 and is primarily responsible for providing guidance for the overall operation of our Group. Ms. Lin has over 23 years of experience in financial management. Since February 2006, Ms. Lin has held various positions at Rongxin (Fujian) Investment Company Limited\* (融信(福建)投資集團有限公司) (formerly known as Fujian Rongxin Real Estate Development Company Limited), where she is currently serving as the general manager of its financial capital center and is primarily responsible for its financial management. From August 2015 to November 2018, Ms. Lin was the general manager of the financial capital center at Fuzhou Yiheng Investment Company Limited\* (福州羿恒投資有限公司), an investment company, where she was primarily responsible for its financial management. From August 2008 to February 2012, Ms. Lin was a financial manager at Fuzhou Shiou Property Development, a property development company, where she was primarily responsible for its financial management. From April 1998 to February 2006, she was an accountant in charge at Putian Transport Engineering Company Limited (莆田市交通工程有限公司) and was primarily responsible for accounting management.

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

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Ye Azhong (葉阿忠)**, aged 59, was appointed as an independent non-executive Director on 10 June 2021. He is primarily responsible for providing independent advice on the operations and management of our Group. Mr. Ye has over 31 years of experience in the research and teaching of economics. Since June 1988, Mr. Ye has been working at Fuzhou University (福州大學), and is currently serving as a professor at the university. He was a visiting scholar at Fudan University (復旦大學) from May 2002 to January 2003.

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

**Mr. Chen Zhangwang (陳章旺)**, aged 57, was appointed as an independent non-executive Director on 10 June 2021. He is primarily responsible for providing independent advice on the operations and management of our Group. Mr. Chen has over 35 years of experience in the research and teaching of economics. Since July 1986, Mr. Chen has been working at Fuzhou University (福州大學), and is currently serving as a professor at the university.

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

**Mr. Kin Kwong Kwok Gary (郭建江)**, aged 46, is currently an independent non-executive Director and the chairman of the Audit Committee. Mr. Kwok joined the Group in June 2021. Mr. Kwok is a member of the Hong Kong Institute of Certified Public Accountants with a bachelor degree of professional accountancy from the Chinese University of Hong Kong. Mr. Kwok served as the Chief Financial Officer of a Hong Kong-based apparel company from December 2020 to November 2021. Mr. Kwok was CFO of Changyou Alliance Group Limited (Stock Exchange Stock Code: 1039) from January 2020 to November 2020, and was CFO of YinYi Holdings (Hong Kong) Limited, from September 2018 to January 2020. From May 2019 to January 2020, he was the joint company secretary of Dafa Properties Group Limited (Stock Exchange Stock Code: 6111). Since May 2017, Mr. Kwok has been an independent non-executive Director, the chairman of audit committee and a member of the risk control committee by Sichuan Energy Investment Development Co., Ltd (Stock Exchange Stock Code: 1713). Since May 2020, Mr. Kwok has been an independent non-executive director and chairman of the compensation committee of Global Dining Holdings Limited (formerly known as Singapore Food Holdings Limited) (Stock Exchange Stock Code: 8496).

### JOINT COMPANY SECRETARIES

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

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

## SENIOR MANAGEMENT

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

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

**Mr. Chen Liang (陳梁)**, aged 49, was appointed as the vice president of the Company on 4 March 2021. He is responsible for the strategic planning decisions, investment development and diversified operation management of our Group. Mr. Chen has extensive experience in management. From May 2006 to December 2014, Mr. Chen served as the general manager of Henan Zhengxin Property Management Co., Ltd.\* (河南正信物業管理有限公司), where he was responsible for related property management. From March 2014 to August 2016, Mr. Chen served as the manager of the development department of Greentown Property Management Co., Ltd.\* (綠城物業管理有限公司), where he was responsible for related property management.

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

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

**Mr. Liu Qifeng (劉祺峰)**, aged 37, was appointed as the vice president of the Company in August 2022. He is responsible for the planning and operation of the Group and the management of Zhejiang and Jiangxi regions. Mr. Liu has extensive experience in management. From April 2008 to February 2012, Mr. Liu served as the head of the project engineering, reporting and development department in the Yincheng Real Estate Nanjing Company (銀城地產南京公司), where he was responsible for the management and the application for approval and construction of civil engineering construction. From February 2012 to March 2018, Mr. Liu served as the head of the customer service line of East China Region of the China Resources Land Limited (華潤置地華東區域公司), where he was responsible for customer service management, house repair management and product quality control. From March 2018 to June 2021, Mr. Liu served as the head of customer relationship and the general manager of remaining projects of Ronshine Fujian Regional Group (融信福建區域集團), where he was responsible for coordinating the customer relationship management of over 40 projects in Fujian Region. From June 2021 to July 2022, Mr. Liu served as the head of the customer relationship centre of Ronshine China Group, where he was responsible for the overall management of the group’s customer relationship.

Mr. Liu obtained a bachelor’s degree in environmental engineering in water supply and drainage from Hohai University (河海大學) in July 2008. Mr. Liu also holds a Class B constructor license (二級建造師資格證書).

**Mr. Wu Jianyong (伍建勇)**, aged 38, was appointed as the assistant president of the Company on 18 November 2021. He is responsible for the strategic planning decisions of the Group as well as the overall management of the Fujian region and subordinate professional companies. Mr. Wu has extensive experience in management. From November 2013 to March 2016, Mr. Wu served as the regional head of Longfor Property Xiamen Branch (龍湖物業廈門分公司), where he was responsible for regional management. From March 2016 to October 2017, Mr. Wu served as the deputy general manager of Fuzhou Tahoe Property Management Co., Ltd.\* (福州泰禾物業管理有限公司), where he was responsible for daily operation and management.

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

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

The Board is pleased to present the corporate governance report for the annual report of the Company for the year ended 31 December 2022.

## CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the principles and code provisions of the Corporate Governance Code in force from time to time as the basis of the Company's corporate governance practices. Unless otherwise stated, reference made in this corporate governance report in relation to the Corporate Governance Code is referred to the provisions contained in Part 2 of Appendix 14 to the Listing Rules in force during the year ended 31 December 2022 and as at 31 December 2022.

For the year ended 31 December 2022 and up to the date of this annual report, so far as the Directors are aware, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code.

## THE BOARD

### Composition of the Board

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

#### Members of the Board

##### Executive Directors

Mr. Ou Zonghong (*Chairman*)

Mr. Ma Xianghong

Ms. Lin Yi

##### Non-executive Director

Ms. Lin Liqiong

##### Independent non-executive Directors

Mr. Ye Azhong

Mr. Chen Zhangwang

Mr. Kwok Kin Kwong Gary

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

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

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

## Responsibilities

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

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

## Chairman and Chief Executive Officer

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

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

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

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

## Independent Non-executive Directors

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

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

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

## Appointment and Re-election of Directors

The code provision B.2.2 of the Corporate Governance Code stipulates that all directors, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

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

Each of the executive Directors and the non-executive Director has entered into a service contract with the Company for a term of three years commencing from 22 September 2020, which may be terminated by not less than three calendar months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of three years commencing from the 10 June 2021, which may be terminated by not less than three calendar months' notice in writing served by either party on the other.

### Directors' Training and Continuous Professional Development

Pursuant to code provision C.1.4 of the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Each newly appointed Director will be provided with necessary induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities under relevant statutes, laws, rules and regulations. In addition, all the Directors have been updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. Continuing briefing and professional development to Directors will also be arranged whenever necessary.

Based on the information provided by the Directors, the Directors participated in the following trainings during the year ended 31 December 2022:

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

Note 1:

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

Note 2:

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

### Directors' Responsibility on Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the financial year ended 31 December 2022.

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

As at 31 December 2022, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt on the Group's ability to continue as a going concern.

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

### Board Meetings and General Meetings

Code provision C.5.1 of the Corporate Governance Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication.

During the year ended 31 December 2022, one general meeting and nine Board meetings were held. The attendance record of the Board of Directors for such Board meetings and general meetings is set out in the table below:

Name of Directors	Board meetings attended/held	General meetings attended/held
Ou Zonghong	8/9	1/1
Ma Xianghong	9/9	1/1
Lin Yi	9/9	1/1
Lin Liqiong	8/9	1/1
Kwok Kin Kwong Gary	8/9	1/1
Ye Azhong	8/9	1/1
Chen Zhangwang	8/9	1/1

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

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

During the year ended 31 December 2022, the Company had in place the following mechanism to ensure that independent views and input are available to the Board:

- (i) maintaining a sufficient number of three independent non-executive Directors representing not less than one-third of the Board and all of them continue to devote adequate amount of time to the Company;
- (ii) all the independent non-executive Directors share their views and opinions through regular quarterly meetings with members of the senior management;
- (iii) arranging an annual meeting between the chairman of the Board and all the independent non-executive Directors without the presence of other Directors to provide an effective platform for the chairman of the Board to listen to independent views on various issues concerning the Group; and
- (iv) arranging for site visits upon request from independent non-executive Directors from time to time to enhance their understanding of the Company's new and current projects.

The Board has reviewed and considered that the above-mentioned mechanism is effective in ensuring that independent views and input are available to the Board during the year ended 31 December 2022.

## **BOARD COMMITTEE**

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

### **Audit Committee**

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

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control systems of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board.

During the year ended 31 December 2022, the Company adopted a whistleblowing policy in order to allow its employees to raise concerns, in confidence, with the Audit Committee about possible improprieties related to the Company or to report alleged malpractices or misconduct pertaining to the Company. The Audit Committee has the overall responsibility of the policy such as monitoring and reviewing the operation of the policy and providing recommendations for action resulting from the investigations.

The Audit Committee currently consists of three members, namely Mr. Kwok Kin Kwong Gary, Mr. Chen Zhangwang and Mr. Ye Azhong, each of whom is an independent non-executive Director. The chairman of the Audit Committee is Mr. Kwok Kin Kwong Gary, who possesses appropriate professional qualifications and being a member of Hong Kong Institute of Certified Public Accountants since February 2005.

During the year ended 31 December 2022, the Audit Committee convened four meetings and the attendance record of these meetings is set out in the table below:

Name of Directors	Number of meeting(s) attended/held
Kwok Kin Kwong Gary	4/4
Ye Azhong	4/4
Chen Zhangwang	4/4

At the above meetings, members of the Audit Committee have reviewed the audited annual results of the Group for the year ended 31 December 2021 and the unaudited interim results of the Group for the six months ended 30 June 2022. The Audit Committee has also considered the change of auditors of the Company and made recommendations to the Board, and reviewed the significant issues on the financial reporting and compliance procedures, internal control and risk management systems and internal audit function of the Group, connected transactions of the Group, and has discussed with the auditor of the Company about the tasks they performed.

The Audit Committee has reviewed, and has agreed with the auditor of the Company on the annual results of the Group for the year ended 31 December 2022.

The Audit Committee has reviewed the remuneration of the auditor for the year ended 31 December 2022 and has recommended the Board to re-appoint Elite Partners as the auditor of the Company for the year ended 31 December 2022, subject to approval by the Shareholders at the AGM.

The works performed by the Audit Committee during the year ended 31 December 2022 included, among others, the following:

- considered the change of auditors of the Company in March 2022 and made recommendations to the Board;
- reviewed the interim and annual consolidated financial statements of the Group;
- reviewed the cash flow projections and monitored the Group's overall financial condition;
- reviewed the appropriateness and effectiveness of the risk management and internal control systems of the Group and made recommendations to the Board on the improvement of the risk management and internal control systems of the Group;
- reviewed the appropriateness and effectiveness of the internal audit function of the Group and made recommendations to the Board on the improvement of the internal audit function of the Group;
- reviewed the adoption of the relevant accounting principles generally accepted and made recommendations to the Board on the adoption of accounting policies; and
- met external auditor in the absence of executive Directors and senior management to discuss matters in relation to the audit.

### Remuneration Committee

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

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

During the year ended 31 December 2022, one meeting of the Remuneration Committee was held for making recommendations to the Board on the remuneration packages of individual Directors and the senior management and assessing the performance of the executive Directors. The attendance record of these meetings is set out in the table below:

Name of Directors	Number of meeting(s) attended/held
Ou Zonghong	1/1
Ye Azhong	1/1
Chen Zhangwang	1/1

Details of the Directors' remuneration are set out in note 29 to the consolidated financial statements of the Company for the year ended 31 December 2022.

### Nomination Committee

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

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

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

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

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

During the year ended 31 December 2022, one meeting of the Nomination Committee was held. The attendance record of these meetings is set out in the table below:

Name of Directors	Number of meeting(s) attended/held
Ou Zonghong	1/1
Ye Azhong	1/1
Chen Zhangwang	1/1

### BOARD DIVERSITY POLICY

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

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

- (i) the Company shall comply with the requirements on board composition set out in the Listing Rules from time to time;
- (ii) the number of independent non-executive Directors shall be not less than three and one-third of the Board;
- (iii) at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise; and
- (iv) at least one Director should be the professional or have intensive experience of the industry in which the Group operates.

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

We have taken and will continue to take steps to promote gender diversity at all levels of our Company, including without limitation at our Board and senior management levels. Taking into account our business model and specific needs as well as the presence of two female Directors out of a total of seven Board members, we consider that the Board has achieved the measurable objectives under the Board Diversity Policy during the year ended 31 December 2022.

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

As at 31 December 2022, Board diversification in terms of gender and age group is set out below:

#### Gender



#### Age Group



### CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the functions set out in the code provision A.2.1 of the Corporate Governance Code.

During the year ended 31 December 2022, the Board met two times to review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and the senior management of the Group, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, written employee guidelines and the Company's compliance with the Corporate Governance Code and practices and disclosure in the Corporate Governance Report.

### DIRECTORS' INSURANCE

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

## JOINT COMPANY SECRETARIES

Ms. Ng Wing Shan resigned as a joint company secretary of the Company with effect from 3 March 2022. On the same date, Ms. Lee Angel Pui Shan was appointed as a joint company secretary. Currently, Ms. Lin Yi and Ms. Lee Angel Pui Shan are the joint company secretaries of the Company. Please refer to the announcement of the Company dated 3 March 2022 for further details. Ms. Lee Angel Pui Shan is a corporate secretarial executive of SWCS, an external corporate service provider. She has extensive company secretarial professional experience and assists Ms. Lin Yi in company secretarial affairs. Ms. Lin Yi acted as the principal contact person of Ms. Lee Angel Pui Shan in the Company. Please refer to the announcement of the Company dated 3 March 2022 for further details.

Each of Ms. Lin Yi and Ms. Lee Angel Pui Shan has confirmed that for the year ended 31 December 2022, they have taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

The biographies of Ms. Lin Yi and Ms. Lee Angel Pui Shan are set out in the “Biographies of Directors and Senior Management” section on page 25 of this annual report.

## DIVIDEND POLICY

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

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

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

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

## AUDITOR'S REMUNERATION

For the year ended 31 December 2022, the fee paid/payable to the external auditor of the Company in respect of audit services and non-audit services is set out as follows:

	Year ended 31 December 2022 (RMB million)
Audit and related services	1.9
Non-audit services	–
<b>Total</b>	<b>1.9</b>

## RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

The Audit Committee and the Board oversee the Group's risk management and internal control systems on an ongoing basis, and have reviewed the Group's risk management and internal control systems from the financial, operational, compliance and risk management controls perspectives for the year ended 31 December 2022. The Board is satisfied that the existing internal control and risk management systems are effective and adequate. In addition, the Board has reviewed and is satisfied with the adequacy of resources, the qualifications and experience of the staff of the Company's accounting, internal audit and financial reporting functions, and their training programmes and budget. The Board expects that a review of the internal control and risk management systems will be conducted annually.

## DISCLOSURE OF INSIDE INFORMATION

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

## INTERNAL AUDIT

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

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

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions.

Following specific enquiries to each of the Directors, the Directors have confirmed their compliance with the required standards set out in the Model Code throughout the year ended 31 December 2022.

## SHAREHOLDERS' RIGHTS

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

In order to promote effective communication, the Company maintains a website ([www.rxswy.com](http://www.rxswy.com)), where the latest information and updates on its business operation and development, corporate governance practice, contact information of investor relations and other information are published for the public's access.

### PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

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

### PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

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

### PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

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

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

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

### SHAREHOLDERS' COMMUNICATION POLICY

The Company has in place a shareholders' communication policy (the "**Shareholders' Communication Policy**") to ensure that the views and concerns of Shareholders are appropriately addressed. The Shareholders' Communication Policy is also regularly reviewed to ensure its effectiveness. Pursuant to the Shareholders' Communication Policy, the Company regularly holds its annual general meeting every year; the Company establishes a special investor relationship section on its website containing regularly updated information, and information, such as financial statements, results announcements, circulars, notices of general meetings and relevant explanatory documents, and all other announcements are uploaded on the Company's website and on the website of the Stock Exchange simultaneously to ensure timely publication of updated information for the Shareholders and potential investors of the Company to view.

Through the above-mentioned measures, the Company can ensure that it continues to maintain long-term effective and good communication with its Shareholders and potential investors.

During the year, the Company has reviewed the effectiveness and implementation of the Shareholders' Communication Policy. With the above measures in place, the Board consider that the Shareholders' Communication Policy is still effective and has been effectively implemented.

## CHANGE IN CONSTITUTIONAL DOCUMENTS

The memorandum and articles of association of the Company (the “**Memorandum and Articles of Association**”) are available on the websites of the Company and the Stock Exchange. For the year ended 31 December 2022, the Company did not make any changes to its constitutional documents.

Pursuant to the Consultation Conclusions on Listing Regime for Overseas Issuers published by the Stock Exchange in November 2021, the Listing Rules have been amended with effect from 1 January 2022 which requires, among others, the listed issuers to adopt a uniform set of 14 “Core Standards” for shareholder protections for the issuers. As such, on 31 March 2023, the Board proposed to make certain amendments to the Memorandum and Articles of Association for the purpose of, among others, (i) bringing the Memorandum and Articles of Association in line with the amendments made to the Listing Rules and the applicable law and procedures of the Cayman Islands; and (ii) making other consequential and housekeeping amendments to the Memorandum and Articles of Association. The Board also proposes to adopt the amended and restated Memorandum and Articles of Association in substitution for, and to the exclusion of, the existing Memorandum and Articles of Association. At the upcoming AGM, a special resolution will be proposed for the Shareholders to consider and, if thought fit, approve the proposed adoption of a new set of amended and restated Memorandum and Articles of Association incorporating the Proposed Amendments in substitution for and to the exclusion of the existing Memorandum and Articles of Association.

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2022.

## CORPORATE INFORMATION

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

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

## PRINCIPAL ACTIVITIES

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

Details of the principal activities of the principal subsidiaries of the Group are set out in note 30 to the consolidated financial statements in this annual report. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2022. As at the date of this annual report, the Board has no intention to significantly change the principal business of the Group.

## RESULTS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated statement of comprehensive income of the Group in this annual report. The Group's business review and future business development are provided in the section headed "Chairman's Statement" in this annual report. An analysis of the Group's performance using financial key performance indicators is provided in the section headed "Management Discussion and Analysis" in this annual report.

## ANNUAL GENERAL MEETING

The forthcoming AGM of the Company will be held on 29 June 2023, a notice of which will be published and despatched to the Shareholders in due course.

## FINAL DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2022 (2021: nil).

None of the Shareholders has waived or agreed to waive any dividend.

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from 26 June 2023 to 29 June 2023 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all transfer of Share documents accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 23 June 2023.

## **BORROWINGS**

As at 31 December 2022, the Company had no borrowings (2021: nil).

## **RESERVES**

Details of movements in the reserves of the Group during the year ended 31 December 2022 are set out in the consolidated statement of changes in equity in this annual report.

## **PROPERTY, PLANT AND EQUIPMENT**

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2022 are set out in note 14 to the consolidated financial statements of the Group in this annual report.

## **SHARE CAPITAL**

As at 31 December 2022, the Company had 508,104,000 Shares in issue. Details of the movements in the share capital of the Company are set out in note 20 to the consolidated financial statements of the Group in this annual report.

## **FINANCIAL STATEMENTS**

The results of the Group for the year ended 31 December 2022 and the Group's statement of financial position as at the date are set out in the consolidated financial statements on pages 93 to 158 in this annual report.

## **MAJOR CUSTOMERS AND SUPPLIERS**

### **Major Customers**

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

During the year ended 31 December 2022, revenue attributable to the Group's largest customer amounted to approximately 18% of the Group's total revenue and the Group five largest customers in aggregate accounted for less than 37% of the Group's revenue for the year.

### **Major Suppliers**

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

During the year ended 31 December 2022, purchases attributable to the Group's largest supplier amounted to approximately 2% of the Group's total purchases and the Group five largest suppliers in aggregate accounted for less than 7% of the Group's total purchases for the year.

Mr. Ou, one of the Controlling Shareholders and an executive Director is interested in 65.17% shareholding of Ronshine China, the largest customer of the Group for the year ended 31 December 2022. Save as disclosed, to the best of the knowledge of the Directors, none of the Directors, their respective close associates (as defined in the Listing Rules) or any Shareholder who owns more than 5% of the issued share capital of the Company had any interest in any of the five largest suppliers or customers of the Group during the year ended 31 December 2022.

## RELATIONSHIP WITH STAKEHOLDERS

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

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

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

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

The Group is also dedicated to developing good relationship with suppliers as long-term business partners to ensure stable supplies of cleaning, security, greening, and repair and maintenance services and dispatched workers. The Group reinforces business partnerships with suppliers and contractors by recurring communication in proactive and effective manner so as to ensure quality and delivery.

## DONATIONS

Donations made by the Group during the year ended 31 December 2022 amounted to RMB2,500 (2021: RMB11,000).

## DIRECTORS

The Directors during the year ended 31 December 2022 and up to the date of this annual report are:

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

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

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

Accordingly, Mr. Ye Azhong, Mr. Chen Zhangwang and Mr. Kwok Kin Kwong Gary will retire from office and being eligible, will offer themselves for re-election at the AGM.

### **CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

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

### **DIRECTORS' SERVICE CONTRACTS AND APPOINTMENT LETTERS**

Each of the executive Directors and the non-executive Director has entered into a service contract with the Company for a term of three years commencing from 22 September 2020, which may be terminated by not less than three calendar months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of three years commencing from the 10 June 2021, which may be terminated by not less than three calendar months' notice in writing served by either party on the other.

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

None of the Directors has entered into any 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**

During the year ended 31 December 2022, none of the Directors nor their respective close associates (as defined in the Listing Rules) had any interest in any business that competed or was likely to compete, either directly or indirectly, with the business of the Group, which would require disclosure under the Listing Rules.

### **REMUNERATION OF DIRECTORS, SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS**

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2022 are set out in note 11 to the consolidated financial statements of the Group in this annual report.

None of the Directors waived his/her emoluments nor has agreed to waive his/her emoluments for the year ended 31 December 2022. For the year ended 31 December 2022, no emolument was paid by the Group to any Directors or any of the five highest paid individuals as inducement to join or upon joining the Group as compensation for loss of office. In addition, pursuant to code provision E.1.5 of the Corporate Governance Code, the annual remuneration of members of the senior management by band for the year ended 31 December 2022 is set out below.

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

<b>Emolument bands in RMB</b>	<b>Number of individuals</b>
RMB500,000 – RMB1,500,000	4
RMB1,500,001 – RMB3,000,000	1

### **RETIREMENT BENEFITS SCHEME**

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

## PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, a permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Reporting Period. The Company has purchased directors' and officers' liability insurance to provide protection against claims arising from the lawful discharge of duties by the Directors.

## MANAGEMENT CONTRACTS

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

## EQUITY-LINKED AGREEMENTS

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

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

As at 31 December 2022, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

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

Notes:

- (1) The letter (L) denotes the person's long position in the relevant Shares.
- (2) The calculation is based on the total number of 508,140,000 Shares in issue as at 31 December 2022.
- (3) Mr. Ou was the settlor and protector of the Family Trust with HSBC International Trustee Limited as trustee. Rongan Juxiang controlled 375,000,000 Shares through its wholly owned subsidiaries, namely Rongxin Yipin as to 300,000,000 Shares and Fumei International as to 75,000,000 Shares. Each of Mr. Ou, HSBC International Trustee Limited and Rongan Juxiang was deemed to be interested in the Shares held by Rongxin Yipin and Fumei International under the SFO.

Save as disclosed above, as at the 31 December 2022, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, which (a) were recorded in the register required to be kept by the Company under section 352 of the SFO, or (b) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

So far as is known to the Company, as at 31 December 2022, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

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

Notes:

- (1) The letter (L) denotes the person's long position in the relevant Shares.
- (2) The calculation is based on the total number of 508,140,000 Shares in issue as at 31 December 2022.
- (3) Mr. Ou was the settlor and protector of the Family Trust with HSBC International Trustee Limited as trustee. Rongan Juxiang controlled 375,000,000 Shares through its wholly owned subsidiaries, namely Rongxin Yipin as to 300,000,000 Shares and Fumei International as to 75,000,000 Shares. Each of Mr. Ou, HSBC International Trustee Limited and Rongan Juxiang was deemed to be interested in the Shares held by Rongxin Yipin and Fumei International under the SFO.

Save as disclosed above, as at the 31 December 2022, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

## CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no contracts of significance were entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries during the Reporting Period or subsisted at the end of the Reporting Period and up to the date of this annual report, and no contract of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries was entered into during the Reporting Period or subsisted at the end of the Reporting Period and up to the date of this annual report.

## CONNECTED TRANSACTION

The following constituted connected transaction of the Group during the Reporting Period that are subject to the reporting requirements under Chapter 14A of the Listing Rules:

### Acquisition of 48% equity interest in the Target Company

On 29 June 2022, Rongxin Shiou, an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Fujian Nuohai, pursuant to which Rongxin Shiou agreed to acquire, and Fujian Nuohai agreed to dispose, 48% equity interest in the Target Company at a total consideration of RMB12,000,000 (equivalent to approximately HK\$14,280,614) (the “**Acquisition**”).

The consideration of RMB12,000,000 was determined after arm’s length negotiations between the parties to the Equity Transfer Agreement with reference to (i) the unaudited net assets of the Target Company as of 31 December 2021 of approximately RMB14,025,403 (equivalent to approximately HK\$17,154,357); and (ii) the total gross floor area under management of the Target Company of approximately 9.6 million sq.m. as at 31 December 2021.

As the Target Company is one of the principal operating subsidiaries of the Company, through the Acquisition, the Group will be able to increase its interest in the Target Company to 100%, thereby enhancing control and influence over the management and operation of the Target Company, which will in turn offer greater flexibility in business strategy and contribute to the long-term stable development of the Group.

Prior to the Acquisition, the Target Company was owned as to 52% by Ronshine Shiou and 48% by Fujian Nuohai. As Fujian Nuohai is a connected person of the Company at the subsidiary level, the Acquisition constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Upon completion of the Acquisition, the Target Company has become an indirect wholly-owned subsidiary of the Company, and the financial results of the Target Company continues to be consolidated to the financial results of the Group.

For further details, please refer to the announcements of the Company dated 29 June 2022 and 5 July 2022.

## CONTINUING CONNECTED TRANSACTIONS

The following constituted continuing connected transactions of the Group during the Reporting Period that are subject to the reporting and annual review requirements under Chapter 14A of the Listing Rules:

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

#### 1. *Property Management Services*

##### (1) **Ronshine Property Management Services**

References are made to the Prospectus, the announcement of the Company dated 23 November 2022 and the circular of the Company dated 20 January 2023.

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

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

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

The annual cap amount in relation to the Ronshine Property Management and Related Services for the year ended 31 December 2022 was RMB368 million. The transaction amount for the Ronshine Property Management and Related Services provided by our Group to Ronshine China Group pursuant to the Master Ronshine Property Management and Related Services Agreement for the year ended 31 December 2022 was approximately RMB146 million.

Ronshine China is indirectly owned as to approximately 65.17% by Mr. Ou, an executive Director, a controlling Shareholder and the chairman of the Company. Ronshine China and its subsidiaries are therefore connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the Master Ronshine Property Management and Related Services Agreement by the Company with Ronshine China and the transactions contemplated thereunder constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the Master Ronshine Property Management and Related Services Agreement expired on 31 December 2022 and it was anticipated that the Group will continue to provide property management and related services to the properties owned or used by Ronshine China Group in the PRC, the Company entered into an agreement (the “**2023 Master Ronshine Property Management and Related Services Agreement**”) with Ronshine China on 23 November 2022 to renew the Master Ronshine Property Management and Related Services Agreement for a term of three years from 1 January 2023 to 31 December 2025 (both days inclusive) with the same pricing terms, pursuant to which our Group agreed to provide the Ronshine Property Management and Related Services to the properties owned or used by Ronshine China Group in the PRC.

The annual cap amount in relation to the Ronshine Property Management and Related Services for the year ended 31 December 2023 is RMB150 million. For further details, please refer to the announcement of the Company dated 23 November 2022 and the circular of the Company dated 20 January 2023.

## (2) Carpark Sales Agency Services

References are made to the announcements of the Company dated 21 July 2022 and 23 November 2022 and the circular of the Company dated 20 January 2023.

On 21 July 2022, Rongxin (Fujian) Investment Company Limited\* (融信(福建)投資集團有限公司) (“**Ronshine Fujian Investment**”), Ronshine Shiou, and Shanghai Rongmao Real Estate Brokerage Co., Ltd.\* (上海融茂房地產經紀有限公司) (“**Shanghai Rongmao**”) entered into a carpark sales agency service framework agreement (the “**Carpark Sales Agency Service Framework Agreement**”), which had a term from 21 July 2022 to 31 December 2022 (both days inclusive). Pursuant to the Carpark Sales Agency Service Framework Agreement, Ronshine China Group shall engage the Group to provide sales agency services in respect of certain car parking spaces owned by Ronshine China Group on an exclusive basis (the “**Exclusive Car Parking Spaces**”). During the term of the Carpark Sales Agency Service Framework Agreement, Shanghai Rongmao shall be the exclusive service provider of the sales agency services and Ronshine Fujian Investment shall not engage other third parties for such services in respect of the Exclusive Car Parking Spaces, nor to sell, transfer or dispose of in any other manner any of the Exclusive Car Parking Spaces to third parties without written consent from Ronshine Shiou and Shanghai Rongmao (the “**Exclusive Sales Agency Rights**”). Pursuant to the Carpark Sales Agency Service Framework Agreement, Ronshine Shiou shall advertise the Exclusive Car Parking Spaces to relevant property owners and provide measures to aid Shanghai Rongmao’s sales of the Exclusive Car Parking Spaces.

Ronshine Fujian Investment shall pay agency service fee to Shanghai Rongmao calculated at 3% to 5% of the sales price of the Exclusive Car Parking Spaces, and shall settle such agency service fee on a monthly basis after Ronshine Fujian Investment has received the sales payment from third party customers.

In consideration of the granting of the Exclusive Sales Agency Rights, Ronshine Shiou has paid a refundable deposit of approximately RMB50 million to Ronshine Fujian Investment (the “**Deposit**”), representing 15% of the estimated value of the initial Exclusive Car Parking Spaces. The Deposit shall be adjusted on a monthly basis with reference to the total estimated value of the unsold Exclusive Car Parking Spaces, and any remaining balance of the Deposit shall be refunded to Ronshine Shiou without interest after expiry of the Carpark Sales Agency Service Framework Agreement or when Ronshine Shiou and Shanghai Rongmao have completed all respective duties under agreement.

Given that the provision of sales agency services under the Carpark Sales Agency Service Framework Agreement was a transaction pursuant to the Master Ronshine Property Management and Related Services Agreement, the agency fees payable by Ronshine China Group to the Group were subject to the relevant annual caps thereunder. At the end of 31 December 2022, the deposit paid by the Group to Ronshine China Group was RMB38 million. The annual cap for the Deposit had not been exceeded during the Reporting Period.

Ronshine Fujian Investment is an indirect wholly owned subsidiary of Ronshine China, which in turn is indirectly owned as to 65.17% by Mr. Ou, a controlling shareholder of the Company and an executive Director and hence a connected person of the Company. As Ronshine China and Ronshine Fujian Investment are associates of Mr. Ou, they are connected persons of the Company under the Listing Rules. Accordingly, the entering into of the Carpark Sales Agency Service Framework Agreement and the transactions contemplated thereunder shall constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the Carpark Sales Agency Service Framework Agreement expired on 31 December 2022 and it was anticipated that the Group will continue to provide carpark sales agency services to Ronshine China Group and pay the Deposit to Ronshine China Group to extend the term of the Exclusive Sales Agency Rights, the Company entered into an agreement (the “**2023 Carpark Sales Agency Service Supplemental Agreement**”) with Ronshine China on 23 November 2022 to renew the Carpark Sales Agency Service Framework Agreement for a term of three years from 1 January 2023 to 31 December 2025 (both days inclusive) with the same pricing terms.

The annual cap amount for the Deposit payable by the Group to Ronshine China Group for the year ended 31 December 2023 is RMB50 million. For further details, please refer to the announcements of the Company dated 21 July 2022 and 23 November 2022 and the circular of the Company dated 20 January 2023.

### (3) Mr. Ou Property Management Services

References are made to the Prospectus, the announcement of the Company dated 23 November 2022 and the circular of the Company dated 20 January 2023.

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

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

The annual cap amount in relation to the Mr. Ou Property Management and Related Services for the year ended 31 December 2022 was RMB50 million. The transaction amount for the Mr. Ou Property Management and Related Services provided by our Group to the Associates pursuant to the Master Mr. Ou Property Management and Related Services Agreement for the year ended 31 December 2022 was approximately RMB31 million.

As Mr. Ou and the Associates are connected persons of the Company, the entering into of the Master Mr. Ou Property Management and Related Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

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

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

As the Master Mr. Ou Property Management and Related Services Agreement expired on 31 December 2022 and it was anticipated that the Group will continue to provide the Mr. Ou Property Management and Related Services to the Associates, the Company entered into an agreement (the “**2023 Master Ronshine Property Management and Related Services Agreement**”) with Mr. Ou on 23 November 2022 to renew the Master Mr. Ou Property Management and Related Services Agreement for a term of three years from 1 January 2023 to 31 December 2025 (both days inclusive) with the same pricing terms.

The annual cap amount in relation to the Mr. Ou Property Management and Related Services for the year ended 31 December 2023 is RMB50 million. For further details, please refer to the announcement of the Company dated 23 November 2022 and the circular of the Company dated 20 January 2023.

## Annual Review

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

Elite Partners (CPA) Limited (“**Elite Partners**”), the Company’s auditor, was engaged to report on the Group’s continuing connected transactions in accordance with “*Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*” and with reference to Practice Note 740 “*Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules*” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the aforesaid continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules, stating that it has not noticed that any of the continuing connected transactions above (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group for the continuing connected transactions involving provision of goods or services by the Group; (iii) were not entered into, in all material aspects, in accordance with the relevant agreement governing such continuing connected transactions; and (iv) have exceeded the relevant caps for the year ended 31 December 2022.

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

## RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2022 are set out in note 28 to the consolidated financial statements in this annual report.

Save as disclosed above, during the year ended 31 December 2022, none of the related party transactions set out in note 28 to the consolidated financial statements fall under the definition of “connected transaction” or “continuing connected transaction” (as the case may be) in Chapter 14A of the Listing Rules.

The Company confirmed that it was in compliance with the disclosure requirements under Chapter 14A of the Listing Rules for the year ended 31 December 2022.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2022.

## PRE-EMPTIVE RIGHTS

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

## LITIGATION

As at 31 December 2022, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

### SIGNIFICANT INVESTMENT HELD

For the year ended 31 December 2022, the Group did not hold any significant investments.

### FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

### MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 29 June 2022, Ronshine Shiou, an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Fujian Nuohai Construction Engineering Co., Ltd\* (福建諾海建設工程有限公司) (“**Fujian Nuohai**”), pursuant to which Ronshine Shiou agreed to acquire, and Fujian Nuohai agreed to dispose, 48% equity interest in Ronshine (Fujian) Property Management Co., Ltd.\* (融信(福建)物業管理有限公司) (the “**Target Company**”) at a total consideration of RMB12,000,000 (equivalent to approximately HK\$14,280,614). Upon completion of the acquisition, the Target Company has become an indirect wholly-owned subsidiary of the Company, and the financial results of the Target Company continues to be consolidated to the financial results of the Group.

For further details, please refer to the announcements of the Company dated 29 June 2022 and 5 July 2022.

Save as disclosed above, there were no other material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2022.

### TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

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

### BUSINESS REVIEW

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

### FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 158 of this annual report. This summary does not form part of the audited consolidated financial statements.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the number of shares held by the public in the Company for the year ended 31 December 2022 and up to the date of this annual report has been in compliance with the minimum percentage of public float prescribed by the Stock Exchange.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Company has adopted and applied the principles and code provisions of the Corporate Governance Code contained in Part 2 of Appendix 14 to the Listing Rules in force from time to time as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions under the Corporate Governance Code during the year ended 31 December 2022.

## COMPLIANCE WITH LAWS AND REGULATIONS

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

As at 31 December 2022, as far as the Board is aware, the Group has complied with, in all material respects, all the relevant and applicable laws, rules and regulations which have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of, or non-compliance with applicable laws, rules and regulations by the Group.

## ENVIRONMENTAL AND SOCIAL MATTERS

The Group strives to minimize the negative environmental impact of the Group's existing operations and to comply with applicable national and local environmental laws and regulations, including laws and regulations on air pollution, wastes and sewage, and is committed to complying with applicable environmental regulations and protecting the environment in its operations. The Group's environmental indicators, such as electricity consumption and water consumption, also showed a decreasing trend and achieved the environmental goals set last year, reflecting the effective implementation of environmental protection concepts and measures in the ordinary course of our operations. Also, we strictly comply with national laws and regulations on labor rights, health and safety, business ethics and other social aspects. In addition, we have arranged for the relevant departments to closely monitor the updates of policies and laws and regulations that apply to us, so as to ensure that the Group operates in compliance with the laws and regulations.

The Company's compliance with the relevant provisions set out in the Environmental, Social and Governance Reporting Guide in Appendix 27 of the Listing Rules for the financial year ended 31 December 2022 are set out in the Environmental, Social and Governance Report on pages 54 to 92 of this annual report.

## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Group did not have any other significant events subsequent to 31 December 2022.

## AUDITOR

As disclosed in the announcements of the Company dated 22 March 2022 and 23 March 2022, PricewaterhouseCoopers ("PwC") resigned as the auditor of the Company with effect from 21 March 2022. The Board resolved, having regard to the recommendation from the Audit Committee, to approve the appointment of Elite Partners as the new auditor of the Company to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the annual general meeting of the Company held on 29 June 2022. Elite Partners has been re-appointed as the auditor of the Company pursuant to the annual general meeting held on 29 June 2022.

The consolidated financial statements for the year ended 31 December 2022 have been audited by Elite Partners who shall retire at the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming AGM for the re-appointment of Elite Partners as the auditor of the Company for the year ending 31 December 2023. Save as disclosed above, there was no change in the external auditor of the Company for the three years preceding the date of this annual report.

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

Hong Kong, 31 March 2023

\* for identification purpose only



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1. ABOUT THE ESG REPORT

This is the second Environmental, Social and Governance Report (the “**ESG Report**”) released by Ronshine Service Holding Co., Ltd. (the “**Company**” or “**Ronshine Service**”) and its subsidiaries (collectively, the “**Group**” or “**we/us**”), which is to demonstrate and summarize our commitment, practices and performance in respect of environment, society and governance (“**ESG**”) in response to our stakeholders’ expectations on the Group’s sustainable development and information disclosure, so as to enhance their understanding of and confidence in the Group.

### Basis of Preparation

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

Materiality	The ESG Report identified the material ESG-related issues by conducting a materiality assessment, the results of which have been submitted to the Board of Directors for consideration and approval, which will determine such issues as the basis for preparing this ESG Report and eventually deal with them.
Quantitative	Statistical standards, methods, assumptions and/or calculation tools for emissions as well as sources of conversion factors in the ESG Report are all explained in the notes thereto.
Balance	The ESG Report shall provide an unbiased picture of the Group’s performance during the Reporting Period and shall avoid omissions or selections that may inappropriately influence our stakeholders’ decisions or judgments.
Consistency	The statistical methodologies applied to the data disclosed in the ESG Report shall be consistent with those of the previous year. In case of any changes, the Report shall provide clear explanations for the stakeholders’ reference.

### Reporting Period and Scope

The ESG Report covers the period from 1 January 2022 to 31 December 2022 (the “**Year**” or the “**Reporting Period**”). Unless otherwise stated, the scope of the ESG Report is consistent with the scope of the Annual Report of the Group for the Year. The data of key environmental performance indicators covers the Group’s headquarters in Shanghai, and it is expected that the scope and depth in this aspect will be expanded to continually monitor the sustainability performance.

### Language of the Report

The ESG Report is published in Chinese and English and available on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

### Approval of the ESG Report

The ESG Report has been approved by the Board of Directors (the “**Board**”) of the Company on 31 March 2023.

### Approval and confirmation

The Board accepts full responsibility for the contents of the ESG Report as presented and has approved and confirmed the report and its contents.

## 2. SUSTAINABILITY GOVERNANCE

With a perfect understanding that fulfilling its corporate social responsibilities is critical to the Group's sustainable development, Ronshine Service proactively incorporates the concept of sustainability into its daily operations and decision making by maintaining close contact with its stakeholders, always striving to meet their needs when performing its duties, constantly improving its corporate culture, aiming to promote the steady and sustainable development of the Company together with them.

### The Group's performance in sustainable development in 2022

During the Year, the Group was widely recognized by the society for its relentless efforts in sustainable development and received a number of awards and honors from various organizations, which are listed in the table below.

#### List of Awards and Honors to the Group during the Year

#### Awarded by

1. The 5th Session of Managing Directors of CPMI

CPMI



2. The Most Graceful Property Manager – The Environmental Beautician at the 10th Property Management Industry Photography and Micro Video Exhibition

CPMI



List of Awards and Honors to the Group during the Year	Awarded by
3. 2022 Leading High-end Property Management Company in China	Beijing China Index Academy



4. 2022 Top100 Property Management Companies in China – Industry Leader in Service Quality	Beijing China Index Academy
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List of Awards and Honors to the Group during the Year	Awarded by
5. 2022 Top100 Property Management Companies in China	Beijing China Index Academy



6. 2022 Top100 Property Management Companies in China – Industry Leader in Market-oriented operation

Beijing China Index Academy



List of Awards and Honors to the Group during the Year Awarded by

- 7. 2022 China's Leading Brand in Property Service Quality with a brand value of RMB4.2 billion Beijing China Index Academy



- 8. 2022 China's Property Service Company with Characteristic Brand – Intelligent Properties Beijing China Index Academy



## List of Awards and Honors to the Group during the Year

## Awarded by

9. Best Employer in China 2022

CHIRC – China’s leading integrated employer branding service provider



## 2.1 Statement of the Board

To fulfill our commitment to sustainable development, we have established an ESG governance structure to strengthen the Group’s management of sustainable development. The Board is fully responsible for overseeing the Group’s sustainability efforts through regular review, discussion and approval of its ESG approaches, strategies and risk management. The Board assumes responsibility for all ESG strategy and reporting. The Board confirms the key ESG issues and the results of materiality assessments in order to develop the ESG strategy.

The Board has approved the establishment of the ESG Working Group, whose primary responsibility is to implement, oversee the Group’s ESG initiatives and provide recommendations to the Board to achieve more effective sustainability governance. It is the Board’s responsibility to approve and confirm the sustainability policies and initiatives formulated by the ESG Working Group.

The environmental impact of the Group’s day-to-day operations is not significant as we are mainly engaged in property services and management. We have set four environmental targets in such areas as emissions reduction, energy conservation, water conservation and waste reduction. We closely oversee the progress in implementation of our targets, and conduct necessary reviews to better monitor and improve the sustainability of our business.

## 2.2 ESG Management Structure

In order to effectively implement and enforce the Group's ESG governance, we have established a sustainable governance structure consisting of the Board of Directors, the ESG Working Group and various functional departments to boost our ESG management and information disclosure efforts, with the Board of Directors serving as the highest decision-maker, the ESG Working Group as the organizer, and the functional departments as the executors. Through close collaboration between the parties at all levels, we are confident that we can integrate the concept of sustainability into the Group's overall strategy, policies and business plans. The Group's ESG management structure and the roles and responsibilities of each layer within the structure are set out below:

Role	Scope of responsibilities
The Board of Directors	<ul style="list-style-type: none"> <li>• considering and approving the Group's ESG management principles, strategies, plans, goals and annual works, including assessing, prioritizing and managing material ESG matters, risks and opportunities;</li> <li>• establishing and supervising the ESG risk management and internal control system; and</li> <li>• reviewing and approving the content of the annual ESG report.</li> </ul>
ESG Working Group (led by the Capital Management Group of Financial and Capital Management Centre, with members including executive directors and the chief financial officer)	<ul style="list-style-type: none"> <li>• identifying, assessing, reviewing and managing material ESG matters, risks and opportunities;</li> <li>• reviewing and monitoring the Group's ESG policies and practices, to ensure that the Group complies with relevant laws and regulatory requirements;</li> <li>• collecting, understanding and responding to stakeholders' opinions about material ESG matters through appropriate channels; and</li> <li>• coordinating and promoting all departments to implement ESG policies, monitoring the ESG works of functional departments.</li> </ul>
Representatives from various functional departments (consisting of relevant departments within the Group, including departments of administration, human resources, legal affairs, operation, supply chain, brand and information)	<ul style="list-style-type: none"> <li>• organizing, promoting and implementing ESG works according to the Group's arrangement, requirements and work distribution for ESG management principles, strategies, plans, annual works and goals;</li> <li>• collecting and reporting performance indicators related to internal ESG policies and systems; and</li> <li>• following all ESG policies and systems.</li> </ul>

### 2.3 Stakeholder Involvement

The Group is convinced that its long-term development is attributable to the involvement and support of our stakeholders. We maintain active communication with external and internal stakeholders, including our shareholders and investors, customers, employees, suppliers/retailers, business partners, regulators, communities/non-government organizations, the media and industry peers. We communicate with them through various channels to understand their expectations and requirements for the Group's sustainable development in order to improve our sustainability strategy. The following are the main methods of communication with which we communicate with our stakeholders:

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



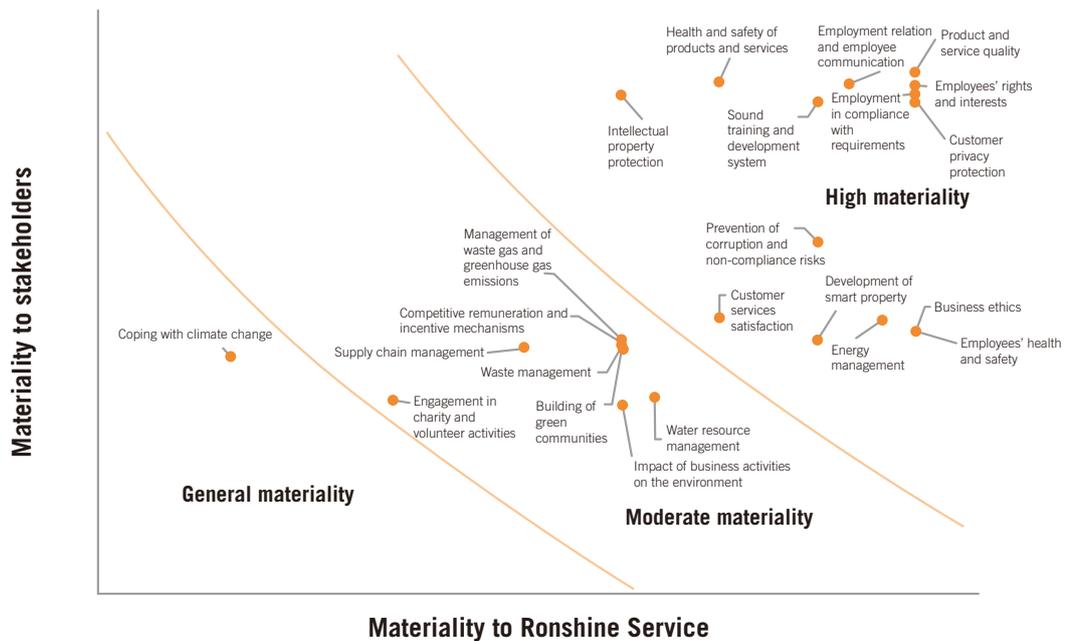
Major stakeholders	Communication channels
Suppliers/retailers	<ul style="list-style-type: none"><li>• Supplier/retailer management procedures</li><li>• Supplier/retailer/contractor assessment system</li><li>• Meetings</li><li>• Site visits</li></ul>
Business partners	<ul style="list-style-type: none">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

## 2.4 Materiality Assessment

The support of our stakeholders is the cornerstone of our steady development. Therefore, we respect the expectations and opinions of our internal and external stakeholders. We identify material ESG issues with reference to the Guide of the Stock Exchange and the Materiality Map of the Sustainability Accounting Standards Board (SASB) while taking into account the expectations and opinions of our internal and external stakeholders. In the previous year, we identified significant ESG issues with reference to the Guidance and the Materiality Matrix of the Sustainability Accounting Standards Board (SASB) while taking into account the expectations and opinions of our major internal and external stakeholders, and sorted the ESG issues and arrived at the Materiality Matrix by conducting materiality assessment & analysis through an online survey with our stakeholders.

There were no significant changes in our stakeholders, business or operating environment during the Year. Therefore, the Board of Directors, the ESG Working Group and the Management confirmed that the materiality matrix from the previous year is still applicable in the situation this year and is able to meet the expectations of our stakeholders and thus will continue to be applied in this Year.

**Ronshine Service ESG Materiality Matrix**



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

### 3. COMPLIANT HANDLING

For a successful business, building a trustable relationship with its stakeholders is as important as providing quality services, which is also our key to winning the trust of our customers. The Group is committed to ensuring ethical business practices and promoting integrity in its daily operations and cooperation with its supply chain, with priority given to the protection of our customers' rights and interests when providing services.

### 3.1 Information Security and Privacy

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

We implement a variety of initiatives to protect the safety of the information and privacy of our customers, employees and business partners, including:

- conducting regular information security checks and penetration tests to strengthen network security and fix critical loopholes;
- requiring all the relevant departments to regularly maintain the infrastructure of hardware and software, communication equipment and information systems required for the provision of services, adopt incremental/full backup rules and implement a strict confidentiality system;
- establishing a regular information system risk assessment mechanism and security monitoring mechanism to continuously monitor the operation of information systems and regularly assess risks.
- establishing a standardized management system for data security, enhancing the security awareness of our employees through training and promotion, and conducting regular reviews on the effectiveness of privacy protection policies, related procedures and security measures.
- ensuring that our customers are clear about the purpose of our collection of their personal information, where we use it and how we manage it, and that we are authorized to collect, store and use customer information in advance;
- establishing a system log tracking, recording and reviewing system to technically identify and fix security loopholes, and clearly assigning responsibility to designated personnel.

In addition, the Group will review its information security status and open a number of reporting channels for property owners to complain, report or provide suggestions and feedbacks to us. If any illegal or non-compliant behaviors are found, corresponding penalties will be imposed depending on the severity of the consequences, and the case will be transferred to judicial authorities for investigation for accountability purpose if the consequences are really serious. For the whistleblowers, we promise to look into the case and reply to them as soon as we find out the truth.

### 3.2 Anti-corruption and Integrity

The Group continues to strengthen its integrity construction, reinforce its ideological leadership, improve its management system, and actively implement the work ideology “do not dare to be, are not able to be, and do not want to be corrupt”, creating an integrity culture environment and a corporate atmosphere of promoting integrity and good governance in the industry. We comply with the Company Law of the People’s Republic of China, the Anti-Money Laundering Law of the People’s Republic of China, the Interim Provisions on Banning Commercial Bribery and other relevant laws and regulations, and has developed and strictly implemented systems including the Gift Reporting System, the Code of Conduct for Employees and the Internal Audit System, to improve our integrity system.

The Group always places great emphasis on disciplinary and integrity education. We require new employees to sign the Integrity Agreement in their entry procedures, regulating employees in the aspects from prohibiting corruption and fraud, maintaining business information confidentiality, reporting conflicts of interest to preventing unfair transactions in accordance with business ethics. New employees are also required to attend integrity education, to fully understand how to report potential irregularities, and to fully understand the scope and accountability of the integrity section of the Employee Handbook. At the same time, we strengthen integrity education and training, promote anti-corruption concepts, and improve employees’ awareness of integrity by offering integrity propaganda and training courses through online learning platforms. We also provide anti-corruption training to the Board of Directors and all employees through various forms such as organizing thematic meetings and watching integrity education films on a regular basis. We expect to provide anti-corruption training to guide our staff at all levels to develop the right values and embed integrity education into our core corporate philosophy.

During the Year, the Group held anti-corruption and integrity training for directors and employees, including the “Monthly Business Meeting Anti-Corruption Propaganda”, “New Employee Integrity Training”, and “Departmental Internal Integrity Training”, with the participation of multiple departments. In addition, our Party branch organized a special Party class on learning the spirit of the 20th National Congress of the Communist Party of China for employees to learn about the building of party integrity.



The Group has developed the Whistleblowing System to encourage employees to report or complain about fraud or irregularities which they discover or they are informed of. The Group provides various channels for reporting fraud or irregularities, including telephone, SMS, WeChat, email, fax or letter, to receive “integrity whistleblowing” from employees and other relevant stakeholders. The Group fully protects the rights of whistleblowers, ensuring the confidentiality and independence of their personal information and the content of their reports, and providing timely feedback on investigations. If whistleblowers successfully protect the Company from reputational damage or retrieve economic losses in a timely manner, we will give appropriate rewards based on the situation. We require all regional companies and employees not to retaliate against whistleblowers for any reasons; once the retaliation is found, relevant personnel will be punished based on the seriousness of cases.

### 3.3 Responsible Promotion

To eliminate false or exaggerated advertising and protect the legitimate rights and interests of our customers, the Group strictly monitors the content of advertisements, ensuring that they are truthful, legal, scientific, and accurate, and avoiding any seriously false advertising and complies with the Anti-Unfair Competition Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Advertising Law of the People's Republic of China and other relevant laws and regulations and industry standards. To enhance the operation and management efficiency of our new media platforms, ensure the authority, timeliness, and accuracy of promotional information, and improve the management of content publishing on these platforms, we have formulated the "Guidelines for New Media Platform Operations and Management" policy, which regulates the production, review, and publication of information. All of our publicly released marketing materials, such as brochures, leaflets, social media posts, and marketing materials, undergo careful review to ensure that the content is accurate, truthful, not exaggerated, compliant with relevant laws and regulations, and properly describes the products and services of the Group, as well as protect the legitimate rights and interests of our customers.

The Group supervises the media management of units at all levels, aiming to ensure that the Group's trademarks are properly protected and not misused while the business and brand value is promoted. We issue statements or announcements to clarify rumors and take legal action when appropriate, in order to prevent false or misleading information from affecting the reputation of the Group and to protect our customers and the Group from harm.

### 3.4 Value Intellectual Property

While protecting our own intellectual property rights, the Group advocates for the full respect and protection of the intellectual property rights of others and works to prevent any infringement on their intellectual property rights. We strictly observe the Copyright Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Civil Code of the People's Republic of China and other relevant laws and regulations, and establish the internal Intellectual Property Management Handbook to regulate and strengthen our management of intellectual property, protect all developed technologies, and promote the development, protection, and application of our products.

We have established various measures related to the protection of intellectual property, mainly including:

- Promote the protection of others' intellectual property rights through training on intellectual property law to reduce the risk of being involved in intellectual property disputes;
- Strengthen the monitoring and investigation of intellectual property infringements in the market to effectively protect the Company's intellectual property;
- Incorporate intellectual property management into the construction of legal system and appoint designated personnel for the management; and
- Reinforce and safeguard the Company's systems for technology development, business development and daily operations, to effectively protect Company's software copyrights, patents and trademarks.

## 4. PREMIUM SERVICE

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

### 4.1 Enhance Customer Experience

Our Group stays true to the original aspiration of providing high-quality services, forges exquisite services with craftsmanship, constructs an elegant life with integrity, continuously provides standardized and professional high-quality services, comprehensively enhances the professional capabilities of service practitioners, so as to meet the personalized needs of owners and customers. Meanwhile, we strengthen the quality and level of our services, relentlessly explore new service models, enhance service standards, provide high-quality services to owners, to meet the diversified needs of the business, and comprehensively build a smart community and urban service platform. The Group has formulated property service guidelines including the Guidelines for Decoration Management and the Guidelines for Commercial Tenant Management and Services to further promote the construction of a service standard system in order to enhance the quality and standard of services.

The Group makes effort to offer high-standard housing quality management covering the whole process from delivery to moving in and maintain a fine living environment, to safeguard the rights and interests of customers. For responsive actions to repair requests and high-efficient handling, we set rigorous repair and maintenance procedures, which establish specific standards and requirements on every section of repair and maintenance including customers' submission of repair requests, determination of repair and maintenance plans, implementation of repair and maintenance work in the premises of customers and checking the effect of repair and maintenance work.

We continue to promote standardized services for our maintenance staff, consolidate our daily grooming, strengthen our maintenance service etiquette, maintenance operation procedures, maintenance communication skills, etc., and aim to continue to win more recognition and trust from customers with a high level of maintenance quality, response time and service experience. In the process of acceptance, we ensure the premises meet the acceptance criteria, make reasonable arrangements of acceptance specialists and acceptance plans according to the scale of acceptance work and the conditions of the sites to avoid any omission. For the issues identified in the acceptance, we follow relevant standards and provide timely feedbacks to relevant departments for further improvements, to ensure the quality, control the delivery risk and eliminate practices of fraud. We clarify the responsibilities of customer service centers in decoration management and the approaches and requirements for carrying out decoration management, to ensure that the buildings and the order of property services will not be broken in the course of repair and maintenance.

We develop standards on commercial tenant management and services of regional property companies and customer service centers to build a favorable business environment. Customers service centers communicate with managers of the shops at least once in six months, to collect these managers' advice and suggestions, promote the operation in compliance with laws and regulations, the fire safety and other matters. Customers service centers appoint designated personnel to monitor the hygiene and safety conditions of the environment surrounding the shops and the shops' compliance with regulations and rules, and urge the shops that break the rules to make rectification within the specified period.



## 4.2 Health and Safety Environment

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

Since the COVID-19 outbreak, our Group has attached great importance to pandemic prevention and control, implemented multiple prevention measures to maintain the hygiene of our properties, effectively block potential sources of infection, and ensure the health and safety of our customers. We arranged cleaning crew cleaned the taps, tables and counters carefully, disinfected them thoroughly, maintained the items for public use and reduced the chances for customers to contact the objects in public areas; With close monitoring of pandemic development, promoted the pandemic prevention measures, pandemic development information and notices released by the government to customers through chat groups and the moment of WeChat, keeping customers informed and improving customers' awareness of self-protection; We conducted rigorous community control and management, checked the identity of external persons and vehicles entering and exiting communities and recorded their visits; strictly and carefully controlled the flow of people, reminded people entering and exiting communities to present the health QR code and check temperature timely; We organized nucleic acid testing in communities, cooperated with subdistrict offices and communities to promote the vaccination programs and maintained the order of the sites. Meanwhile, frontline stewards engaged in the whole process to accompany customers and satisfy their requirements in a timely manner; When communities were locked for quarantine, we proactively asked about customers' needs, purchased foods and daily necessities and delivered them to customers to ensure the life of customers; and set motion-sensor spray disinfection facilities in public areas where more people flowed, including customer service centers, shopping malls and lobbies of office buildings.

On 13 March, the WeChat group of the Ronshine Service Quanzhou Mobile Project arranged to strengthen disinfection and prevention measures in public areas such as service halls, corridors, canteens, garbage areas, and parking lots, and to wipe and disinfect important touchpoints. This comprehensive disinfection coverage has been carried out throughout the entire pandemic prevention and control period, cutting off the possibility of virus spread.

The following are some case studies of the Group's staff during the pandemic prevention and control period:

**– Shi Shuqin, property officer of Fengze Company**

As the on-site property manager of China Mobile Fengze Company, she took the lead in staying in the company's building during the early stages of the COVID-19 outbreak and also mobilized six employees to serve on site, effectively filling the vacancies caused by subsequent lockdowns. Due to the lockdown of the community, the chef in charge of the project company's canteen was unable to work as usual, she stepped forward to assist in cooking, ensuring the normal supply of the canteen. Her spirit of professional dedication, "sacrifices her time with family to fight the pandemic" infected the Ronshine Service personnel on duty and earned recognition and praise from the leaders. She took these commendations as motivation to continue her work on the front lines of pandemic prevention and control.



**– Yu Zhiying, property officer of Luojiang Company**

During the COVID-19 outbreak, the community where Yu Zhiying is located was also under lockdown, while as the on-site property officer, she took the initiative to coordinate with the project company to ensure that staff were deployed on-site, thus avoiding any disruption to the normal operation of the project. Due to pandemic control measures, there were many vacancies in on-site positions, she took on multiple roles, rising to the challenge and working tirelessly and worked on site cleaning and disinfection, helped in the canteen kitchen, and persevered even when tired. When there were no beds available at night, she would sleep on the sofa. Despite the challenges faced on-site since the COVID-19 outbreak, she has consistently ensured the normal operation of the project with a strong sense of responsibility, overcoming obstacles and put her frequently-spoken words into practical action, "Do more, not for personal gain, but to do the job well and live up to expectations".



### 4.3 Customer Relationship Maintenance

Providing excellent customer service is one of the core elements of our business behavior. The Group is committed to protecting the legitimate interests of its customers, stressing the importance of customer-oriented practices, improving the service awareness and the initiative, timeliness and effectiveness of complaint handling and strictly follows the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Regulation of the People's Republic of China on Realty Management and other relevant laws, and develops a series of internal policies, relating customer services, to improve the customer complaint management mechanism. The Group requires its staff to listen to customers and understand their needs to ensure that we are able to communicate closely with them. We have developed various customer relationship establishment and maintenance channels, which include owner committee communication meetings, customer meetings, the Property Service Open Day, customer communication meetings and community activities. In addition, we have a dedicated customer service centers communicate with customers on the regular basis to understand their needs, solve problems for them and maintain a good relationship with them.

Furthermore, we provide a number of smooth service complaint channels for our customers (24-hour service hotline of customer service centers, the WeChat platform of the mobile manager, the WeChat of stewards, WeChat groups and the Ron-intelligent service platform) to lodge complaints, and have clearly specified the complaint handling process in our the Guidelines for Customer Relationship Management and the Guidelines for Handling Customer Complaints policies, and set up a dedicated department to handle service complaint-related matters, develop and implement improvement plans, guidelines and standards. We require our staff to proactively handle customer complaints, analyze, review, and summarize customer complaint issues, so as to initiate investigations following complaint feedback and to follow up on customer feedback on an ongoing basis, thereby improving customer satisfaction.

To promote customer demand and satisfaction survey, we have developed internal policies such as the Customer Satisfaction Survey and Analysis Procedures to obtain the latest information on customer satisfaction and collect feedback from customers. During the Year, the Group achieved a customer service satisfaction rate of 86.1% and received a total of 3,341 complaints, with processing rate increased to 95%.

### 4.4 Sustainable Supply Chains

In order to establish long term mutual beneficial cooperation with suppliers, optimize supply chain management and ensure quality of goods and services, the Group complies with the laws and regulations such as the Tendering and Bidding Law of the People's Republic of China, the Government Procurement Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China, and has developed its internal policies including the Supplier Management System, the Supply Chain Management System and Bidding Procedure Management System to strictly regulate the process of supplier identification, registration, evaluation, shortlisting and selection, so as to adhere to the principles of openness, justice and fairness in procurement and maintain a good business environment. Further, we pay close attention to the compliance and transparency in the process of supplier cooperation, and strive to achieve mutual beneficial operation through fair transactions based on mutual trust and respect. We encourage and require suppliers to maintain integrity and self-discipline and put an end to any behavior that violates business ethics, and demand suppliers to sign an Agreement on Clean Cooperation with us.

During the Year, the Group had 424 suppliers categorized in outsourcing services, provision of materials and engineering maintenance. The geographic distribution of the Group's suppliers is set out below:

Region <sup>1</sup>	Number in 2022	Number in 2021	YOY Increase /decrease
North Fujian	<b>84</b>	66	18
South Fujian	<b>58</b>	59	-1
Zhejiang and Jiangx	<b>124</b>	32	92
Shanghai and Jiangsu	<b>69</b>	65	4
Sichuan and Chongqing	<b>52</b>	39	13
Central and North Region	<b>37</b>	25	12
<b>Total</b>	<b>424</b>	286	138

In the bidding process, we abide by the bidding laws and regulations and the relevant local regulations, formulate relevant internal systems and strictly stipulate the bidding procedures to prohibit under-the-table practices. We disclose the bidding information and procedures to ensure that the openness, fairness and impartiality of bidding decisions following the principle of openness and transparency. If we find any violations, we will punish the involved employees once verified in accordance with the Code of Conduct for Employees, the Integrity Agreement and the Internal Audit System.

Compliance is our basic requirement for suppliers. When we select and appoint suppliers, we consider their environmental and social risks, strictly examining suppliers' environmental and social performance and compliance in terms of environment, labor rights, health and safety, business ethics, anti-corruption and product liability. Among them, the Group formulated the Questionnaire on Suppliers' Environmental/Safety Practices for suppliers providing information, so that we can understand the supplier's solid waste treatment process, environmental impact factors and their control methods, as well as the compliance of environmental protection/safety production departments. In addition, we advocate green procurement, giving priority to products with relevant environment protection labels, which effectively improves energy efficiency and reduces products and services that generate wastes, and increases the procurement from suppliers concerned about environmental and social issues. We avoid unsalable inventory through reasonable procurement.

<sup>1</sup> The supplier region division has been adjusted in the Year.

## 5. EMPLOYEE CARE

Employees are an important force to promote the Group's sustainable development. We are committed to creating an equal, safe, healthy and comfortable working environment for every employee. The Group observes the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, the Provisions on the Prohibition of Using Child Labor, the Law of the People's Republic of China on the Protection of Minors and other local laws and regulations for labor and social security. We formulated a series of internal clear management systems to fully respect and protect the basic rights and interests of every employee, so that employees can develop together with Ronshine.

We actively create a harmonious, inclusive, fair and diversified working environment to effectively protect the rights and interests of employees. We have employees from different backgrounds to achieve a balanced distribution in age group, gender and region. In the future, we will continue to improve the employee structure and management system to provide sufficient talent resources for further development.

During the Year, the Group did not report any non-compliance with the laws and regulations relating to recruitment and labor rights. As at 31 December 2022, the Group had a total of 4,620 employees engaged at the operating sites within the reporting scope

### 5.1 Employment Practices

The Group has always been committed to providing equal opportunities for every employee, ensuring that the whole talent management process is open and transparent, and will never tolerate any discrimination. We treat all employees equally and strictly abide by the relevant laws and regulations of the place where we operate. In the Rules for the Management of Internal Competitive Selection, the Promotion Management Rules and the Recruitment Management Rules, we set clear provisions that discrimination in recruitment, remuneration package and promotion due to employees' ethnic group, political group, sexual orientation, age, religious belief, gender, nationality, race, marital status and other social identities are prohibited. We strictly abide by the Provisions on the Prohibition of Using Child Labor, the Regulations of the People's Republic of China on Special Protection of Under-age Workers, the Labor Contract Law of People's Republic of China (PRC) and relevant overseas laws and regulations to establish labor relations with employees. During the Year, the Group did not report any employment of child labor or forced labor.

The Group explicitly prohibits forced labor and the employment of child labor, adopts a zero-tolerance attitude and attaches importance to its prevention. We sign labor contracts with all regular employees, internship agreements with interns or employment contracts with temporary workers to ensure that all signed contracts are still valid. In the stages of selection, recruitment approval and enrollment, we will thoroughly check all kinds of documents and files proving the age of the applicants, and take effective measures to verify their age, including checking identity documents and academic qualifications, so as to ensure that the applicants reach the legal working age and put an end to child labor or forced labor and other forms of illegal employment. We prohibit any form of forced labor to ensure that all employees work out of free will and will not force employees to extend their working hours. Further, in the event of violations of the labor standards, the Group will immediately initiate remedial measures, such as stopping the employees' work and sending them to hospital for physical examination, and also notify the local labor bureau.

In terms of resignation, both the Group and the employees have the right to terminate the labor contract. The Employee Handbook formulated by the Group has clearly set out the appropriate procedures for resignation, termination of employment relationship and dismissal. When employees ask for resignation, relevant personnel will have interview with them for the reasons for their resignation. If the employees are in need or other difficulties, we will try to support them and solve their problems, and do our best to retain them.

### 5.2 Remuneration and Benefits

The Group has formulated internal systems such as the Employee Handbook, the Benefits Management System, the Performance Management System to standardize the Group’s salary and welfare management and implement a comprehensive salary management system based on performance and contribution to provide employees with a fair, reasonable and competitive salary and welfare system. The Group will evaluate the remunerations every year, and formulate remuneration standards with reference to the industry average and internal remuneration system, so as to provide employees with competitive remunerations in the industry. In order to improve the employees’ motivation, the Group will offer appropriate incentives according to their contribution to the Company, performance and capability.

The Group offers a variety of benefits for employees to attract and retain outstanding talents. In terms of statutory benefits, we comply with national or local regulations, and provide all employees with statutory holidays and social insurance, including pension, medical insurance, unemployment insurance, work-related injury insurance and housing provident fund. In terms of basic benefits, all employees enjoy holidays, including statutory paid leaves, annual leaves, work-related injury leaves, marriage leaves, maternity leaves and paternity leaves. All employees can enjoy all kinds of cash benefits, such as festival cash gifts, wedding gift envelopes, birthday cash gifts, luck money for starting work and other cash benefits. In terms of special benefits, we also provide labor benefits including physical examination, subsidies for working in high temperature and other labor benefits. During the Year, we also organized other activities for employees, for instance, Mid-Autumn Festival activities, quarterly staff birthday party, Women’s Day activities and Christmas activities.



Women’s Day activities



Christmas activities



Quarterly staff birthday party



Mid-autumn festival activities



Lantern Festival activities



Anniversary celebration activities

### 5.3 Communication with and Care for Employees

The Group attaches great importance to communication with employees, and establishes diversified communication channels to know their inner thoughts in time through barrier-free communication, employee relations specialist, earnest talks, email and other channels. We also have a sound communication mechanism and complaint channels for employees to offer their advice, raise complaints or report. In addition, the Group will hold employees' meetings and dialogue with senior management from time to time, so as to promote direct communication between management and frontier employees, listen carefully to employees' requirements and give timely feedback, and continuously improve employees' satisfaction and sense of belonging. During the Year, we held earnest talks and dialogue activities as follows.



Earnest talks

### 5.4 Talent Development

The Group attaches great importance to the employee growth and development, and delivers key talents for business development. We continue to improve the talent training system, create diversified career development ladders, provide diversified training for employees of different ranks and classes, and help the Company and the talents to develop continuously. After a round of relevant evaluation and procedures, employees will be transferred to appropriate positions according to the vacancies within the organization. We guide the subsidiaries in various regions to improve the personnel and staff training ability, and cultivate internal and external trainer resources, so as to place a great emphasis on talent cultivation and fulfill the Group's personnel training commitment.

#### *Development path*

Ensuring fair promotion is an important factor for the Company's stable development. The employees' abilities, development potential and aspirations are important considerations for employee promotion and development. We provide three development ladders, namely, the management ladder, the professional ladder and the frontier technician ladder. In the management ladder and the professional ladder, employees can get promotion through internal competitive selection; in the frontline technician ladder, employees can get promotion through star rating capable. On the other hand, the stewards are provided with the capable steward system as the special development ladder, and they can get internal promotion and development through steward certification. We provide much room for career development and expect to realize the mutual development of employees and the Company.

### *Ron Talent (融才) Training Center*

Meeting the talent needs is the current focus of the Group. We actively build a distinctive “Ron Talent Training Center” to strengthen the training and support for employees and improve their professional ability and comprehensive quality. The training of the Center includes orientation training, regular training, career development training and professional qualification training, and the training is categorized into four systems: training system, internal trainer system, course system and coach system. Through the systematic and specially designed professional training programs regularly provided by the Center, we give full play to the talents’ potential and further enhance our core competitiveness. The table below sets out the details of each training class:

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

During the Year, the Group offered trainings to employees, with the employee training rate reaching 100%.

## 5.5 Healthy and safe workplace

The Group regards employees as valuable assets, attaches great importance to their health and safety, strives to create a safe working environment for employees, and strictly observe the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Fire Protection Law of the People's Republic of China and other relevant laws and regulations. We have implemented a number of measures to ensure the employee health and safety in multiple ways. In the past three years (including the Year), there were no work-related fatalities in the Group, and the work-related fatalities rate was not applicable. During the Year, the Group did not lose working days due to work-related injuries.

Physical and mental health of employees:

- Organize regular physical examination and free TCM clinic service for employees every year, and ask employees to pay attention to their own health status;
- Provide work-related injury leave for employees who are injured at work and confirmed as work-related injuries, and offer wages and benefits as usual;
- With a variety of activities organized regularly, we help employees to relieve the work pressure and safeguard their physical and mental health from multiple aspects.

Safety training drills:

- Promote inspections of the construction safety, safety education and trainings and fire drills and other matters, to ensure the safety of employees;
- Organize safety drills, improve employees' self-protection ability and safety awareness, help employees master the skills to avoid suffer from emergencies, and improve their ability to cope with emergencies;
- Organize trainings for evacuation and escape from fires and fire drills, and invite firemen to explain fire prevention skills;
- Develop the Measures for Ensuring Safety in Extreme Weathers and other emergency response plans for fires, earthquakes, floods and other emergency events.

Office environment:

- Provide employees with comfortable leisure facilities with green elements;
- Plant plants in the office to absorb hazardous substances in the indoor air and improve the quality of indoor air;
- Adopt spacious office design to offer more public space to employees.



A fireman is demonstrating how



Plants in the offices

In terms of the epidemic, the Group adopted a number of epidemic prevention and control measures for employees to follow, so as to reduce the infection risk and ensure the hygiene, health and safety of all employees. Epidemic prevention and control measures include regular office environment disinfection activities; cooperating with government departments to issue periodic nucleic acid detection notices; timely focus and follow up the employee dynamics of epidemic prevention nucleic acid and health code; distributing epidemic prevention materials to employees and carrying out comfort activities during the epidemic, and ensuring the living materials during the isolation period. In addition, we have also set up a “home aid team” to timely receive employees in all kinds of helps and assistance during the epidemic prevention life, and made every effort to protect employees from the epidemic.

## 6. GREEN OFFICE

Ronshine Service has incorporated green concepts into its property management and daily operations, striving to create high-quality green property management in an effort to keep up with the national green development strategy. As a property management company, Ronshine Service does not have any significant negative impact on the environment and natural resources. However, we strictly observe the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes and other relevant laws and regulations, implement relevant internal systems, manage energy and resource consumption and waste discharge during the Group's corporate operations, enhance environmental management measures and environmental management systems, and take practical action to mitigate climate change, protect biodiversity, prevent water and soil pollution and maintain a healthy and sustainable ecological environment. During the Year, the Group did not report any non-compliance with laws and regulations relating to environmental protection.

During the Year, the Board and management of the Group reviewed the targets<sup>2</sup> set last year in relation to the environmental category and their progress. There was a downward trend in the environmental indicator values for these targets, so progress against the targets is satisfactory. We continued to implement environmental measures and maintained or progressively reduced the level of electricity consumption, water consumption, greenhouse gas (Scope 1 and Scope 2) emissions and waste generation in the scope of our ESG reporting on the basis of 2021.

At the same time, we actively conveyed green awareness to property owners, employees and other stakeholders, and strived to cultivate the culture of environmental protection such as caring for green plants, recycling resources and waste separation in the communities. We worked together to build a green ecological home through national green publicity activities to promote the rooting and spreading of green culture in the Group.

### Environmental Protection Case

Carried out activities on Lei Feng Memorial Day in 2022 –“Care for the Environment – Litter Picking”



<sup>2</sup> These targets are established based on the total consumption of power and water, emission of greenhouse gas and total production of wastes of our headquarter in Shanghai, respectively.

### 6.1 Use of Resources

The Group attaches great importance to the efficient use of resources. While actively developing its business, the Group also keeps in mind the importance of green operations and continuously tracks the use of energy and resources in its daily operations so that resources can be utilized more effectively. We actively promoted the importance of environmental protection among our staff through publicity to raise their awareness of environmental protection, so that the concepts of energy saving, resource efficiency and green office can be put into practice. Therefore, we have adopted various measures such as purchasing energy-saving products, implementing energy-saving renovation plans and applying energy consumption monitoring equipment to incorporate environmental protection concepts into our daily operations.

#### Energy conservation

Electricity is a major source of energy consumption for the Group during its operations. We use resources and energy wisely to achieve the targets of energy conservation and emission reduction. The Group implemented various measures during its operation, such as issuing notices relating to how to save energy and reduce emission, putting up posters and carrying out special plan for energy conservation and emission reduction to strengthen the awareness of energy saving and emission reduction among all staff; the requirement of turning off lights when leaving office and making sure no light is on for unnecessary use; turning off the computers, printers and other office equipment and cutting off electricity when getting off duty; setting reasonable temperature of air conditioners in office and making good use of natural wind; promoting green and low-carbon commuting manners by cycling and using public transport as much as possible.



#### Water conservation

During the Year, we did not have any problems in sourcing suitable water sources. All of the Group's water for operations comes from the municipal pipe network and is mainly used for daily services, properties, offices and greening. We have adopted in operation various measures to reduce water consumption, such as issuing notices on water saving, putting up posters to advocate water saving, strengthening daily maintenance and repair of water equipment and water supply system to avoid leakage; controlling the use of bottled drinking water on the basis of publicity and making a proper register for collection; making full use of water resources, improving water reuse and reducing sewage discharge.

### 6.2 Emission Reduction

Greenhouse gas emissions are mainly derived from energy consumption in property management services in the course of operations. In order to reduce the negative impact on the environment, the Group is committed to enhancing the management of greenhouse gas emissions by incorporating energy saving policies and processes in the whole process of business. The relevant energy saving and carbon reduction measures are further explained in the "Use of Resources" section of the ESG report. Total greenhouse gas emissions for the Year were 81.32 tonnes of CO<sub>2</sub> equivalent.



### 6.3 Waste Reduction

We encourage the comprehensive use of waste items and improve solid waste management. For non-hazardous waste, the Group requires that office waste, domestic waste, food waste and construction waste be separated and recycled in accordance with relevant local government regulations. Through the signing of the “Contract for the Collection, Transportation and Disposal of Unit Domestic Waste”, the appropriate third-party qualified waste disposal contractor is responsible for the collection and recycling of such waste, which is directly sent to landfills for proper disposal. For the small amount of hazardous waste generated, such as used ink cartridges, toner, fluorescent tubes and batteries generated in the Group’s office area and communities, the Group collects and stores them separately and hands them over to qualified professional companies for disposal. We have a series of internal systems in place to regulate waste disposal and implement the 3R principles (Reduce, Reuse and Recycle), and dispose of waste legally and properly, with the aim of providing a pleasant living environment for property owners.

The specific measures taken by the Group to reduce waste are as follows:

In the communities:

- enhance promotion and education, which enabled property owners to gradually establish the awareness of waste recycling, and the habit of separation for different types of waste;
- place banners, posters, roll-up banners and notices at prominent locations of properties to promote the proper ways of domestic waste classification to residents;
- set up waste classification stations within the communities and staff are deployed to give guidance to residents regarding waste classification;
- designate disposal zones for large waste, renovation waste and construction waste within the communities, so that these kinds of waste will be disposed separately from the domestic waste;
- carry out daily routine checks on the hygiene condition of each waste collection point and the effectiveness of classification, keep record of the inspection and carry out review and make improvements if necessary.

In the offices:

- advocate the environmental policy of “everyone is responsible for environmental protection” by various means of propaganda, encourage employees to strengthen their awareness of environmental protection and create the strong atmosphere of environmental protection and energy conservation;
- reduce use of paper by promotion of paperless office and office contact via email or electronic form;
- encourage staff to prioritize refill replacement and reduce the consumption of office pens;
- encourage staff to reuse envelopes, flipcharts, file cards and other office supplies.

## 6.4 Respond to Climate Change

Responding to climate change and managing carbon emissions is currently one of the most pressing environmental issues in the world and a shared responsibility of all sectors. The Group actively identified the potential risks brought about by climate change and closely monitored the promulgation of national policies related to climate change and dynamic development trends to promote business development. Against the backdrop of global warming, meteorological disasters such as strong winds, cyclones, floods and heavy rainfall are becoming more frequent, which resulting a series of chain reactions such as power supply interruptions and urban flooding to bring about a certain degree of risks and impacts on the normal operation of the Company. To address the impact of climate change, the Group actively identified climate change risks and opportunities, and developed corresponding counter-measures such as regular inspections of facilities and equipment.

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

Level of risk	Description of risk	Responding measures
High	Acute risks (e.g. coastal flooding, mountain fire, extreme heat, extreme rainfall and super typhoons)	<ul style="list-style-type: none"> <li>• Develop disaster response measures;</li> <li>• Provide employees and property owners with disaster response training and escape drills;</li> <li>• Actively participate in environmental charity activities (e.g. planting trees) to mitigate global warming;</li> </ul>
	Chronic risks (e.g. extreme hot weather, sea level rise)	<ul style="list-style-type: none"> <li>• Strengthen staff awareness of heat stress related illnesses;</li> <li>• Provide additional cooling facilities for staff;</li> <li>• Develop water saving measures such as installation of water saving fittings, smart water meters, low-flow flush toilets, water leak detectors, etc.</li> </ul>
Medium	Risks relating to policies and regulations	<ul style="list-style-type: none"> <li>• Track the latest laws and regulations relating to climate change and incorporate the same into its property management strategies.</li> <li>• Adopt best practices and refer to the latest guidelines in managing properties to enhance climate change resilience</li> </ul>
	Market risks	<ul style="list-style-type: none"> <li>• Reduce our own carbon footprint;</li> <li>• Continuously focus on the market demand for low carbon, green and energy efficient building industry and meet the needs of property owners in a timely manner</li> <li>• Take into account the risks and opportunities relating to climate change.</li> </ul>
	Technical risks	<ul style="list-style-type: none"> <li>• Track the latest property management technology in the market;</li> <li>• Regularly review the existing property management strategy and introduce new property management technology in due course.</li> </ul>

## 7. CONTRIBUTION TO COMMUNITIES

The Group is committed to giving back to the communities as we focus on our own development. We encourage our staff to actively participate in community activities and make contributions to the development of the communities. Leveraging on our strengths in property management, we continue to contribute more to the communities and strive to build inclusive communities while enhancing the quality of our services. As we grow and expand our business, we also listen to the voices of the communities so that we can reach out to the communities in which we operate. We focus on different areas of charitable activities such as disaster relief, school construction, scholarships, community charity, fighting against the pandemic and caring for the underprivileged in communities. We expect to fulfil our corporate social responsibility by participating in or carrying out a variety of charitable activities.

Due to the recurrence of the epidemic, we have minimised our charity events for people at high risk and the elderly in order to protect their safety and health. In order to reduce the risk of an outbreak, we have been working with the government to implement epidemic prevention measures and only organized more community events when the situation improved. We are committed to increasing our participation and delivery of charity events in the future.

We have been adhering to the service tenet of “working hard to bring satisfaction and affection to our customers (用心讓您滿意·努力讓您感動)”, focusing on every contact with our customers and aiming to create a peaceful, comfortable and warm living environment for our customers. In order to further build harmony communities and enhance neighborhood interaction, constantly improve customers’ living experience and sense of happiness, and extend brand image and service value, we plan annual “Harmony Neighbor” community cultural activities to connect with our customers.

During the Year, a total of 85,797 individuals have participated in community activities of the Group, and the total hours of the activities organized by the Group is 1,935 hours. The following table lists the key review of the connecting-customers community cultural activities held during the Year:

Time and subject of events	Events
“Green Home (綠色家園)” under the subject of Ronshine Service – March	We carried out “Green Home” creative activities and invited owners to participate in the construction. The activities include, but are not limited to, waste material transformation competitions, environmental beautification, community parent-child tree planting activities, etc. to create a more environmentally friendly and welcoming community environment.
“Harmony Community Day (睦鄰生活日)” under the subject of harmony community – April	“Harmony Community Day” is an activity to provide convenient service. In order to facilitate the domestic life of the property owners, we provided a wealth of convenient services in terms of clothing, food, housing, transportation, medical care, education and insurance, including but not limited to: free haircut, kitchen knife sharpening, shoe repair, etc. in order to create a series design, comprehensive, innovative and branded convenient service day.
“Kid in Charge (小鬼當家)” under the subject of harmony culture – July to August	We ran a community flea market under the theme of “Kid in Charge” on weekends, inviting property owners to swap or sell their unwanted items. The customer service center set up tables and chairs or mats on the main pavement in the community and the young property owners hosted a lively interactive market. This was a great way to enrich community activities and at the same time, exercise children’s creativity and communication skills.

Time and subject of events	Events
“Ronshine School Summer Camp (融學堂少兒夏令營)” under the subject of harmony culture – August	We ran summer camps for children, such as offering military training, traditional culture learning, calligraphy and painting training and other activities.
“Respect the Elderly on the Double Ninth Festival*(重陽敬老)” under the subject of safety – October	As an old saying goes, we should care for other senior people when caring for those of our own family (老吾老以及人之老). Caring for the elderly is a traditional virtue of the Chinese people. In the increasingly ageing society, more and more elderly people need both physical and mental care and attention from the community. To celebrate the Double Ninth Festival, we visited and offered delicious cakes to the elderly over 60 within the communities, and conducted medical consultations for free.
“An On-going Warm Winter*(暖冬進行時)” under the subject of safety – December	The Group offered free ginger tea for property owners to deliver warmth. Gloves are equipped for handles of unit doors and entrance doors to improve the service quality. Free winter fire-lighting service is available for owners where available.

## APPENDIX I: SUSTAINABILITY DATA STATEMENTS

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

Environment scope	Unit	2022
<b>Air emission</b>		
NO <sub>x</sub>	kg	0.55
SO <sub>x</sub>	kg	0.01
PM	kg	0.04
<b>Vehicles fuel consumption</b>		
Gasoline usage of vehicles	Liter	586.06
<b>Greenhouse gas emissions<sup>3</sup></b>		
Direct greenhouse gas emissions (Scope 1)	tonnes of CO <sub>2</sub> equivalent	1.59
Indirect greenhouse gas emissions (Scope 2)	tonnes of CO <sub>2</sub> equivalent	79.73
Total greenhouse gas emissions (Scope 1 and 2)	tonnes of CO <sub>2</sub> equivalent	81.32
Greenhouse gas emission intensity per employee (Scope 1 and 2)	tonnes of CO <sub>2</sub> equivalent/employee	1.23
Greenhouse gas emission intensity per square meter (Scope 1 and 2)	tonnes of CO <sub>2</sub> equivalent/m <sup>2</sup>	0.06

<sup>3</sup> Greenhouse gas emission calculation is determined by reference to the Greenhouse Gas Protocol published by the World Resources Institute and the World Business Council for Sustainable Development, and the ISO14064-1 standard issued by the International Organization for Standardization.

Environment scope	Unit	2022
<b>Waste</b>		
Hazardous waste	kg	5.2
Hazardous waste output (per employee)	kg/employee	0.08
Total non-hazardous waste	kg	1,980.00
Non-hazardous waste intensity (per employee)	kg/employee	30.00
<b>Paper consumption</b>		
Usage of paper	kg	398.13
Paper consumption intensity (per employee)	kg/employee	6.03
<b>Energy consumption</b>		
Total power consumption	kWh	137,224.80
Total power consumption intensity (per employee)	kWh/employee	2,079.16
Total power consumption intensity (per square meter)	kWh/m <sup>2</sup>	109.03
<b>Water consumption</b>		
Total water consumption	m <sup>3</sup>	511.20
Total water consumption intensity (per employee)	m <sup>3</sup> /employee	7.75
Total water consumption intensity (per square meter)	m <sup>3</sup> /m <sup>2</sup>	0.41

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

Social scope	Unit	2022
<b>Number of staff</b>		
Total staff	Person	4,620
<b>Total staff (by gender)</b>		
Female	Person	2,185
Male	Person	2,435
<b>Total staff (by employment type)</b>		
Full-time junior staff	Person	4,553
Full-time middle management	Person	60
Full-time senior management	Person	7
<b>Total staff (by age group)</b>		
<30	Person	811
30-50	Person	2,369
>50	Person	1,440
<b>Total staff (by region)<sup>4</sup></b>		
Northern Fujian	Person	1,842
Southern Fujian	Person	1,206
Zhejiang and Jiangxi	Person	710
Shanghai and Jiangsu	Person	417
Sichuan and Chongqing	Person	277
North Central Region	Person	168
<b>Staff turnover rate</b>		
Staff turnover rate	%	18.78
<b>Staff turnover rate (by gender)</b>		
Female	%	19.96
Male	%	17.68
<b>Staff turnover rate (by age group)</b>		
<30	%	28.10
30-50	%	14.66
>50	%	19.28

<sup>4</sup> The way in which employees are divided into regions has been updated for the Year.

Social scope	Unit	2022
<b>Staff turnover rate (by region)<sup>4</sup></b>		
Northern Fujian	%	4.71
Southern Fujian	%	6.94
Zhejiang and Jiangxi	%	11.69
Shanghai and Jiangsu	%	14.20
Sichuan and Chongqing	%	13.17
North Central Region	%	8.20
<b>Occupational health and safety</b>		
Total number of work-related fatalities each year for the past three years (including the Reporting Year)	Person	0
Rate of work-related fatalities	%	0
Number of lost days due to work injuries	Day	0
<b>Development and training</b>		
Employees trained as a percentage of total employees	%	100%
<b>Percentage of employees trained by gender</b>		
Female	%	47.29
Male	%	52.71
<b>Percentage of employees trained by employment type</b>		
Full-time junior staff	%	98.35
Full-time middle management	%	1.49
Full-time senior management	%	0.16
<b>Average training hours of employees by gender</b>		
Female	Hour	18.90
Male	Hour	20.30
<b>Average training hours of employees by employment type</b>		
Full-time junior staff	Hour	17.60
Full-time middle management	Hour	13.60
Full-time senior management	Hour	10.10
<b>Anti-corruption</b>		
Number of corruption litigation cases filed and concluded against the employees	Case	1

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

Environmental Area		Relevant sections	
<b>A. Environmental</b>			
<b>A1: Emissions</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	6. Green Office 6.2 Emission Reduction 6.3 Waste Reduction
	A1.1	The types of emissions and respective emissions data.	Appendix I: Sustainability Data Statements
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.2 Emission Reduction Appendix I: Sustainability Data Statements
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix I: Sustainability Data Statements
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix I: Sustainability Data Statements
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	6.2 Emission Reduction
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	6.3 Waste Reduction
<b>A2: Use of Resources</b>	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	6.1 Use of Resources
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	6.1 Use of Resources Appendix I: Sustainability Data Statements
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	6.1 Use of Resources Appendix I: Sustainability Data Statements
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	6.1 Use of Resources
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	6.1 Use of Resources
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable since the operation of the Group involves no packaging material



Environmental Area		Relevant sections	
<b>A3: The Environment and Natural Resources</b>	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	6. Green Office
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6. Green Office
<b>A4: Climate Change</b>	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	6.4 Respond to Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	6.4 Respond to Climate Change
<b>B. Social</b>			
<b>B1: Employment</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5. Employee Care 5.1 Employment Practices 5.2 Remuneration and Benefits 5.3 Communication with and Care for Employees
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Appendix I: Sustainability Data Statements
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Sustainability Data Statements

Environmental Area		Relevant sections	
<b>B2: Health and Safety</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5.5 Healthy and Safe Workplace
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	5.5 Healthy and Safe Workplace Appendix I: Sustainability Data Statements
	B2.2	Lost days due to work injury.	5.5 Healthy and Safe Workplace Appendix I: Sustainability Data Statements
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.5 Healthy and Safe Workplace
<b>B3: Development and Training</b>	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.4 Talent Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I: Sustainability Data Statements
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix I: Sustainability Data Statements
<b>B4: Labour Standards</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	5.1 Employment Practices
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.1 Employment Practices
	B4.2	Description of steps taken to eliminate such practices when discovered.	5.1 Employment Practices

Environmental Area		Relevant sections	
<b>B5: Supply Chain Management</b>	General Disclosure	Policies on managing environmental and social risks of the supply chain.	4.4 Sustainable Supply Chains
	B5.1	Number of suppliers by geographical region.	4.4 Sustainable Supply Chains
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4.4 Sustainable Supply Chains
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.4 Sustainable Supply Chains
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.4 Sustainable Supply Chains
<b>B6: Product Responsibility</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	4. Premium Service 3.1 Information Security and Privacy 3.3 Responsible Promotion 3.4 Value Intellectual Property 4.1 Enhance Customer Experience 4.2 Health and Safety Environment 4.3 Customer Relationship Maintenance
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable since the operation of the Group involves no sale or shipment of products
	B6.2	Number of products and service related complaints received and how they are dealt with.	4.3 Customer Relationship Maintenance
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.4 Value Intellectual Property
	B6.4	Description of quality assurance process and recall procedures.	4.1 Enhance Customer Experience
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	3.1 Information Security and Privacy

Environmental Area		Relevant sections	
<b>B7: Anticorruption</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	3.2 Anti-corruption and Integrity
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Appendix I: Sustainability Data Statements
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	3.2 Anti-corruption and Integrity
	B7.3	Description of anti-corruption training provided to directors and staff.	3.2 Anti-corruption and Integrity
<b>B8: Community Investment</b>	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	7. Contribution to Communities
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	7. Contribution to Communities
	B8.2	Resources contributed (e.g. money or time) to the focus area.	7. Contribution to Communities



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

## **OPINION**

We have audited the consolidated financial statements of Ronshine Service Holding Co., Ltd (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 98 to 157, which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## **Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

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

Recoverability of trade receivables	How our audit addressed the Key Audit Matter
<p>Refer to note 4 'critical accounting estimates and judgements' and note 17 'trade and other receivables and prepayments' to the consolidated financial statements.</p> <p>As at 31 December 2022, gross carrying amount of trade receivables amounted to RMB372,832,000, representing approximately 79% of the total assets excluding cash and cash balances of the Group. Management has assessed the expected credit losses ("ECL") of trade receivables with loss allowance of RMB55,450,000 made against trade receivables as at 31 December 2022.</p> <p>For assessing the recoverability of the trade receivables, the Group applies the simplified approach permitted by HKFRS 9 to measure the lifetime ECL for trade receivables.</p> <p>In estimating ECL, the Group calculated the historical default rate percentage based on the repayment history and ageing profile of the Group's debtors grouped based on shared credit risk characteristics, with adjustments to reflect existing market conditions and forward-looking factors.</p> <p>We identified the recoverability of trade receivables as a key audit matter due to the significance of the balance to the consolidated financial statements, combined with the significant degree of estimations made by management in evaluating the ECL of the trade receivables.</p>	<p>Our major audit procedures in relation to the assessment of recoverability of trade receivables included the following:</p> <ol style="list-style-type: none"> <li>1. Obtained an understanding of the management's assessment process of the recoverability of the trade receivables;</li> <li>2. Assessed the appropriateness of the credit loss provisioning methodology adopted by management and the reasonableness of the key assumptions and inputs in estimating the ECL rate with reference to the repayment history of the Group's debtors, which we checked on a sample basis to the repayment records, and movements of the ageing of trade receivables;</li> <li>3. Tested, on a sample basis, the accuracy of the ageing analysis of trade receivables as at 31 December 2022 prepared by management, to sales invoices or demand notes, receipt records and other relevant documents;</li> <li>4. Assessed the valuation technique and reasonableness of the significant inputs used by the management and the independent qualified professional valuer in assessing the ECL of trade receivables due from related parties;</li> <li>5. Evaluated the competence, capabilities and objectivity of the independent qualified professional valuer and obtaining an understanding of the scope of work;</li> <li>6. Checked the mathematical accuracy of the calculation of the provision for loss allowance; and</li> <li>7. Tested, on a sample basis, the subsequent settlement of trade receivables to cash receipts and the related supporting documents.</li> </ol> <p>Based on the procedures performed, we found that the key judgements and estimates made by management in relation to the assessment of the recoverability of trade receivables were supported by available evidences.</p>

## OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

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

31 March 2023

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December	
		2022	2021
		RMB'000	RMB'000
Revenue	6	<b>876,840</b>	990,942
Cost of sales	10	<b>(703,937)</b>	(712,498)
<b>Gross profit</b>		<b>172,903</b>	278,444
Selling and marketing expenses	10	<b>(7,222)</b>	(5,321)
Administrative expenses	10	<b>(90,919)</b>	(112,396)
Net impairment (losses)/gains on financial assets	3.1.2	<b>(56,611)</b>	1,653
Other income	7	<b>5,973</b>	6,265
Other gains or losses	8	<b>622</b>	(1,432)
<b>Operating profit</b>		<b>24,746</b>	167,213
Finance income		<b>2,301</b>	1,772
Finance cost		<b>(293)</b>	(574)
Finance income – net	9	<b>2,008</b>	1,198
<b>Profit before income tax</b>		<b>26,754</b>	168,411
Income tax expenses	12	<b>(8,356)</b>	(48,900)
<b>Profit and total comprehensive income for the year</b>		<b>18,398</b>	119,511
<b>Profit and total comprehensive income for the year attributable to:</b>			
– Owners of the Company		<b>15,528</b>	112,400
– Non-controlling interests		<b>2,870</b>	7,111
		<b>18,398</b>	119,511
<b>Earnings per share (expressed in RMB)</b>	13		
– Basic		<b>0.03</b>	0.26
– Diluted		<b>0.03</b>	0.26

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

# CONSOLIDATED BALANCE SHEET

		As of 31 December	
	Notes	2022	2021
		RMB'000	RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	13,805	17,642
Intangible assets	15	4,379	1,581
Deferred income tax assets	24	16,000	2,121
		<b>34,184</b>	21,344
<b>Current assets</b>			
Inventories		1,726	1,718
Trade and other receivables and prepayments	17	437,518	364,246
Restricted cash	18	485	5,352
Cash and cash equivalents	19	724,110	761,885
		<b>1,163,839</b>	1,133,201
<b>Total assets</b>		<b>1,198,023</b>	1,154,545
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	20.1	4,234	4,234
Share premium	20.2	663,027	663,027
Other reserves	21	(179,798)	(179,798)
Retained earnings		214,276	201,086
		<b>701,739</b>	688,549
<b>Non-controlling interests</b>		–	6,792
<b>Total equity</b>		<b>701,739</b>	695,341



## CONSOLIDATED BALANCE SHEET

	Notes	As of 31 December 2022 RMB'000	2021 RMB'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	23	<b>3,053</b>	5,199
<b>Current liabilities</b>			
Contract liabilities	6(a)	<b>95,690</b>	95,747
Trade and other payables	22	<b>346,977</b>	313,314
Lease liabilities	23	<b>2,451</b>	3,102
Current income tax liabilities		<b>48,113</b>	41,842
		<b>493,231</b>	454,005
<b>Total liabilities</b>		<b>496,284</b>	459,204
<b>Total equity and liabilities</b>		<b>1,198,023</b>	1,154,545

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

The consolidated financial statements on pages 98 to 157 were approved and authorised for issue by the board of directors on 31 March 2023 and signed on its behalf by:

**Ma Xianghong**  
*Director*

**Lin Yi**  
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to owners of the Company				Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000 (Note 20.1)	Share premium RMB'000 (Note 20.2)	Other reserves RMB'000 (Note 21)	Retained earnings RMB'000			
<b>Balance at 1 January 2021</b>		–	146,798	(179,798)	88,686	55,686	(319)	55,367
Comprehensive income								
Profit for the year		–	–	–	112,400	112,400	7,111	119,511
Total comprehensive income		–	–	–	112,400	112,400	7,111	119,511
Issue of shares in connection with the capitalisation issue	20	3,124	(3,124)	–	–	–	–	–
Issue of new shares upon the Company's listing	20	1,042	491,213	–	–	492,255	–	492,255
Issue of new shares upon the exercise of the over-allotment option	20	68	32,062	–	–	32,130	–	32,130
Costs incurred in connection with issue of shares of the Company		–	(3,922)	–	–	(3,922)	–	(3,922)
<b>Balance at 31 December 2021</b>		4,234	663,027	(179,798)	201,086	688,549	6,792	695,341
Comprehensive income								
Profit for the year		–	–	–	15,528	15,528	2,870	18,398
Total comprehensive income		–	–	–	15,528	15,528	2,870	18,398
Acquisition of additional interests in a subsidiary from non-controlling interests (note i)		–	–	–	(2,338)	(2,338)	(9,662)	(12,000)
<b>Balance at 31 December 2022</b>		4,234	663,027	(179,798)	214,276	701,739	–	701,739

Note:

- (i) During the year ended 31 December 2022, the Group further acquired 48% of the equity interests of Ronshine (Fujian) Property Management Co., Ltd.\* (融信(福建)物業管理有限公司) ("Ronshine (Fujian) Property Management") from a minority shareholder in cash consideration of RMB12,000,000. Upon the completion of the acquisition, Ronshine (Fujian) Property Management became an indirect wholly-owned subsidiary of the Group.

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December	
		2022	2021
		RMB'000	RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	26	(1,485)	16,472
Interest received	9	2,301	1,772
Income tax paid		(15,964)	(12,131)
<b>Net cash (used in)/generated from operating activities</b>		<b>(15,148)</b>	6,113
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	14	(2,895)	(5,067)
Purchases of intangible assets	15	(3,352)	(1,500)
Acquisition of additional interests in a subsidiary from the non-controlling interest		(12,000)	–
Proceeds from disposal of property, plant and equipment		14	193
<b>Net cash used in investing activities</b>		<b>(18,233)</b>	(6,374)
<b>Cash flows from financing activities</b>			
Principal elements and interest elements of lease payments		(4,580)	(4,840)
Proceeds from new shares issued upon the Company's listing	20	–	492,255
Proceeds from new shares issued upon the exercise of over-allotment option	20	–	32,130
Listing expenses paid	20	–	(3,922)
<b>Net cash (used in)/generated from financing activities</b>		<b>(4,580)</b>	515,623
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(37,961)</b>	515,362
Cash and cash equivalents at beginning of year		761,885	249,221
Exchange gains/(losses) on cash and cash equivalents		186	(2,698)
<b>Cash and cash equivalents at end of year</b>		<b>724,110</b>	761,885

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

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

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

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Basis of preparation

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

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

*(b) Historical cost convention*

The consolidated financial statements have been prepared on a historical cost basis at the end of each reporting period.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

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

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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

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

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or 1 January 2024.

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.2 Subsidiaries

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

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

#### *Changes in the Group's interests in existing subsidiaries*

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

### 2.3 Business combinations

Except for the Reorganisation, the acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

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

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

Acquisition-related costs are expensed as incurred.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.3 Business combinations (Continued)

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

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

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

### 2.4 Investment in subsidiaries

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

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

### 2.5 Segment reporting

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.6 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

### 2.7 Property, plant and equipment

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

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

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

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

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.8 Intangible assets

#### *Software*

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

### 2.9 Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 2.10 Investments and other financial assets

#### (a) *Classification*

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

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

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

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

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

#### (b) *Recognition and derecognition*

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

#### (c) *Measurement*

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.10 Investments and other financial assets (Continued)

#### (c) Measurement (Continued)

##### Debt instruments

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

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains – net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains or losses. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains or losses and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented within other gains or losses in the period in which it arises.

#### (d) Offsetting financial instruments

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.11 Impairment of financial assets

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

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

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

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

### 2.12 Trade and other receivables

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

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 17 for further information about the Group's accounting for trade receivables and Note 3.1.2 for a description of the Group's impairment policies.

### 2.13 Cash and cash equivalents, restricted cash

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

### 2.14 Share capital

Ordinary shares are classified as equity.

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.15 Trade and other payables

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

### 2.16 Current and deferred income tax

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

#### (a) *Current income tax*

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

#### (b) *Deferred income tax*

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

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.17 Employee benefits

#### (a) Pension obligations

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

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

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

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

#### (c) Termination benefits

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

#### (d) Short-term obligations

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.18 Provisions

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

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

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

### 2.19 Revenue recognition

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

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

#### (a) *Property management services*

For property management services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to bill and that corresponds directly with the value of performance completed. Revenue from providing property management services is recognised in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group's performance when the Group performs.

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.19 Revenue recognition (Continued)

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

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

#### (c) Community value-added services

Community value-added services mainly includes sales of goods, resident services, and advertisement, revenue is recognised when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer.

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

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

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

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.20 Interest income

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

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

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

### 2.21 Leases

The Group leases certain properties. Rental contracts are typically made for fixed periods of 1 to 3 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

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

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

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

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.22 Dividend distribution

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

### 2.23 Earnings per share

#### (a) *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

#### (b) *Diluted earnings per share*

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

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### 2.24 Government grants

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

### 2.25 Provisions and contingent liabilities

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

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

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



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.25 Provisions and contingent liabilities (Continued)

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

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

### 2.26 Inventories

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

## 3 FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

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

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### 3.1.1 Market risk

##### (a) Foreign exchange risk

The Group's businesses are principally conducted in RMB, which is the functional currency of the Group. As of 31 December 2022, non-RMB assets are cash and cash equivalents of RMB2,647,000 (2021: RMB2,540,000) denominated in US\$ and RMB29,000 (2021: RMB27,000) denominated in HK\$. Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations. The Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

#### 3.1.2 Credit risk

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

##### (a) Cash deposits at banks

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

##### (b) Trade and other receivables

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

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

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

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

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



### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

###### (b) Trade and other receivables (Continued)

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

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward-looking macroeconomic data.

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

As of 31 December 2022, the Group assessed that there has been a significant increase in credit risk for trade and other receivables from related parties having regard to the significant adverse changes in business, financial and economic conditions, and the operating results of the related parties etc. The Group therefore assessed that the expected credit losses rate for trade and other receivables from the related parties were significant, and thus recognised RMB15,302,000 expected credit losses on trade receivables from related parties and RMB6,717,000 expected credit losses on other receivables from related parties, respectively for the year ended 31 December 2022.

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

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

##### (b) Trade and other receivables (Continued)

##### (ii) Trade receivables

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

As of 31 December 2022 and 2021, the loss allowance provision for trade receivables due from third parties was determined as follows. The expected credit losses below also incorporated forward-looking information.

	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
<b>Trade receivables due from third parties</b>					
At 31 December 2022					
Gross carrying amount (RMB'000)	118,183	43,374	11,646	3,370	176,573
Expected loss rate	1%	25%	50%	100%	
Loss allowance provision (RMB'000)	1,182	10,844	5,823	3,370	21,219
At 31 December 2021					
Gross carrying amount (RMB'000)	91,470	6,329	2,430	2,204	102,433
Expected loss rate	1%	25%	50%	100%	
Loss allowance provision (RMB'000)	916	1,582	1,215	2,204	5,917

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

##### (b) Trade and other receivables (Continued)

##### (ii) Trade receivables (Continued)

As of 31 December 2022 and 2021, the loss allowance provision for trade receivables due from related parties was determined as follows. The expected credit losses below also incorporated forward-looking information.

	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
<b>Trade receivables due from related parties</b>					
At 31 December 2022					
Gross carrying amount (RMB'000)	93,060	101,078	2,121	–	196,259
Expected loss rate	17.44%	17.44%	17.44%	–	
Loss allowance provision (RMB'000)	16,231	17,629	371	–	34,231
At 31 December 2021					
Gross carrying amount (RMB'000)	171,780	11,202	–	–	182,982
Expected loss rate	N/A	N/A	N/A	N/A	
Loss allowance provision (RMB'000)	–	–	–	–	–

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

##### (b) Trade and other receivables (Continued)

##### (iii) Other receivables and deposits

Other receivables and deposits due from third parties mainly included payments on behalf of property owners, deposits and others.

The Group uses the expected credit loss model to determine the expected loss provision for other receivables and deposits due from third parties.

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

	Performing	Under-performing	Non-performing	Total
<b>Other receivables and deposits due from third parties</b>				
At 31 December 2022				
Gross carrying amount (RMB'000)	84,787	–	–	84,787
Loss allowance provision (RMB'000)	2,020	–	–	2,020
At 31 December 2021				
Gross carrying amount (RMB'000)	77,866	–	–	77,866
Loss allowance provision (RMB'000)	1,659	–	–	1,659

Other receivables and deposits due from related parties mainly included deposits paid from related parties for obtaining the exclusive sales agency rights in respect of the exclusive car parking spaces.

The Group uses the expected credit model to determine the expected loss provision for other receivables and deposits due from related parties.

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

##### (b) Trade and other receivables (Continued)

##### (iii) Other receivables and deposits (Continued)

For the year ended 31 December 2022, the Group assessed that there is significant increase of credit risk for other receivables and deposits due from related parties. Thus the Group used the lifetime expected credit losses model to assess credit loss of other receivables and deposits due from related parties.

	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
<b>Other receivables and deposits due from related parties</b>					
At 31 December 2022					
Gross carrying amount (RMB'000)	38,514	-	-	-	38,514
Loss allowance provision (RMB'000)	6,717	-	-	-	6,717

For the year ended 31 December 2021, the Group assessed that there was no significant increase of credit risk for other receivables and deposits due from related parties since initial recognition. Thus the Group used the 12 months expected credit losses model to assess credit loss of other receivables and deposits due from related parties.

	Performing	Under-performing	Non-performing	Total
<b>Other receivables and deposits due from related parties</b>				
At 31 December 2021				
Gross carrying amount (RMB'000)	229	-	-	229
Loss allowance provision (RMB'000)	-	-	-	-

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.2 Credit risk (Continued)

##### (b) Trade and other receivables (Continued)

As of 31 December 2022 and 2021, the loss allowance provision for trade and other receivables (excluding prepayments) reconciles to the opening loss allowance for that provision as follows:

	Trade receivables (excluding trade receivables due from third parties) RMB'000	Trade receivables (excluding trade receivables due from related parties) RMB'000	Other receivables (excluding prepayments and other receivables due from related parties) RMB'000	Other receivables and deposits (excluding prepayments and other receivables and deposits due from third parties) RMB'000	Total RMB'000
As of 1 January 2022	–	5,917	1,659	–	7,576
Impairment losses	34,231	15,302	361	6,717	56,611
As of 31 December 2022	34,231	21,219	2,020	6,717	64,187
As of 1 January 2021	–	4,231	4,998	–	9,229
Impairment losses/(gains)	–	1,686	(3,339)	–	(1,653)
As of 31 December 2021	–	5,917	1,659	–	7,576

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### 3.1.3 Liquidity risk

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

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Later than 5 years RMB'000	Total RMB'000
As of 31 December 2022					
<b>Financial liabilities</b>					
Trade and other payables (excluding accrued payroll liabilities and other tax payables)	265,628	–	–	–	265,628
Lease liabilities (including interest payments)	2,510	1,632	1,733	–	5,875
	<b>268,138</b>	<b>1,632</b>	<b>1,733</b>	<b>–</b>	<b>271,503</b>
As of 31 December 2021					
<b>Financial liabilities</b>					
Trade and other payables (excluding accrued payroll liabilities and other tax payables)	207,740	–	–	–	207,740
Lease liabilities (including interest payments)	3,218	2,242	3,608	–	9,068
	<b>210,958</b>	<b>2,242</b>	<b>3,608</b>	<b>–</b>	<b>216,808</b>

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.2 Capital management

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

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

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

As of 31 December 2022 and 2021, the asset-liability ratio of the Group is as follows:

	As of 31 December	
	2022	2021
Asset-liability ratio	41%	40%

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

### (a) Allowance on doubtful receivables

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

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

### (b) Current and deferred income tax

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

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

## 5 SEGMENT INFORMATION

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

For the years ended 31 December 2022 and 2021, the Group is principally engaged in the provision of property management services and related value-added services, including pre-delivery services, household assistance service, sales services and other services, in the PRC.

During the years ended 31 December 2022 and 2021, all the segments are domiciled in the PRC and all the revenue are derived in the PRC, and the segments are principally engaged in the provision of similar services to similar customers. All operating segments of the Group were aggregated into a single reportable segment.

As of 31 December 2022 and 2021, all of the non-current assets were located in the PRC.

## 6 REVENUE

Revenue mainly comprises of proceeds from property management services, value-added services to non-property owners and community value-added services. An analysis of the Group's revenue by category for the years ended 31 December 2022 and 2021 is as follows:

		Year ended 31 December	
		2022	2021
		RMB'000	RMB'000
Types of services	Revenue from customer and recognised		
Property management services	over time	<b>607,615</b>	475,930
Value-added services to non-property owners	over time	<b>221,658</b>	435,688
Community value-added services		<b>47,567</b>	79,324
– Sales of goods	at a point in time	<b>18,012</b>	45,696
– Other value-added services	over time	<b>29,555</b>	33,628
		<b>876,840</b>	990,942

During the years ended 31 December 2022 and 2021, revenue derived from customers who accounted for more than 10% of total revenue were set out below.

	Year ended 31 December	
	2022	2021
Ronshine China Group	<b>17%</b>	33%
Customer Group A*	<b>18%</b>	15%

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

## 6 REVENUE (Continued)

### (a) Contract liabilities

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

	As of 31 December 2022 RMB'000	2021 RMB'000
Contract liabilities		
– Property management services	91,636	93,660
– Community value-added services	4,054	2,087
	<b>95,690</b>	95,747

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided.

#### (i) Revenue recognised in relation to contract liabilities

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

	Year ended 31 December 2022 RMB'000	2021 RMB'000
<b>Revenue recognised that was included in the balance of contract liabilities at the beginning of the year</b>		
Property management services	83,862	73,275
Community value-added services	2,087	1,327
	<b>85,949</b>	74,602

#### (ii) Unsatisfied performance obligations

For property management services and value-added services to non-property owners, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts. The majority of the property management services contracts do not have a fixed term. The term of the contracts for value-added services to non-property owners is generally set to expire when the counterparties notify the Group that the services are no longer required.

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

#### (iii) Assets recognised from incremental costs to obtain a contract

During the year ended 31 December 2022, there was no significant incremental costs to obtain a contract (2021: same).

## 7 OTHER INCOME

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Additional deduction of value-added input tax	3,406	3,156
Government grants (Note(a))	2,501	3,069
Others	66	40
	<b>5,973</b>	6,265

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

## 8 OTHER GAINS OR LOSSES

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Penalty expenses	(195)	(41)
Loss on disposal of property, plant and equipment	(48)	(5)
Net foreign exchange gains/(losses)	186	(2,698)
Others	679	1,312
	<b>622</b>	(1,432)

## 9 FINANCE INCOME – NET

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
<b>Finance income</b>		
Interest income from bank deposits	2,301	1,772
<b>Finance cost</b>		
Interest expenses of lease liabilities (Note 23)	(293)	(574)
	<b>2,008</b>	1,198

## 10 EXPENSES BY NATURE

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Employee benefit expenses (Note 11)	<b>438,761</b>	527,581
Greening and cleaning expenses	<b>136,891</b>	111,985
Maintenance costs	<b>29,895</b>	19,090
Office expenses	<b>9,199</b>	9,261
Community activities expenses	<b>7,055</b>	3,717
Travelling and entertainment expenses	<b>6,340</b>	6,271
Consultancy fee	<b>9,470</b>	8,662
Advertising expenses	<b>8,189</b>	8,239
Security charges	<b>100,814</b>	49,977
Taxes and other levies	<b>4,728</b>	4,557
Depreciation and amortisation charges (Notes 14 and 15)	<b>8,714</b>	7,382
Bank charges	<b>1,610</b>	1,544
Auditors' remuneration		
– Annual audit and interim review	<b>1,900</b>	2,025
– Non-audit services	–	–
Expenses relating to short-term leases (Note 23)	<b>2,005</b>	1,986
Cost of goods sold	<b>25,757</b>	41,479
Listing expenses	–	13,352
Insurance expenses	<b>1,868</b>	1,820
Others	<b>8,882</b>	11,287
	<b>802,078</b>	830,215

## 11 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Wages, salaries and bonuses	<b>365,454</b>	445,889
Social insurance expenses and housing benefits (Note (a))	<b>62,089</b>	66,873
Other employee benefits (Note (b))	<b>11,218</b>	14,819
	<b>438,761</b>	527,581

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

## 11 EMPLOYEE BENEFIT EXPENSES (Continued)

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

### (c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 2 (2021:2) directors for the years ended 31 December 2022 and 2021 whose emolument is reflected in the analysis shown in Note 29. The emoluments payable to the remaining 3 (2021: 3) individuals during the year ended 31 December 2022 are as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Wages and salaries	1,393	1,943
Discretionary bonuses	543	597
Pension costs, housing funds, medical insurance and other social insurances	371	325
	<b>2,307</b>	2,865

The emoluments fell within the following bands:

	Number of individuals	
	Year ended 31 December 2022	2021
Emolument bands in Hong Kong dollars ("HK\$")		
Nil – HK\$1,000,000	3	3

## 12 INCOME TAX EXPENSES

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

Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was provided as the Group did not have assessable profit in Hong Kong for the year ended 31 December 2022 (2021: nil).

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

The general corporate income tax rate in PRC is 25%, certain subsidiaries of the Group were qualified as "Small Low-Profit Enterprise" and will be taxed at the reduced tax rate of 20% in 2022 and 2021. "Small Low-Profit Enterprise" was entitled to a preferential income tax rate that was calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first RMB1 million of the taxable income of qualified entities are taxed at 5%, and the taxable income above RMB1 million and less than RMB3 million are taxed at 10%.

## 12 INCOME TAX EXPENSES (Continued)

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Current income tax	<b>22,235</b>	47,837
Deferred income tax (Note 24)	<b>(13,879)</b>	1,063
	<b>8,356</b>	48,900

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Profit before income tax	<b>26,753</b>	168,411
Tax charge at effective rate applicable to profits in the respective Group's entities	<b>6,688</b>	43,564
Tax effects of:		
– Expenses not deductible for tax purposes	<b>1,715</b>	3,567
– Tax losses and deductible temporary differences for which no deferred tax asset was recognised	<b>552</b>	2,016
– The impact of change in tax rate applicable to a subsidiary	<b>37</b>	(247)
– Tax effect of utilisation of tax losses previously not recognised	<b>(636)</b>	–
Income tax expenses	<b>8,356</b>	48,900

The effective income tax rate was 29% and 32% for the years ended 31 December 2021 and 2022, respectively.

### 13 EARNINGS PER SHARE

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

	Year ended 31 December	
	2022	2021
Profit for the year attributable to owners of the Company, used in the basic and diluted earnings per share calculations (RMB'000)	<b>15,528</b>	112,400
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>508,104,000</b>	436,118,312
Effect of dilutive potential ordinary shares:		
– Over-allotment option	<b>N/A</b>	1,840
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b>508,104,000</b>	436,120,152

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

No diluted earnings per share was presented for the year ended 31 December 2022 as there was no potential ordinary shares in issue during the year.

## 14 PROPERTY, PLANT AND EQUIPMENT

	Vehicles RMB'000	Office equipments RMB'000	Machinery RMB'000	Leasehold improvements RMB'000	Right-of-use assets RMB'000	Total RMB'000
<b>As of 1 January 2021</b>						
Cost	704	3,689	1,864	8,817	14,232	29,306
Accumulated depreciation	(582)	(2,980)	(1,381)	(2,767)	(5,855)	(13,565)
<b>Net book amount</b>	122	709	483	6,050	8,377	15,741
<b>Year ended 31 December 2021</b>						
Opening net book amount	122	709	483	6,050	8,377	15,741
Additions	224	1,005	281	3,557	4,102	9,169
Disposals	–	(162)	(36)	–	–	(198)
Depreciation	(69)	(162)	(141)	(2,164)	(4,534)	(7,070)
<b>Closing net book amount</b>	277	1,390	587	7,443	7,945	17,642
<b>As of 31 December 2021</b>						
Cost	928	4,532	2,109	12,374	18,334	38,277
Accumulated depreciation	(651)	(3,142)	(1,522)	(4,931)	(10,389)	(20,635)
<b>Net book amount</b>	277	1,390	587	7,443	7,945	17,642
<b>As of 1 January 2022</b>						
Cost	928	4,532	2,109	12,374	18,334	38,277
Accumulated depreciation	(651)	(3,142)	(1,522)	(4,931)	(10,389)	(20,635)
<b>Net book amount</b>	277	1,390	587	7,443	7,945	17,642
<b>Year ended 31 December 2022</b>						
Opening net book amount	277	1,390	587	7,443	7,945	17,642
Additions	–	212	190	2,493	1,490	4,385
Disposals	(11)	(36)	(15)	–	–	(62)
Depreciation	(89)	(486)	(229)	(3,085)	(4,271)	(8,160)
<b>Closing net book amount</b>	177	1,080	533	6,851	5,164	13,805
<b>As of 31 December 2022</b>						
Cost	917	4,708	2,284	14,867	19,824	42,600
Accumulated depreciation	(740)	(3,628)	(1,751)	(8,016)	(14,660)	(28,795)
<b>Net book amount</b>	177	1,080	533	6,851	5,164	13,805

#### 14 PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Cost of sales	1,051	999
Administrative expenses	7,109	6,071
	<b>8,160</b>	7,070

- (a) No property, plant and equipment is restricted or pledged as security for liabilities as of 31 December 2022 (2021: nil).



## 15 INTANGIBLE ASSETS

	Software RMB'000
<b>As of 1 January 2021</b>	
Cost	1,003
Accumulated amortisation	(610)
<b>Net book amount</b>	<b>393</b>
<b>Year ended 31 December 2021</b>	
Opening net book amount	393
Additions	1,500
Amortisation	(312)
<b>Closing net book amount</b>	<b>1,581</b>
<b>As of 31 December 2021</b>	
Cost	2,503
Accumulated amortisation	(922)
<b>Net book amount</b>	<b>1,581</b>
<b>As of 1 January 2022</b>	
Cost	2,503
Accumulated amortisation	(922)
<b>Net book amount</b>	<b>1,581</b>
<b>Year ended 31 December 2022</b>	
Opening net book amount	1,581
Additions	3,352
Amortisation	(554)
<b>Closing net book amount</b>	<b>4,379</b>
<b>As of 31 December 2022</b>	
Cost	5,855
Accumulated amortisation	(1,476)
<b>Net book amount</b>	<b>4,379</b>

- (a) No intangible asset is restricted or pledged as security for liabilities as of 31 December 2022 (2021: same).
- (b) The amortisation charge for the years ended 31 December 2022 and 2021 is included in “administrative expenses” in the consolidated statement of comprehensive income.

## 16 FINANCIAL INSTRUMENTS BY CATEGORY

	As of 31 December	
	2022	2021
	RMB'000	RMB'000
<b>Financial assets at amortised cost</b>		
Trade and other receivables (excluding prepayments) (Note 17)	<b>431,946</b>	355,934
Restricted cash (Note 18)	<b>485</b>	5,352
Cash and cash equivalents (Note 19)	<b>724,110</b>	761,885
	<b>1,156,541</b>	1,123,171
<b>Financial liabilities at amortised cost</b>		
Trade and other payables (excluding accrued payroll and other taxes payables) (Note 22)	<b>265,628</b>	207,740
Lease liabilities (Note 23)	<b>5,504</b>	8,301
	<b>271,132</b>	216,041

## 17 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As of 31 December	
	2022	2021
	RMB'000	RMB'000
Trade receivables		
– Related parties (Note 28(d))	<b>196,259</b>	182,982
– Third parties	<b>176,573</b>	102,433
	<b>372,832</b>	285,415
Less: allowance for impairment of trade receivables	<b>(55,450)</b>	(5,917)
	<b>317,382</b>	279,498
Other receivables and deposits		
– Related parties (Note 28(d))	<b>38,514</b>	229
– Third parties	<b>84,787</b>	77,866
	<b>123,301</b>	78,095
Less: allowance for impairment of other receivables	<b>(8,737)</b>	(1,659)
	<b>114,564</b>	76,436
Prepayments to suppliers		
– Related parties (Note 28(d))	<b>11</b>	–
– Third parties	<b>5,561</b>	8,312
	<b>437,518</b>	364,246

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

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

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

## 17 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

As of 31 December 2022, the ageing analysis of the trade receivables based on invoice date were as follows:

	As of 31 December	
	2022	2021
	RMB'000	RMB'000
Up to 1 year	211,243	263,250
1 to 2 years	144,452	17,531
2 to 3 years	13,767	2,430
Over 3 years	3,370	2,204
	<b>372,832</b>	<b>285,415</b>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As of 31 December 2022 and 2021 a provision of RMB55,450,000 and RMB5,917,000, respectively was made against the gross amounts of trade receivables (Note 3.1.2).

## 18 RESTRICTED CASH

As at 31 December 2021, restricted cash represents subsidiaries' cash deposits in the bank as performance security for value-added services to non-property owners according to the requirements of certain clients.

As at 31 December 2022, restricted cash represented bank balances restricted in the bank due to civil litigation claims against the Group for the settlement of outstanding payables. As at 31 December 2022, the civil litigation claims were resolved. The restricted cash were released subsequent to the year ended 31 December 2022.

## 19 CASH AND CASH EQUIVALENTS

	As of 31 December	
	2022	2021
	RMB'000	RMB'000
<b>Cash at bank and on hand (Note(a))</b>		
– Denominated in RMB	721,434	759,318
– Denominated in US\$	2,647	2,540
– Denominated in HK\$	29	27
	<b>724,110</b>	<b>761,885</b>

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

Bank balances carry variable interest rates.

**20 SHARE CAPITAL AND SHARE PREMIUM****The Group and the Company****20.1 Share capital**

	Notes	Number of ordinary shares	Share capital HK\$'000	Equivalent share capital RMB'000
<b>Authorised</b>				
As of 1 January 2021	(a)	38,000,000	380	345
Increase on 10 June 2021	(b)	2,962,000,000	29,620	24,183
As of 31 December 2021, 1 January 2022 and 31 December 2022		<b>3,000,000,000</b>	<b>30,000</b>	<b>24,528</b>
<b>Issued</b>				
As of 1 January 2021	(a)	100	–	–
Issue of shares in connection with the capitalisation issue	(c)	374,999,900	3,750	3,124
Issue of new shares upon the Company's listing	(d)	125,000,000	1,250	1,042
Issue of new shares upon the exercise of the over-allotment option	(e)	8,104,000	81	68
As of 31 December 2021, 1 January 2022 and 31 December 2022		<b>508,104,000</b>	<b>5,081</b>	<b>4,234</b>

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

## 20 SHARE CAPITAL AND SHARE PREMIUM (Continued)

### The Group and the Company (Continued)

#### 20.2 Share premium

	Share premium RMB'000
<b>Balance at 31 December 2020 and 1 January 2021</b>	146,798
Issue of shares in connection with the capitalisation issue (Note 20.1(c))	(3,124)
Issue of new shares upon the Company's listing (Note 20.1(d))	491,213
Issue of new shares upon the exercise of the over-allotment option (Note 20.1(e))	32,062
Costs incurred in connection with issue of shares of the Company	(3,922)
<b>Balance at 31 December 2021, 1 January 2022 and 31 December 2022</b>	<b>663,027</b>

## 21 OTHER RESERVES

### The Group

	Capital reserves RMB'000
<b>Balance at 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022</b>	<b>(179,798)</b>

**22 TRADE AND OTHER PAYABLES**

	As of 31 December 2022 RMB'000	2021 RMB'000
Trade payables		
– Related parties (Note 28(d))	<b>398</b>	67
– Third parties	<b>145,921</b>	69,997
	<b>146,319</b>	70,064
Other payables		
– Related parties (Note 28(d))	<b>5,721</b>	12,782
– Third parties	<b>113,588</b>	124,894
	<b>119,309</b>	137,676
Accrued payroll	<b>61,507</b>	82,288
Other taxes payables	<b>19,842</b>	23,286
	<b>346,977</b>	313,314

As of 31 December 2022 and 2021, the carrying amounts of trade and other payables approximated its fair values.

As of 31 December 2022 and 2021 the ageing analysis of the trade payables based on invoice date were as follows:

	As of 31 December 2022 RMB'000	2021 RMB'000
Up to 1 year	<b>139,465</b>	66,994
1 to 2 years	<b>5,536</b>	1,767
2 to 3 years	<b>786</b>	332
Over 3 years	<b>532</b>	971
	<b>146,319</b>	70,064

## 23 LEASES

### (a) Amounts recognised in the consolidated balance sheet

	As of 31 December	
	2022	2021
	RMB'000	RMB'000
<b>Right-of-use assets</b>		
Properties (Note 14)	5,164	7,945
<b>Lease liabilities</b>		
Current	2,451	3,102
Non-current	3,053	5,199
	5,504	8,301

### (b) Amounts recognised in the consolidated statement of comprehensive income

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
<b>Depreciation charge</b>		
Properties (Note 14)	4,271	4,534
Interest expenses (included in finance cost) (Note 9)	293	574
Expenses relating to short-term leases (included in cost of sales and administrative expenses) (Note 10)	2,005	1,986
Cash outflows for lease payments	6,585	6,826

**23 LEASES (Continued)**

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

	As of 31 December 2022 RMB'000	2021 RMB'000
<b>Lease liabilities payable:</b>		
Within one year	<b>2,451</b>	3,102
Later than one year but no later than two years	<b>1,524</b>	2,083
Later than two years but not later than five years	<b>1,529</b>	3,116
	<b>5,504</b>	8,301
Less: Amount due for settlement within 12 months shown under current liabilities	<b>(2,451)</b>	(3,102)
Amount due for settlement after 12 months shown under non-current liabilities	<b>3,053</b>	5,199

The incremental borrowing rates applied to lease liabilities for the year ended 31 December 2022 was 3.65% (2021: 4.75%).

## 24 DEFERRED INCOME TAX

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

	As of 31 December 2022 RMB'000	2021 RMB'000
<b>Deferred tax assets:</b>		
– Deferred tax assets to be recovered after more than 12 months	15,773	1,738
– Deferred tax assets to be recovered within 12 months	227	383
	<b>16,000</b>	2,121

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

	Deferred tax assets – allowance on doubtful debts RMB'000	Deferred tax assets – tax losses RMB'000	Total RMB'000
<b>As of 1 January 2021</b>	2,286	898	3,184
Charged to the consolidated statement of comprehensive income	(392)	(671)	(1,063)
<b>As of 31 December 2021 and 1 January 2022</b>	<b>1,894</b>	<b>227</b>	<b>2,121</b>
Charged to the consolidated statement of comprehensive income	<b>13,932</b>	<b>(53)</b>	<b>13,879</b>
<b>As of 31 December 2022</b>	<b>15,826</b>	<b>174</b>	<b>16,000</b>

As of 31 December 2022, in accordance with the accounting policy set out in Note 2.17(b), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB3,825,000 (31 December 2021: RMB4,161,000), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses shall expire in five years from year of occurrence under current tax legislation.

**25 DIVIDEND**

The directors of the Company do not recommend payment of any final dividend for the year ended 31 December 2022 (2021: same).

**26 CASH FLOWS INFORMATION****(a) Cash generated from operations**

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Profit before income tax	<b>26,754</b>	168,411
Adjustments for:		
– Depreciation of property, plant and equipment (Note 14)	<b>8,160</b>	7,070
– Amortisation of intangible assets (Note 15)	<b>554</b>	312
– Net foreign exchange (gains)/losses	<b>(186)</b>	2,698
– Loss allowance for impairment of trade and other receivables (Note 3.1.2)	<b>56,611</b>	(1,653)
– Loss on disposal of property, plant and equipment (Note 8)	<b>48</b>	5
– Finance income – net (Note 9)	<b>(2,008)</b>	(1,198)
	<b>89,933</b>	175,645
Changes in working capital:		
– Inventories	<b>(8)</b>	(1,718)
– Trade and other receivables and prepayments	<b>(129,883)</b>	(213,891)
– Contract liabilities	<b>(57)</b>	13,199
– Trade and other payables	<b>33,663</b>	43,237
– Restricted cash	<b>4,867</b>	–
	<b>(1,485)</b>	16,472

## 26 CASH FLOWS INFORMATION (Continued)

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

	<b>Lease liabilities</b> RMB'000
<b>As of 1 January 2021</b>	8,465
Addition of lease liabilities	4,102
Accrued interest expenses	574
Repayments	(4,266)
Interest paid	(574)
<b>As of 31 December 2021</b>	<b>8,301</b>
<b>As of 1 January 2022</b>	<b>8,301</b>
Addition of lease liabilities	<b>1,490</b>
Accrued interest expenses	<b>293</b>
Repayments	<b>(4,287)</b>
Interest paid	<b>(293)</b>
<b>As of 31 December 2022</b>	<b>5,504</b>

## 27 COMMITMENTS

- (a) The Group did not have any material operating leases commitments or capital commitments as of 31 December 2022 (2021: same).
- (b) **Contingencies**  
The Group did not have any material contingent liabilities as of 31 December 2022 and 2021.

## 28 RELATED PARTY TRANSACTIONS

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

Name	Relationship with the Group
Mr. Ou 歐先生	Controlling shareholder of the Company
Ronshine China Group 融信中國集團	A group controlled by Mr. Ou
Fujian Xiuyi Greening Management Co., Ltd.* 福建秀宜綠化管理有限公司	A company controlled by Mr. Ou
Xiuyi (Fujian) Landscape Engineering Co., Ltd.* 秀藝(福建)園林工程有限公司	A company controlled by Mr. Ou
Chengdu Jinfenghua Real Estate Co., Ltd.* 成都金豐華置業有限公司	An associate of Ronshine China Group
Fuzhou Yuxiang Real Estate Development Co., Ltd.* 福州市禹翔房地產有限公司	An associate of Ronshine China Group
Hangzhou Longyi Real Estate Development Co., Ltd.* 杭州龍毅房地產開發有限公司	An associate of Ronshine China Group
Hangzhou Meishengmei Real Estate Co., Ltd.* 杭州美生美置業有限公司	An associate of Ronshine China Group
Hangzhou Rongqia Industrial Co., Ltd.* 杭州融洽實業有限公司	An associate of Ronshine China Group
Hangzhou Ronxin Property Development Co., Ltd.* 杭州融歆房地產開發有限公司	An associate of Ronshine China Group
Leqing Rongliang Real Estate Development Co., LTD.* 樂清市融梁房地產開發有限公司	An associate of Ronshine China Group
Nantong Jianghe Real Estate Co., Ltd.* 南通江河置業有限公司	An associate of Ronshine China Group
Suzhou Kaixingyu Real Estate Development Co., LTD.* 蘇州愷星鈺房地產開發有限公司	An associate of Ronshine China Group
Zhenjiang Yiteng Property Development Co., Ltd.* 鎮江億騰房地產開發有限公司	An associate of Ronshine China Group
Anji Rongshang Real Estate Development Co., Ltd.* 安吉融尚房地產有限公司	A joint venture of Ronshine China Group
Chengdu Haotian Real Estate Development Co. Ltd* 成都浩天房地產開發有限公司	A joint venture of Ronshine China Group
Cixi Jingui Real Estate Development Co., Ltd.* 慈溪市金桂置業有限公司	A joint venture of Ronshine China Group
Fuzhou Rongxinglan Real Estate Development Co. Ltd* 福州融興藍房地產開發有限公司	A joint venture of Ronshine China Group
Hairong (Zhangzhou) Property Co., Ltd.* 海融(漳州)房地產有限公司	A joint venture of Ronshine China Group

## 28 RELATED PARTY TRANSACTIONS (Continued)

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

Name	Relationship with the Group
Hangzhou linanlongxing Real Estate Development Co., Ltd.* 杭州臨安龍興房地產開發有限公司	A joint venture of Ronshine China Group
Hangzhou Ronghao Real Estate Development Co., Ltd.* 杭州融浩置業有限公司	A joint venture of Ronshine China Group
Hangzhou Rongxing Commercial Development Co., Ltd.* 杭州融幸商業發展有限公司	A joint venture of Ronshine China Group
Hangzhou Rongxuan Real Estate Development Co., Ltd.* 杭州融暉房地產開發有限公司	A joint venture of Ronshine China Group
Hangzhou Rongying Commercial Development Co., Ltd.* 杭州融盈商業發展有限公司	A joint venture of Ronshine China Group
Jiangmen Rongchang Real Estate Development Co., Ltd.* 湖州融達房地產開發有限公司	A joint venture of Ronshine China Group
Jiangmen Rongchang Real Estate Development Co., Ltd.* 江門市融昌房地產開發有限公司	A joint venture of Ronshine China Group
Jinhua Tianxi Real Estate Development Co., Ltd.* 金華天璽置業有限公司	A joint venture of Ronshine China Group
Jiujiang Rongxi Real Estate Development Co., Ltd.* 九江融璽房地產開發有限公司	A joint venture of Ronshine China Group
Mianyang Wanwei Jincai Real Estate Development Co. Ltd.* 綿陽萬為金彩房地產開發有限公司	A joint venture of Ronshine China Group
Nanjing Kaijingsheng Real Estate Development Co., Ltd.* 南京愷璟晟房地產開發有限公司	A joint venture of Ronshine China Group
Qingdao West Coast Tianze Construction Development Co., Ltd.* 青島西海岸天澤建設發展有限公司	A joint venture of Ronshine China Group
Shanghai Biyang Real Estate Development Co., Ltd.* 上海碧楊置業有限公司	A joint venture of Ronshine China Group
Tianjin Jinrui Real Estate Co., Ltd.* 天津金銳置業有限公司	A joint venture of Ronshine China Group
Zhoushan Kairong Real Estate Development Co., Ltd.* 舟山愷融房地產開發有限公司	A joint venture of Ronshine China Group

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

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

During the years ended 31 December 2022 and 2021, the Group had the following significant transactions with related parties. The transaction amounts disclosed represent the transactions with relevant parties during the years when those parties were related parties of the Group.

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Provision of services		
– Ronshine China Group	<b>147,785</b>	331,228
– Ronshine China Group's associates	<b>9,079</b>	7,710
– Ronshine China Group's joint ventures	<b>21,419</b>	33,087
– Companies controlled by Mr. Ou	<b>104</b>	19
	<b>178,387</b>	372,044

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

**(c) Key management compensation**

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Salaries and other short-term employee benefits	<b>2,307</b>	2,865

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

	As of 31 December	
	2022	2021
	RMB'000	RMB'000
Trade receivables		
– Ronshine China Group	177,381	158,929
– Ronshine China Group's associates	1,997	1,714
– Ronshine China Group's joint ventures	16,879	22,339
– Companies controlled by Mr. Ou	2	–
	<b>196,259</b>	182,982
Other receivables and deposits (i)		
– Ronshine China Group	38,514	229
Prepayments to suppliers		
– Ronshine China Group	11	–
Trade payables		
– Ronshine China Group	397	67
– Companies controlled by Mr. Ou	1	–
	<b>398</b>	67
Other payables		
– Ronshine China Group	5,721	11,925
– Companies controlled by Mr. Ou	–	857
	<b>5,721</b>	12,782

- (i) Other receivables and deposits mainly represented deposits of service provided to Ronshine China Group and other related parties, which will collect upon the termination of service contracts, and deposits paid for the exclusive sale rights of car parking spaces to Ronshine China Group, which will be refunded to the Group when the relevant car parking spaces are sold. The remaining balances are unsecured, interest-free and repayable on demand.
- (ii) Above trade receivables and trade payables due from/to related parties are trade in nature, while the other receivables and other payables due from/to related parties, except performance guarantee deposits, are non-trade in nature.

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

## 29 DIRECTORS' BENEFITS AND INTERESTS

The following directors were appointed:

### Executive directors

Mr. Ou Zonghong (appointed on 14 April 2020)

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

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

### Non-executive director

Ms. Lin Liqiong (appointed on 22 September 2020)

### Independent non-executive directors

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

Mr. Ye Azhong (appointed on 10 June 2021)

Mr. Chen Zhangwang (appointed on 10 June 2021)

### (a) Directors' emoluments

The directors received emoluments from the Group for the year ended 31 December 2022 as follows:

Name	Fees RMB'000	Salaries RMB'000	Housing allowance and contributions to a retirement benefit scheme RMB'000	Discretionary bonuses RMB'000	Total RMB'000
<i>Executive directors</i>					
Mr. Ou Zonghong	447	–	–	–	447
Mr. Ma Xianghong	–	1,721	143	960	2,824
Ms. Lin Yi	–	529	86	196	811
<i>Non-executive director</i>					
Ms. Lin Liqiong	447	–	–	–	447
<i>Independent non-executive directors</i>					
Mr. Chen Zhangwang	127	–	–	–	127
Mr. Ye Azhong	127	–	–	–	127
Mr. Kwok Kin Kwong Gary	134	–	–	–	134
	1,282	2,250	229	1,156	4,917

## 29 DIRECTORS' BENEFITS AND INTERESTS (Continued)

### (a) Directors' emoluments (Continued)

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

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

During the years ended 31 December 2022 and 2021, no remuneration was paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. Neither the chief executive nor any of the directors waived any emoluments for the years ended 31 December 2022 and 2021.

### (b) Directors' retirement benefits and termination benefits

During the year ended 31 December 2022, there were no termination benefit nor no additional retirement benefit received by the directors except for the attributions to a retirement benefit scheme in accordance with the rules and regulations in the PRC (2021: nil).

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

During the year ended 31 December 2022, the Group did not pay consideration to any third parties for making available directors' services (2021: nil).

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

During the year ended 31 December 2022, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favor of director (2021: nil).

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

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted as of 31 December 2022 or at any time during the year (2021: nil).

### 30 PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries of the Company at 31 December 2022 and 2021 are set out below:

Name	Date of incorporation/ establishment	Place of incorporation	Registered/ issued capital	Attributable equity interest of the Group		Principal activities and place of operation
				31 December 2021	2022	
<b>Directly owned:</b>						
Euclidean Service	16 April 2020	BVI	-	100%	100%	Investment holding In BVI
<b>Indirectly owned:</b>						
Acme Rongxiang Co., Limited 極致融享有限公司	20 May 2020	Hong Kong, limited liability company	HK\$100	100%	100%	Investment holding in Hong Kong
Fujian Rongdian Enterprise Management Consulting Co., Ltd.* 福建融點企業管理諮詢有限公司	18 August 2020	The PRC, wholly owned by Legal persons from Hong Kong	RMB2,000,000	100%	100%	Investment holding in Fujian
Shanghai Ouxing Tuye Enterprise Development Co., Ltd.* 上海歐興途業企業發展有限公司	2 July 2020	The PRC, wholly owned by foreign-invested enterprises as legal persons	RMB88,000,000	100%	100%	Investment holding in Shanghai
Rongxin Shiou Property Service Group Ltd.* 融信世歐物業服務集團有限公司	29 April 2011	The PRC, sole proprietorship of legal person invested or controlled by natural person	RMB50,000,000	100%	100%	Property management services in Fujian
Ronshine (Fujian) Property Management Co., Ltd.* 融信(福建)物業管理有限公司	5 July 2004	The PRC, investment or holding by natural persons	RMB5,000,000	52%	100%	Property management services in Fujian
Fujian Shiou Commercial Management Co., Ltd.* 福建世歐商業管理有限公司	23 September 2016	The PRC, sole proprietorship of legal person invested or controlled by natural person	RMB5,000,000	100%	100%	Property management services in Fujian
Fuzhou Hemei Environmental Service Co., Ltd.* 福州和美環境服務有限公司	21 December 2015	The PRC, sole proprietorship of legal person invested or controlled by natural person	RMB5,000,000	100%	100%	Cleaning service in Fuzhou
Fujian Rongguan Electromechanical Engineering Co., Ltd.* 福建融冠機電工程有限公司	2 September 2016	The PRC, sole proprietorship of legal person invested or controlled by natural person	RMB10,000,000	100%	100%	Engineering construction services in Fuzhou
Fujian Xinde Property Service Co., Ltd.* 福建信德物業服務有限公司	24 November 2005	The PRC, sole proprietorship of legal person invested or controlled by natural person	RMB30,000,000	100%	100%	Property management services in Fujian
Shanghai Ronglin Trading Co., Ltd.* 上海融鄰貿易有限公司	24 October 2018	The PRC, sole proprietorship of legal person not invested or controlled by natural person	RMB2,000,000	100%	100%	Sales service in Shanghai
Shanghai Rongmao Real estate Brokerage Co., Ltd.* 上海融茂房地產經紀有限公司	3 December 2018	The PRC, sole proprietorship of legal person not invested or controlled by natural person	RMB2,000,000	100%	100%	Real estate information consultation in Shanghai
Fuzhou Hairun Security Service Co., Ltd.* 福州海潤保安服務有限公司	10 October 2016	The PRC, sole proprietorship of legal person not invested or controlled by natural person	RMB5,000,000	100%	100%	Security service in Fuzhou
Mianyang Rongxin Shiou Property Service Co., Ltd.* 綿陽融信世歐物業管理有限公司	20 January 2021	The PRC, sole proprietorship of legal person not invested or controlled by natural person	RMB1,000,000	100%	100%	Property management services in Mianyang

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

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

### 31 BALANCE SHEET OF THE COMPANY

	Notes	As of 31 December 2022 RMB'000	2021 RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in a subsidiary		645,141	645,074
<b>Current assets</b>			
Other receivable		5	–
Cash and cash equivalents		5,414	14,345
		5,419	14,345
<b>Total assets</b>		<b>650,560</b>	659,419
<b>Equity</b>			
Share capital	20.1	4,234	4,234
Share premium	20.2	663,027	663,027
Accumulated losses	(a)	(40,453)	(35,008)
<b>Total equity</b>		<b>626,808</b>	632,253
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other payables and accruals		2,151	5,459
Amount due to a subsidiary		21,601	21,707
<b>Total liabilities</b>		<b>23,752</b>	27,166
<b>Total equity and liabilities</b>		<b>650,560</b>	659,419

The balance sheet of the Company was approved by the board of directors on 31 March 2023 and was signed on its behalf by:

\_\_\_\_\_  
**Ma Xianghong**  
*Director*

\_\_\_\_\_  
**Lin Yi**  
*Director*

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

	<b>Accumulated losses RMB'000</b>
<b>Balance at 1 January 2021</b>	(13,890)
Loss for the year	(21,118)
<b>Balance at 31 December 2021 and 1 January 2022</b>	(35,008)
Loss for the year	<b>(5,445)</b>
<b>Balance at 31 December 2022</b>	<b>(40,453)</b>

## FIVE YEARS' FINANCIAL SUMMARY

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

	Year ended 31 December				
	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Revenue	<b>876,840</b>	990,942	750,425	518,432	413,649
Cost of sales	<b>(703,937)</b>	(712,498)	(534,114)	(351,195)	(299,981)
Gross profit	<b>172,903</b>	278,444	216,311	167,237	113,668
Selling and marketing expenses	<b>(7,222)</b>	(5,321)	(8,203)	(6,530)	(6,831)
Administrative expenses	<b>(90,919)</b>	(112,396)	(92,257)	(62,992)	(59,809)
Net impairment (losses)/gains on financial assets	<b>(56,611)</b>	1,653	21	(1,341)	(1,702)
Other income	<b>5,973</b>	6,265	4,655	1,427	590
Other gains or losses	<b>622</b>	(1,432)	1,087	1,199	409
Operating profit	<b>24,746</b>	167,213	121,614	99,000	46,325
Finance income	<b>2,301</b>	1,772	545	150	97
Finance cost	<b>(293)</b>	(574)	(260)	(101)	(116)
Finance (cost)/income – net	<b>2,008</b>	1,198	285	49	(19)
Profit before income tax	<b>26,754</b>	168,411	121,899	99,049	46,306
Income tax expenses	<b>(8,356)</b>	(48,900)	(36,828)	(27,544)	(12,510)
Profit and total comprehensive income for the year	<b>18,398</b>	119,511	85,071	71,505	33,796
	As of 31 December				
	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Total assets	<b>1,198,023</b>	1,154,545	422,593	382,387	229,112
Total equity	<b>701,793</b>	695,341	55,367	108,296	36,791
Total liabilities	<b>496,284</b>	459,204	367,226	274,091	192,321